

Salient Midstream & MLP Fund
Form N-CSRS
August 05, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-22626

Salient Midstream & MLP Fund

(Exact name of registrant as specified in charter)

4265 SAN FELIPE, 8TH FLOOR, HOUSTON, TX 77027

(Address of principal executive offices) (Zip code)

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Gregory A. Reid

Salient Midstream & MLP Fund

4265 San Felipe, 8th Floor

Houston, TX 77027

(Name and address of agent for service)

With a copy to:
George J. Zornada

K & L Gates LLP

State Street Financial Center

**One Lincoln St.
Boston, MA 02111-2950
(617) 261-3231**

Registrant's telephone number, including area code: 713-993-4675

Date of fiscal year end: November 30, 2016

Date of reporting period: May 31, 2016

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Item 1. Report to Stockholders.

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Salient Midstream & MLP Fund

Shareholder Letter (Unaudited)

Dear Fellow Shareholders:¹

We are pleased to provide the semi-annual report of the Salient Midstream & MLP Fund (the Fund) (NYSE: SMM) which contains updated data as of May 31, 2016.

As of May 31, 2016, the Fund had total consolidated assets of \$289.3 million, net assets applicable to our common shares of \$207.4 million (net asset value of \$11.70 per share) and 17.7 million common shares outstanding. The Fund's price per share was \$10.55, which represents a 9.8% discount to its net asset value (NAV²).

The Fund's investment allocation is shown in the pie chart below:

For illustrative purposes only.

Source: Salient Capital Advisors, LLC (Advisor), May 31, 2016.

Figures are based on the Fund's consolidated gross assets.

*General Partners that are structured as C-Corporations for US federal tax purposes

¹ **Certain statements in this letter are forward-looking statements.** The forward-looking statements and other views expressed herein are those of the portfolio managers and the Fund as of the date of this letter. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements, and there is no guarantee that any predictions will come to pass. The views expressed herein are subject to change at any time, due to numerous market and other factors. The Fund disclaims any obligation to update publicly or revise any forward-looking statements or views expressed herein. There can be no assurance that the Fund will achieve its investment objectives. The value of the Fund will fluctuate with the value of the underlying securities. Historically, closed-end funds often trade at a discount to their net asset value.

² Past performance is not indicative of future results. Current performance may be higher or lower than the data shown. The data shown are unaudited. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares.

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The Fund's Top 10 consolidated holdings are shown below, as of May 31, 2016:

Company Name	Sector	% of Gross Assets
ONEOK, Inc.	General Partner	8.8%
The Williams Companies, Inc.	General Partner	8.4%
MarkWest Utica EMG, LLC	MLP Affiliate	8.4%
Enbridge Energy Management, LLC	MLP Affiliate	8.0%
Plains GP Holdings LP	General Partner	6.6%
Targa Resources Corp.	Midstream Company	5.1%
EnLink Midstream LLC	General Partner	4.6%
Spectra Energy Corp.	Midstream Company	4.5%
NGL Energy Partners LP	MLP	3.6%
Macquarie Infrastructure Company LLC	Other Energy & Infrastructure	3.6%
Total		61.6%

For illustrative purposes only.

Current and future holdings are subject to change and risk. Figures are based on the Fund's consolidated gross assets.

Source: Salient Capital Advisors, LLC (Advisor), May 31, 2016.

During the first half of the fiscal year (December 1, 2015 – May 31, 2016), the Fund's NAV and market price total return were (11.5%) and (11.4%), respectively, compared to 5.2% for the Alerian MLP Index (AMZ), during the same period.² The performance rebounded in fiscal Q2-16 with the Fund's NAV and market price generating total returns of 58.2% and 48.3%, respectively, compared to 23.3% for the (AMZ), during the same period.^{2,3} Some of the top contributing investments held by the Fund during the first half of the fiscal year include ONEOK, Inc. (NYSE: OKE), Targa Resources Corp (NYSE: TRGP) and Enable Midstream Partners, LP (NYSE: ENBL). Top detractors to Fund performance include Energy Transfer Equity, L.P. (NYSE: ETE), Calumet Specialty Products Partners, L.P. (NASDAQ: CLMT) and The Williams Companies, Inc. (NYSE: WMB).

Performance Snapshot

as of May 31, 2016 (unaudited)

Price Per Share	Fiscal YTD Total Return*	Since Inception* (Annualized)
\$11.70 (NAV)	(11.5%)	(5.5%)
\$10.55 (Market Price)	(11.4%)	(7.9%)

Source: Salient Capital Advisors, LLC (Advisor), May 31, 2016.

For illustrative purposes only. All figures represent past performance and are not indicative of future results. No investment strategy can guarantee performance results.

*Total returns are based on changes in NAV or market price, respectively. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares. Total return assumes the reinvestment of all distributions. Inception date of the Fund was May 25, 2012.

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¹ Fund shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Data are based on total market value of Fund investments unless otherwise indicated. The data provided are for informational purposes only and are not intended for trading purposes.

² Alerian, May 31, 2016.

³ Past performance is not indicative of future results.

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Market Review

Flipping the script on Charles Dickens, the last six months have been the worst of times and the best of times for Master Limited Partnership (MLP) investors. From December 2015 through the middle of February 2016, it was certainly the worst of times as crude oil crashed to a 13-year low of just over \$26 and MLPs wiped out six years of gains.¹ At the February 11th closing low, the AMZ was down 28.2% in 2016, 30.7% since the beginning of the Fund's fiscal year (November 30), and 58.2% from its all-time high set back in August 2014.² Crude oil then began to rally sharply over the next three months, closing May at \$49.10. MLPs rallied along with crude oil, gaining 52% off the February lows. The AMZ exited May with a three-month winning streak, gaining 9.1% in calendar 2016 and 5.2% for the Fund's fiscal year.

MLPs were in free-fall when our fiscal year began (December 1, 2015) as it appeared investors were tax loss harvesting after a tough year.³ The selling intensified when midstream sector stalwart Kinder Morgan, Inc. (NYSE: KMI) announced on December 8th that it intended to cut its dividend by 76%.⁴ KMI's drastic action was an attempt to avoid losing its prized investment grade status from the ratings agencies. Keeping its investment grade rating was critical for KMI as energy credit spreads, particularly high-yield, were widening.⁵ While we would argue that many of KMI's problems were specific to KMI, the fear of widespread dividend and distribution cuts rippled through the midstream space. As a result, MLPs closed out December with a 3.6% loss – the seventh negative month out of the last eight.

The change in the calendar unfortunately did not change MLP investor fortunes. Hopes for a January Effect were dashed early on when the Chinese markets struggled to start the year, falling 7% on January 5th alone.^{6,7} Since growth in Chinese crude oil demand is a meaningful component (~40%) of global demand growth expectations, crude oil resumed its downward spiral and set a new 12-year low as that growth was called into question.

We entered fourth quarter MLP earnings season at a tipping point. Many believed that a wave of distribution cuts could have potentially sent the AMZ crashing to the November 2008 levels, but major cuts in the midstream space did not happen. While we did see approximately 20 MLPs cut distributions with the 4Q declarations, only three were midstream names – KMI, Global Partners (NYSE: GLP), and Azure Midstream Partners (NYSE: AZUR).^{4,8,9} While midstream MLPs in most cases held or increased distributions, many of their Exploration & Production (E&P) customers were busy shoring up their own balance sheets. E&P companies issued approximately \$9 billion of equity during 1Q16, which was a

¹ FactSet, May 31, 2016.

² Alerian, May 31, 2016.

³ **Tax loss harvesting** is the practice of selling a security that has experienced a loss. By realizing, or harvesting a loss, investors are able to offset taxes on both gains and income. The sold security is replaced by a similar one.

⁴ Kinder Morgan, December 8, 2015. Kinder Morgan Announces 2016 Outlook. [Press release]. Retrieved here:

<http://ir.kindermorgan.com/press-release/kinder-morgan-announces-2016-outlook>

⁵ **Yield spread** is the difference between two instruments. A widening spread means that the riskier instrument has become relatively more expensive (i.e. investors are demanding more yield to hold).

⁶ The **January Effect** is a seasonal increase in stock prices during the month of January. Analysts generally attribute this rally to an increase in buying, which follows the drop in price that typically happens in December when investors, engaging in tax-loss harvesting to offset realized capital gains, prompt a sell-off.

⁷ CNN Money, January 7, 2016. China stock trading abruptly halted after 7% plunge. Retrieved here:

<http://money.cnn.com/2016/01/06/investing/china-stocks-halted/>

⁸ Global Partners LP, January 28, 2016. Global Partners Announces Reduction in Quarterly Distribution for the Fourth Quarter of 2015.

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[Press release]. Retrieved here: <http://phx.corporate-ir.net/phoenix.zhtml?c=190320&p=irol-newsArticle&ID=2133088>

⁹ Azure Midstream Partners, LP, February 1, 2016. Azure Midstream Partners Announces Temporary Suspension of Q4 2015 Distribution. [Press release]. Retrieved here: <http://investor.azuremidstreampartners.com/phoenix.zhtml?c=253822&p=irol-newsArticle&ID=2133893>

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tenfold increase quarter-over-quarter.¹ Once E&Ps had demonstrated that the equity markets were open, energy credit spreads also began contracting as the threat of widespread bankruptcies seemed to have been averted. March, April and May saw strong rallies in crude oil, which in turn led to rallies in debt markets and MLPs. The graph below shows how crude, credit spreads, and the AMZ have moved in concert over the last six months.

Fates Intertwined: High Yield Credit Spreads (Inverted), AMZ, and WTI²

Source: Bloomberg, FactSet May 31, 2016. For illustrative purposes only. Past performance is not indicative of future results. The index reflects the reinvestment of dividends and income and does not reflect deductions for fees, expenses or taxes. The index is unmanaged and is not available for direct investment. The graph is inverted due to the inverse relationship between the Alerian MLP Index (AMZ) performance and the High Yield credit spread. As the AMZ's performance moves up the AMZ yield moves down the yield spread between the AMZ and high yield non-investment grade corporate debt narrows.

Once the E&P sector was able to re-capitalize, it appears that investors felt that it was safe to get back in the water.³ Continued strong growth in global crude oil demand combined with supply disruptions due to Canadian wildfires, militant attacks in Libya and Nigeria, and the continued economic issues in Venezuela has tightened the global crude oil balance considerably. In fact, the International Energy Agency (IEA) is now calling for the global market to be in balance by the end of this year, a full year earlier than its prior estimate.⁴ It does not appear that Organization of Petroleum Exporting Countries (OPEC) has much in the way of spare production capacity above its current 31 million barrels per day of output so we believe it will be incumbent that North American producers will have to pick up the slack should world demand continue to grow. For that to happen, we believe that crude oil prices will need to continue to rise to a level that encourages new development. While we are not quite there yet, we are definitely in a better place at the end of May 2016 than we were at the end of November 2015.

¹ Bloomberg, March 1, 2016. Battered U.S. Oil Firms Raise Most in Equity Sales Since '99. Retrieved here:

<http://www.bloomberg.com/news/articles/2016-03-01/weatherford-plans-80-million-share-sale-in-secondary-offering>

² **West Texas Intermediate (WTI)** also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing.

³ **Recapitalization** is a type of corporate reorganization involving substantial change in a company's capital structure. Example, a highly leveraged company (one that is largely financed with debt) may repay most of its debt and issue stock so that it is financed with equity.

⁴ IEA, June 14, 2016. Oil Market Report. Retrieved here: <https://www.iea.org/oilmarketreport/omrpublic/>

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Summary

Our long-term investment philosophy remains focused on MLPs and Midstream Companies that have the potential to achieve above average distribution growth which, we believe, leads to potentially higher long-term returns for investors. However, we have been in a period of heightened volatility where investors have placed a premium on safety and predictability rather than growth potential. Fortunately, we do not believe that the two characteristics are mutually exclusive. It is our opinion that successful MLPs achieve above average distribution growth in no small part because their operations allow them to outperform in both rising and falling commodity price environments. Being disciplined and sticking to our focus on choosing quality names using our bottom up stock selection approach will be more important than ever as the recent weakness in MLPs has potentially created an opportunity to build positions in names that are well positioned to weather the current volatility and emerge even stronger going forward.

Please visit our website at www.salientfunds.com for the latest updates and sign up to receive email alerts on future press releases by the Fund.

Please note that this letter, including the financial information herein, is made available to shareholders of the Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this letter.

Sincerely,

Gregory A. Reid

President

MLP Business, Salient Capital Advisors, LLC

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We supplement the reporting of our financial information determined under United States generally accepted accounting principles (GAAP) with certain non-GAAP financial measures: distributable cash flow and distributable cash flow coverage ratio. We believe these non-GAAP measures provide meaningful information to assist shareholders in understanding our financial results and assessing our performance. We pay distributions to our shareholders, funded in part by distributable cash flow generated from our portfolio investments. Distributable cash flow is the amount of income received by us from our portfolio investments less operating expenses, subject to certain adjustments as described below. Other companies with similar measures may calculate these measures differently, and as a result, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These adjusted financial measures should not be considered in isolation or as a substitute for reported net investment income. These non-GAAP financial measures reflect an additional way of viewing an aspect of our operations that, when viewed with our GAAP results and the below reconciliation to the corresponding GAAP financial measures, provide a more complete understanding of our Fund. We strongly encourage shareholders to review our financial statements in their entirety and not rely on any single financial measure.

The table below reconciles the non-GAAP financial measures, distributable cash flow and distributable cash flow coverage ratio, by starting with the most directly comparable GAAP financial measure, net investment income.

	Period Ended May 31, 2016
Net investment income (loss), before income taxes..	\$ 2,591,704
Reconciling items:	
Return of capital of distributions (a)	7,313,865
Dividends paid in stock (b)	1,181,328
Option premium earnings (c)	60,021
Deferred carried interest on investment in EMG Utica (d)	118,600
Distributable cash flow (non-GAAP)	\$ 11,265,518
Distributions paid on common stock (d)	\$ 11,519,591
Distributable cash flow coverage ratio (non-GAAP)	0.98
Distributable cash flow coverage ratio since inception (non-GAAP)	0.97
Reconciliation of distributable cash flow to GAAP	

(a) GAAP recognizes that a significant portion of the cash distributions received from MLPs is characterized as a return of capital and therefore excluded from net investment income, whereas the distributable cash flow calculation includes the return of capital portion of such distributions.

(b) Distributable cash flow includes the value of dividends paid-in-kind (i.e., stock dividends), whereas such amounts are not included in net investment income for GAAP purposes during the period received, but rather are recorded as unrealized gains upon receipt.

(c) We may sell covered call option contracts to generate income or to reduce our ownership of certain securities that we hold. In some cases, we are able to repurchase these call option contracts at a price less than the fee that we received, thereby generating a profit. The amount we received from selling call options, less the amount that we pay to repurchase such call option contracts is included in distributable cash flow. For GAAP purposes, income from call option contracts sold is not included in net investment income. See Note 2 Summary of Significant Accounting Policies and Practices for a full discussion of the GAAP treatment of option contracts.

(d) Deferred carried interest is a non-cash expense and represents a share of the profits of EMG Utica that will be realized at the time distributions are received.

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May 31, 2016 (Unaudited)

	Shares/Units	Fair Value
Master Limited Partnerships and Related Companies 134.4%		
Gathering & Processing 36.7%		
United States 36.7%		
American Midstream Partners LP	331,599	\$ 4,078,668
Enable Midstream Partners LP ^(a)	654,615	9,537,740
EnLink Midstream LLC ^(a)	849,001	13,303,846
EnLink Midstream Partners LP ^(a)	196,011	3,085,213
MarkWest Utica EMG, LLC ^{(d)(e)(f)(g)(h)}	16,000,000	24,262,000
Midcoast Energy Partners LP	197,951	1,613,301
Summit Midstream Partners LP ^(a)	150,536	3,152,225
Targa Resources Corp. ^(a)	341,674	14,633,897
Western Gas Partners LP ^(a)	49,278	2,455,523
		76,122,413
Liquids Transportation & Storage 36.5%		
Canada 1.0%		
TransCanada Corp.	51,880	2,150,945
Republic of the Marshall Islands 3.5%		
VTTI Energy Partners LP ^(a)	355,993	7,226,658
United States 32.0%		
Arc Logistics Partners LP ^(b)	189,185	2,213,464
Enbridge Energy Management LLC ^{(a)(c)(d)}	1,059,408	23,158,659
MPLX LP ^(a)	84,122	2,683,492
NGL Energy Partners LP ^{(a)(l)}	696,901	10,467,453
Plains GP Holdings LP ^(a)	2,023,080	18,996,721
Rose Rock Midstream LP	109,729	2,831,008
SemGroup Corp.	187,752	5,968,636
		66,319,433
Marine Midstream 7.8%		
Republic of the Marshall Islands 7.8%		
Capital Product Partners LP	1,796,361	5,281,301
Dynagas LNG Partners LP	239,947	3,428,843
Golar LNG Partners LP ^(a)	442,095	7,520,036
		16,230,180
Natural Gas Pipelines & Storage 41.7%		
United States 41.7%		
DCP Midstream Partners LP ^(a)	111,617	3,742,518
Energy Transfer Partners LP ^(a)	281,523	10,208,024
Kinder Morgan, Inc.	194,052	3,508,460
ONEOK, Inc. ^(a)	587,041	25,389,523

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Spectra Energy Corp.	409,019	13,031,345
The Williams Cos., Inc. ^(a)	1,096,259	24,293,100

See accompanying Notes to Consolidated Financial Statements.

Table of Contents**SALIENT MIDSTREAM & MLP FUND****Consolidated Schedule of Investments, continued****May 31, 2016 (Unaudited)**

	Shares/Units	Fair Value
Williams Partners LP ^(a)	195,422	\$ 6,237,870
		86,410,840
Oil Service & Other Specialty 1.0%		
United States 1.0%		
Archrock Partners LP ^(a)	142,650	2,035,616
Other Energy & Infrastructure 9.1%		
United States 9.1%		
Macquarie Infrastructure Corp. ^(a)	144,620	10,356,238
NRG Yield, Inc., Class A ^(a)	330,184	4,787,668
NRG Yield, Inc., Class C ^(a)	245,097	3,789,200
		18,933,106
Refined Products 1.6%		
United States 1.6%		
Buckeye Partners LP ^(a)	44,623	3,209,286
Total Master Limited Partnerships and Related Companies (Cost \$283,922,055)		278,638,477
	Principal	
	Amount	
Convertible Bond 0.0%		
Other Energy & Infrastructure 0.0%		
United States 0.0%		
Ascent Resources Utica LLC ⁽ⁱ⁾		
3.50% (or 3.50% PIK), 03/01/2021	\$ 2,070,612	62,118
Total Convertible Bond (Cost \$2,070,612)		62,118
Total Investments 134.4% (Cost \$285,992,667)		278,700,595
Credit Facility (32.8)%		(68,039,219)
Other Assets and Liabilities (1.6)%		(3,221,612)^(k)
Total Net Assets Applicable to Common Shareholders 100.0%		\$ 207,439,764

All percentages disclosed are calculated by dividing the indicated amounts by net assets applicable to common shareholders.

(a) All or a portion of these securities are held as collateral for the line of credit agreement. As of May 31, 2016 the total fair value of securities held as collateral for the line of credit agreement is \$201,551,761.

(b) Evraz Group (GDR) Reg S 15,100,000

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Security determined to be illiquid
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250,000	JSC MMC Norilsk Nickel (ADR)	78,750,000
3,000	Vsmo-Avisma Corporation	952,500
		94,802,500
	OIL, GAS & CONSUMABLE	
	FUELS 26.0%	
1,400,000	Gazprom	17,360,000
800,000	LUKOIL (ADR)	73,120,000
270,000	NovaTek OAO (GDR) Reg S	15,498,000
1,900,000	OAO Gazprom (ADS)	94,620,000
4,250,000	Rosneft Oil Company (GDR)	37,697,500
400,000	Surgutneftegaz (ADR)	26,200,000
70,000	Tatneft (GDR) Reg S	8,732,500
		273,228,000

Shares	Description	Value(a)
	PHARMACEUTICALS 0.5%	
78,570	Pharmstandard*	\$ 5,224,905
	REAL ESTATE 0.6%	
600,000	RGI International Ltd.*	6,228,000
	WIRELESS TELECOMMUNICATIONS	
	SERVICES 1.2%	
50,000	Mobile Telesystems (ADR)	4,130,000
100,000	Mobile Telesystems (GDR) Reg S	8,260,000
		12,390,000
	Total Common Stocks (cost \$238,616,025)	519,833,571
	PREFERRED STOCK 1.0%	
	OIL, GAS & CONSUMABLE	
	FUELS 1.0%	
5,000	Transneft (cost \$11,300,064)	9,725,000
	Total Investments in Russian Securities (cost \$249,916,089)	529,558,571
	INVESTMENTS IN POLISH COMMON STOCKS 18.4%	
	COMMERCIAL BANKS 8.3%	
350,000	Bank Pekao	36,961,718
10,000	Bank Przemyslowo-Handlowy	3,899,932
2,078,000	Powszechna Kasa Oszczednosci Bank Polski	45,942,318
		86,803,968
	DIVERSIFIED TELECOMMUNICATION	
	SERVICES 3.7%	
3,695,207	Telekomunikacja Polska Telekomunikacja	34,769,067
490,000	Polska 144A (GDR)	4,610,900
		39,379,967
	MEDIA 1.2%	
1,250,056	TVN	12,449,269

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METALS & MINING 2.8%

550,000

KGHM Polska Miedz

29,621,957

The accompanying notes are an integral part of the financial statements.

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.
SCHEDULE OF INVESTMENTS OCTOBER 31, 2007 (continued)

Shares	Description	Value(a)
	OIL, GAS & CONSUMABLE FUELS 2.4%	
786,102	Polski Koncern Naftowy Orlen*	\$ 18,037,476
149,500	Polski Koncern Naftowy Orlen (GDR) Reg S*	6,889,483
		24,926,959
	Total Investments in Polish Common Stocks (cost \$106,414,541)	193,182,120
	INVESTMENTS IN TURKISH COMMON STOCKS 12.6%	
	AUTOMOBILES 1.1%	
400,000	Ford Otomotiv Sanayi	4,682,160
1,350,000	Tofas Turk Otomobil Fabrikasi	7,093,729
		11,775,889
	BUILDING PRODUCTS 0.3%	
1,251,894	Trakya Cam Sanayii	3,230,280
	COMMERCIAL BANKS 4.0%	
788,186	Akbank T.A.S.	7,138,390
2,399,999	Turkiye Garanti Bankasi	21,941,208
1,399,999	Turkiye Is Bankasi	9,509,563
1,000,000	Turkiye Vakiflar Bankasi T.A.O.	3,776,487
		42,365,648
	CONSTRUCTION MATERIALS 0.5%	
690,000	Akansa Cimento	5,011,107
	FOOD & STAPLES	
	RETAILING 1.6%	
203,200	Bim Birlesik Magazalar	16,667,122
	HOTELS RESTAURANTS & LEISURE 0.4%	
3,840,000	Marmaris Marti Otel Isletmeleri	4,232,399
	INDUSTRIAL CONGLOMERATES 1.3%	
900,000	Enka Insaat ve Sanayi	13,995,215
	INSURANCE 0.7%	
1,520,833	Anadolu Hayat Emeklilik	7,471,625
	MEDIA 0.7%	
2,000,000	Hurriyet Gazetecilik ve Matbaacilik*	7,142,857
	OIL, GAS & CONSUMABLE FUELS 1.4%	
500,000	Tupras-Turkiye Petrol Rafinerileri	\$ 14,097,744
	WIRELESS TELECOMMUNICATIONS	

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		SERVICES 0.6%	
683,166	Turkcell Iletisim Hizmetleri		6,537,474
	Total Investments in Turkish Common Stocks (cost \$68,644,069)		132,527,360
INVESTMENTS IN CZECH REPUBLIC COMMON STOCKS 6.1%			
		DIVERSIFIED TELECOMMUNICATION SERVICES 1.3%	
445,000	Telefonica 02 Czech Republic		13,809,108
		ELECTRIC UTILITIES 4.8%	
700,000	Ceske Energeticke Zavody		50,553,466
	Total Investments in Czech Republic Common Stocks (cost \$14,837,539)		64,362,574
INVESTMENTS IN HUNGARIAN COMMON STOCKS 4.6%			
		COMMERCIAL BANKS 2.0%	
387,400	OTP Bank		20,890,527
		DIVERSIFIED TELECOMMUNICATION SERVICES 1.0%	
2,000,000	Magyar Telekom Nyrt.		10,727,440
		OIL, GAS & CONSUMABLE FUELS 0.9%	
58,950	MOL Hungarian Oil and Gas Nyrt.		9,066,752
		PHARMACEUTICALS 0.7%	
30,000	Richter Gedeon Nyrt.		6,493,439
4,300	Richter Gedeon Nyrt. (GDR)		932,240
			7,425,679
	Total Investments in Hungarian Common Stocks (cost \$21,173,980)		48,110,398

The accompanying notes are an integral part of the financial statements.

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.
SCHEDULE OF INVESTMENTS **OCTOBER 31, 2007 (continued)**

Shares	Description	Value(a)
INVESTMENTS IN AUSTRIAN COMMON STOCKS 2.4%		
	COMMERCIAL BANKS 2.4%	
	Erste Bank der Oesterreichischen Sparkassen	
310,868	(cost \$12,525,110)	\$ 25,185,033
INVESTMENTS IN BERMUDA COMMON STOCKS 1.1%		
	MEDIA 1.1%	
	Central European Media Enterprises(b)*	
100,000	(cost \$9,838,805)	11,251,000
INVESTMENTS IN CYPRUS COMMON STOCKS 0.9%		
	OIL, GAS & CONSUMABLE FUELS 0.5%	
875,000	Urals Energy Public Co., Ltd.(c)*	5,089,140
	REAL ESTATE 0.4%	
400,000	AFI Development PLC (GDR) Reg S(c)*	4,160,000
	Total Investments in Cyprus Common Stocks (cost \$7,953,565)	9,249,140
INVESTMENTS IN SWEDISH COMMON STOCKS 0.4%		
	DIVERSIFIED FINANCIALS 0.1%	
52,000	Vostok Nafta Investment (SDR)(c)*	778,773
52,000	Vostok Gas Ltd.(c)*	3,548,428
	Total Investments in Swedish Common Stocks (cost \$427,267)	4,327,201
INVESTMENTS IN DUTCH COMMON STOCKS 0.3%		
	BEVERAGES 0.3%	
93,000	Efes Breweries International (GDR)(c)* (cost \$3,091,954)	3,034,590
CLOSED END INVESTMENT COMPANY 0.9%		
	VIRGIN ISLANDS 0.9%	
2,788,996	RenShares Utilities Limited(c)* (cost \$4,435,731)	\$ 9,761,486
	Total Investments in Common and Preferred Stocks 98.1% (cost \$499,258,650)	1,030,549,473
SECURITIES LENDING COLLATERAL 2.8%		
29,138,398		29,138,398

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		Daily Assets	
		Institutional Fund, 5.39%(d)(e)	
		(cost \$29,138,398)	
CASH EQUIVALENTS	0.7%		
		Cash Management	
		QP Trust, 5.06%(e)	
	7,425,911	(cost \$7,425,911)	7,425,911
		Total Investments 101.7%	
		(cost \$535,822,959)	1,067,113,782
		Other Assets and Liabilities,	
		Net (1.7%)	(17,462,111)
		NET ASSETS 100.0%	\$ 1,049,651,671

* Non-income producing securities.

All or a portion of these securities were on loan. The value of all securities loaned at October 31, 2007 amounted to \$28,525,038 which is 2.7% of the net assets.

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.

(a) Values stated in US dollars.

(b) Security listed in country of incorporation. Significant business activities of company are in Slovakia.

(c) Security listed in country of incorporation. Significant business activities of company are in Russia.

(d) Represents collateral held in connection with securities lending.

(e) 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

ADS American Depositary Share

GDR Global Depositary Receipt

SDR Swedish Depositary Receipt

The accompanying notes are an integral part of the financial statements.

THE CENTRAL EUROPE AND RUSSIA FUND, INC.
STATEMENT OF ASSETS AND LIABILITIES
OCTOBER 31, 2007

ASSETS

Investments:

Investments, at value, (cost \$499,258,650) including \$28,525,038 of securities loaned	\$ 1,030,549,473
Investments in Cash Management QP Trust (cost \$7,425,911)	7,425,911
Investment in Daily Assets Fund Institutional (cost \$29,138,398)*	29,138,398
Total investments, at value (cost \$535,822,959)	1,067,113,782
Cash	3,570,358
Foreign currency, at value (cost \$9,466,474)	10,100,040
Dividends receivable	2,714,319
Foreign withholding tax refund receivable	275,031
Interest receivable	50,690
Other assets	90,025
Total assets	1,083,914,245

LIABILITIES

Payable upon return of securities loaned	29,138,398
Payable for Fund shares repurchased	466,026
Payable for securities purchased	3,562,060
Management fee payable	460,153
Investment advisory fee payable	223,330
Payable for Directors' fees and expenses	22,401
Accrued expenses and accounts payable	390,206
Total liabilities	34,262,574

NET ASSETS \$ 1,049,651,671

NET ASSETS CONSIST OF:

Paid-in capital, \$.001 par (Authorized 80,000,000 shares)	\$ 408,102,200
Cost of 4,731,706 shares held in treasury	(31,282,842)
Undistributed net investment income	3,823,189
Accumulated net realized gain on investments and foreign currency	136,905,002
Net unrealized appreciation on investments and foreign currency	532,104,122
Net assets	\$ 1,049,651,671
Net asset value per share (\$1,049,651,671 ÷ 14,747,016) shares of common stock issued and outstanding)	\$ 71.18

*Represents collateral on securities loaned.

The accompanying notes are an integral part of the financial statements.

THE CENTRAL EUROPE AND RUSSIA FUND, INC.
STATEMENT OF OPERATIONS

	For the year ended October 31, 2007
NET INVESTMENT INCOME	
Dividends (net of foreign withholding taxes of \$2,276,882)	\$ 13,646,362
Interest	614,214
Interest Cash Management QP Trust	113,835
Securities lending, including income from Daily Assets Fund Institutional, net of borrower rebates	305,616
Total investment income	14,680,027
Expenses:	
Management fee	4,673,245
Investment advisory fee	2,261,622
Custodian fee	1,251,562
Services to shareholders	28,788
Reports to shareholders and shareholder meetings	190,102
Directors' fees and expenses	122,235
Legal fee	45,658
Audit fee	86,027
NYSE Listing fee	50,290
Insurance	48,385
Miscellaneous	34,411
Total expenses before custody credits	8,792,325
Less: custody credits*	(135,940)
Net expenses	8,656,385
Net investment income	6,023,642
REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain (loss) from:	
Investments	138,859,218
Foreign currency	(9,762)
Change in net unrealized appreciation (depreciation) during the period on:	
Investments	169,020,887
Foreign currency	774,695
Net gain on investments and foreign currency	308,645,038
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 314,668,680

*The custody credits are attributable to interest earned on U.S. cash balances held on deposit at the custodian.

The accompanying notes are an integral part of the financial statements.

THE CENTRAL EUROPE AND RUSSIA FUND, INC.
STATEMENTS OF CHANGES IN NET ASSETS

	For the year ended October 31, 2007	For the year ended October 31, 2006
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment income	\$ 6,023,642	\$ 7,220,506
Net realized gain (loss) on:		
Investments	138,859,218	68,057,547
Foreign currency	(9,762)	(515,014)
Change in net unrealized appreciation (depreciation) on:		
Investments	169,020,887	148,847,632
Foreign currency	774,695	32,546
Net increase in net assets resulting from operations	314,668,680	223,643,217
Distributions to shareholders:		
Net investment income	(8,177,463)	(3,365,079)
Net realized gains	(69,060,356)	(27,756,803)
Total distributions to shareholders	(77,237,819)	(31,121,882)
Capital share transactions:		
Net proceeds from rights offering of Fund shares (0 and 3,417,070 shares, respectively)		131,742,212
Net proceeds from reinvestment of dividends (792,411 and 388,226 shares, respectively)	42,332,949	16,484,086
Cost of shares repurchased (47,900 and 0 shares, respectively)	(2,834,364)	
Net increase in net assets from capital share transactions	39,498,585	148,226,298
Total increase in net assets	276,929,446	340,747,633
NET ASSETS		
Beginning of year	772,722,225	431,974,592
End of year (including undistributed of net investment income of \$3,823,189 and \$5,122,133, as of October 31, 2007 and October 31, 2006, respectively)	\$ 1,049,651,671	\$ 772,722,225

The accompanying notes are an integral part of the financial statements.

THE CENTRAL EUROPE AND RUSSIA FUND, INC.
FINANCIAL HIGHLIGHTS

Selected data for a share of common stock outstanding throughout each of the periods indicated:

	For the years ended October 31,				
	2007	2006	2005	2004	2003
Per share operating performance:					
Net asset value:					
Beginning of period	\$ 55.18	\$ 42.36	\$ 28.64	\$ 23.08	\$ 15.93
Net investment income (loss)(a)	.41	.55	.27	.20	.21
Net realized and unrealized gain (loss)	21.22	18.67	13.62	7.97	6.86
Increase (decrease) from investment operations	21.63	19.22	13.89	8.17	7.07
Increase resulting from share repurchases	.03			.02	.08
Distributions from net investment income	(.58)	(.33)	(.17)	(.22)	
Distributions from net realized gains	(4.93)	(2.72)			
Total distributions	(5.51)	(3.05)	(.17)	(.22)	
Dilution from rights offering		(2.85)		(2.15)	
Dealer manager fees and offering costs		(.40)		(.25)	
Dilution in NAV from dividend reinvestment	(.15)	(.10)		(.01)	
Net asset value:					
End of period	\$ 71.18	\$ 55.18	\$ 42.36	\$ 28.64	\$ 23.08
Market value:					
End of period	\$ 64.20	\$ 49.94	\$ 44.89	\$ 24.99	\$ 21.25
Total investment return for the period:					
Based upon market value	41.83%	19.25%	80.71%	18.73%	60.38%
Based upon net asset value	42.32%	48.55%*	48.74%	35.20%*	44.88%
Ratio to average net assets:					
Total expenses before custody credits**	1.01%	1.09%	1.20%	1.27%	1.51%
Net investment income (loss)	.69%	1.08%	.78%	.81%	1.00%
Portfolio turnover	34.28%	31.86%	30.16%	45.29%	43.88%
Net assets at end of period (000's)	\$ 1,049,652	\$ 772,722	\$ 431,975	\$ 292,027	\$ 177,766
(a) Based on average shares outstanding method.					
For U.S. tax purposes, total distributions consisted of:					
Ordinary income	\$ (2.524)	\$ (.545)	\$ (0.17)	\$ (0.22)	
Long term capital gains	(2.992)	(2.507)			
	\$ (5.516)	\$ (3.052)	\$ (0.17)	\$ (0.22)	

Total investment return based on market value is calculated assuming that shares of the Fund's common stock were purchased at the closing market price as of the beginning of the year, dividends, capital gains and other distributions were reinvested as provided for in the Fund's dividend reinvestment plan and then sold at the closing market price per share on the last day of the period. The computation does not reflect any sales commission investors may incur in purchasing or

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selling shares of the Fund. The total investment return based on the net asset value is similarly computed except that the Fund's net asset value is substituted for the closing market value.

* Return excludes the effect of the \$2.40 and \$3.25 respectively, for 2004 and 2006 per share dilution associated with the Fund's rights offering.

** The custody credits are attributable to interest earned on U.S. cash balances. The ratios of total expenses after custody credits to average net assets are 1.00%, 1.04%, 1.19%, 1.26% and 1.50% for 2007, 2006, 2005, 2004 and 2003, respectively.

THE CENTRAL EUROPE AND RUSSIA FUND, INC.
NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2007

NOTE 1. ACCOUNTING POLICIES

The Central Europe and Russia Fund, Inc. (the "Fund") is a non-diversified, closed-end management investment company incorporated in Maryland. The Fund commenced investment operations on March 6, 1990.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Security Valuation: Investments are stated at value. All securities for which market quotations are readily available are valued at the last sales price on the primary exchange on which they are traded prior to the time of valuation. If no sales price is available at that time, and both bid and ask prices are available, the securities are valued at the mean between the last current bid and ask prices; if no quoted asked prices are available, they are valued at the last quoted bid price. All securities for which market quotations are not readily available will be valued as determined in good faith by the Board of Directors of the Fund. The Fund calculates its net asset value per share at 11:30 a.m., New York time.

In September 2006, The Financial Accounting Standards Board (FASB) released Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 is effective for fiscal years beginning after November 15, 2007. As of October 31, 2007, management does not believe the adoption of FAS 157 will impact the amounts reported in the financial statements; however, additional disclosures will be required about the inputs used to develop the measurements of fair value and the effect of certain of the measurements reported in the statement of operations for a fiscal period.

Securities Transactions and Investment Income: Securities transactions are recorded on the trade date. Cost of securities sold is calculated using the identified cost method. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Such dividend income is recorded net of unrecoverable foreign withholding tax.

Securities Lending: The Fund may lend securities to financial institutions. The Fund retains beneficial ownership of the securities it has loaned and continues to receive interest and dividends paid by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of liquid, unencumbered assets having a value at least equal to or greater than the "Margin Percentage" of the value of the securities loaned. "Margin Percentage" shall mean (i) for collateral which is denominated in the same currency as the loaned securities, 102%, and (ii) for collateral which is denominated in a currency different from that of the loaned securities, 105%. The Fund may invest the cash collateral into a joint trading account in an affiliated money market fund pursuant to Exemptive Orders issued by the SEC. Deutsche Investment Management Americas Inc. receives a management fee (.04% annual effective rate as of October 31, 2007) on the cash collateral invested in the affiliated money fund. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of fees paid to a lending agent, and a portion of the interest that is paid to the borrower of the securities. Either the Fund or the borrower may terminate the loan. The Fund is subject to all investment risks associated with the value of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

Foreign Currency Translation: The books and records of the Fund are maintained in United States dollars.

Assets and liabilities denominated in foreign currency are translated into United States dollars at the 11:00 a.m. mid-point of the buying and selling spot rates quoted by the Federal Reserve Bank of New York. Purchases and sales of investment securities, income and expenses are reported at the rate of exchange prevailing on the respective dates of such transactions. The resultant gains and losses arising

THE CENTRAL EUROPE AND RUSSIA FUND, INC.
NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2007 (continued)

from exchange rate fluctuations are identified separately in the Statement of Operations, except for such amounts attributable to investments, which are included in net realized and unrealized gains and losses on investments.

Contingencies: In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

Taxes: No provision has been made for United States Federal income tax because the Fund intends to meet the requirements of the United States Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to shareholders.

The cost of investments at October 31, 2007 was \$545,624,517 for United States Federal income tax purposes. Accordingly, as of October 31, 2007, net unrealized appreciation of investments aggregated \$521,489,265, of which \$528,066,526 and \$6,577,261 related to unrealized appreciation and depreciation, respectively.

Additionally, based on the Fund's understanding of the tax rules and rates related to income, gains and transactions for the foreign jurisdictions in which it invests, the Fund will provide for foreign taxes, and where appropriate, deferred foreign taxes.

In July 2006, FASB issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" (the "Interpretation"). The Interpretation establishes for the Fund a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether the Fund is taxable in certain jurisdictions), and requires certain expanded tax disclosures. The Interpretation is effective for fiscal years beginning after December 15, 2006. On December 22, 2006, the SEC indicated that they would not object if a Fund implements FIN 48 in the first required financial statement reporting period for its fiscal year beginning after December 15, 2006. Management is evaluating the application of the Interpretation to the Fund and is not in a position at this time to estimate the significance of its impact, if any, on the Fund's financial statements.

Dividends and Distributions to Shareholders: The Fund records dividends and distributions to its shareholders on the ex-dividend date. Income and capital gain distributions are determined in accordance with United States Federal income tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences, which could be temporary or permanent in nature, may result in reclassification of distributions; however, net investment income, net realized gains and net assets are not affected.

At October 31, 2007, the Fund's components of distributable earnings (accumulated losses) on a tax-basis were as follows:

Undistributed ordinary income*	\$ 20,335,629
Undistributed net long-term capital gains	\$ 130,194,119
Net unrealized appreciation	\$ 521,489,265

In addition, the tax character of distributions paid to shareholders by the Fund is summarized as follows:

	Years Ended October 31	
	2007	2006
Distributions from ordinary income*	\$ 35,342,323	\$ 5,557,479
Distributions from long-term capital gains	\$ 41,895,496	\$ 25,564,403

*For tax purposes short-term capital gains are considered ordinary income.

During the year ended October 31, 2007, the Fund reclassified permanent book and tax differences as follows:

**Increase
(decrease)**

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Undistributed net investment income	\$ 854,877
Undistributed net realized gain/loss on investments and foreign currency	(854,877)

NOTE 2. MANAGEMENT AND INVESTMENT ADVISORY AGREEMENTS

The Fund has a Management Agreement with Deutsche Investment Management Americas Inc. (the "Manager").

THE CENTRAL EUROPE AND RUSSIA FUND, INC.
NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2007 (continued)

The Fund has an Investment Advisory Agreement with Deutsche Asset Management International GmbH (the "Investment Adviser.") The Manager and the Investment Adviser are affiliated companies.

The Management Agreement provides the Manager with a fee, computed weekly and payable monthly, at the annual rates of 0.65% of the Fund's average weekly net assets up to \$100 million, 0.55% of such assets in excess of \$100 million and up to \$500 million, 0.50% of such assets in excess of \$500 million and up to \$750 million, and, effective August 1, 2007, 0.45% of such assets in excess of \$750 million. The Investment Advisory Agreement provides the Investment Adviser with a fee, computed weekly and payable monthly, at the annual rates of 0.35% of the Fund's average weekly net assets up to \$100 million and 0.25% of such assets in excess of \$100 million. Accordingly, for the year ended October 31, 2007, the combined fee pursuant to the Management and Investment Advisory Agreements was equivalent to an annualized effective rate of 0.80% of the Fund's average net assets.

Pursuant to the Management Agreement, the Manager is the corporate manager and administrator of the Fund and, subject to the supervision of the Board of Directors and pursuant to recommendations made by the Fund's Investment Adviser, determines the suitable securities for investment by the Fund. The Manager also provides office facilities and certain administrative, clerical and bookkeeping services for the Fund. Pursuant to the Investment Advisory Agreement, the Investment Adviser, in accordance with the Fund's stated investment objective, policies and restrictions, makes recommendations to the Manager with respect to the Fund's investments and, upon instructions given by the Manager as to suitable securities for investment by the Fund, transmits purchase and sale orders to select brokers and dealers to execute portfolio transactions on behalf of the Fund.

NOTE 3. TRANSACTIONS WITH AFFILIATES

DWS Scudder Investments Service Company ("DWS-SISC"), an affiliate of the Manager, is the transfer agent, dividend-paying agent and shareholder service agent of the Fund. Prior to February 1, 2007, Investors Bank & Trust Company was the transfer agent, dividend paying agent and shareholder service agent of the Fund. Effective February 1, 2007, the Board of the Fund approved a new transfer agency agreement between the Fund and DWS-SISC. The new transfer agency agreement is identical in substance to the previous transfer agency agreement for the Fund, except for the named transfer agent. Pursuant to a sub-transfer agency agreement between DWS-SISC and DST Systems, Inc. ("DST"), DWS-SISC has delegated certain transfer agent and dividend-paying agent paying function to DST. DWS-SISC compensates DST out of the shareholder servicing fee it receives from the Fund. For the year ended October 31, 2007, the amount charged to the Fund by DWS-SISC aggregated \$28,788, of which \$6,248 is unpaid.

For the period ended October 31, 2007, Deutsche Bank AG, the German parent of the Manager and Investment Adviser, and its affiliates received \$2,275 in brokerage commissions as a result of executing agency transactions in portfolio securities on behalf of the Fund, that the Board determined were effected in compliance with the Fund's Rule 17e-1 procedures.

Certain Officers of the Fund are also officers of either the Manager or Deutsche Bank AG.

The Fund pays each Director not affiliated with the Manager retainer fees plus specified amounts for attended board and committee meetings.

On July 23, 2007, the Board approved the DWS Cash Management QP Trust (the "QP Trust") as the Fund's cash-sweep vehicle. The QP Trust is an affiliated unregistered fund managed by the Investment Manager. The QP Trust seeks to provide as high a level of current income as is consistent with the preservation of capital and the maintenance of liquidity. The QP Trust does not pay the Investment Manager a management fee for the affiliated funds' investments in the QP Trust.

THE CENTRAL EUROPE AND RUSSIA FUND, INC.
NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2007 (continued)

NOTE 4. PORTFOLIO SECURITIES

Purchases and sales of investment securities, other than short-term investments, for the year ended October 31, 2007 were \$289,380,247 and \$335,416,145, respectively.

NOTE 5. INVESTING IN FOREIGN MARKETS

Foreign investments may involve certain considerations and risks not typically associated with those of domestic origin as a result of, among others, the possibility of political and economic developments and the level of governmental supervision and regulation of foreign securities markets. In addition, certain foreign markets may be substantially smaller, less developed, less liquid and more volatile than the major markets of the United States. For example, there are significant risks inherent in securities of Russian issuers that are not typically associated with securities of companies in more developed countries.

NOTE 6. CAPITAL AND RIGHTS OFFERING

During the years ended October 31, 2007 and October 31, 2006, the Fund purchased 47,900 and 0 of its shares of Common Stock on the open market at a total cost of \$2,834,364 and 0, respectively. The weighted average discount of these purchased shares comparing the purchased price to the net asset value at the time of purchase was 12.19% and 0%, respectively. These shares are held in Treasury. During the years ended October 31, 2007 and October 31, 2006, the Fund reissued 792,411 and 388,226 shares held in treasury as part of the dividend reinvestment plan, respectively.

During January 2006, the Fund issued 3,417,070 shares of common stock in connection with a rights offering of the Fund's shares. Shareholders of record on December 22, 2005 were issued one transferable right for each share owned. The rights entitled the shareholders to purchase one new share of common stock for every three rights held. These shares were issued at a subscription price of \$40.19. Net proceeds to the Fund were \$131,742,212 after deducting the solicitation/dealer manager fees of \$5,148,591 and expenses of \$400,276. The net asset value per share of the Fund's common shareholders was reduced by approximately \$3.25 per share as a result of the share issuance.

NOTE 7. SUBSEQUENT EVENT

On December 12, 2007 the Fund announced that its Board of Directors declared a distribution of \$0.9477 per share payable from net investment income, \$0.4648 per share payable from short-term capital gains and \$8.8442 per share payable from long-term capital gains for a total distribution of \$10.2567 payable, in stock (valued at the New York Stock exchange closing price on the payable date) with an option to receive cash.

The record date is December 21, 2007 and the payable date will be December 31, 2007. The shares will trade "exdividend" on December 19, 2007.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
The Central Europe and Russia Fund, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Central Europe and Russia Fund, Inc. (the "Fund") at October 31, 2007, 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 five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2007 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, NY
December 26, 2007

VOLUNTARY CASH PURCHASE PROGRAM AND DIVIDEND REINVESTMENT PLAN
(unaudited)

The Fund offers shareholders a Voluntary Cash Purchase Program and Dividend Reinvestment Plan ("Plan") which provides for optional cash purchases and for the automatic reinvestment of dividends and distributions payable by the Fund in additional Fund shares. A more complete description of the Plan is provided in the Plan brochure available from DWS Scudder Investments Service Company, the transfer agent (the "Transfer Agent"), P.O. Box 219066, Kansas City, Missouri 64105 (telephone 1-800-437-6269). Computershare, Inc.* (the "Plan Agent") acts as the plan agent under the Plan. A shareholder should read the Plan brochure carefully before enrolling in the Plan.

Under the Plan, participating shareholders ("Plan Participants") appoint the Transfer Agent to receive or invest Fund distributions as described below under "Reinvestment of Fund Shares." In addition, Plan Participants may make optional cash purchases through the Transfer Agent as often as once a month as described below under "Voluntary Cash Purchases." There is no charge to Plan Participants for participating in the Plan, although when shares are purchased under the Plan by the Plan Agent on the New York Stock Exchange or otherwise on the open market, each Plan Participant will pay a pro rata share of brokerage commissions incurred in connection with such purchases, as described below under "Reinvestment of Fund Shares" and "Voluntary Cash Purchases."

Reinvestment of Fund Shares. Whenever the Fund declares a capital gains distribution, an income dividend or a return of capital distribution payable, at the election of shareholders, either in cash or in Fund shares, or payable only in cash, the Transfer Agent shall automatically elect to receive Fund shares for the account of each Plan Participant.

Whenever the Fund declares a capital gains distribution, an income dividend or a return of capital distribution payable only in cash and the net asset value per share of the Fund's common stock equals or is less than the market price per share on the valuation date (the "Market Parity or Premium"), the Transfer Agent shall apply the amount of such dividend or distribution payable to a Plan Participant to the purchase from the Fund of Fund Shares for a Plan Participant's account, except that if the Fund does not offer shares for such purpose because it concludes Securities Act registration would be required and such registration cannot be timely effected or is not otherwise a cost-effective alternative for the Fund, then the Transfer Agent shall follow the procedure described in the next paragraph. The number of additional shares to be credited to a Plan Participant's account shall be determined by dividing the dollar amount of the distribution payable to a Plan Participant by the net asset value per share of the Fund's common stock on the valuation date, or if the net asset value per share is less than 95% of the market price per share on such date, then by 95% of the market price per share. The valuation date will be the payable date for such dividend or distribution.

Whenever the Fund declares a capital gains distribution, an income dividend or a return of capital distribution payable only in cash and the net asset value per share of the Fund's common stock exceeds the market price per share on the valuation date (the "Market Discount"), the Plan Agent shall apply the amount of such dividend or distribution payable to a Plan Participant (less a Plan Participant's pro rata share of brokerage commissions incurred with respect to open-market purchases in connection with the reinvestment of such dividend or distribution) to the purchase on the open market of Fund shares for a Plan Participant's account. The valuation date will be the payable date for such dividend or distribution. Such purchases will be made on or shortly after the valuation date and in no event more than 30 days after such date except where temporary curtailment or suspension of purchase is necessary to comply with applicable provisions of federal securities laws.

The Transfer Agent or the Plan Agent may aggregate a Plan Participant's purchases with the purchases of other Plan Participants, and the average price (including brokerage commissions) of all shares purchased by the Plan Agent shall be the price per share allocable to each Plan Participant.

For all purposes of the Plan, the market price of the Fund's common stock on a payable date shall be the last sales price on the New York Stock Exchange on that date, or, if there is no sale on such Exchange (or, if different, the

VOLUNTARY CASH PURCHASE PROGRAM AND DIVIDEND REINVESTMENT PLAN
(unaudited) (continued)

principal exchange for Fund shares) on that date, then the mean between the closing bid and asked quotations for such stock on such Exchange on such date. The net asset value per share of the Fund's common stock on a valuation date shall be as determined by or on behalf of the Fund.

The Transfer Agent may hold a Plan Participant's shares acquired pursuant to the Plan, together with the shares of other Plan Participants acquired pursuant to this Plan, in non-certificated form in the name of the Transfer Agent or that of a nominee. The Transfer Agent will forward to each Plan Participant any proxy solicitation material and will vote any shares so held for a Plan Participant only in accordance with the proxy returned by a Plan Participant to the Fund. Upon a Plan Participant's written request, the Transfer Agent will deliver to a Plan Participant, without charge, a certificate or certificates for the full shares held by the Transfer Agent.

Voluntary Cash Purchases. Plan Participants have the option of making investments in Fund shares through the Transfer Agent as often as once a month. Plan Participants may invest as little as \$100 in any month and may invest up to \$36,000 annually through the voluntary cash purchase feature of the Plan.

The Plan Agent shall apply such funds (less a Plan Participant's pro rata share of brokerage commissions or other costs, if any) to the purchase on the New York Stock Exchange (or, if different, on the principal exchange for Fund shares) or otherwise on the open market of Fund shares for such Plan Participant's account, regardless of whether there is a Market Parity or Premium or a Market Discount. The Plan Agent will purchase shares for Plan Participants on or about the 15th of each month. Cash payments received by the Transfer Agent less than five business days prior to a cash purchase investment date will be held by the Transfer Agent until the next month's investment date. Uninvested funds will not bear interest. Plan Participants may withdraw any voluntary cash payment by written notice received by the Transfer Agent not less than 48 hours before such payment is to be invested.

Enrollment and Withdrawal. Both current shareholders and first-time investors in the Fund are eligible to participate in the Plan. Current shareholders may join the Plan by either enrolling their shares with the Transfer Agent or by making an initial cash deposit of at least \$250 with the Transfer Agent. First-time investors in the Fund may join the Plan by making an initial cash deposit of at least \$250 with the Transfer Agent. In order to become a Plan Participant, shareholders must complete and sign the enrollment form included in the Plan brochure and return it, and, if applicable, an initial cash deposit of at least \$250 directly to the Transfer Agent if shares are registered in their name. Shareholders who hold Fund shares in the name of a brokerage firm, bank or other nominee should contact such nominee to arrange for it to participate in the Plan on such shareholder's behalf.

If the Plan Participant elects to participate in the Plan by enrolling current shares owned by the Plan Participant with the Transfer Agent, participation in the dividend reinvestment feature of the Plan begins with the next dividend or capital gains distribution payable after the Transfer Agent receives the Plan Participant's written authorization, provided such authorization is received by the Transfer Agent prior to the record date for such dividend or distribution. If such authorization is received after such record date, the Plan Participant's participation in the dividend reinvestment feature of the Plan begins with the following dividend or distribution.

If the Plan Participant elects to participate in the Plan by making an initial cash deposit of at least \$250 with the Transfer Agent, participation in the dividend reinvestment feature of the Plan begins with the next dividend or capital gains distribution payable after the Transfer Agent receives the Plan Participant's authorization and deposit, and after the Plan Agent purchases shares for the Plan Participant on the New York Stock Exchange (or, if different, on the principal exchange for Fund shares) or otherwise on the open market, provided that the authorization and deposit are received, and the purchases are made by the Plan Agent prior to the record date. If such authorization and deposit are received after the record date, or if the Plan Agent purchases

VOLUNTARY CASH PURCHASE PROGRAM AND DIVIDEND REINVESTMENT PLAN
(unaudited) (continued)

shares for the Plan Participant after the record date, the Plan Participant's participation in the dividend reinvestment feature of the Plan begins with the following dividend or distribution.

A shareholder's written authorization and cash payment must be received by the Transfer Agent at least five business days in advance of the next cash purchase investment date (normally the 15th of every month) in order for the Plan Participant to participate in the voluntary cash purchase feature of the Plan in that month.

Plan Participants may withdraw from the Plan without charge by written notice to the Transfer Agent. Plan Participants who choose to withdraw may elect to receive stock certificates representing all of the full shares held by the Transfer Agent on their behalf, or to instruct the Transfer Agent to sell such full shares and distribute the proceeds, net of brokerage commissions, to such withdrawing Plan Participant. Withdrawing Plan Participants will receive a cash adjustment for the market value of any fractional shares held on their behalf at the time of termination. Withdrawal will be effective immediately with respect to distributions with a record date not less than 10 days later than receipt of such written notice by the Transfer Agent.

Amendment and Termination of Plan. The Plan may only be amended or supplemented by the Fund or by the Transfer Agent by giving each Plan Participant written notice at least 90 days prior to the effective date of such amendment or supplement, except that such notice period may be shortened when necessary or appropriate in order to comply with applicable law or the rules or policies of the Securities and Exchange Commission or any other regulatory body.

The Plan may be terminated by the Fund or by the Transfer Agent by written notice mailed to each Plan Participant. Such termination will be effective with respect to all distributions with a record date at least 90 days after the mailing of such written notice to the Plan Participants.

Federal Income Tax Implications of Reinvestment of Fund Shares. Reinvestment of Fund shares does not relieve Plan Participants from any income tax which may be payable on dividends or distributions. For U.S. federal income tax purposes, when the Fund issues shares representing an income dividend or a capital gains dividend, a Participant will include in income the fair market value of the shares received as of the payment date, which will be ordinary dividend income or capital gains, as the case may be. The shares will have a tax basis equal to such fair market value, and the holding period for the shares will begin on the day after the date of distribution. If shares are purchased on the open market by the Plan Agent, a Plan Participant will include in income the amount of the cash payment made. The basis of such shares will be the purchase price of the shares, and the holding period for the shares will begin on the day following the date of purchase. State, local and foreign taxes may also be applicable.

* Effective October 15, 2007, the stock transfer business of UMB Bank, N.A. had been acquired by Computershare Limited. Consequently, Computershare Limited's affiliate, Computershare Inc., became Plan Agent under the Plan Agency Agreement.

**THE CENTRAL EUROPE AND RUSSIA FUND, INC.
REPORT OF SHAREHOLDERS' MEETING (unaudited)**

The Annual Meeting of Shareholders of The Central Europe and Russia Fund, Inc. was held on June 25, 2007. At the Meeting, the following matters were voted upon by the stockholders (the resulting votes are presented below):

1. To elect three Directors to serve for a term of three years until their successors are elected and qualify.

	Number of Votes	
	For	Withheld
Detlef Bierbaum	9,950,112	1,767,361
Richard R. Burt	10,065,036	1,652,437
John H. Cannon	10,052,882	1,664,591

2. To ratify the appointment by the Audit Committee and the Board of Directors of PricewaterhouseCoopers LLP as independent registered public accounting firm for the fiscal year ending October 31, 2007.

	Number of Votes		
	For	Against	Abstain
	11,571,827	55,704	30,781

2007 U.S. TAX INFORMATION (unaudited)

The Fund paid distributions of \$2.99 per share from net long-term capital gains during its year ended October 31, 2007, of which 100% represents 15% rate gains.

The Fund paid foreign taxes of \$2,276,882 and earned \$10,765,101 of foreign source income year during the year ended October 31, 2007. Pursuant to section 853 of the Internal Revenue Code, the Fund designates \$.15 per share as foreign taxes paid and \$.73 per share as income earned from foreign sources for the year ended October 31, 2007.

For Federal income tax purposes, the Fund designates \$15,011,000, or the maximum amount allowable under tax law, as qualified dividend income.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates \$143,236,000 as capital gain dividends for its year ended October 31, 2007, of which 100% represents 15% rate gains.

**INVESTMENT MANAGEMENT AGREEMENT AND
INVESTMENT ADVISORY AGREEMENT APPROVAL**

The Fund's directors unanimously approved the continuance of the management agreement between the Fund and Deutsche Investment Management Americas Inc. ("DIMA") and the investment advisory agreement between the Fund and Deutsche Asset Management International GmbH ("DeAMI") (together called the "agreements") at a meeting held on July 23, 2007.

In preparation for the meeting, the directors had requested and evaluated extensive materials from DIMA and DeAMI, including performance and expense information for other investment companies with similar investment objectives derived from data compiled by Lipper Inc. ("Lipper"). Prior to voting, the directors reviewed the proposed continuance of the agreements with management and with experienced counsel who are independent of DIMA and DeAMI and received a memorandum from such counsel discussing the legal standards for their consideration of the proposed continuance. The directors also discussed the proposed continuance in a private session with counsel at which no representatives of DIMA or DeAMI were present. In reaching their determination relating to continuance of the agreements, the directors considered all factors they believed relevant, including the following:

1. information comparing the Fund's performance to other investment companies with similar investment objectives and to an index;
2. the nature, extent and quality of investment and administrative services rendered by DIMA and DeAMI;
3. payments received by DIMA and DeAMI from all sources in respect to the Fund and all investment companies in the DWS Scudder family of funds;
4. the costs borne by, and profitability of, DIMA and DeAMI and their affiliates in providing services to the Fund and to all investment companies in the DWS Scudder family of funds;
5. comparative fee and expense data for the Fund and other investment companies with similar investment objectives;
6. the extent to which economies of scale would be realized as the Fund grows and whether fee levels reflect these economies of scale for the benefit of investors;
7. DIMA's and DeAMI's policies and practices regarding allocation of the Fund's portfolio transactions, including the extent, if any, to which DIMA and DeAMI benefit from soft dollar arrangements;
8. the Fund's portfolio turnover rates compared to those of other investment companies with similar investment objectives;
9. fall-out benefits which DIMA, DeAMI and their affiliates receive from their relationships with the Fund;
10. the professional experience and qualifications of the Fund's portfolio management team and other senior personnel of DIMA and DeAMI; and
11. the terms of the agreements.

The directors also considered their knowledge of the nature and quality of the services provided by DIMA and DeAMI to the Fund gained from their experience as directors of the European Equity Fund and, where relevant, the New Germany Fund and other DWS Scudder funds, their confidence in DIMA's and DeAMI's integrity and competence gained from that experience and DIMA's and DeAMI's responsiveness to concerns raised by them in the past, including DIMA's and DeAMI's willingness to consider and implement organizational and operational changes designed to improve investment results and the services provided to the Fund.

In their deliberations, the directors did not identify any particular information that was all-important or controlling, and each director attributed different weights to the various factors.

The directors determined that the overall arrangements between the Fund and DIMA, as provided in the management agreement, and between the Fund and DeAMI, as provided in the investment advisory agreement, were fair and reasonable in light of the services performed, expenses

**INVESTMENT MANAGEMENT AGREEMENT AND
INVESTMENT ADVISORY AGREEMENT APPROVAL (continued)**

incurred and such other matters as the directors considered relevant in the exercise of their reasonable judgment.

The material factors and conclusions that formed the basis for the directors' reaching their determination to approve the continuance of the agreements (including their determinations that DIMA and DeAMI should continue in those roles for the Fund, and that the fees payable to DIMA and DeAMI pursuant to the agreements are appropriate) were separately discussed by the directors.

Nature, extent and quality of services provided by DIMA and DeAMI

The directors noted that, under the management agreement, DIMA acts as the Fund's corporate manager and administrator and, subject to the supervision of the Fund's board of directors and pursuant to recommendations made by DeAMI, determines suitable securities for investment by the Fund. Under the investment advisory agreement, DeAMI, in accordance with the Fund's investment objectives, policies and limitations, makes recommendations with respect to the Fund's investments and, upon instructions given by DIMA as to suitable securities for investment by us, transmits purchase and sale orders and selects brokers and dealers to execute portfolio transactions on the Fund's behalf. Under the management agreement, DIMA also handles the Fund's relationships with shareholders, is responsible for compliance with regulatory and NYSE listing requirements, negotiates arrangements with third party service providers, provides the Fund's directors with relevant reports, prepares the Fund's tax returns and SEC and shareholder reports, calculates dividends and net asset value, oversees payment of the Fund's expenses and maintains books and records. DIMA also provides the Fund with such office facilities and executive and other personnel adequate to perform its services. DIMA pays all of the compensation of the Fund's directors and officers who are interested persons of DIMA.

The directors considered the scope and quality of services provided by DIMA and DeAMI under the agreements and noted that the scope of services provided had expanded over time as a result of regulatory and other developments. The directors noted that, for example, DIMA is responsible for maintaining and monitoring its own and the Fund's compliance programs, and these compliance programs have in recent years been refined and enhanced in light of evolving regulatory requirements. The directors considered the quality of the investment research capabilities of DIMA and DeAMI and the other resources they have dedicated to performing services for the Fund. The quality of administrative and other services, including DIMA's role in coordinating the activities of the Fund's other service providers, also were considered. The directors concluded that, overall, they were satisfied with the nature, extent and quality of services provided (and expected to be provided) to the Fund under the agreements.

Costs of Services Provided and Profitability to DIMA and DeAMI

At the request of the directors, DIMA provided information concerning profitability of DIMA's and DeAMI's respective investment advisory and investment company activities and their financial condition based on historical information for 2005 and 2006. The directors reviewed with DIMA assumptions and methods of allocation used by DIMA and DeAMI in preparing Fund specific profitability data. DIMA stated its belief that the methods of allocation used were reasonable, but it noted that there are limitations inherent in allocating costs to multiple individual advisory clients served by an organization such as DIMA and DeAMI where each of the advisory clients draws on, and benefits from, the research and other resources of the Deutsche Bank organization. The directors recognized that it is difficult to make comparisons of profitability from fund management contracts because comparative information is not generally publicly available and is affected by numerous factors, including the structure of the particular adviser, the types of funds it manages, its business mix, numerous assumptions regarding allocations and the adviser's capital structure and cost of capital. In considering profitability information, the directors considered the effect of possible fall-out benefits, on DIMA's and DeAMI's expenses, including any affiliated brokerage commissions.

The directors noted that during 2003 and 2004 DIMA discontinued using soft dollars to receive third party research

**INVESTMENT MANAGEMENT AGREEMENT AND
INVESTMENT ADVISORY AGREEMENT APPROVAL (continued)**

from brokers that execute purchases and sales of securities for us, and revised their policies to prohibit consideration of the sale of shares of DWS Scudder funds when selecting broker dealers to execute portfolio transactions for the Fund or other DWS Scudder funds. DIMA and DeAMI may continue to allocate brokerage to receive research generated by executing brokers and to receive other information services.

The directors recognized that DIMA and DeAMI should, in the abstract, each be entitled to earn a reasonable level of profits for the services it provides to us and, based on their review, concluded that DIMA's and DeAMI's levels of profitability from their relationships with us were not excessive.

Investment Results

In addition to the information received by the directors for the meeting, the directors receive detailed performance information for the Fund at each regular board meeting during the year. The directors reviewed information showing the Fund's performance compared to that of other European Closed End Funds compiled by Lipper (a total of 8 funds, including us). The directors also reviewed information showing performance of the Fund's benchmark index, currently a blend of 45% CECE index of 27 Central European stocks, 45% RTX index of 12 Russian stocks and 10% ISE 30 index of 30 Turkish stocks.

The comparative information showed that the Fund ranked in the top half for the one-, three-, five- and 10- year periods ended December 31, 2006. The Fund's results were significantly positive in absolute terms, and exceeded its benchmark each year since 2000. (Comparisons prior to 1998 are not meaningful because until then the Fund had a purely German focus.) Taking into account these comparisons and the other factors considered, including the excellent performance since the Fund's increased emphasis on Russian investments that began in mid-2003, the directors concluded that the Fund's investment results over time were satisfactory.

Management and Investment Advisory Fees and Other Expenses

The directors considered the management and investment advisory fee rates paid by the Fund to DIMA and DeAMI. The directors recognized that it is difficult to make comparisons of management and advisory fees because there are variations in the services that are included in the fees paid by other funds. The Fund's expense comparison group consisted of 33 closed end country funds. The information showed that the Fund's current effective management fee rate of 0.806% was in the lowest third of the comparison group and below the average and the median for the comparison group. The directors noted that the Fund's effective fee rate reflects the effect of breakpoints and that DIMA had voluntarily added a breakpoint reducing the fee rate from 0.55% to 0.50% for net assets exceeding \$500 million, effective June 1, 2006 and a breakpoint reducing the fee rate from 0.50% to 0.45% for net assets exceeding \$750 million, effective August 1, 2007. The directors also considered the Fund's total expense ratio in comparison to the fees and expenses of funds within the comparison group. The directors recognized that the expense ratio information for the Fund potentially reflected on DIMA's provision of services, as DIMA is responsible for coordinating services provided to the Fund by others. The directors also noted that the Fund's expense ratio was the third lowest of the comparison group. DIMA explained that this difference was principally the result of the Fund's relatively low management and investment advisory fee and the Fund's relatively large asset base. The directors concluded that the Fund's expense ratio was highly satisfactory.

Economies of Scale

The directors noted that the Fund's management fee and investment advisory schedules do contain breakpoints that reduce the fee rate on assets above specified levels. The directors recognized that breakpoints may be an appropriate way for DIMA and DeAMI to share their economies of scale with some funds that have substantial assets or that may grow materially over the next year. However, they also recognized that there is no direct relationship between the economies of scale realized by funds and those realized by DIMA and DeAMI as assets increase, largely because economies of scale are realized (if at all) by DIMA and DeAMI across a variety of products and services, and not only in respect of a single fund. Having taken these factors into account, the directors concluded that the Fund's breakpoint arrangements were acceptable under the Fund's circumstances.

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EXECUTIVE OFFICES

345 Park Avenue, New York, NY 10154

MANAGER

Deutsche Investment Management Americas Inc.

INVESTMENT ADVISER

Deutsche Asset Management International GmbH

CUSTODIAN

Brown Brothers Harriman & Co.

TRANSFER AGENT

DWS Scudder Investments Service Company

LEGAL COUNSEL

Sullivan & Cromwell LLP

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP

DIRECTORS AND OFFICERS

CHRISTIAN H. STRENGER

Chairman and Director

DETLEF BIERBAUM

Director

DR. KURT W. BOCK

Director

JOHN A. BULT

Director

RICHARD R. BURT

Director

JOHN H. CANNON

Director

DR. FRIEDBERT MALT*

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Director

DR. FRANK TRÖMEL

Director

ROBERT H. WADSWORTH

Director

WERNER WALBRÖL

Director

MICHAEL CLARK

President and Chief Executive Officer

PAUL H. SCHUBERT

Chief Financial Officer and Treasurer

ELISA METZGER

Chief Legal Officer

BRETT ROGERS

Chief Compliance Officer

DAVID GOLDMAN

Secretary

JOHN MILLETTE

Assistant Secretary

51844 (12/07)

* Dr. Malt was elected to Board on July 23, 2007

VOLUNTARY CASH PURCHASE PROGRAM AND DIVIDEND REINVESTMENT PLAN

The Fund offers shareholders a Voluntary Cash Purchase Program and Dividend Reinvestment Plan ("Plan") which provides for optional cash purchases and for the automatic reinvestment of dividends and distributions payable by the Fund in additional Fund shares. Plan participants may invest as little as \$100 in any month and may invest up to \$36,000 annually. The Plan has been amended to allow current shareholders, who are not already participants in the Plan, and first time investors to enroll in the Plan by making an initial cash deposit of at least \$250 with the plan agent. Share purchases are combined to receive a beneficial brokerage fee. A brochure is available by writing or telephoning the transfer agent:

DWS Scudder Investments Service Company
210 W 10th Street 6th Floor
Attn Closed End Fund Area
Kansas City, MO 64105
Tel. 1-800-437-6269

This report, including the financial statements herein, is transmitted to the shareholders of The Central Europe and Russia Fund, Inc. for their information. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report. The information contained in the letter to the shareholders, the interview with the lead portfolio manager and the report from the investment adviser and manager in this report is derived from carefully selected sources believed reasonable. We do not guarantee its accuracy or completeness, and nothing in this report shall be construed to be

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a representation of such guarantee. Any opinions expressed reflect the current judgment of the author, and do not necessarily reflect the opinion of Deutsche Bank AG or any of its subsidiaries and affiliates.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase at market prices from time to time shares of its common stock in the open market.

Comparisons between changes in the Fund's net asset value per share and changes in the CECE, RTX and ISE National 30 indices should be considered in light of the Fund's investment policy and objectives, the characteristics and quality of the Fund's investments, the size of the Fund and variations in the foreign currency/dollar exchange rate.

Fund Shares are not FDIC - insured and are not deposits or other obligations of or guaranteed by any bank. Fund Shares involve investment risk, including possible loss of principal.

Copies of this report, monthly fact sheets and other information are available at:
www.ceefund.com

For latest net asset value, schedule of the Fund's largest holdings, dividend data and shareholder inquiries, please call 1-800-437-6269 in the U.S. or 617-443-6918 outside of the U.S.

ITEM 2. CODE OF ETHICS

As of the end of the period, October 31, 2007, The Central Europe And Russia Fund, Inc. has a code of ethics, as defined in Item 2 of Form N-CSR, that applies to its Principal Executive Officer and Principal Financial Officer.

There have been no amendments to, or waivers from, a provision of the code of ethics during the period covered by this report that would require disclosure under Item 2.

A copy of the code of ethics is filed as an exhibit to this Form N-CSR.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

The Fund's Board of Directors has determined that the Fund has at least one audit committee financial expert serving on its audit committee: Mr. John H. Cannon, and Mr. Robert H. Wadsworth. Each of these audit committee members is independent, meaning that he is not an interested person of the Fund (as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940) and he does not accept any consulting, advisory, or other compensatory fee from the Fund (except in the capacity as a Board or committee member).

An audit committee financial expert is not an expert for any purpose, including for purposes of Section 11 of the Securities Act of 1933, as a result of being designated as an audit committee financial expert. Further, the designation of a person as an audit committee financial expert does not mean that the person has any greater duties, obligations, or liability than those imposed on the person without the audit committee financial expert designation. Similarly, the designation of a person as an audit committee financial expert does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

THE CENTRAL EUROPE AND RUSSIA FUND, INC.

FORM N-CSR DISCLOSURE RE: AUDIT FEES

The following table shows the amount of fees that PricewaterhouseCoopers, LLP (PWC), the Fund's independent registered public accounting firm, billed to the Fund during the Fund's last two fiscal years. The Audit Committee approved in advance all audit services and non-audit services that PWC provided to the Fund.

The Audit Committee has delegated certain pre-approval responsibilities to its Chairman (or, in his absence, any other member of the Audit Committee).

Services that the Fund's Independent Registered Public Accounting Firm Billed to the Fund

Fiscal Year Ended	Audit Fees Billed to Fund	Audit-Related Fees Billed to Fund	Tax Fees Billed to Fund	All Other Fees Billed to Fund
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October 31,				
2007	\$90,000	\$0	\$0	\$0
2006	\$84,000	\$128	\$0	\$0

The above Audit- Related Fees were billed for agreed upon procedures performed.

Services that the Fund's Independent Registered Public Accounting Firm Billed to the Adviser and Affiliated Fund Service Providers

The following table shows the amount of fees billed by PWC to Deutsche Investment Management Americas, Inc. (DeIM or the Adviser), and any entity controlling, controlled by or under common control with DeIM (Control Affiliate) that provides ongoing services to the Fund (Affiliated Fund Service Provider), for engagements directly related to the Fund's operations and financial reporting, during the Fund's last two fiscal years.

Fiscal Year	Audit-Related Fees Billed to Adviser and Affiliated Fund Service Providers	Tax Fees Billed to Adviser and Affiliated Fund Service Providers	All Other Fees Billed to Adviser and Affiliated Fund Service Providers
October 31, 2007	\$58,500	\$25,000	\$0
2006	\$155,500	\$11,930	\$0

The Audit-Related Fees were billed for services in connection with the agreed-upon procedures related to fund mergers and additional costs related to annual audits and the above Tax Fees were billed in connection with tax consultation and agreed-upon procedures.

Non-Audit Services

The following table shows the amount of fees that PWC billed during the Fund's last two fiscal years for non-audit services. The Audit Committee pre-approved all non-audit services that PWC provided to the Adviser and any Affiliated Fund Service Provider that related directly to the Fund's operations and financial reporting. The Audit Committee requested and received information from PWC about any non-audit services that PWC rendered during the Fund's last fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating PWC's independence.

Fiscal Year Ended	Total Non-Audit Fees Billed to Fund	Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (engagements related directly to the operations and financial reporting of the Fund)	Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (all other engagements)	Total of (A), (B) and (C)
October 31, 2007	(A) \$0	(B) \$25,000	(C) \$0	\$25,000
2006	\$0	\$11,930	\$0	\$11,930

All other engagement fees were billed for services in connection with industry updates for DeIM and other related entities that provide support for the operations of the fund.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The registrant's audit committee consists of Werner Walbrol (Chairman), Robert H. Wadsworth, Dr. Frank Tromel, Richard R. Burt, Dr. Friedbert Malt and John H. Cannon.

ITEM 6. SCHEDULE OF INVESTMENTS

Not Applicable

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Proxy Voting Guidelines

The Fund has delegated proxy voting responsibilities to its investment advisor, subject to the Board's general oversight. The Fund has delegated proxy voting to the advisor with the direction that proxies should be voted consistent with the Fund's best economic interests. The advisor has adopted its own Proxy Voting Policies and Procedures (Policies), and Proxy Voting Guidelines (Guidelines) for this purpose. The Policies address, among other things, conflicts of interest that may arise between the interests of the Fund, and the interests of the advisor and its affiliates, including the Fund's principal underwriter. The Guidelines set forth the advisor's general position on various proposals, such as:

Shareholder Rights The advisor generally votes against proposals that restrict shareholder rights.

Corporate Governance The advisor generally votes for confidential and cumulative voting and against supermajority voting requirements for charter and bylaw amendments.

Anti-Takeover Matters The advisor generally votes for proposals that require shareholder ratification of poison pills or that request boards to redeem poison pills, and votes against the adoption of poison pills if they are submitted for shareholder ratification. The advisor generally votes for fair price proposals.

Compensation Matters The advisor generally votes against stock option plans that do not meet the advisor's criteria.

Routine Matters The advisor generally votes for the ratification of auditors, procedural matters related to the annual meeting, and changes in company name, and against bundled proposals and adjournment.

The general provisions described above do not apply to investment companies. The advisor generally votes proxies solicited by investment companies in accordance with the recommendations of an independent third-party, except for proxies solicited by or with respect to investment companies for which the advisor or an affiliate serves as investment advisor or principal underwriter (affiliated investment companies). The advisor votes affiliated investment company proxies in the same proportion as the vote of the investment company's other shareholders (sometimes called mirror or echo voting). Master fund proxies solicited from feeder funds are voted in accordance with applicable requirements of the Investment Company Act of 1940.

Although the Guidelines set forth the advisor's general voting positions on various proposals, the advisor may, consistent with the Fund's best interests, determine under some circumstances to vote contrary to those positions.

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The Guidelines on a particular issue may or may not reflect the view of individual members of the board, or of a majority of the board. In addition, the Guidelines may reflect a voting position that differs from the actual practices of the public companies within the Deutsche Bank organization or of the investment companies for which the advisor or an affiliate serves as investment advisor or sponsor.

The advisor may consider the views of a portfolio company's management in deciding how to vote a proxy or in establishing general voting positions for the Guidelines, but management's views are not determinative.

As mentioned above, the Policies describe the way in which the advisor resolves conflicts of interest. To resolve conflicts, the advisor, under normal circumstances, votes proxies in accordance with its Guidelines. If the advisor departs from the Guidelines with respect to a particular proxy or if the Guidelines do not specifically address a certain proxy proposal, a proxy voting committee established by the advisor will vote the proxy. Before voting any such proxy, however, the advisor's conflicts review committee will conduct an investigation to determine whether any potential conflicts of interest exist in connection with the particular proxy proposal. If the conflicts review committee determines that the advisor has a material conflict of interest, or certain individuals on the proxy voting committee should be recused from participating in a particular proxy vote, it will inform the proxy voting committee. If notified that the advisor has a material conflict, or fewer than three voting members are eligible to participate in the proxy vote, typically the advisor will engage an independent third party to vote the proxy or follow the proxy voting recommendations of an independent third party. Under certain circumstances, the advisor may not be able to vote proxies or the advisor may find that the expected economic costs from voting outweigh the benefits associated with voting. For example, the advisor may not vote proxies on certain foreign securities due to local restrictions or customs. The advisor generally does not vote proxies on securities subject to share blocking restrictions.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Portfolio Manager Team Disclosure

The names of the persons primarily responsible for the day-to-day management of the Fund's portfolio and their business experience during at least the past five years are set forth below.

Ralf Oberbanscheidt, Director

Joined Deutsche Asset Management in 1999 and the fund in 2006.

Prior to that, served as senior portfolio manager for Global Equities and Global Sector head of Telecommunications, after 3 years of experience, including portfolio management at SEB Enskilda, Luxemburg and various positions at Dresdner Bank AG, Germany.

Masters Degree in business administration from the University of Trier, MBA International Business, MIIS Monterey, USA, completed bank training at Dresdner Bank, Duesseldorf.

Robert Kalin, CFA, Director

Joined Deutsche Asset Management in 2002 and the fund in 2002.

Prior to that, served as fund manager for European emerging markets at Zurich Investment in 2001, as advisor to Zurich Investment from 1998 to 2001, as fund manager at Corus Funds from 1996 to 1997, analyst at Value Line from 1993 to 1995. Studies of Economics and Computer Science, State University of New York at Plattsburgh.

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Sylwia Szczepak, Vice President

Joined Deutsche Asset Management in 2001 and the fund in 2002.

Prior to that, worked for Deutsche Bank in the corporate development department.

Masters Degree in finance and banking from the University of Munster/Germany, Masters Degree in economics from the Warsaw School of Economics.

Roles and Responsibilities

The Fund is managed by a team of investment professionals employed by the Investment Manager and the Investment Advisor, who collaborate to develop and implement the Fund's investment strategy.

The Investment Advisor's portfolio managers make recommendations to the Investment Manager's portfolio managers with respect to the Fund's investments; the Investment Manager's portfolio managers determine which securities are suitable for the Fund's investment. Upon instructions given by the Investment Manager's portfolio managers as to

which securities are suitable for investment, the Investment Advisor's portfolio managers transmit purchase and sale orders and select brokers and dealers to execute portfolio transactions on the Fund's behalf.

Compensation of Portfolio Managers

The Fund has been advised that the Investment Manager and Investment Advisor seek to offer its investment professionals competitive short-term and long-term compensation. Portfolio managers and research professionals are paid (i) base salaries, which are linked to job function, responsibilities and financial services industry peer comparison, and (ii) variable compensation, which are linked to investment performance, individual contributions to the team and DWS Scudder's and Deutsche Bank's financial results. Variable compensation may include a cash bonus incentive and participation in a variety of long-term equity programs (usually in the form of Deutsche Bank equity).

Bonus and long-term incentives comprise a greater proportion of total compensation as an investment professional's seniority and compensation levels increase. Top performing investment professionals earn a total compensation package that is highly competitive, including a bonus that is a multiple of their base salary. The amount of equity awarded under the long-term equity programs is generally based on the individual's total compensation package and may comprise from 0%-40% of the total compensation award. As incentive compensation increases, the percentage of compensation awarded in Deutsche Bank equity also increases. Certain senior investment professionals may be subject to a mandatory diverting of a portion of their equity compensation into proprietary mutual funds that they manage.

To evaluate its investment professionals, the Investment Manager and Investment Advisor use a Performance Management Process. Objectives evaluated by the process are related to investment performance and generally take into account peer group and benchmark related data. The ultimate goal of this process is to link the performance of investment professionals with client investment objectives and to deliver investment performance that meets or exceeds clients' risk and return objectives. When determining total compensation, the Investment Manager and Investment Advisor consider a number of quantitative and qualitative factors such as:

DWS Scudder performance and the performance of Deutsche Asset Management, quantitative measures which include 1, 3 and 5 year pre-tax returns versus benchmark (such as the benchmark used in the prospectus) and appropriate peer group, taking into consideration risk targets. Additionally, the portfolio manager's retail/institutional asset mix is weighted, as appropriate for evaluation purposes.

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Qualitative measures include adherence to the investment process and individual contributions to the process, among other things. In addition, the Advisor assesses compliance, risk management and teamwork skills.

Other factors, including contributions made to the investment team as well as adherence to compliance, risk management, and "living the values" of the Advisor, are part of a discretionary component which gives management the ability to reward these behaviors on a subjective basis through bonus incentives.

In addition, the Investment Manager and Investment Advisor analyze competitive compensation levels through the use of extensive market data surveys. Portfolio manager compensation is reviewed and may be modified each year as appropriate to reflect changes in the market, as well as to adjust the factors used to determine overall compensation to promote good sustained investment performance.

Fund Ownership of Portfolio Managers

The following table shows the dollar range of shares owned beneficially and of record by each member of the Fund's portfolio management team in the Fund including investments by their immediate family members sharing the same household and amounts invested through retirement and deferred compensation plans. This information is provided as of the Fund's most recent fiscal year end.

Name of Portfolio Manager	Dollar Range of Fund Shares Owned
Ralf Oberbanscheidt	\$0
Robert Kalin	\$0
Sylwia Sczcepek	\$0

Conflicts of Interest

In addition to managing the assets of the Fund, the Fund's portfolio managers may have responsibility for managing other client accounts of the Investment Manager and Investment Advisor or its affiliates. The tables below show, for each portfolio manager, the number and asset size of (1) SEC registered investment companies (or series thereof) other than the Fund, (2) pooled investment vehicles that are not registered investment companies and (3) other accounts (e.g., accounts managed for individuals or organizations) managed by each portfolio manager. The tables also show the number of performance based fee accounts, as well as the total assets of the accounts for which the advisory fee is based on the performance of the account. This information is provided as of the Fund's most recent fiscal year end.

Other SEC Registered Investment Companies Managed:

Name of Portfolio Manager	Number of Registered Investment Companies	Total Assets of Registered Investment Companies	Number of Investment Company Accounts with Performance Based Fee	Total Assets of Performance- Based Fee Accounts
Ralf Oberbanscheidt	2	\$690,781,128	None	\$0
Robert Kalin	None	\$0	None	\$0
Sylwia Sczcepek	None	\$0	None	\$0

Other Pooled Investment Vehicles Managed:

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Name of Portfolio Manager	Number of Pooled Investment Vehicles		Number of Pooled Investment Vehicle Accounts with Performance-Based Fee	Total Assets of Performance- Based Fee Accounts
	Investment Vehicles	Total Assets of Pooled Investment Vehicles		
Ralf Oberbanscheidt	None	\$0	None	\$0
Robert Kalin	None	\$0	3	\$1,845,805,675
Sylwia Sczcepek	1	1,403,931,372	1	258,619,698

Other Accounts Managed:

Name of Portfolio Manager	Number of Other Accounts		Number of Other Accounts with Performance- Based Fee	Total Assets of Performance- Based Fee Accounts
	Number of Other Accounts	Total Assets of Other Accounts		
Ralf Oberbanscheidt	6	\$2.8 billion	None	\$0
Robert Kalin	None	\$0	None	\$0
Sylwia Sczcepek	None	\$0	None	\$0

In addition to the accounts above, an investment professional may manage accounts in a personal capacity that may include holdings that are similar to, or the same as, those of the funds. The Investment Manager and Investment Advisor have in place a Code of Ethics that is designed to address conflicts of interest and that, among other things, imposes restrictions on the ability of portfolio managers and other access persons to invest in securities that may be recommended or traded in the funds and other client accounts.

Real, potential or apparent conflicts of interest may arise when a portfolio manager has day-to-day portfolio management responsibilities with respect to more than one fund or account, including the following:

Certain investments may be appropriate for the Fund and also for other clients advised by the Investment Manager and Investment Advisor, including other client accounts managed by the Fund's portfolio management team. Investment decisions for the Fund and other clients are made with a view to achieving their respective investment objectives and after consideration of such factors as their current holdings, availability of cash for investment and the size of their investments generally. A particular security may be bought or sold for only one client or in different amounts and at different times for more than one but less than all clients. Likewise, because clients of the Investment Manager and Investment Advisor may have differing investment strategies, a particular security may be bought for one or more clients when one or more other clients are selling the security. The investment results achieved for the Fund may differ from the results achieved for other clients of the Investment Manager and Investment Advisor. In addition, purchases or sales of the same security may be made for two or more clients on the same day. In such event, such transactions will be allocated among the clients in a manner believed by the Investment Manager and Investment Advisor to be most equitable to each client, generally utilizing a pro rata allocation methodology. In some cases, the allocation procedure could potentially have an adverse effect or positive effect on the price or amount of the

securities purchased or sold by the Fund. Purchase and sale orders for the Fund may be combined with those of other clients of the Investment Manager and Investment Advisor in the interest of achieving the most favorable net results to the Fund and the other clients.

To the extent that a portfolio manager has responsibilities for managing multiple client accounts, a portfolio manager will need to divide time and attention among relevant accounts. The Investment Manager and Investment Advisor attempt to minimize these conflicts by aligning its portfolio management teams by investment strategy and by employing similar investment models across multiple client accounts.

In some cases, an apparent conflict may arise where the Investment Manager and Investment Advisor have an incentive, such as a performance-based fee, in managing one account and not with respect to other accounts it manages. The Investment Manager and Investment Advisor will not determine allocations based on whether it receives a performance-based fee from the client. Additionally, the Investment Manager and Investment Advisor have in place supervisory oversight processes to periodically monitor performance deviations for accounts with like strategies.

The Advisor and its affiliates and the investment team of the Funds may manage other mutual funds and separate accounts on a long-only basis. The simultaneous management of long and short portfolios creates potential conflicts of interest including the risk that short sale activity could adversely affect the market value of the long positions (and vice versa), the risk arising from sequential orders in long and short positions, and the risks associated with receiving opposing orders at the same time. The Advisor has adopted procedures that it believes are reasonably designed to mitigate these potential conflicts of interest. Included in these procedures are specific guidelines developed to ensure fair and equitable treatment for all clients whose accounts are managed by each Fund's portfolio management team. The Advisor and the portfolio management team have established monitoring procedures, a protocol for supervisory reviews, as well as compliance oversight to ensure that potential conflicts of interest relating to this type of activity are properly addressed.

The Investment Manager and Investment Advisor are owned by Deutsche Bank AG, a multi-national financial services company. Therefore, the Investment Manager and Investment Advisor are affiliated with a variety of entities that provide and/or engage in commercial banking, insurance, brokerage, investment banking, financial advisory, broker-dealer activities (including sales and trading), hedge funds, real estate and private equity investing, in addition to the provision of investment management services to institutional and individual investors. Since Deutsche Bank AG, its

affiliates, directors, officers and employees (the Firm) are engaged in businesses and have interests other than managing asset management accounts; such other activities involve real, potential or apparent conflicts of interest. These interests and activities include potential advisory, transactional and financial activities and other interests in securities and companies that may be directly or indirectly purchased or sold by the Firm for its clients' advisory accounts. These are considerations of which advisory clients should be aware and which may cause conflicts that could be to the disadvantage of the Investment Manager and Investment Advisor's advisory clients. The Investment Manager and Investment Advisor have instituted business and compliance policies, procedures and disclosures that are designed to identify, monitor and mitigate conflicts of interest and, as appropriate, to report them to the Fund's Board of Directors.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS

Period	(a) Total Number of Shares Purchased*	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
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November 1 through November 30	0	\$0.0	n/a	n/a
December 1 through December 31	0	\$0.0	n/a	n/a
January 1 through January 31	0	\$0.0	n/a	n/a
February 1 through February 28	0	\$0.0	n/a	n/a
March 1 through March 31	0	\$0.0	n/a	n/a
April 1 through April 30	0	\$0.0	n/a	n/a
May 1 through May 31	0	\$0.0	n/a	n/a
June 1 through June 30	0	\$0.0	n/a	n/a
July 1 through July 31	0	\$0.0	n/a	n/a
August 1 through August 31	0	\$0.0	n/a	n/a
September 1 through September 30	8,000	\$54.86	n/a	n/a
October 1 through October 31	39,900	\$60.04	n/a	n/a
Total	47,900	\$59.17	0	0

* All shares were purchased in open market transactions.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Nominating Committee will consider nominee candidates properly submitted by stockholders in accordance with applicable law, the Fund's Articles of Incorporation or By-laws, resolutions of the Board and the qualifications and procedures set forth in the Nominating Committee Charter and this proxy statement. A stockholder or group of stockholders seeking to submit a nominee candidate (i) must have beneficially owned at least 5% of the Fund's common stock for at least two years, (ii) may submit only one nominee candidate for any particular meeting of stockholders, and (iii) may submit a nominee candidate for only an annual meeting or other meeting of stockholders at which directors will be elected. The stockholder or group of stockholders must provide notice of the proposed nominee pursuant to the requirements found in the Fund's By-laws. Generally, this notice must be received not less than 90 days nor more than 120 days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting. Such notice shall include the specific information required by the Fund's By-laws. The Nominating Committee will evaluate nominee candidates properly submitted by stockholders on the same basis as it considers and evaluates candidates recommended by other sources.

ITEM 11. 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 half-year (the registrant's second fiscal half-year in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting.

ITEM 12. EXHIBITS

(a)(1) Code of Ethics pursuant to Item 2 of Form N-CSR is filed and attached hereto as EX-99.CODE ETH.

(a)(2) 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.

(b) Certification pursuant to Rule 30a-2(b) under the Investment Company Act of 1940 (17 CFR 270.30a-2(b)) is furnished and attached hereto as Exhibit 99.906CERT.

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Form N-CSR Item F

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: December 31, 2007

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: December 31, 2007

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

Date: December 31, 2007

