Delaware Small Cap Value Fund

Fund focus

 Stocks are selected by a highly experienced, value-focused investment team of five sector specialists, averaging more than 20 years of industry experience.

 Focus on a company’s ability to effectively deploy a generate sustainable free-cash flow

 A disciplined investment process with a focus on risk mitigation that has been consistently applied for over 20 years.
Unlocking value can lead to growth

Long-term opportunities anchored in value

The search for investment growth remains a central, critical goal for today’s investors — but finding a reliable source to fuel portfolio growth can be a challenge. Today, a sluggish global economy and the uncertainty of markets in general continue to undermine traditional approaches to achieving growth at historical levels. We believe small-cap companies represent a significant opportunity for investors.

Big returns, small caps

Historically, on average, U.S. small-cap stocks, and in particular value stocks, have been the strongest performing asset class among the major equity and bond markets.

$10,000 invested in the small-cap Russell 2000® Value Index 20 years ago would have returned $20,525 more than the S&P 500® Index

Uncover the underappreciated

Small-cap companies have the potential to deliver significant returns as a result of a number of factors including mispricing resulting from lack of analyst coverage. This inefficiency can allow a skilled manager to deliver strong investment growth over time.

Three times the number of analysts on average cover large-cap stocks as cover small-cap stocks.

Source: FactSet, March 31, 2019, using the Russell 1000 and Russell 2000 constituents. Chart is for illustrative purposes only.

We incorporate the concept of capital deployment into the analysis of each company we research and always speak with the CEO or CFO to help us better understand what we are buying. We are driven to invest in companies that make favorable decisions for shareholders when it comes to their use of cash.”

Chris Beck, CFA, Chief Investment Officer, Small/Mid-Cap Value Equity
Finding value in small places

We believe that a company’s ability to generate sustainable free cash flow is the most important variable in stock selection. Our experienced portfolio management team members are sector specialists and focus their research and analysis on identifying companies with great management teams that effectively deploy cash in shareholder-friendly ways.

Companies with higher cash flows tend to perform best over time

A history of delivering for clients

For more than 20 years, the portfolio managers leading Delaware Small Cap Value Fund have offered investors a solution to accessing an important growth segment of the U.S. equity market. The Fund has outperformed its benchmark (represented by the Russell 2000 Value Index) in more than 95% of rolling 5-year periods as illustrated in the chart below.

Consistent strong performance over time

Fund facts
(as of March 31, 2019)

Total assets: $4.0 billion

Benchmark: Russell 2000 Value Index

Top 10 equity sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial services</td>
<td>28.3%</td>
</tr>
<tr>
<td>Technology</td>
<td>13.4%</td>
</tr>
<tr>
<td>Consumer services</td>
<td>9.8%</td>
</tr>
<tr>
<td>REITs</td>
<td>8.5%</td>
</tr>
<tr>
<td>Capital spending</td>
<td>8.5%</td>
</tr>
<tr>
<td>Basic industry</td>
<td>6.2%</td>
</tr>
<tr>
<td>Energy</td>
<td>5.5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>4.5%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>3.4%</td>
</tr>
<tr>
<td>Consumer cyclical</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

Portfolio managers

Christopher S. Beck, CFA
38 years of investment experience

Kelley A. McKee Carabasi, CFA
16 years of investment experience

Steven G. Catricks, CFA
20 years of investment experience

Kent P. Madden, CFA
22 years of investment experience

Past performance does not guarantee future results.
Russell 2000 Growth Index measures the performance of the large-cap segment of the US equity universe. The Russell 1000 Index measures the performance of the small-cap segment of the US equity universe. The Russell 2000 Index measures the performance of the small-cap value segment of the US equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower growth values. The Russell 3000 Index measures the performance of the largest 3,000 US companies, representing approximately 98% of the investable US equity market. The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization weighted index designed to measure equity market performance of developed markets, excluding the United States and Canada. Index “net” return approximates the minimum possible dividend reinvestment, after deduction of withholding tax at the highest possible rate. The S&P 500 Index measures the performance of 500 mostly large-cap stocks weighted by market value, and is often used to represent performance of the US stock market. The Bloomberg Barclays US Aggregate Index is a broad composite that tracks the investment grade domestic bond market.

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Investing involves risk, including the possible loss of principal. Narrowly focused investments may exhibit higher volatility than investments in multiple industry sectors. • Investments in small and/or medium-sized companies typically exhibit greater risk and higher volatility than larger, more established companies. • REIT investments are subject to many of the risks associated with direct real estate ownership, including changes in economic conditions, credit risk, and interest rate fluctuations.

Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and one cannot invest directly in an index. The Russell 2000 Value Index measures the performance of the small-cap value segment of the US equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower growth values. The Morningstar Small Value Category compares funds that invest in small U.S. companies with valuations and growth rates below other small-cap peers. Small-cap stocks are those in the bottom 10% of the capitalization of the US equity market, and value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). The Russell 2000 Index measures the performance of the small-cap segment of the US equity universe. The Russell 1000 Index measures the performance of the large-cap segment of the US equity universe. The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the US equity universe. It includes those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Index measures the performance of the largest 3,000 US companies, representing approximately 98% of the investable US equity market. The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization weighted index designed to measure equity market performance of developed markets, excluding the United States and Canada. The Bloomberg Barclays US Aggregate Index is a broad composite that tracks the investment grade domestic bond market.

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