

DELAWARE MANAGEMENT BUSINESS TRUST

FORM ADV – PART 2A

BROCHURE

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This brochure provides information about the qualifications and business practices of Delaware Management Business Trust (“DMBT”). If you have any questions about the contents of this brochure, please contact us at (215) 255-2300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

DMBT is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about DMBT is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Summary of Material Changes

The United States Securities and Exchange Commission (“SEC”) requires that Delaware Management Business Trust (“DMBT”) provide our clients with a summary of any material changes made to DMBT’s Form ADV Part 2A (the “Brochure”) since the date of our last annual update. Our goal when preparing our Brochure and this summary of material changes is to provide you with easy-to-understand “plain English disclosure,” using an easy-to-read format and definite, concrete, and understandable words.

DMBT’s last annual update to this Brochure was filed with the SEC on June 30, 2014. We’ve summarized the material changes to this Brochure since our last annual update below. We urge you to carefully review this summary of material changes and all subsequent summaries, as they may contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest and disciplinary history.

A complete copy of DMBT’s Brochure may be requested by calling (215) 255-2300. Our Brochure is also available free of charge on the SEC’s website at www.adviserinfo.sec.gov.

Since our last annual update on June 30, 2014, DMBT has made the following material changes to this Brochure:

- Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
 - In consideration of the increasingly global scope of regulation, Item 11 has been updated to enhance the description of the potential impacts that may result from DMBT’s membership within a global financial institution.
- Item 12 – Advisory Business
 - Item 12 has been updated to include additional clarifying information about trading in wrap fee programs.
 - Item 12 has been updated to include a description of the randomized trading sequence utilized by the separately managed account trading desk to avoid advantaging one sponsor over another.
- Item 5 – Fees and Compensation
 - The Delaware Investment Advisers Representative Institutional Fee Schedules included in Appendix A in response to Item 5.A have been updated to reflect our most recent fee schedule.

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Item 4 – Advisory Business

Our Firm

Delaware Management Business Trust (“DMBT”) is a business trust organized under the Delaware Statutory Trust Act that consists of the following six series:

- Delaware Management Company
- Delaware Investment Advisers
- Delaware Capital Management
- Delaware Asset Advisers
- Delaware Alternative Strategies
- Delaware Investments Fund Advisers

DMBT has been in business since 1988 and is a registered investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”).

DMBT’s principal owners (those owning more than 25% of the firm) are Delaware Management Company, Inc., Delaware Management Holdings, Inc., Macquarie Affiliated Managers (USA), Inc., Macquarie Affiliated Managers Holdings (USA), Inc., Macquarie FG Holdings, Inc., Macquarie Funding Holdings, Inc., Macquarie Service (USA) Partners, Macquarie Financial Holdings (USA) LLC, Macquarie Americas Holdings Pty Limited, Macquarie Bank Limited, Macquarie B.H. Pty Limited, and Macquarie Group Limited.

Assets Under Management

As of May 31, 2014, DMBT had assets under management of \$185,489,210,321, all of which was managed on a discretionary basis.

Advisory Services and Individual Needs of Clients

The services offered by the various series of DMBT are described more fully below. In addition, DMBT often tailors its investment advisory services to the individual needs of particular clients through its investment advisory

agreement with the client, written agreements regarding the client’s investment guidelines and objectives, or other written instructions.

Delaware Management Company (“DMC”)

The DMC series provides investment advisory services (the investment and reinvestment of assets) to registered investment companies or “funds” within the Delaware Investments Family of Funds (“DIFF”), as well as to certain other affiliated and non-affiliated funds. These services include professional portfolio management, investment research and analysis, and the securities trading capabilities required to make all investment decisions for such funds, as well as managing fund assets on an ongoing basis and placing orders for the execution of securities transactions.

DMC provides both direct investment management services, where it invests and reinvests fund assets, and indirect investment management services, where it identifies and hires sub-advisory firms with specific investment expertise to manage fund assets. When a sub-adviser has been engaged, DMC pays the sub-adviser out of its management fee and supervises and monitors the activities of the sub-advisory firm.

DMC either enters into an investment advisory agreement with a given fund or into a sub-advisory agreement with the fund’s investment adviser. In each case, the advisory or sub-advisory agreement is subject to periodic review and continuance (generally annually) by the fund’s Board of Directors or Trustees, as required under the Investment Company Act of 1940, as amended (the “1940 Act”). Each advisory or sub-advisory agreement is terminable without penalty, generally upon sixty (60) days notice by the fund’s Board or by DMC, and each terminates automatically in the event of its

assignment (as that term is defined in the 1940 Act). Each fund's board supervises and directs DMC's provision of advisory services and, in cases where DMC acts as sub-adviser, DMC is also supervised by the separate investment advisory firm that acts as investment adviser to the fund.

Delaware Investment Advisers ("DIA")

The DIA series provides investment advisory services to large institutional clients, many of which are tax-exempt, and to insurance company general and separate accounts. The majority of these clients are pension and profit-sharing plans and endowment funds, as well as the nuclear decommissioning trusts of utility companies.

DIA also serves as the investment manager for Macquarie Collective Funds plc, an offshore umbrella fund domiciled in Ireland with segregated liability between sub-funds, and is authorised pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Reg. 2011 ("UCITS"). The UCITS funds are available to qualified, non-U.S. investors.

In addition to the foregoing, DIA serves as investment manager to Delaware Investments Collective Investment Trust ("CIT"), a collective investment of assets of participating tax qualified pension and profit sharing plans and related trusts and other tax deferred entities, and provides advisory services to high net worth individuals (whose accounts are generally managed on a fully discretionary basis).

On a limited basis, DIA may also provide investment advisory services to certain clients under an all-inclusive fee arrangement known as a "wrap fee agreement." DIA provides wrap fee account management for clients who do not direct trading of their account to a

particular bank or a registered broker/dealer or a financial service organization (also known as "wrap fee sponsors"). These types of accounts are also known as "free trading accounts."

In addition to traditional investment management services, DIA offers asset/liability analysis services for pension plans, endowments, and foundations. These services attempt to manage a client's assets relative to a future defined benefit pension liability or spending requirements.

DIA may provide these services on its own or in conjunction with our traditional investment management services, which are described elsewhere in this brochure. These services may be provided to financial intermediaries or to their clients.

Defined Benefit Plans

Our asset/liability analysis involves assessing a client's existing asset solution relative to its pension liabilities. We may include additional alternative asset solutions in the analysis. Some or all of the following factors may be considered in the analysis, among others: projected liability cash flow projections; liability return review and custom liability benchmarking; and modelling of asset returns.

Certain clients may request DIA's traditional asset management services in connection with receiving the asset/liability analysis. These asset management services may include developing and implementing a particular asset solution given the plan's liability structure and funded status and the plan sponsor's financial position and objectives. Examples of the asset management services include: liability driven investments; long duration portfolio management; and excess alpha

and low correlation investment strategies.

Endowments and Foundations

The model for our asset allocation service for endowments and foundations incorporates user-defined parameters including inflation and capital market assumptions to allow a client to assess projected asset and spending levels. Although the service is generally marketed to intermediaries, certain clients may request our traditional asset management services and asset allocation service. The asset management services may include developing and implementing a particular asset solution given the client's projected spending goals.

Other Services

Other services offered by DIA include:

- (1) General investment management services; and
- (2) Related custodial liaison, computer, and reporting services, although DIA never has custody of client account assets.

Delaware Capital Management ("DCM")

The DCM series participates primarily in wrap fee arrangements that it enters with various wrap fee sponsors for equity and fixed income strategies. These wrap fee sponsors may also be registered as investment advisers under the Advisers Act.

In some circumstances, DCM enters into agreements directly with individual wrap fee clients using a wrap fee agreement. The purpose of these wrap fee agreements is to allow DCM to manage wrap fee client accounts and make investment decisions on behalf of the client as to which securities are bought and sold for the account, as well as the total amount of securities to be

bought and sold at a given time. The discretionary authority granted to DCM may be limited by conditions imposed by clients in their stated investment guidelines and objectives or using separate written instructions. At times, DCM's discretionary authority may also be limited by directions from the wrap fee client to have transactions effected only through designated registered broker-dealers. DCM does not generally take taxes into consideration when making investment decisions for wrap fee clients.

It should be noted that, in some instances, wrap account assets may be invested in a money market mutual fund that is not managed by DCM. The expenses of investing in these funds may include management fees that will be incurred in addition to any fees payable to DCM.

DCM may also provide investment advisory services to wrap sponsors by providing a model portfolio of securities to wrap fee sponsors. The wrap fee sponsor typically has full discretion with regard to the implementation of these model portfolios.

DCM also provides investment advisory services to fixed income wrap program participants. For the accounts of these clients, DCM generally does not execute any transactions in fixed income securities through a wrap sponsor or an affiliated broker of the wrap sponsor's firm. For certain equity investment strategies, DCM will trade away from the wrap sponsor (or an affiliated broker-dealer of the wrap sponsor). This practice is unlike the typical wrap program practice whereby most securities transactions are directed to and executed by the wrap sponsor (or an affiliated broker-dealer of the wrap sponsor) and the wrap fee paid by the client covers or includes brokerage transaction costs. As a result, any brokerage transaction costs (e.g.,

commissions, mark-ups and mark-downs) paid for fixed-income securities transactions and equity securities transactions effected for wrap program participants where DCM trades away from the wrap sponsor (or an affiliated broker-dealer of the wrap sponsor) will not have been offset or reduced by wrap fees paid and will represent an additional cost to be paid by the wrap program participant (in addition to the wrap fee).

Delaware Asset Advisers (“DAA”)

The DAA series provides investment advisory services to private CDOs and CLOs that are sold to large institutional investors.

Delaware Alternative Strategies (“DAS”)

The DAS series provides investment advisory services primarily to institutional accounts and alternative investment portfolios.

Delaware Investments Fund Advisers (“DIFA”)

The DIFA series was established to provide investment sub-advisory services to certain registered investment companies or “funds” other than DIFF and certain other affiliated funds. These services include professional portfolio management, investment research and analysis, and the securities trading capabilities needed for making all investment decisions for such funds, as well as managing fund assets on an ongoing basis and placing orders for the execution of securities transactions.

DIFA either enters into an investment advisory agreement with a given fund or into a sub-advisory agreement with the fund’s investment adviser. In each case, the advisory or sub-advisory agreement is subject to periodic review and continuance (generally annually) by the fund’s Board of Directors or Trustees, as

required under the 1940 Act. Each advisory or sub-advisory agreement is terminable without penalty, generally upon sixty (60) days notice by the fund’s Board or by DIFA, and each terminates automatically in the event of its assignment (as that term is defined in the 1940 Act). Each fund’s board supervises and directs DIFA’s provision of advisory services and, in cases where DIFA acts as sub-adviser, DIFA is also supervised by the separate investment advisory firm that acts as investment adviser to the fund.

Item 5 – Fees and Compensation

DMBT’s fees and compensation vary based upon the type of service provided. Certain clients may have different fee arrangements; normally, however, fees are not negotiable. The standard fee structures and schedules currently in effect for the services offered by each of DMBT’s series are described more fully below and in Appendix A, attached to this Brochure. Additionally, clients will generally incur brokerage fees for the transactions executed in their accounts as discussed more fully in Item 12, “Brokerage Practices.” Brokerage fees may differ for DMBT’s wrap fee clients as described below.

Delaware Management Company (“DMC”)

The advisory and other fees and expenses that DMC receives from the funds for which it serves as advisor or sub-advisor are disclosed in each fund’s prospectus, although most fees are computed based on the average daily net assets of the specific fund. A copy of the appropriate prospectus is provided to clients prior to investment and is available free of charge upon request at any time.

Delaware Investment Advisers (“DIA”)

The compensation paid to DIA by each institutional client account is based upon a percentage of assets under management and may be subject to a minimum charge. Generally, the fee is based upon the market value of the account as of the end of each calendar quarter, although in some instances it may be based upon the account's average quarterly assets. The fee structure may vary from time to time as the advisory fees are subject to negotiation. In certain instances, a portion of the fee, which may be greater or less than the standard fee schedule, may be calculated on a performance basis. Fees are calculated and payable quarterly and may be prorated if a contract is terminated other than at quarter-end. Fees for institutional accounts are not billed in advance of services. A table of representative fee schedules for institutional accounts is attached to this Brochure as Appendix A.

The advisory and other fees and expenses that DIA receives from the UCITS funds for which it serves as the advisor are disclosed in the prospectus. The compensation paid to DIA by each UCITS fund varies, although most fees are computed based on the average daily net assets of the specific UCITS fund. The fees are accrued daily and paid monthly in arrears. As described in the fund prospectus, DIA from time to time agrees to waive fees and/or out-of-pocket expenses to the extent necessary to limit the UCITS funds' expenses to specified amounts.

The trustee of the Delaware Investments CIT pays DIA directly for the investment advisory and administrative services provided by DIA to the Delaware Investments CIT. The trustee receives a fee, calculated daily and paid monthly in arrears, for the

trustee, management, investment advisory and administrative services provided by the trustee and DIA.

Advisory services provided to high net worth individuals are provided at fee rates that correspond to those outlined for institutional clients in Appendix A.

DIA clients may receive investment advisory services subject to wrap fee agreements similar to those utilized by DMBT's DCM series. Please reference the discussion of DCM's wrap fees below for more information.

Over time, the fee structure for these types of services may vary as the advisory fees are subject to negotiation with the sponsor or client. DIA may also be compensated on a different basis with respect to other wrap fee programs, but under no circumstances will DIA be compensated on the basis of a share of the capital gains upon, or the capital appreciation of, the assets under management.

DIA may charge clients a flat fee for asset/liability analysis services. The fee may vary from time to time, as it is subject to negotiation. The fee may also be waived in certain instances. If a fee is charged, the fee is typically not based on assets under management.

The fee for investment management services rendered by DIA to insurance companies is generally 0.09%.

Fees for other services provided by DIA generally will be calculated as a percentage of assets under management and are payable in arrears. However, such fees are also typically negotiated on a case by case basis and may vary between clients.

Delaware Capital Management (“DCM”)

DCM clients that receive investment advisory services subject to a wrap fee

agreement are generally charged a bundled fee by the wrap fee sponsor (referred to as a “wrap fee”) based upon a percentage of the market value of the account. This wrap fee generally covers portions of or all services for: (1) selection or assistance in the selection of one or more investment advisers participating in the program; (2) the investment adviser's fee to manage the client's portfolio on a discretionary basis or to provide a portfolio model; (3) brokerage commissions and, in some instances, dealer mark-ups or mark-downs for the execution of trades by the designated broker; (4) acting as custodian for the assets in the client's portfolio which also includes providing the client with trade confirms and regular statements; (5) periodic evaluation and comparison of account performance, and (6) continuing consultation on investment objectives. A wrap fee agreement may not include all fees described above and not all fees will be covered by the wrap fee (such as “trade-away” transactions). Please refer to the information relating to wrap accounts in Item 12, “Brokerage Practices.”

For the vast majority of wrap accounts, the sponsor charges the fee to the client, rather than DCM. The sponsor calculates the fee to be paid to DCM based upon the negotiated fee contained within the contract between the sponsor and DCM. For some wrap accounts, DCM has a direct contract with the client. In these cases, DCM calculates the fee due based on the fee schedule in place with the client. DCM may bill the client or may request the fee to be deducted from the client's account and forwarded in payment of fees due. If an advisory contract is terminated prior to the end of the billing period, DCM will refund any fees paid in advance on a pro rata basis.

The fee a client pays in a wrap fee program typically covers advice, trading

done through the sponsor, custody, and reporting, but does not cover trades executed with a broker other than the sponsor, and other fees such as IRA fees, wire transfer fees, exchange fees, and mark-ups and mark-downs on fixed income securities. Certain investment strategies may trade infrequently, resulting in the client paying a higher proportion of its wrap fee for trading services than if the client used an investment strategy that traded more frequently. In addition, some investment strategies incur additional trading costs, such as when DCM purchases shares in a non-US market and converts them to American Depositary Receipts (ADRs) and incurs a conversion fee. This will result in the wrap client paying other fees in addition to the standard bundled fee. Over time, the fee structure for these types of services may vary as the advisory fees are subject to negotiation with the sponsor or client.

Delaware Asset Advisers (“DAA”)

Compensation paid to DAA is generally calculated as a contractual percentage of the collateral asset value of the investment vehicle to which DAA provides services. This value fluctuates over time and is reduced as the collateral is liquidated over the life of the investment vehicle. The fee structure may vary from time to time as it is subject to negotiation. Fees are payable in arrears and are generally deducted from clients' assets by the trustee or administrator for each payment period, typically on a quarterly basis. If an account is terminated prior to a normal accrual period, the fee due will be calculated on a pro rata basis.

Delaware Alternative Strategies (“DAS”)

Compensation paid to DAS is generally based upon a percentage of eligible net assets in the account and may be subject to a minimum charge. In certain

instances, a portion of the fee, which may be greater or less than the standard fee schedule, may be calculated on a performance basis. The fee structure may vary from time to time as it is subject to negotiation. Fees are payable in arrears and are typically deducted from clients' assets by the trustee or administrator for each payment period, typically on a quarterly basis. If an account is terminated prior to a normal accrual period, the fee due will be calculated on a pro rata basis.

Delaware Investments Fund Advisers ("DIFA")

The advisory and other fees and expenses that DIFA receives from the funds for which it serves as advisor or sub-advisor are generally disclosed in each fund's prospectus, although most fees are computed based on the average daily net assets of the specific fund. A copy of the appropriate prospectus is provided to clients prior to investment and is available upon request at any time.

Item 6 – Performance-Based Fees and Side-By-Side Management

Performance-Based Fees

In some cases, DMBT, through its series, enters into performance fee arrangements with qualified clients. Such fees are subject to individualized negotiation with each such client and are structured in conformity with the Advisers Act and the available exemptions thereunder.

In each instance where DMBT charges a performance-based fee, DMBT will seek a contractual representation from the client that it is qualified to be charged such a fee. DMBT will also disclose the risks to clients, including conflicts of interest and operation of the

performance fee, usually in the investment advisory contract.

Side-by-Side Management

Performance-based fee arrangements such as those discussed above may create potential conflicts of interest because DMBT, through its various series, manages accounts with such fee arrangements side-by-side with accounts that are charged a standard fee based on assets under management.

The existence of performance-based fee arrangements may create an incentive for DMBT to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor accounts paying higher fees over other accounts in the allocation of investment opportunities.

Additionally, some members of DMBT's investment team may also serve on the investment team for one or more other wholly-owned subsidiaries of the Macquarie Group ("Participating Affiliates") that provide investment advisory services to funds and managed accounts ("Non-DMBT Advised Accounts"). Such services may be offered both domestically and outside of the United States. DMBT and a Participating Affiliate may give advice or take action with respect to the investments of client accounts and Non-DMBT Advised Accounts that may not be given or taken with respect to other client accounts with similar investment programs, objectives, and strategies. Accordingly, client accounts with similar strategies may not hold the same securities or instruments or achieve the same performance.

DMBT and a Participating Affiliate may also advise client accounts with conflicting programs, objectives or strategies. These activities may

adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more client accounts.

Finally, DMBT and a Participating Affiliate may have conflicts in allocating their personnel's time and services among client accounts. DMBT will devote as much time to each client account as it deems appropriate to perform its duties in accordance with its management agreement. However, DMBT has a fiduciary duty to provide unbiased advice and to disclose any material conflicts of interest to its clients, as mandated under the Advisers Act. Furthermore, it is DMBT's goal to act in good faith and to treat all client accounts in a fair and equitable manner over time, regardless of the client's strategy, fee arrangements, or the influence of a client or client's beneficiaries.

DMBT employs various controls to assist in the disclosure and management of potential conflicts of interest and maintains policies (including DMBT's Code of Ethics and a trade allocation policy) that are designed to mitigate any such conflicts. Item 11 of this Brochure, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" provides more detailed information on DMBT's Code of Ethics. In instances where unique requirements or restrictions are required due to the identification of different conflicts, DMBT will typically establish additional policies and controls or develop alternate processing requirements to assist in the mitigation of these conflicts.

Item 7 – Types of Clients

Institutional Clients

DMBT advises a variety of institutional clients, including individuals,

unaffiliated off-shore and on-shore corporate and public pension plans, endowments, foundations, nuclear decommissioning trusts, collective investment trusts, collateralized debt obligation funds, hedge funds, sovereign wealth funds, and insurance-related accounts. DMBT also provides investment services to certain affiliates, including its off-shore UCITS, and acts as a sub-advisor to unaffiliated sponsors and investment products.

The minimum account size for our institutional client accounts varies based on a variety of factors including investment style and the nature of the client relationship, but is generally \$25 million or more.

Retail Clients

DMBT provides investment management and related services to a wide variety of retail clients through mutual funds sponsored by Delaware Investments, its affiliates, mutual fund sub-advisory relationships and separately managed accounts ("SMA"). Our retail products include open-end mutual funds, closed-end mutual funds and variable insurance portfolios.

The minimum account size for our retail clients varies based on a variety of factors, including prospectus limits, the type of product, and minimum account sizes that may be imposed by financial intermediaries. SMA program clients generally must comply with a minimum initial account size imposed by the unaffiliated sponsor, which is typically \$100,000 or more.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

In order to provide advisory services to our clients, DMBT's portfolio managers and analysts devote the majority of their time to securities analysis. Research-oriented brokerage houses provide one important source of information used for this analysis, as do trade journals, financial newspapers, magazines and the like. Other prime sources of financial data include corporate annual and financial reports, the various manuals published by rating services, and financial data calculated by research services. Much of this information is available electronically and DMBT often employs sophisticated computer technology to sift through the information effectively. Research regarding a prospective portfolio purchase may also be supplemented by on-site corporate interviews.

DMBT's investment personnel utilize this substantial research platform to conduct the fundamental investment analysis upon which their advisory services are based. This analysis may consider many factors, including domestic and international economic and political studies, industry and sector evaluations drawn from business cycle analyses, and the analysis of individual companies within industries and sectors. Additionally, any analysis or evaluation of bonds and fixed income securities may be based upon studies of credit worthiness of issuers, yield, call protection and other factors.

When providing investment advisory services, DMBT maintains a flexible strategy designed to conform with various clients' individual investment objectives, whether such objectives are growth, total return, current income, tax-exempt income, asset allocation, international or global, or stability of principal. In addition, a portfolio manager will generally consider the composition of the relevant benchmark index, as well as the composition of portfolios within a competitive peer

group when constructing the portfolio for a fund. This method is designed to minimize both excessive volatility within the portfolio and wide divergence in performance versus the market in a given investment style or mandate, while seeking to produce consistently above-average long-term performance.

A schedule of representative strategy composites that are available to clients of DMBT, including the material risks attendant to each strategy, is attached to this Brochure as Appendix B. In pursuing these strategies, DMBT recommends a variety of securities and does not limit its recommendations to a particular type of security. Clients are strongly encouraged to review the information on risk of loss below, as well as the material risks attendant to each strategy composite before investing.

Risk of Loss

As with any investment, there is no guarantee that a portfolio or account with DMBT will achieve its investment objective. Clients are reminded that they could lose money by investing in our services, and that they alone will bear such losses.

The material risks attendant to each of DMBT's investment strategy composites are outlined in Appendix B, which is attached to this Brochure. The value of your portfolio managed by DMBT will be exposed to one or more of the risks described in Appendix B, any of which could cause fluctuations in the portfolio's return, the price of the portfolio's shares, or the portfolio's yield.

Please note that there are many other circumstances not described within this Brochure or Appendix B that could adversely affect your investment and prevent your portfolio from reaching its objective. Clients of DMBT should review the service and risk descriptions set forth in the various marketing and

disclosure materials provided to them. Specifically, investors in the shares of the mutual funds managed by DMBT should review the prospectus used to offer those shares. Similarly, the objectives and material risks of the privately placed pooled vehicles we sponsor are detailed in the offering memoranda and subscription documents related to each of those vehicles, which are listed in DMBT's Form ADV Part 1A.

Item 9 – Disciplinary Information

In July 2012, DAA, a series of DMBT that manages CDOs and other structured products, entered into a settlement of an administrative proceeding with the SEC. The SEC's order found that DAA was negligent in connection with its participation in the ratings process as the collateral manager in the Delphinus 2007-1 CDO and that this led the CDO's trustee to conclude that all investors in the Delphinus CDO should be paid out pro rata, rather than based on payment provisions that would have been applied under the transaction document in the event of certain ratings failures. Without admitting or denying the validity of the SEC's findings, DAA agreed to pay disgorged fees, interest, and a penalty totaling \$4.8 million.

DMBT does not believe that the settlement order described above has materially adversely affected DMBT's ability to service its clients. DAA is a separate series of DMBT and, as such, conducts its own business, including the selection of separate officers, entering into its own binding agreements, and incurring separate liability. Further, DAA is solely focused on managing alternative/structured products and has no portfolio management responsibilities for DMBT's other products, including our mutual funds, separately managed accounts,

institutional separate accounts, wrap accounts, collective investment trusts, or other co-mingled investment vehicles.

Notwithstanding the foregoing, neither DMBT nor its management persons have been the subject of any criminal proceedings that are material to a client's or a prospective client's evaluation of our advisory business.

Item 10 – Other Financial Industry Activities and Affiliations

Registrations of Management Persons as Broker-Dealers or Registered Representatives of Broker-Dealers

Certain of DMBT's management persons and other employees are registered representatives of Delaware Distributors, L.P. ("DDL"), an affiliated SEC-registered broker-dealer.

Registrations of Management Persons as Futures Commission Merchants, Commodity Pool Operators or Commodity Trading Advisors

Neither DMBT nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Affiliations and Conflicts of Interest

DMBT is committed to providing clients with service of the highest quality and we are guided by the desire to act in the best interests of our clients. Nevertheless, there may be circumstances where client interests conflict with DMBT's interests or the interests of other clients. A number of these conflicts are inherent to our business and are encountered by other large financial services firms that offer

similar services. DMBT has adopted policies and procedures that are designed to ensure that we are always acting in the best interests of our clients.

Because DMBT is wholly owned by Macquarie Group Limited (“MGL”), a global provider of banking, financial, advisory, investment and funds management services with various entities registered across the world, we are affiliated with various U.S. and non-U.S. investment advisers, broker-dealers, and pooled investment vehicles, among other financial entities. From time to time, DMBT may enter into agreements and arrangements with certain MGL entities as is permitted under applicable law.

DMBT is the advisor for the DIFF and the Optimum Funds, which consist of registered investment companies (open end mutual funds and, in the case of DIFF, closed end funds), and private investment pools. Additionally, DMBT is affiliated with the general partners of the private investment pools for which it serves as advisor. Specifically, Delaware Real Estate Absolute Return Partners, Inc. is a subsidiary of DMBT’s DAS series. DMBT’s DIA series also serves as a general partner to a private investment pool that DMBT advises. DMBT is also the advisor for the Macquarie Collective Funds plc, an investment pool with variable capital incorporated with limited liability in Ireland. Macquarie Collective Funds plc has been established as an umbrella fund with segregated liability between sub-funds and is authorized pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities).

As described above, DMBT is affiliated with DDLP, an SEC-registered broker-dealer that acts as the primary distributor of the DIFF and Optimum Funds, along with other products that

DMBT advises. Through MGL’s ownership of DMBT, we are likely to maintain affiliations with certain other broker-dealers. However, DMBT does not have any relationships with an affiliated broker-dealer other than DDLP that are material to DMBT’s advisory business or its clients.

DMBT has affiliations with other related SEC-registered investment advisers, including Delaware Capital Management Advisers, Inc., an SEC-registered investment adviser that refers DMBT’s services. DMBT also maintains a relationship with Four Corners Capital Management, LLC, an SEC-registered investment adviser that is wholly owned by DMBT’s DAA Series. DMBT has a sub-advisory relationship with Macquarie Capital Investment Management LLC, an affiliated SEC-registered investment adviser. Additionally, through MGL’s ownership of DMBT, Macquarie Bank Limited (an Australian Registered Bank) is an indirect owner of DMBT. DMBT, through its DIFA series, is a partial owner of Jackson Square Partners, an SEC-registered investment adviser that serves as a sub-adviser to certain DMBT clients, including mutual funds. For additional information regarding our affiliates, please refer to Part 1A of DMBT’s Form ADV.

From time to time, DMBT may engage in business activities with some or all of its affiliates, subject to our policies and procedures governing how we handle conflicts of interest. We may use our affiliates to provide other services to our clients to the extent permitted under applicable law. It is important to note that certain entities that are under common control with DMBT provide investment banking services such as advising on merger and acquisition activity and the underwriting of initial public offerings and secondary offerings. Due to restrictions under the 1940 Act and certain client guidelines, this

affiliation may result in clients not being able to participate in all transactions due to the involvement of a DMBT affiliate in the transaction or in having the clients' participation in the transaction structured in a different manner or otherwise altered in order to be consistent with applicable restrictions. Similarly, while DMBT is not per se prohibited from executing transactions through its affiliates that operate as broker-dealers, any such execution will be subject to applicable statutory, regulatory and client guidelines, which may ultimately result in the transaction being placed with another broker-dealer or limiting certain aspects of the transaction (such as commission costs).

In the course of ordinary business, DMBT provides advice for a number of clients, including DMBT affiliates. As such, DMBT may provide advice to certain clients, or take actions on behalf of certain clients, that differs from recommendations made to other clients or actions taken on behalf of other clients. DMBT is not obligated to recommend to any or all clients those investments that it may recommend to, or purchase or sell for, certain other clients. Additionally, DMBT's portfolio and advisory employees regularly share information, perceptions, advice and recommendations about market trends, the valuation of individual securities, and investment strategies, except where prohibited by ethical walls established by DMBT or its affiliates or applicable law or regulation. Persons associated with DMBT may have investments in securities that are recommended to clients or held in client accounts, subject to compliance with our policies regarding personal securities trading. Additional information regarding potential conflicts of interest arising from our relationships and activities with our affiliates is provided in Item 11, "Code of Ethics, Participation or

Interest in Client Transactions and Personal Trading."

Recommendation of Other Investment Advisers

At times, DMBT enters into sub-advisory agreements with other investment advisers. However, these agreements do not create a material conflict of interest as DMBT does not receive compensation either directly or indirectly from such other investment adviser for the recommendation or selection of other investment advisers for its clients.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

DMBT has adopted a Code of Ethics (the "Code") and other policies and procedures relating to, among other things, portfolio management and trading practices, personal investment transactions, and insider trading, that outline standards of employee conduct and are designed to prevent and/or resolve conflicts of interest with respect to our clients. DMBT's Code is available to any current or prospective client upon request.

All DMBT employees are provided with a copy of the Code at the time they are hired and each employee must certify annually that they understand and are in compliance with the provisions of the Code. Employees are also promptly notified of any material changes to the Code and must certify that they understand any changes that are imposed.

The Code and supporting operational procedures (the "Handbook") contain a

detailed description of DMBT's requirements for and monitoring of personal securities transactions executed by DMBT employees. Although the Code and Handbook permit employees to trade in securities for their personal investment accounts, employees who wish to do so must follow the Code and Handbook, which contain pre-clearance procedures, reporting requirements, and other provisions that restrict personal trading by employees. All employees are required to disclose their personal brokerage accounts upon hire and to submit duplicates of their broker account statements and trade confirmations. Certain employees of DMBT may maintain non-discretionary accounts with unaffiliated third parties and such accounts may not be subject to all of the Code's requirements because these employees have granted discretion over their trading activity to a third party. While transactions in these accounts may be in direct competition or contravention of client transactions, any such activity is not DMBT employee-directed.

Under the Code, employees who are involved in researching or recommending securities are subject to more restrictive trading prohibitions. The personal trading activity of DMBT's employees is actively monitored to detect and correct any violations of the Code. Regardless of these safeguards, personal transactions of DMBT's associated persons and personnel represent an inherent conflict of interest.

Potential Conflicts Relating to Advisory Activities

The results of DMBT's investment activities for a client may differ significantly from the results achieved by DMBT for other current or future clients. DMBT will manage the assets of a client in accordance with the investment mandate selected by that client. However, we may give advice or

take action with respect to the assets of one client that may compete with the advice or investment action that we take on behalf of other clients. In particular, we may buy or sell positions for one client while we are pursuing a strategy on behalf of another client that is identical, different, or even opposite to the strategy pursued on behalf of the first client. From time to time, DMBT may provide training to certain types of institutional clients or compensate such clients for educational expenses, but will do so only to the extent permissible under applicable law.

At times, DMBT and its affiliates may provide the initial seed capital in connection with the creation of a new investment product or style. Proprietary capital may not exhibit the same performance results as similarly managed client accounts for a variety of reasons, including regulatory restrictions on the type and amount of securities in which the proprietary capital may be invested, differential credit and financing terms, as well as any hedging transactions. While DMBT acts solely in the best interests of its clients, these circumstances may give rise to the appearance of a conflict of interest.

Macquarie Group Limited, its affiliates, directors, officers, and employees (collectively, the "Macquarie Group") are major participants in the global financial markets and may take part in, among other things, advisory, transactional and financial activities and/or hold interests in securities and companies that may be directly or indirectly purchased or sold by DMBT for its clients' accounts. The investment activities of the Macquarie Group may limit the investment opportunities for DMBT's client accounts. For example, this may occur in certain regulated industries, private equity markets, emerging markets, and in certain futures and derivative transactions where restrictions may be imposed upon

the aggregate amount of investment by affiliated investors. Present and future activities of the Macquarie Group, in addition to those described above, may also result in conflicts of interest or the application of regulatory requirements that may be disadvantageous to DMBT's clients. At times, Macquarie Group management may implement corporate policy or organizational decisions designed to address global or foreign jurisdictional matters and/or internal risk concerns. In response to these or other situations, Macquarie Group may impose limits on the ability of its subsidiaries, including DMBT, to invest in a security or make additional investments in a security. Such limitations may be more restrictive than those that DMBT would impose but for its relationship with Macquarie Group and may limit DMBT's investment activity when investing for client accounts, even if the client guidelines or applicable law could be read to permit investment (or further investment) in such a security or securities.

DMBT has established policies, procedures and disclosures designed to address conflicts of interest arising between advisory accounts of DMBT and the Macquarie Group's businesses. It is DMBT's policy that personnel involved in decision making for advisory accounts must act in the best interests of their advisory clients and generally without knowledge of the interests of proprietary trading and other operations of the Macquarie Group. Where DMBT's personnel are aware of conflicts or potential conflicts among advisory accounts, or between advisory accounts and the Macquarie Group and/or personnel of the Macquarie Group, it is DMBT's policy to disclose the existence of such conflicts or potential conflicts through its Form ADV or otherwise to clients.

Investments in Affiliated Funds

At times, if permitted by relevant investment guidelines and applicable law, we may purchase interests in mutual or other registered and unregistered funds or vehicles that are offered by DMBT or its affiliates for client accounts (including wrap program accounts) when we believe it is in the best interest of the relevant client to do so. The details of any possible fee offsets, rebates or other reduction arrangements in connection with such investments are provided in the documentation relating to the relevant client account and/or the underlying fund or vehicle.

In choosing between funds and managers affiliated with DMBT and those not affiliated with DMBT, we may have a financial incentive to choose DMBT-affiliated funds and managers over third parties by reason of the additional investment management, advisory, and other fees or compensation that we or our affiliates may earn. Under certain conditions, we may offset, rebate, or otherwise reduce our fees or other compensation with respect to these types of investments; however, this reduction or rebate, if available, will not necessarily eliminate the conflict and DMBT may nevertheless have a financial incentive to favor investments in DMBT-affiliated funds and managers. Furthermore, clients should not expect us to have better information with respect to DMBT-affiliated funds than other investors have. Even if we have such information, we may not be permitted to act upon it in a way that would disadvantage other investors in such funds.

**Potential Restrictions and Conflicts
Relating to Information Possessed or
Provided by DMBT**

***Material Non-Public Information and
Insider Trading***

The wide range of banking, financial and investment advisory, broker-dealer and other financial and investment industry activities engaged in by the Macquarie Group throughout the world poses the prospect that DMBT and/or its affiliates may from time to time acquire confidential, material non-public information ("MNPI") about issuers, corporations, or other entities and their securities. DMBT may not use MNPI obtained from any division of the Macquarie Group when making investment decisions relating to public securities for its clients. Additionally, DMBT may not be free to divulge or to act upon such information with respect to its activities and, on occasion, may be restricted from buying or selling certain securities on behalf of clients because of these circumstances. These restrictions may adversely impact the investment performance of client accounts. We have implemented procedures, including those described below relating to information barriers, that prohibit the misuse of such information by DMBT, our employees, and on behalf of our clients.

Information Barriers/Ethical Walls

The Macquarie Group, including DMBT, has internal procedures in place intended to limit the potential flow of any such non-public information should the DMBT or any member of the Macquarie Group come into possession of material, non-public information. One such protective measure is the creation of ethical walls between the Macquarie Group's various businesses, which serve as information barriers that prevent confidential or potentially price-sensitive information held within one

business division in the Macquarie Group from being communicated to another business division. The Macquarie Group's ethical walls are comprised of a combination of physical measures and employee conduct measures. Physical measures include the physical separation of business groups with appropriate security arrangements and security restrictions on computer files and databases. Employee conduct measures include policies designed to prohibit employees of a business division from communicating any price-sensitive information to employees in a separate ethical wall, and prohibitions on employees who are aware of price-sensitive information from engaging in activities involving the provision of securities advice, or trading on such information.

Other Trading Restrictions

In addition to the foregoing, DMBT maintains one or more restricted lists of companies whose securities are subject to certain trading prohibitions due to the business activities of DMBT and/or the Macquarie Group. We may restrict trading in an issuer's securities if the issuer is on a restricted list or if we otherwise have MNPI about that issuer. A client's account may be prohibited from buying or selling certain securities until the restriction is lifted, which could disadvantage the client's account. In some cases, we may not initiate or recommend certain types of transactions, or may otherwise restrict or limit our advice relating to certain securities if a security is restricted due to MNPI or if we are seeking to limit receipt of MNPI.

Item 12 – Brokerage Practices

DMBT selects brokers, dealers, and banks to execute transactions for the purchase or sale of equity securities based upon a judgment of their

professional capability to provide the service. The primary consideration is to seek brokers or dealers that provide “best execution.” A determination of “best execution” encompasses many factors, including, but not necessarily limited to, the price paid or received for a security, the commission charged, the promptness and reliability of execution, the confidentiality and placement accorded the order and other factors affecting the overall benefit obtained by the account in the transaction. Lower commissions may be paid when a transaction presents little difficulty in execution, is smaller in size, or is transacted through an automated crossing mechanism.

With respect to fixed income securities, DMBT generally makes its purchases from the issuer or a primary market-maker acting as principal for the securities on a net basis. Accordingly, no commission is paid by the client, although the price usually includes undisclosed compensation to the market-maker. Transactions effected through broker-dealers serving as primary market-makers reflect the spread between the bid and asked prices. In certain circumstances, DMBT may also purchase securities available from underwriters at prices that include underwriting fees.

Research and Other Soft Dollar Benefits

At times, DMBT may allocate brokerage business generated by the purchase and sale of equity securities for its funds and other accounts under management to pay for research services provided to it by brokers or dealers. When allocating client brokerage commissions to obtain these types of services, DMBT is said to be using “soft dollars” because DMBT receives a benefit but does not pay for the research or services directly. The research and services provided by the broker-dealers is used by DMBT in making investment decisions for the

funds and other accounts under management. DMBT generally uses these services, and other research services, in connection with its investment decision-making process with respect to one or more funds and accounts, rather than using them exclusively with respect to the fund or account generating the brokerage business.

The types of research and services received by DMBT may include advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities. In addition, the research or services received may include analyses and reports concerning issuers, securities, or industries; information on economic factors and trends; assistance in determining portfolio strategy; providing execution and clearance services and analysis information; and providing portfolio performance evaluation and technical market analysis. At times, DMBT also receives research from brokers or dealers that is provided to the broker or dealer by a third party. Such third parties may also provide consulting services to clients regarding investment management services or refer clients or potential clients to DMBT. Clients should be aware that these activities have the potential to cause a conflict of interest.

DMBT may, from time to time, cause higher commissions to be paid to brokers and dealers who provide brokerage and research services than would be payable to another broker or dealer. However, as provided in the Securities Exchange Act of 1934 and the investment management agreements with DMBT’s various clients, these higher commissions must always be deemed reasonable in relation to the value of the brokerage and research

services received. Additionally, if DMBT receives a benefit that includes both brokerage and research services used by DMBT in connection with its investment decision-making process and services used in connection with administrative or other functions not related to the investment decision-making process, DMBT will make a good faith allocation of brokerage commissions for the brokerage and research services and will pay out of its own resources for services used in connection with administrative or other functions not related to its investment decision-making process. Such allocations are made, to the extent possible, based on some objective unit of measurement such as percentage of time used, number and responsibilities of users, transaction type, or some other unit of measure.

Brokerage for Client Referrals

DMBT does not consider client referrals when selecting or recommending broker-dealers.

Directed Brokerage

Certain clients direct DMBT to effect transactions through a designated broker or brokers. Client direction requests must be in writing and indicate that the request is properly authorized. For accounts subject to the Employee Retirement Income Securities Act, such requests must also indicate that they are in the best interest of the plan, for the exclusive benefit of the plan, and subject to best execution. DMBT seeks to limit a client's reasonable directed brokerage instructions to no more than 25% of the client's eligible commissions on an annual basis. When clients designate brokers or dealers, it may not be possible for DMBT to obtain the same execution that would be attainable if DMBT had full discretion in the selection of the executing firm or to include the client's transaction in large batch transactions with orders on behalf

of fully discretionary clients. Clients should be aware that direction requests may result in the payment of lower or no brokerage commissions, an increase in transaction costs, or a less favorable net price for their account. Additionally, orders for clients with special requirements such as a specified percentage of directed brokerage, all-or-none execution requests, or restrictions prohibiting commingled orders may be placed after orders for clients that do not carry such restrictions. These clients may be disadvantaged if they do not participate in commingled orders. It is important to note that although DMBT attempts to satisfy client direction requests, there can be no guarantee that client direction requests will be fully satisfied.

Aggregating Orders

Since certain clients have similar investment objectives and programs, DMBT may place a combined order for two or more accounts or funds engaged in the purchase or sale of the same security if it is believed that joint execution is in the best interest of each participant and will result in best execution. Transactions involving commingled orders are allocated in a manner deemed equitable to each account. When a combined order is executed in a series of transactions at different prices, each account participating in the order may be allocated an average price obtained from the executing broker. To ensure the equitable distribution of investment opportunities among clients of the firm, DMBT has adopted written trade allocation guidelines for its trading desks. Because a *pro rata* allocation may not always accommodate all facts and circumstances (such as initial public offerings), the guidelines provide for adjustments to allocation amounts in certain cases. For example, adjustments may be made: (1) to eliminate *de minimis* positions; (2) to give priority to

accounts with specialized investment policies and objectives; and (3) to reallocate in light of a participating portfolio's characteristics, such as available cash, industry or issuer concentration, duration, and credit exposure. Also, with private placement transactions, conditions imposed by the issuer or client may limit availability of allocations to client accounts. Although the joint execution of orders and/or other allocation of orders could, in some cases, adversely affect the price or volume of the security that a particular account may obtain, it is the opinion of DMBT that the advantages of combined orders and/or other allocation outweigh the possible disadvantages of separate transactions. At times, certain accounts may place trades that are in direct conflict with the investment strategies and trades of other accounts. This may occur for instance, when DMBT places conflicting buy and sell orders in the same security. Clients should be aware that this conflict of interest may cause the market prices of the securities held by the other accounts to be adversely affected.

DMBT maintains a separate trading desk for its separately managed account business. Further, in each investment style for which DMBT has both institutional and separately managed account clients, DMBT generally trades both sets of clients at substantially the same time. However, in certain cases, such as frequent cash movements for one set of clients, confidentiality or information leakage concerns, and large model changes, it may be the case that trading on one desk will not begin simultaneous with trading on the other desk. In such cases, DMBT seeks to begin trading for the other desk in as timely a fashion as the circumstances dictate. Due to the size of transactions on each desk, the transactions on the second desk may finish before, concurrent with, or after the transactions are completed on the first

desk. Finally, in certain cases the transaction on both desks may be combined into a single order and transacted on a single desk. In all cases, the traders on each desk seek best execution for all transactions in keeping with DMBT's best execution policies and procedures.

Wrap Accounts

The wrap program fee does not cover commissions for trades that DMBT places with a broker-dealer other than the sponsor ("trading away"), or markups or markdowns charged by those other broker-dealers on principal trades. The wrap program fee also does not cover charges imposed by an electronic communications network ("ECN") for trades placed by a broker-dealer on that ECN. ECN fees generally are included in the price of the security and are not shown separately on a confirmation or statement. The wrap program fee will not be reduced or offset by these fees. Instead, the additional fee will reduce the overall return of a client's account. The sponsor incurs costs in processing trades that DMBT executes through other broker-dealers, which are covered by the wrap program fee.

In many wrap fee programs, clients direct DMBT to execute trades for their accounts through the program sponsor, subject to DMBT's duty of best execution. DMBT trades away from the sponsor in all of the strategies available to wrap program clients, and in the Fixed Income, International ADR, Large Cap Value and Small Cap Value strategies, DMBT trades away from the sponsor with respect to greater than a majority of the portfolio driven trades. DMBT has an incentive to execute most transactions with the program sponsor, because the commissions for those trades are included in the wrap fee. This incentive could, at times, conflict with a DMBT's duty to obtain best

execution of transactions for clients. DMBT will trade away when it reasonably believes that another broker-dealer will provide better execution than would be the case if the transaction were executed through the sponsor. If a client seeks to use a strategy in which DMBT trades away frequently, the client should consider whether the wrap program is an appropriate option, given that the client will be incurring some redundant costs. Clients should review their wrap fee program sponsor's Form ADV brochure for information about the sponsor's review of DMBT's efforts to seek best execution of client trades.

DMBT considers various factors, including the liquidity of the security, the time that orders will be sent and the possibility of information leakage resulting in worse prices when trades are placed with multiple sponsors, and the need for timely execution when determining whether to trade away from the sponsor. Other broker-dealers may provide DMBT with brokerage and research services, as disclosed above in "Research and Other Soft Dollar Benefits."

For separately managed account relationships, if we are trading with respect to multiple sponsor relationships, DMBT's trade sequence is completed in a random order. For other types of arrangements supported by the separately managed account trading desk, such as those where DMBT does not have investment discretion, trading or model instructions and transaction recommendations are scheduled to follow completion of the aforementioned random trade sequence and are communicated to the sponsor firm/overlay manager in a random order.

Item 13 – Review of Accounts

Client accounts and certain institutional accounts are generally reviewed on a daily basis. Each client is assigned to at least one portfolio manager, who is supported by various research personnel. These investment professionals meet periodically on both a formal and informal basis to discuss portfolio strategy, composition, security selection, industry/sector weightings and other topics relevant to managing the account. Reviews generally include: all new purchases and sales; portfolio characteristics; investment objective adherence; benchmark and peer comparison; and account dispersion. Security specific research is formally reviewed and revised, as necessary.

Other officers and employees of DMBT, including in-house legal, compliance, audit, and tax personnel, also review account matters as needed. Among the matters reviewed are the nature and amounts of portfolio holdings, adherence to investment objectives and policies, and compliance with statutory and regulatory requirements. In addition, each account is assigned to a client service officer, who acts as a liaison between the client, the internal portfolio management team, and other personnel. Performance on all accounts is computed monthly and reviewed regularly by senior management.

Content and Frequency of Reports Provided to Clients

Periodically, DMBT supplies various types of portfolio information to clients, as appropriate for the type of client and requested reporting frequency. Clients that request reports generally receive monthly and/or quarterly written statements and reports that relate applicable account information on topics including, but not limited to, the following: portfolio holdings; portfolio valuation; yield; credit quality and

maturity; relative and absolute performance; trading and commission activity; and views on securities markets and the economy. Similar monthly information is typically provided to wrap fee program sponsors and may be made available to the clients within each wrap fee program. In addition to the foregoing, we prepare and disseminate a variety of special reports in accordance with individual client specifications.

Item 14 – Client Referrals and Other Compensation from Non-Clients

Due to the global nature of DMBT's investment advisory activities throughout the financial industry, DMBT may, at times, receive indirect economic benefits related to our advisory business as a whole, rather than any particular client (*e.g.*, a volume discount on costs associated with operation of services supplied by vendors). DMBT has adopted policies and procedures designed to ensure that the receipt of any such indirect economic benefit does not pose a conflict of interest or prevent us from acting in the best interests of our clients.

Compensation for Client Referrals

DMBT may, from time to time, pay compensation for client referrals or the promotion of financial products advised by DMBT, pursuant to applicable laws and regulations. Such compensation may be paid to: DMBT's employees; DMBT's affiliates or their employees; and/or third parties, including investors, authorized dealers and other financial intermediaries (collectively, "Intermediaries"). Such payments may compensate Intermediaries for marketing and other services intended to assist in the distribution and marketing of financial products advised by DMBT and/or investment advisory services provided by DMBT, among

other things, and may create an incentive for an Intermediary to highlight, feature or recommend such products.

The aforementioned payments may differ by Intermediary and are negotiated based on a range of factors, including, but not limited to, ability to attract and retain assets, target markets, customer relationships, quality of service and industry reputation. To the extent that DMBT enters into these types of arrangements, we fully intend to comply with the disclosure requirements and all other requirements under applicable law.

DMBT or an affiliate may provide introductions to prospects and clients to its affiliates in connection with the affiliate potentially providing various investment management services to such clients.

Item 15 – Custody

DMBT does not act as a custodian for client assets. However, under Rule 206(4)-2 of the Advisers Act (the "Custody Rule"), DMBT may be deemed to have custody of client assets. Client funds and securities are held by a qualified custodian appointed by clients pursuant to a separate custody agreement or may be held by the clients themselves. The services and fees of such a qualified custodian are separate from our fees and clients are responsible for independently negotiating custody agreements and fees.

Clients will receive account statements directly from their custodian and may also receive certain statements from DMBT. Clients are strongly urged to review those statements carefully to ensure they appropriately reflect the activity in their account. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation

methodologies of certain securities. If a client does not receive custodial statements, the client should contact their DMBT account representative. We will work with the client and the client's custodian to ensure that the client receives this information.

Item 16 – Investment Discretion

DMBT only provides discretionary advisory services to a client after signing a written investment management agreement or other document showing the client's grant of investment discretion or other relevant authority. In exercising this discretionary investment authority, DMBT adheres to the investment policies, limitations, and restrictions of the account.

DMBT's discretionary investment authority may be limited by:

- Investment or style mandate;
- Client-imposed restrictions on investments;
- Governing documents (*e.g.*, mutual fund prospectus), if applicable;
- Regulatory and/or statutory restrictions; and
- Applicable internal DMBT restrictions or policies, such as those designed to address potential conflicts of interest or risk.

Item 17 – Voting Client Securities

DMBT has adopted written proxy voting policies and procedures (the "Procedures"). The Procedures include specific proxy voting guidelines that set forth the general principles we use to determine how to vote in client accounts for which we have proxy voting responsibility. DMBT has also

established a Proxy Voting Committee (the "Committee") to review and approve the Procedures and to ensure that the Procedures are designed to allow DMBT to vote proxies in a manner consistent with the best interests of our clients. If clients authorize us to vote proxies for their accounts, they receive this summary of the Procedures before the execution of the advisory agreement (and annually thereafter). A copy of the Procedures is also available at any time upon request.

Generally, clients authorize DMBT to vote all proxies relating to shares held in an account over which DMBT has investment discretion. At times, however, certain clients or accounts may direct DMBT how to vote on a particular proxy for a security held in the client's account. Clients should contact their client services representative at DMBT if they would like to explore this option further for an upcoming proxy vote. Where a client has reserved the right to vote proxies, DMBT will not participate in voting of proxies. In cases where DMBT does not have authority to vote client proxies, the client should have arrangements in place with the client's custodian or other third party to have proxies sent (i) to the client to be voted by the client or (ii) voted by the custodian or other third party. Clients should be aware that voting proxies of issuers in non-U.S. markets may give rise to a number of administrative issues that may prevent DMBT from voting proxies for certain companies in these jurisdictions. For example, DMBT may receive shareholder meeting notices without enough time to fully consider the proxy or after the cut-off date for voting. Other markets may require DMBT to provide local agents with power of attorney prior to implementing DMBT's voting instructions.

In order to facilitate the actual process of voting proxies, DMBT has contracted with Institutional Shareholder Services

("ISS") to analyze proxy statements on behalf of our clients and to vote proxies in accordance with the Procedures. After a proxy has been voted for a client, ISS will create a record of the vote. Clients should contact their client services representative at DMBT if they would like to receive a copy of their proxy voting records. The Committee is responsible for overseeing ISS's proxy voting activities.

Most proxies that DMBT receives on behalf of clients are voted by ISS in accordance with the Procedures. Because almost all proxies are voted by ISS pursuant to the pre-determined procedures, it normally will not be necessary for DMBT to make an actual determination of how to vote a particular proxy, thereby largely eliminating conflicts of interest for DMBT during the proxy voting process. Nevertheless, DMBT's Procedures include a section to address the possibility of conflicts of interest between clients and DMBT. In the very limited instances where we consider voting a proxy contrary to ISS' recommendation, the Committee will first assess the issue to see if there is any possible conflict of interest involving DMBT or our affiliated persons. If a member of the Committee has actual knowledge of a conflict of interest, the Committee will normally use another independent third party to do additional research on the particular proxy issue in order to make a recommendation to the Committee. The Committee will then review the proxy voting materials and recommendation provided by ISS and the independent third party to determine how to vote the issue in a manner which the Committee believes is consistent with the Procedures and in the best interests of the client.

Item 18 – Financial Information

DMBT does not require or solicit pre-payment of fees more than six months in advance. DMBT generally bills clients in arrears on a monthly or quarterly basis, although certain clients may request that fees be paid in advance.

DMBT is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, nor has DMBT been the subject of a bankruptcy proceeding at any time during the past ten years.

APPENDIX A

DELAWARE INVESTMENT ADVISERS REPRESENTATIVE INSTITUTIONAL FEE SCHEDULES

Institutional Account Type	Fees and Breakpoints
Core Focus Fixed Income Portfolio	.30% — on amounts up to \$25 Million .25% — on amounts from \$25 Million to \$100 Million .20% — on amounts over \$100 Million Minimum Fee — None
Limited Term Fixed Income Portfolio	.30% — on amounts up to \$25 Million .25% — on amounts from \$25 Million to \$100 Million .20% — on amounts over \$100 Million Minimum Fee — None
Intermediate Focus Fixed Income Portfolio	.30% — on amounts up to \$25 Million .25% — on amounts from \$25 Million to \$100 Million .20% — on amounts over \$100 Million Minimum Fee — None
Municipal Fixed Income Portfolio	.30% — on amounts up to \$25 Million .25% — on amounts from \$25 Million to \$100 Million .20% — on amounts over \$100 Million Minimum Fee — None
Municipal Intermediate Fixed Income Portfolio	.30% — on amounts up to \$25 Million .25% — on amounts from \$25 Million to \$100 Million .20% — on amounts over \$100 Million Minimum Fee — None
Nuclear Decommissioning Trust Fixed Income Portfolio	.30% — on amounts up to \$25 Million .25% — on amounts from \$25 Million to \$100 Million .20% — on amounts over \$100 Million Minimum Fee — None

Core Plus Focus Fixed Income Portfolio	.35% — on amounts up to \$25 Million .30% — on amounts from \$25 Million to \$100 Million .25% — on amounts over \$100 Million Minimum Fee — None
Multi Sector Fixed Income Portfolio	.40% — on amounts up to \$25 Million .35% — on amounts from \$25 Million to \$100 Million .30% — on amounts over \$100 Million Minimum Fee — None
Dividend Income Portfolio	.65% — on amounts up to \$50 Million .50% — on amounts from \$50 Million to \$100 Million .40% — on amounts over \$100 Million
Long Duration Fixed Income Portfolio	.40% — on amounts up to \$25 Million .35% — on amounts from \$25 Million to \$100 Million .30% — on amounts over \$100 Million Minimum Fee — None
High-Yield Focus Fixed Income Portfolio	.50% — on amount up to \$50 Million .45% — on amounts from \$50 Million to \$100 Million .40% — on amounts over \$100 Million
Corporate Bond Fixed Income Portfolio	.40% — on amounts up to \$25 Million .35% — on amounts from \$25 Million to \$100 Million .30% — on amounts over \$100 Million Minimum Fee — None
High Yield Municipal Fixed Income Portfolio	.40% — on amounts up to \$50 Million .30% — on amounts from \$50 Million to \$100 Million .25% — on amounts over \$100 Million Minimum Fee — None
Large-Cap Growth Equity Portfolio	.75% — on amounts up to \$25 Million .65% — on amounts from \$25 Million to \$50 Million .55% — on amounts from \$50 Million to \$100 Million .45% — on amounts from \$100 Million to \$300 Million .40% — on amounts over \$300 Million Minimum Fee — None
Foundation Equity Portfolio	0.65% — all assets

	Minimum Fee — None
Foundation Conservative Allocation Portfolio	0.65% — all assets Minimum Fee — None
Foundation Growth Allocation Portfolio	0.65% — all assets Minimum Fee — None
Foundation Moderate Allocation Portfolio	0.65% — all assets Minimum Fee — None
All-Cap Growth Equity Portfolio	.90% — on amounts up to \$25 Million .80% — on amounts from \$25 Million to \$50 Million .70% — on amounts over \$50 Million Minimum Fee — None
Smid-Cap Growth-Focus Equity Portfolio	.85% — on amounts up to \$25 Million .80% — on amounts from \$25 Million to \$50 Million .75% — on amounts over \$50 Million Minimum Fee — None
Select 20 Growth Equity Portfolio	1.00% — on amounts up to \$25 Million .90% — on amounts from \$25 Million to \$50 Million .80% — on amounts over \$50 Million Minimum Fee — None
Mid-Cap Value Equity Portfolio	.80% — on amounts up to \$25 Million .70% — on amounts from \$25 Million to \$50 Million .60% — on amounts over \$50 Million Minimum Fee — None
Disciplined International Growth Equity Portfolio	0.75% — on amounts up to \$20 Million 0.50% — on amounts from \$20 Million to \$50 Million 0.40% — on amounts from \$50 Million to \$100 Million 0.35% — on amounts over \$100 million Minimum Fee — None
Small-Cap Core Equity Portfolio	.80% — on amounts up to \$25 Million .65% — on amounts from \$25 Million to \$50 Million .55% — on amounts from \$50 Million to \$100 Million

	.45% — on amounts over \$100 Million Minimum Fee — None
Floating Rate Multi Sector Fixed Income Portfolio	0.35% — on amounts up to \$25 Million 0.30% — on amounts from \$25 Million to \$100 Million 0.25% — on amounts over \$100 Million Minimum Fee — None
Inflation Protected Bond Fixed Income Portfolio	0.30% — on amounts up to \$25 Million 0.25% — on amounts from \$25 Million to \$100 Million 0.20% — on amounts over \$100 Million Minimum Fee — None
Long Duration Government/Credit Fixed Income Portfolio	0.40% — on amounts up to \$25 Million 0.35% — on amounts from \$25 Million to \$100 Million 0.30% — on amounts over \$100 Million Minimum Fee — None
Long Duration Investment Grade Fixed Income Portfolio	0.40% — on amounts up to \$25 Million 0.35% — on amounts from \$25 Million to \$100 Million 0.30% — on amounts over \$100 Million Minimum Fee — None
Large-Cap Value-Focus Equity Portfolio	.70% — on amounts up to \$25 Million .50% — on amounts from \$25 Million to \$50 Million .40% — on amounts from \$50 Million to \$100 Million .30% — on amounts from \$100 Million to \$200 Million Minimum Fee — None
International Value Equity Portfolio	.75% — on amounts up to \$20 Million .50% — on amounts from \$20 Million to \$50 Million .40% — on amounts from \$50 Million to \$100 Million .35% — on amounts over \$100 Million Minimum Fee — None
Global Value Equity Portfolio	.75% — on amounts up to \$20 Million .50% — on amounts from \$20 Million to \$50 Million .40% — on amounts from \$50 Million to \$100 Million .35% — on amounts over \$100 Million Minimum Fee — None

Global Real Estate Securities Portfolio	.80% — on amounts up to \$50 Million .75% — on amounts from \$50 Million to \$100 Million .70% — on amounts over \$100 Million Minimum Fee — None
Small Cap Value Equity Portfolio	1.00% — on amounts up to \$25 Million .80% — on amounts from \$25 Million to \$50 Million .75% — on amounts over \$50 Million Minimum Fee — None
Emerging Markets Equity Portfolio	1.10% — on amounts up to \$50 Million 0.90% — on amounts from \$50 Million to \$100 Million 0.75% — on amounts from \$100 Million to \$200 Million 0.60% — on amounts over \$200 Million Minimum Fee — None
U.S. Real Estate Securities Portfolio	.75% — on amounts up to \$50 Million .65% — on amounts from \$50 Million to \$100 Million .55% — on amounts over \$100 Million Minimum Fee — None
Socially Responsible Equity Portfolio	.65% — on amounts up to \$25 Million .45% — on amounts from \$25 Million to \$50 Million .35% — on amounts from \$50 Million to \$100 Million .30% — on amounts over \$100 Million Minimum Fee — None
Large-Cap Core Equity Portfolio	.65% — on amounts up to \$25 Million .45% — on amounts from \$25 Million to \$50 Million .35% — on amounts from \$50 Million to \$100 Million .30% — on amounts over \$100 Million Minimum Fee — None
Large-Cap Core-Focus Equity Portfolio	.65% — on amounts up to \$25 Million .45% — on amounts from \$25 Million to \$50 Million .35% — on amounts from \$50 Million to \$100 Million .30% — on amounts over \$100 Million Minimum Fee — None
Insurance Asset	.30% — on assets up to \$50 Million

Management Portfolio	.25% — on assets between \$50 Million to \$100 Million .20% — on assets between \$100 Million to \$150 Million .18% — on assets between \$150 Million to \$250 Million .15% — on assets between \$250 Million to \$1 Billion Negotiable — assets above \$1 Billion Minimum Fee — None
Healthcare Equity Portfolio	.90% — on assets up to \$250 Million .80% — on assets between \$250 Million to \$500 Million .70% — on amounts over \$500 Million Minimum Fee — None
Limited Term Multi Sector Fixed Income Portfolio	.35% — on amounts up to \$25 Million .30% — on amounts from \$25 Million to \$100 Million .25% — on amounts over \$100 Million Minimum Fee — None
Money Market Equity Portfolio	.12% — on amounts up to \$100 Million .10% — on amounts over \$100 Million Minimum Fee — None
Focus Global Growth Equity Portfolio	.90% — on amounts up to \$25 Million .80% — on amounts from \$25 Million to \$50 Million .70% — on amounts from \$50 Million to \$100 Million .60% — on amounts over \$100 Million Minimum Fee — None
Convertibles Portfolio	.70% — on amounts up to \$25 million .60% — on amounts from \$25 Million to \$50 Million .50% — on amounts from \$50 Million to \$100 Million .45% — on amounts over \$100 Million Minimum Fee — None
Bank Loan Fixed Income Portfolio	0.50% — on amounts up to \$100 Million 0.30% — on amounts from \$100 Million to \$200 Million 0.20% — on amounts over \$200 Million Minimum Fee — None
Emerging Markets Debt Portfolio	.60% — on amounts up to \$50 Million .50% — on amounts from \$50 Million to \$100 Million

	.40% — on amounts over \$100 Million Minimum Fee — None
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APPENDIX B

DELAWARE MANAGEMENT BUSINESS TRUST REPRESENTATIVE STRATEGY COMPOSITES AND ACCOMPANYING RISKS

Clients are reminded that investing in securities involves risk, including the risk that you may receive little or no return on your investment and the risk that you may lose part or all of the money you invest. Before making any investment, you should carefully evaluate the risks involved.

The tables included in this appendix outline the primary strategy composites utilized by DMBT and indicate the material risks associated with each strategy. Definitions of all material risks associated with our strategies can be found following the applicable table. Clients are encouraged to review their investor materials for further discussion of these risks and other risks not discussed here.

Delaware Management Business Trust
Representative Institutional Equity Composites and Accompanying Risks

	All-Cap Growth Equity Composite	Large-Cap Core Focus Composite	Disciplined International Growth Equity Composite	Emerging Markets Equity Composite	Focus Global Growth Composite	Foundation Fund Conservative Composite	Foundation Fund Growth Composite	Composite	Global Healthcare Equity Composite	Global Real Estate Securities Composite	Global Value Equity Composite	International Value Equity Composite	Large-Cap Core Composite	Large-Cap Growth Equity Composite	Large-Cap Value-Focus Composite	Mid-Cap Value Composite	Select 20 Growth Equity Composite	Small Cap Core Composite	Small-Cap Value Composite	Small-Cap Growth-Focus Equity Composite	Socially Responsible Equity Composite	U.S. Real Estate Securities Composite
Market Risk	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Issuer Concentration Risk	x				x										x		x					
Company Size Risk	x										x	x					x	x	x			
Interest Rate Risk			x	x		x	x	x		x						x		x	x		x	
Liquidity Risk	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Foreign Risk	x		x	x	x	x	x	x	x	x	x	x		x	x		x	x	x	x	x	
Currency Risk	x		x		x	x	x	x	x	x	x	x		x			x		x			
Counterparty Risk	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Government and Regulatory Risk	x	x			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Large Capitalization Risk																						
Futures and Options Risk		x			x	x	x	x	x		x	x	x	x	x				x		x	
Derivatives Risk		x	x	x	x	x	x	x			x	x	x			x						
Foreign Gov./Supranational Risk						x	x	x														
Small Company Risk						x	x	x	x	x						x			x			
Real Estate Industry Risk					x	x	x	x		x	x	x				x		x	x		x	
High Yield Risk				x		x	x	x														
Fixed Income Risk																						
Healthcare Risk									x													
Non-diversification Risk					x				x	x	x	x									x	
Emerging Markets Risk	x			x	x	x	x	x	x	x	x	x		x			x		x			
Industry Risk	x	x			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Prepayment Risk						x	x	x														
Socially Responsible Investing Policy Risk																						
Credit Risk				x		x	x	x														
Transaction Costs Risk	x				x	x	x	x	x		x	x		x		x			x			
Valuation Risk				x		x	x															
Bank Loans and Other Indebtedness Risk																						
Political Risk	x				x	x	x	x	x		x	x		x			x			x		
Information Risk	x				x	x	x	x	x		x	x		x			x		x			
Inefficient Market Risk	x				x	x	x	x	x		x	x		x			x		x			
Forward Foreign Currency Risk				x						x												
Master Limited Partnership Risk					x																	
Limited Number of Stocks Risk											x	x								x		
Short Sales Risk				x																		
Leveraging Risk				x																		
Growth Stocks Risk																					x	
Value Stocks Risk																					x	
Medium-Cap Companies Risk																					x	
Income Stocks Risk																					x	
Social Standards Screen Risk																					x	

RISK DISCLOSURES – INSTITUTIONAL EQUITY COMPOSITES

- **Market risk** — The risk that all or a majority of the securities in a certain market—such as the stock or bond market—will decline in value because of factors such as adverse political or economic conditions, future expectations, or investor confidence or heavy institutional selling.
- **Issuer concentration risk** — The portfolio generally holds 40 to 60 securities, although from time to time, the portfolio may hold fewer or more securities depending on our assessment of the investment opportunities available. This allows us to focus on the potential of those particular issuers, but it also means that the Fund may be more volatile than those funds that hold a greater number of securities.
- **Company size risk** — The risk that prices of small- and medium-sized companies may be more volatile than larger companies because of limited financial resources or dependence on narrow product lines.
- **Interest rate risk** — The risk that securities, particularly bonds with longer maturities, will decrease in value if interest rates rise. The risk is generally associated with bonds; however, because companies in the real estate sector and smaller companies often borrow money to finance their operations, they may be adversely affected by rising interest rates.
- **Liquidity risk** — The possibility that securities cannot be readily sold within seven days at approximately the price at which a fund has valued them.
- **Foreign risk** — The risk that foreign securities (particularly in emerging markets) may be adversely affected by political instability; changes in currency exchange rates; inefficient markets and higher transaction costs; foreign economic conditions; economic or political sanctions restricting investment activity; or inadequate or different regulatory and accounting standards.
- **Currency risk** — The risk that the value of a portfolio's investments may be negatively affected by changes in foreign currency exchange rates. Adverse changes in exchange rates may reduce or eliminate any gains produced by investments that are denominated in foreign currencies and may increase any losses.
- **Counterparty risk** — The risk that a counterparty to a derivative contract (such as a swap, futures or options contract) or a repurchase agreement may fail to perform its obligations under the contract or agreement due to financial difficulties (such as a bankruptcy or reorganization).
- **Government and regulatory risk** — The risk that governments or regulatory authorities have, from time to time, taken or considered actions that could adversely affect various sectors of the securities markets.
- **Large capitalization risk** — Large-capitalization companies tend to be less volatile than companies with smaller market capitalizations. This potentially lower risk

means that the Fund's share price may not rise as much as the share prices of funds that focus on smaller capitalization companies.

- **Futures and options risk** — The possibility that a portfolio may experience a loss if it employs an options or futures strategy related to a security or a market index and that security or index moves in the opposite direction from what the manager anticipated. Futures and options also involve additional expenses, (such as the payment of premiums) which could reduce any benefit or increase any loss that a portfolio gains from using the strategy.
- **Derivatives risk** — Derivatives may involve additional expenses and are subject to the risk that a security or a securities index to which the derivative is associated moves in the opposite direction from what the portfolio manager had anticipated.
- **Foreign government/supranational risk** — The risk that a foreign government or government-related issuer may not be able to make timely payments on its external debt obligations.
- **Small company risk** — The risk that prices of small- and medium-sized companies may be more volatile than those of larger companies because of limited financial resources or dependence on narrow product lines.
- **Real estate industry risk** — These risks include among others: possible declines in the value of real estate; risks related to economic conditions; possible shortage of mortgage funds; overbuilding and extended vacancies; increased competition; changes in property taxes, operating expenses or zoning laws; costs of environmental clean-up, or damages from natural disasters; limitations or fluctuations in rent payments; cash-flow fluctuations; and defaults by borrowers. real estate investment trusts (REITs) are also subject to the risk of failing to qualify for tax-free pass-through of income under the Code and/or failing to qualify for an exemption from registration as an investment company under the 1940 Act.
- **High yield risk** — The risk that high yield securities, commonly known as "junk bonds," are subject to reduced creditworthiness of issuers; increased risk of default and a more limited and less liquid secondary market than higher-rated securities; and greater price volatility and risk of loss of income and principal than are higher-rated securities.
- **Fixed income risk** — The risk that: bonds may decrease in value if interest rates increase; an issuer may not be able to make principal and interest payments when due; a bond may be prepaid prior to maturity; and, in the case of high yield bonds ("junk bonds"), such bonds may be subject to an increased risk of default, a more limited secondary market than investment grade bonds, and greater price volatility.
- **Healthcare risk** — The risk that the value of a fund's shares will be affected by factors particular to the healthcare and related sectors (such as government regulation) and may fluctuate more widely than that of a fund that invests in a broad range of industries.

- **Non-diversification risk** — A non-diversified fund has the flexibility to invest as much as 50% of its assets in as few as two issuers with no single issuer accounting for more than 25% of the fund. The remaining 50% of the fund must be diversified so that no more than 5% of its assets are invested in the securities of a single issuer. Because a non-diversified fund may invest its assets in fewer issuers, the value of fund shares may increase or decrease more rapidly than if it were fully diversified.
- **Credit risk** — The risk that a bond's issuer will be unable to make timely payments of interest and principal. Investing in so-called "junk" or "high yield" bonds entails greater risk of principal loss than the risk involved in investment grade bonds.
- **Industry risk** — The risk that the value of securities in a particular industry (such as financial services or manufacturing) will decline because of changing expectations for the performance of that industry.
- **Limited number of stocks risk** — The possibility that a single security's increase or decrease in value may have a greater impact on the fund's value and total return because the fund may hold larger positions in fewer securities than other funds.
- **Prepayment risk** — The risk that the principal on a bond that is held by a fund will be prepaid prior to maturity at a time when interest rates are lower than what that bond was paying. A portfolio may then have to reinvest that money at a lower interest rate.
- **Forward foreign currency risk** – If and when a portfolio invests in forward foreign currency contracts or uses other investments to hedge against currency risks, the portfolio will be subject to special risks, including counterparty risk.
- **Socially Responsible Investing Policy Risk** – The risk that being subject to socially responsible investment criteria may prohibit the purchase of certain securities when it is otherwise advantageous to do so, or may force the sale of securities for social reasons when it is otherwise disadvantageous to do so.
- **Emerging Markets Risk** - Emerging markets risk is the possibility that the risks associated with international investing will be greater in emerging markets than in more developed foreign markets because, among other things, emerging markets may have less stable political and economic environments. In addition, in many emerging markets there is substantially less publicly available information about issuers and the information that is available tends to be of a lesser quality. Economic markets and structures tend to be less mature and diverse and the securities markets, which are subject to less government regulation or supervision, may also be smaller, less liquid, and subject to greater price volatility.
- **Transaction Costs Risk** - Transaction costs risk is the risk that the costs of buying, selling, and holding foreign securities, including brokerage, tax, and custody costs, may be higher than those involved in domestic transactions.

- **Valuation Risk** - A less liquid secondary market as described above can make it more difficult to obtain precise valuations of the high yield securities in its portfolio. During periods of reduced liquidity, judgment plays a greater role in valuing high yield securities.
- **Bank Loans and Other Indebtedness Risk** - Bank loans and other direct indebtedness risk is the risk that a fund will not receive payment of principal, interest and other amounts due in connection with these investments and will depend primarily on the financial condition of the borrower. Loans that are fully secured offer a fund more protection than unsecured loans in the event of nonpayment of scheduled interest or principal, although there is no assurance that the liquidation of collateral from a secured loan would satisfy the corporate borrower's obligation, or that the collateral can be liquidated. Some loans or claims may be in default at the time of purchase. Certain of the loans and the other direct indebtedness acquired by a fund may involve revolving credit facilities or other standby financing commitments, that obligate a fund to pay additional cash on a certain date or on demand. These commitments may require a fund to increase its investment in a company at a time when that fund might not otherwise decide to do so (including at a time when the company's financial condition makes it unlikely that such amounts will be repaid). To the extent that a fund is committed to advance additional funds, it will at all times hold and maintain cash or other high grade debt obligations in an amount sufficient to meet such commitments.
- **Political Risk** - Political risk is the risk that countries or an entire region may experience political instability. This may cause greater fluctuation in the value and liquidity of investments due to changes in currency exchange rates, governmental seizures, or nationalization of assets.
- **Information Risk** - Information risk is the risk that foreign companies may be subject to different accounting, auditing, and financial reporting standards than U.S. companies. There may be less information available about foreign issuers than domestic issuers. Furthermore, regulatory oversight of foreign issuers may be less stringent or less consistently applied than in the U.S.
- **Inefficient Market Risk** - Inefficient market risk is the risk that foreign markets may be less liquid, have greater price volatility, less regulation, and higher transaction costs than U.S. markets.
- **Master Limited Partnership Risk** - Master limited partnership risk is the risk that holders of the units of MLPs have more limited control and limited rights to vote on matters affecting the partnership. There are also certain tax risks associated with an investment in units of MLPs.
- **Growth Stocks Risk** - Growth stocks, due to their relatively high market valuations, typically have been more volatile than value stocks. Growth stocks may not pay dividends, or may pay lower dividends, than value stocks and may be more adversely affected in a down market.

- **Value Stocks Risk** - Value stocks tend to be inexpensive relative to their earnings or assets compared to other types of stocks, such as growth stocks. Value stocks can continue to be inexpensive for long periods of time, may not ever realize their potential value, and may even go down in price.
- **Medium-Cap Companies Risk** - Securities issued by medium-sized companies may be subject to more abrupt market movements and may involve greater risks than investments in larger companies. These less developed, lesser-known companies may experience greater risks than those normally associated with larger companies. This is due to, among other things, the greater business risks of smaller size and limited product lines, markets, distribution channels, and financial and managerial resources.
- **Income Stocks Risk** - Income from stocks may be reduced by changes in the dividend policies of companies and the capital resources available for such payments at such companies. Depending upon market conditions, income producing common stock may not be widely available and/or may be highly concentrated in only a few market sectors, thereby limiting the ability to produce current income.
- **Social Standards Screen Risk** - A social standards strategy generally prohibits investment in certain types of companies, industries and segments of the U.S. economy. Thus, the strategy may (i) miss opportunities to invest in companies, industries or segments of the U.S. economy that are providing superior performance relative to the market as a whole and (ii) become invested in companies, industries and segments of the U.S. economy that are providing inferior performance relative to the market as a whole.

RISK DISCLOSURES – INSTITUTIONAL FIXED INCOME COMPOSITES

- **Market risk** — The risk that all or a majority of the securities in a certain market - like the stock or bond market - will decline in value because of factors such as adverse political or economic conditions, future expectations, or investor confidence or heavy institutional selling.
- **Interest rate risk** — The risk that securities will decrease in value if interest rates rise. The risk is generally associated with bonds.
- **Credit risk** — The risk that an issuer of a debt security, including a governmental issuer, may be unable to make interest payments and repay principal in a timely manner.
- **Bank loans and other direct indebtedness risk** — The risk that the portfolio will not receive payment of principal, interest, and other amounts due in connection with these investments and will depend primarily on the financial condition of the borrower and the lending institution.
- **Foreign risk** — The risk that foreign securities (particularly in emerging markets) may be adversely affected by political instability, inefficient markets and higher transaction costs, changes in currency exchange rates, foreign economic conditions, economic or political sanctions restricting investment activity; or inadequate or different regulatory and accounting standards.
- **Currency risk** — The risk that the value of a fund's investments may be negatively affected by changes in foreign currency exchange rates.
- **Liquidity risk** — The possibility that securities cannot be readily sold within seven days at approximately the price at which a portfolio has valued them.
- **Derivatives risk** — Derivatives may involve additional expenses and are subject to the risk that a security or a securities index to which the derivative is associated moves in the opposite direction from what the portfolio manager had anticipated. Another risk of derivative transactions is the creditworthiness of the counterparty because the transactions rely upon the counterparty's ability to fulfill its contractual obligations.
- **Counterparty risk** — The risk that a counterparty to a derivative contract (such as a swap, futures or options contract) or a repurchase agreement may fail to perform its obligations under the contract or agreement due to financial difficulties (such as a bankruptcy or reorganization).
- **Government and regulatory risk** — The risk that governments or regulatory authorities have, from time to time, taken or considered actions that could adversely affect various sectors of the securities markets.
- **Prepayment risk** — The risk that the principal on a bond that is held by a fund will be prepaid prior to maturity at a time when interest rates are lower than what that

bond was paying. A fund may then have to reinvest that money at a lower interest rate.

- **High yield bond ("junk bond") risk** — The risk that high yield securities, commonly known as "junk bonds", are subject to reduced creditworthiness of issuers; increased risk of default and a more limited and less liquid secondary market than higher rated securities; and greater price volatility and risk of loss of income and principal than are higher rated securities.
- **Forward foreign currency risk** — If and when a portfolio invests in forward foreign currency contracts or uses other investments to hedge against currency risks, the portfolio will be subject to special risks, including counterparty risk.
- **Mortgage-backed and asset-backed securities risk** — The risk that the principal on mortgage-backed or asset-backed securities may be prepaid at any time, which will reduce the yield and market value.
- **Valuation risk** — The possibility that a less liquid secondary market, as described above, makes it more difficult for a series to obtain precise valuations of the high yield securities in its portfolio.
- **Industry risk** — The risk that the value of securities in a particular industry (such as financial services or manufacturing) will decline because of changing expectations for the performance of that industry.
- **Real estate industry risk** — This risk includes, among others, possible declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties; increases in competition, property taxes, and operating expenses; changes in zoning laws; costs resulting from the clean-up of, and liability to third parties resulting from, environmental problems; casualty for condemnation losses; uninsured damages from floods, earthquakes, or other natural disasters; limitations on and variations in rents; and changes in interest rates.
- **Redemption risk** — If investors redeem more shares of a series than are purchased for an extended period of time, a series may be required to sell securities without regard to the investment merits of such actions. This could decrease a series' asset base, potentially resulting in a higher expense ratio.
- **Call risk** — The risk that a bond issuer will prepay the bond during periods of low interest rates, forcing a fund to reinvest that money at interest rates that might be lower than rates on the called bond.
- **Non-diversification risk** — A non-diversified fund has the flexibility to invest as much as 50% of its assets in as few as two issuers with no single issuer accounting for more than 25% of the fund. The remaining 50% of the fund must be diversified so that no more than 5% of its assets are invested in the securities of a single issuer. Because a non-diversified fund may invest its assets in fewer issuers, the value of fund shares may increase or decrease more rapidly than if it were fully diversified.

- **Alternative minimum tax risk** — If a fund invests in bonds whose income is subject to the alternative minimum tax, that portion of the fund's distributions would be taxable for shareholders who are subject to this tax.
- **Inflation risk** — The risk that the return from your investments will be less than the increase in the cost of living due to inflation.
- **Emerging markets risk** — The risk that foreign securities (particularly in emerging markets) may be adversely affected by political instability, inefficient markets and higher transaction costs, changes in currency exchange rates, foreign economic conditions, or inadequate or different regulatory and accounting standards. Investing in emerging markets can be riskier than investing in established foreign markets due to increase volatility and lower trading volume.
- **Lower-rated Fixed Income Securities Risk** - High yield, high-risk securities (also known as junk bonds), while generally having higher yields, are subject to reduced creditworthiness of issuers, increased risks of default, and a more limited and less liquid secondary market than higher-rated securities. These securities are subject to greater price volatility and risk of loss of income and principal than are higher-rated securities. Lower-rated and unrated fixed income securities tend to reflect short-term corporate and market developments to a greater extent than higher-rated fixed income securities, which react primarily to fluctuations in the general level of interest rates. Fixed income securities of this type are considered to be of poor standing and primarily speculative. Such securities are subject to a substantial degree of credit risk.
- **Futures and Options Risk** - Futures and options risk is the possibility that a fund may experience a significant loss if it employs an options or futures strategy related to a security or a market index and that security or index moves in the opposite direction from what the portfolio manager anticipated. Futures and options also involve additional expenses (such as the payment of premiums), which could reduce any benefit or increase any loss to a fund from using the strategy.
- **Zero Coupon and Pay-in-Kind Bonds Risk** - Zero coupon and pay-in-kind (PIK) bonds are generally considered more interest sensitive than income-bearing bonds, more speculative than interest-bearing bonds, and have certain tax consequences that could, under certain circumstances, be adverse to a fund. For example, a fund accrues, and is required to distribute to shareholders, income on its zero coupon bonds. However, a fund may not receive the cash associated with this income until the bonds are sold or mature. If a fund does not have sufficient cash to make the required distribution of accrued income, the Fund could be required to sell other securities in its portfolio or to borrow to generate the cash required.
- **Foreign Government Securities Risk** - Foreign government securities risk involves the ability of a foreign government or government-related issuer to make timely principal and interest payments on its external debt obligations. This ability to make payments will be strongly influenced by the issuer's balance of payments, including export performance, its access to international credits and investments, fluctuations in interest rates, and the extent of its foreign reserves.

- **Recession Risk** - Although the market for high yield bonds existed through periods of economic downturns, the high yield market grew rapidly during the long economic expansion which took place in the United States during the 1980s. During that economic expansion, the use of high yield debt securities to finance highly leveraged corporate acquisitions and restructurings increased dramatically. As a result, the high yield market grew substantially. Some analysts believe a protracted economic downturn would severely disrupt the market for high yield bonds, adversely affect the value of outstanding bonds and adversely affect the ability of high yield issuers to repay principal and interest.
- **Geographic Concentration Risk** - Geographic concentration risk is the risk that a fund that concentrates on investments from a particular state, region, or U.S. territory or possession could be adversely affected by political and economic conditions in that state, region, U.S. territory or possession. There is also the risk that an inadequate supply of municipal bonds exists in a particular state or U.S. territory or possession.
- **Transaction Costs Risk** - Transaction costs risk is the risk that the costs of buying, selling, and holding foreign securities, including brokerage, tax, and custody costs, may be higher than those involved in domestic transactions.
- **Short Sales Risk** - Positions in shorted securities are speculative and more risky than long positions (purchases). When a fund engages in short selling, it sells a security it does not own in anticipation of being able to buy that security later at a lower price. If the price of the security increases, the fund loses money. Further, during the time when the fund has shorted the security, the fund must borrow that security in order to make delivery on the previous sale, which raises the cost to the fund. Such investments involve the risk of an unlimited increase in the market price of the security sold short, which could result in a theoretically unlimited loss. Short sale strategies are often categorized as a form of leveraging or speculative investment. The use of leverage may multiply small price movements in securities into large changes in value. As a result of using leverage, a fund's share price may be more volatile than if no leverage were used. Positions in shorted securities are speculative and more risky than long positions. A strategy that includes selling securities short could suffer significant losses.
- **Leveraging Risk** - The risk that certain fund transactions, such as reverse repurchase agreements, short sales, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, causing a fund to be more volatile than if it had not been leveraged.