Raising the bar

Delaware Floating Rate Fund

Fund focus

➤ Designed to generate high current income with less interest rate sensitivity

➤ An actively managed portfolio built on a foundation of strong fundamental research

➤ An experienced management team with nearly 25 years’ average industry experience

<table>
<thead>
<tr>
<th>Institutional Class</th>
<th>Class A</th>
<th>Class C</th>
<th>Class R</th>
</tr>
</thead>
<tbody>
<tr>
<td>DDFLX</td>
<td>DDFAX</td>
<td>DDFCX</td>
<td>DDFFX</td>
</tr>
</tbody>
</table>
An asset class offering a number of unique features:

- **Reduce rate risk**: Security prices are minimally impacted by interest rate movements.
- **High income**: Loans can offer a significant yield advantage over other parts of the fixed income market.
- **Time-tested**: Positive returns in 18 of the past 20 years.
- **Lower volatility**: Loans have historically shown to be less volatile than Corporate High Yield Bonds with a low correlation to equities.

We are active managers and we believe that portfolio management based on in-depth fundamental research should outperform passive strategies through the cycle by delivering a responsible level of income and downside protection.”

Adam H. Brown, CFA
Senior Portfolio Manager

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**Mitigate interest rate risk in your bond portfolio**

Bank loans offer the opportunity to participate in a market that offers competitive levels of income – but with the potential to outperform traditional bonds as interest rates rise.

**Weathering rising rates**

Average returns during upward move in 10-year US Treasury yields of 75 basis points or more

![](chart.png)

Over the past 20 years, bank loans have generated positive returns 100% of the time when Treasury yields have moved higher, while traditional, high grade fixed income sectors have routinely suffered negative returns.

**A high-income asset class**

Loans have historically provided investors with a compelling balance of income relative to their level of risk.

![](chart2.png)

Source: Morningstar Dec. 31, 2018. Chart is for illustrative purposes only. Past performance is not a guarantee of future results.

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**Income versus volatility**

Scale and team

Experienced lead portfolio manager, who has been in the bank loan market for 20 years.

Managing more than $6.3 billion in bank loans, high yield corporate bonds and CLOs across retail and institutional strategies.

Support of 16 corporate research analysts, 3 dedicated traders, and quantitative and risk management resources.

Clear philosophy

Focus on fundamental research, liquidity, income, and capital preservation to help clients reach their goals over the long term.

Active management

Experienced active managers, institutional execution, and risk management.

Data as of Dec. 31, 2018.

Tested through various market cycles

Bank loans have had only two negative years since 1997

Calendar year returns % (1997-2018)

Fund facts

(as of March 31, 2019)

Total assets:
$158.9 million

Benchmark:
S&P/LSTA Leveraged Loan Index

<table>
<thead>
<tr>
<th>Sector allocation</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>8.3%</td>
</tr>
<tr>
<td>Telecommunication/</td>
<td>7.8%</td>
</tr>
<tr>
<td>cellular communication</td>
<td></td>
</tr>
<tr>
<td>Electronic/electric</td>
<td>7.2%</td>
</tr>
<tr>
<td>Insurance</td>
<td>6.9%</td>
</tr>
<tr>
<td>Cable television</td>
<td>6.2%</td>
</tr>
<tr>
<td>Building and</td>
<td>5.9%</td>
</tr>
<tr>
<td>development</td>
<td></td>
</tr>
<tr>
<td>Oil and development</td>
<td>5.6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>5.3%</td>
</tr>
<tr>
<td>Chemical / plastics</td>
<td>4.5%</td>
</tr>
<tr>
<td>Brokers, dealers &amp;</td>
<td>4.2%</td>
</tr>
<tr>
<td>investment houses</td>
<td></td>
</tr>
</tbody>
</table>

Total may not equal 100% due to rounding. Values in excess of 100% and negative values may appear as the result of certain assets and liabilities. See the Fund’s prospectus for securities in which the Fund would typically invest.

Credit quality:

<table>
<thead>
<tr>
<th>Credit quality</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>0.2%</td>
</tr>
<tr>
<td>BBB</td>
<td>5.1%</td>
</tr>
<tr>
<td>BB</td>
<td>38.0%</td>
</tr>
<tr>
<td>B</td>
<td>49.1%</td>
</tr>
<tr>
<td>CCC</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

Total may not equal 100% due to rounding. Please see back cover for credit quality disclosure.

Portfolio managers

Adam H. Brown, CFA
20 years of industry experience

John P. McCarthy, CFA
32 years of industry experience
Investing involves risk, including the possible loss of principal.

- Fixed income securities and bond funds can lose value, and investors can lose principal, as interest rates rise. They also may be affected by economic conditions that hinder an issuer’s ability to make interest and principal payments on its debt. The Fund may also be subject to prepayment risk, the risk that the principal of a fixed income security that is held by the Fund may be prepaid prior to maturity, potentially forcing the Fund to reinvest that money at a lower interest rate.
- High yielding, non-investment-grade bonds (junk bonds) have higher risk than investment grade bonds. The Fund may invest in derivatives, which may involve additional expenses and are subject to risk, including the risk that an underlying security or index moves in the opposite direction from what the portfolio manager anticipated. A derivatives transaction depends upon the counterparties’ ability to fulfill their contractual obligations.
- International investments entail risks not ordinarily associated with US investments including fluctuation in currency values, differences in accounting principles, or economic or political instability in other nations.
- The high yield secondary market is particularly susceptible to liquidity problems when institutional investors, such as mutual funds and certain other financial institutions, temporarily stop buying bonds for regulatory, financial, or other reasons. In addition, a less liquid secondary market makes it more difficult for the Fund to obtain precise valuations of the high yield securities in its portfolio.
- Because the Fund may invest in bank loans and other direct indebtedness, it is subject to the risk that the Fund will not receive payment of principal, interest, and other amounts due in connection with these investments, which primarily depend on the financial condition of the borrower and the lending institution. Investing in emerging markets can be riskier than investing in established foreign markets due to increased volatility and lower trading volume.

The Fund’s investment manager, Delaware Management Company (DMC), a series of Macquarie Investment Management Business Trust, receives “Credit Quality” ratings for the underlying securities held by the Fund from three “nationally recognized statistical rating organizations” (NRSROs): Standard & Poor’s (S&P), Moody’s Investors Service, and Fitch, Inc. The credit quality breakdown is calculated by DMC based on the NRSRO ratings. If two or more NRSROs have assigned a rating to a security the higher rating (lower value) is used. If only one NRSRO rates a security, that rating is used. For securities rated by an NRSRO other than S&P, that rating is converted to the equivalent S&P credit rating. Securities that are unrated by any of the three NRSROs are included in the “not rated” category when applicable. Unrated securities do not necessarily indicate low quality. More information about securities ratings is contained in the Fund’s Statement of Additional Information.

Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. The S&P/LSTA Leveraged Loan Index is a broad index designed to reflect the risk–return characteristics of the US leveraged loan market. The ICE BofAML US Dollar 3-Month Deposit Offered Rate Constant Maturity Index (formerly known as the BofA Merrill Lynch US Dollar 3-Month Deposit Offered Rate Constant Maturity Index) represents the London interbank offered rate (Libor) with a constant 3-month average maturity. Libor is a composite of the rates of interest at which banks borrow from one another in the London market, and it is a widely used benchmark for short-term interest rates. The Morningstar Bank Loan Category compares funds that primarily invest in floating-rate bank loans instead of bonds. In exchange for their credit risk, these loans offer high interest payments that typically float above a common short-term benchmark such as the London interbank offered rate (Libor). The Bloomberg Barclays US Aggregate Index is a broad composite that tracks the investment grade domestic bond market. The Bloomberg Barclays US Treasury Index measures the performance of US Treasury bonds and notes that have at least one year to maturity. The Bloomberg Barclays Municipal Bond Index measures the total return performance of the long-term investment grade tax-exempt bond market. The Bloomberg Barclays US Corporate Investment Grade Index is composed of US dollar–denominated, investment grade, SEC–registered corporate bonds issued by industrial, utility, and financial companies. All bonds in the index have at least one year to maturity. The Bloomberg Barclays Global Aggregate ex-USD Index provides a broad-based measure of global investment grade fixed-rate debt markets, excluding US dollar–denominated securities. The Bloomberg Barclays EM USD Aggregate Index is a flagship high currency Emerging Markets debt benchmark that includes fixed and floating-rate US dollar-denominated debt issued from sovereign, quasi-sovereign, and corporate emerging market issuers. The S&P 500 Dividend Aristocrats are S&P 500 constituents that have increased their dividend payouts for 20 consecutive years. The companies that make up the Dividend Aristocrats span 10 different business sectors with both growth and value holdings.

Standard deviation, a measure of total risk, measures the historical volatility of returns.

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