

CENTRAL EUROPE & RUSSIA FUND, INC.
Form N-Q
September 27, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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

Investment Company Act file number: 811-06041

The Central Europe and Russia Fund, Inc.
(Exact name of registrant as specified in charter)

345 Park Avenue
New York, NY 10154
(Address of principal executive offices) (Zip code)

Paul Schubert
60 Wall Street
New York, NY 10005
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 250-3220

Date of fiscal year end: 10/31

Date of reporting period: 7/31/2012

ITEM 1. SCHEDULE OF INVESTMENTS

SCHEDULE OF INVESTMENTS JULY 31, 2012 (unaudited)

THE CENTRAL EUROPE AND RUSSIA FUND, INC.

| Shares | Description | Value(a) |
|-------------------------------|-----------------------|---------------|
| INVESTMENTS IN RUSSIA – 66.7% | | |
| | COMMON STOCKS – 63.9% | |
| | CHEMICALS – 3.5% | |
| | Uralkali (GDR) | |
| 390,000 | Reg S | \$ 16,255,200 |
| | COMMERCIAL | |
| | BANKS – 10.9% | |
| 16,500,000 | Sberbank | 46,020,150 |
| | VTB Bank | |
| 1,250,000 | (GDR) Reg S | 4,087,500 |

| | | |
|---------------|---------------------------|-------------|
| | | 50,107,650 |
| | CONSTRUCTION | |
| | MATERIALS – 1.0% | |
| 1,000,000 | LSR Group (GDR) Reg S | 4,470,000 |
| | DIVERSIFIED | |
| | TELECOMMUNICATION | |
| | SERVICES – 0.4% | |
| 500,000 | Rostelecom | 1,728,900 |
| | ELECTRIC UTILITIES – 0.9% | |
| | OJSC Enel | |
| 216,633 | OGK-5 (GDR)* | 557,548 |
| | OJSC INTER | |
| 2,200,000,000 | RAO UES* | 1,804,000 |
| 750,000 | RusHydro (ADR) | 1,837,500 |
| | | 4,199,048 |
| | FOOD & STAPLES | |
| | RETAILING – 2.5% | |
| | Magnit (GDR) | |
| 350,000 | Reg S | 11,336,500 |
| | INTERNET SOFTWARE & | |
| | SERVICES – 2.3% | |
| | Mail.ru Group | |
| | Ltd. | |
| 150,000 | (GDR) Reg S* | 4,548,000 |
| 300,000 | Yandex*† | 5,931,000 |
| | | 10,479,000 |
| | METALS & MINING – 3.7% | |
| | Mechel Steel | |
| 500,000 | Group† | 3,205,000 |
| | MMC Norilsk | |
| 57,884 | Nickel | 9,008,400 |
| | Polymetal | |
| 354,302 | International | 4,838,183 |
| | | 17,051,583 |
| | OIL, GAS & CONSUMABLE | |
| | FUELS – 29.6% | |
| 3,198,000 | Gazprom | 14,962,802 |
| 4,435,000 | Gazprom (ADR) | 41,045,925 |
| 300,000 | LUKOIL | 17,041,680 |
| 415,000 | LUKOIL (ADR)† | 23,447,500 |
| | NovaTek (GDR) | |
| 200,000 | Reg S | 22,620,000 |
| 450,000 | Tatneft (ADR) | 16,938,000 |
| 52,000 | Vostok Gas*† | 1,685 |
| | | 136,057,592 |

Shares

| | Description | Value(a) |
|-----------|--|--------------|
| | REAL ESTATE MANAGEMENT & DEVELOPMENT – 1.4% | |
| 1,000,000 | | \$ 6,405,000 |

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| | | |
|-------------------------------|--|-------------|
| | Etalon Group (GDR) Reg S* | |
| 600,000 | SPECIALTY RETAIL – 1.1% M Video | 4,960,320 |
| | WIRELESS TELECOMMUNICATION SERVICES – 6.6% | |
| 1,200,000 | Mobile Telesystems | 9,244,440 |
| | Mobile Telesystems | |
| 200,000 | (ADR)† | 3,740,020 |
| | Mobile Telesystems | |
| 250,000 | (GDR) Reg S | 4,675,025 |
| | Sistema JSFC | |
| 400,000 | (GDR) Reg S | 8,296,000 |
| | VimpelCom | |
| 525,000 | (ADR)† | 4,452,000 |
| | | 30,407,485 |
| | Total Common Stocks (cost \$253,921,998) | 293,458,278 |
| | PREFERRED STOCKS – 2.8% DIVERSIFIED TELECOMMUNICATION SERVICES – 0.8% | |
| 1,600,000 | Rostelecom (cost \$5,151,597) | 3,907,680 |
| | OIL, GAS & CONSUMABLE FUELS – 2.0% | |
| 2,000 | AK Transneft (cost \$2,715,420) | 3,203,819 |
| | Surgutneftegaz (ADR)† | |
| 1,000,000 | (cost \$4,690,963) | 5,825,700 |
| | | 9,029,519 |
| | Total Preferred Stocks (cost \$12,557,980) | 12,937,199 |
| | Total Investments in Russia (cost \$266,479,978) | 306,395,477 |
| INVESTMENTS IN TURKEY – 16.0% | BEVERAGES – 0.2% Anadolu Efes Biracilik ve Malt Sanayii | |
| 80,000 | | 1,088,071 |

THE CENTRAL EUROPE AND RUSSIA FUND, INC.

SCHEDULE OF INVESTMENTS — JULY 31, 2012 (unaudited) (continued)

| Shares | Description | Value(a) |
|-------------------------------|---|--------------|
| INVESTMENTS IN TURKEY – 16.0% | | |
| (continued) | | |
| | COMMERCIAL BANKS – 7.6% | |
| 1,750,000 | Akbank | \$ 6,594,203 |
| 3,850,000 | Turkiye Garanti Bankasi | 15,022,297 |
| 450,000 | Turkiye Halk Bankasi | 3,862,876 |
| 2,200,000 | Turkiye IS Bankasi | 6,450,390 |
| 1,400,000 | Yapi ve Kredi Bankasi* | 2,895,206 |
| | | 34,824,972 |
| | CONSTRUCTION & ENGINEERING – 1.1% | |
| 1,350,000 | Tekfen Holding | 5,177,257 |
| | DIVERSIFIED FINANCIAL SERVICES – 0.5% | |
| 500,000 | Haci Omer Sabanci Holding | 2,196,210 |
| | DIVERSIFIED TELECOMMUNICATION SERVICES – 0.6% | |
| 750,000 | Turk Telekomunikasyon | 2,901,338 |
| | FOOD & STAPLES RETAILING – 1.7% | |
| 115,000 | Bim Birlesik Magazalar | 5,000,000 |
| 175,000 | Bizim Toptan Satis Magazalari AS | 2,585,006 |
| | | 7,585,006 |
| | INDUSTRIAL CONGLOMERATES – 0.6% | |
| 550,000 | Akfen Holding* | 2,857,302 |
| | INSURANCE – 0.7% | |
| 1,250,000 | Anadolu Hayat Emeklilik | 3,414,158 |
| | METALS & MINING – 0.9% | |

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| | | | |
|---|-----------|--|--------------------------|
| | 200,000 | Koza Altin Isletmeleri | 3,957,637 |
| | | OIL, GAS & CONSUMABLE FUELS – 1.0% | |
| | 200,000 | Tupras Turkiye Petrol Rafinerileri | 4,414,716 |
| | | TRANSPORTATION INFRASTRUCTURE – 1.0% | |
| | 850,000 | TAV Havalimanlari Holding | 4,662,207 |
| | | WIRELESS TELECOMMUNICATION SERVICES – 0.1% | |
| | 47,444 | Turkcell Iletism Hizmetleri* | 265,782 |
| | | Total Investments in Turkey (cost \$48,300,123) | 73,344,656 |
| Shares | | Description | Value(a) |
| INVESTMENTS IN POLAND – 10.8% | | | |
| | 75,000 | COMMERCIAL BANKS – 3.4% Bank Pekao Powszechna Kasa Oszczednosci | \$ 3,145,154 |
| | 1,300,000 | Bank Polski | 12,673,606 15,818,760 |
| | | DIVERSIFIED TELECOMMUNICATION SERVICES – 2.6% | |
| | 1,950,000 | Netia*† Telekomunikacja | 3,480,367 |
| | 1,750,000 | Polska | 8,267,841 11,748,208 |
| | | ELECTRIC UTILITIES – 0.6% | |
| | 2,000,000 | Tauron Polska Energia | 2,759,696 |
| | | INSURANCE – 2.3% | |
| | 100,000 | Powszechny Zaklad Ubezpieczen | 10,618,832 |
| | | METALS & MINING – 1.9% | |
| | 225,000 | KGHM Polska Miedz† | 8,551,309 |
| | | Total Investments in Poland (cost \$43,068,533) | 49,496,805 |
| INVESTMENTS IN CZECH REPUBLIC – 2.8% | | COMMERCIAL BANKS – 0.5% | |

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| | | |
|-------------------------------|--|---|
| 12,500 | Komercni Banka DIVERSIFIED TELECOMMUNICATION SERVICES – 1.4% | 2,123,374 |
| 350,000 | Telefonica Czech Republic† ELECTRIC UTILITIES – 0.9% | 6,607,940 |
| 125,000 | Ceske Energeticke Zavody Total Investments in Czech Republic (cost \$10,448,644) | 4,204,281 12,935,595 |
| INVESTMENTS IN HUNGARY – 1.7% | COMMERCIAL BANKS – 1.7% | |
| 527,000 | OTP Bank Total Investments in Hungary (cost \$6,671,636) Total Investments in Common and Preferred Stocks – 98.0% (cost \$374,968,914) | 8,153,061 8,153,061 450,325,594 |

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.

SCHEDULE OF INVESTMENTS — JULY 31, 2012 (unaudited) (continued)

| Shares | Description | Value(a) |
|---|---|---------------|
| SECURITIES LENDING COLLATERAL – 5.7% | | |
| 25,937,486 | Daily Assets Fund Institutional, 0.25% (cost \$25,937,486)(b)(c) | \$ 25,937,486 |
| CASH EQUIVALENTS – 0.7% | | |
| 3,132,466 | Central Cash Management Fund, 0.14% | 3,132,466 |

| | |
|---------------------|---------------|
| (cost | |
| \$3,132,466)(c) | |
| Total Investments – | |
| 104.4% | |
| (cost | |
| \$404,038,866)** | 479,395,546 |
| Other Assets and | |
| Liabilities, | |
| Net – (4.4%) | (20,348,821) |
| NET ASSETS – | |
| 100.0% | \$459,046,725 |

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

* Non-income producing security.

** The cost for federal income tax purposes was \$404,458,595. At July 31, 2012, net unrealized appreciation for all securities based on tax cost was \$74,936,951. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$117,458,366 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$42,521,415.

† All or a portion of these securities were on loan. The value of all securities loaned at July 31, 2012 amounted to \$25,164,945, which is 5.5% of net assets.

(a) Value stated in U.S. dollars.

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

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

ADR – American Depositary Receipt

GDR – Global Depositary Receipt

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

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

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.

SCHEDULE OF INVESTMENTS — JULY 31, 2012 (unaudited) (continued)

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of July 31, 2012 in valuing the Fund's investments.

| Category | Level 1 | Level 2 | Level 3 | Total |
|--|---------------|-----------|---------|---------------|
| Common Stocks and/or Other Equity Investments(1) | | | | |
| Russia | \$305,836,244 | \$557,548 | \$1,685 | \$306,395,477 |
| Turkey | 73,344,656 | — | — | 73,344,656 |
| Poland | 49,496,805 | — | — | 49,496,805 |
| Czech Republic | 12,935,595 | — | — | 12,935,595 |
| Hungary | 8,153,061 | — | — | 8,153,061 |
| Short-Term Instruments(1) | 29,069,952 | — | — | 29,069,952 |
| Total | \$478,836,313 | \$557,548 | \$1,685 | \$479,395,546 |

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

There have been no transfers between Level 1 and Level 2 fair value measurements during the period ended July 31, 2012.

ITEM 2. CONTROLS AND PROCEDURES

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

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

ITEM 3. EXHIBITS

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

SIGNATURES

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

Registrant: The Central Europe and Russia Fund, Inc.

By: /s/W. Douglas Beck
W. Douglas Beck
President

Date: September 18, 2012

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

By: /s/W. Douglas Beck
W. Douglas Beck
President

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Date: September 18, 2012

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

Date: September 18, 2012