

Delaware Distributors, L.P. created this cover sheet. It must precede the reprint of *Ignites* “Delaware’s Distribution Overhaul Yields Strong Flows,” dated Jan. 4, 2012. *Ignites* has not participated in the creation of this page.

% average annual total returns as of Dec. 31, 2011

	4Q11 ¹	1 year	3 year	5 year	10 year	Incept.	Inception date	Gross Expense Ratio	Net Expense Ratio
Delaware Smid Cap Growth Fund									
Class A (NAV)	8.83	7.96	28.19	6.67	6.45	13.30	3/27/86	1.50%	1.42%
Class A (Offer) ²	N/A	1.77	25.69	5.41	5.82	13.04			

	4Q11 ¹	1 year	3 year	5 year	10 year	Incept.	Inception date	Gross Expense Ratio	Net Expense Ratio
Delaware Select Growth Fund									
Class A (NAV)	7.86	7.42	28.64	5.38	4.44	9.72	5/16/94	1.58%	1.49%
Class A (Offer) ²	N/A	1.25	26.12	4.14	3.82	9.36			

¹ Returns for less than one year are not annualized

² Includes maximum 5.75% front-end sales charge

Net expense ratio for Delaware Smid Cap Growth Fund reflects contractual waivers of certain fees and/or expense reimbursements from Jan. 28, 2011 through Jan. 28, 2012. Net expense ratio for Delaware Select Growth Fund reflects contractual waivers of certain fees and/or expense reimbursements from Aug. 28, 2011 through Aug. 28, 2012. Please see the fee tables in the Funds’ prospectuses for more information.

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 800 523-1918 or visiting www.delawareinvestments.com/performance.

Total returns may reflect waivers and/or expense reimbursements by the manager and/or distributor for some or all periods shown. Performance would have been lower without such waivers or reimbursements.

Performance “at NAV” assumes that no front-end sales charge applied or the investment was not redeemed. Performance “at offer” assumes that a front-end sales charge applied to the extent applicable.

Instances of high double-digit returns are unusual, cannot be sustained, and were primarily achieved during favorable market conditions.

Carefully consider the Funds’ investment objectives, risks factors, charges, and expenses before investing. This and other information can be found in the Funds’ prospectuses and, if available, their summary prospectuses, which may be obtained by visiting www.delawareinvestments.com or calling 800 523-1918. Investors should read the prospectuses and, if available, the summary prospectuses carefully before investing.

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Delaware's Distribution Overhaul Yields Strong Flows

By Marc Hogan
January 4, 2012

An overhaul of **Delaware Investments'** marketing and distribution team has combined with strong fund performance to help the firm expand in a tumultuous time.

Through November 30, Delaware's open-end mutual funds gathered a net inflow of more than \$2 billion, among the best for firms around its size, based on **Lipper** estimates. Open-end fund assets under management climbed to \$30.8 billion, up 7.7% from \$28.6 billion at the end of 2010. By comparison, assets industrywide are down 1.4% for the year, according to the latest Investment Company Institute figures, which go through October.

"After some strategic moves on the distribution side, it appears Delaware is firing on all cylinders and enjoying the fruits of their restructurings," says Jeff Keil, principal of **Keil Fiduciary Strategies**, in an e-mail response to questions. "In the small to mid-sized complex space, Delaware is very much enjoying a well-deserved renaissance, besting most other groups of a similar size."

Delaware hasn't only seen growth in the retail space. The firm recently announced it won 64 new institutional mandates worth more than \$4.3 billion in the first 10 months of 2010, spanning 17 different equity and fixed-income strategies. All told, the Philadelphia-based subsidiary of the **Macquarie Group** managed more than \$160 billion in assets as of Sept. 30.

The new sales come as Delaware has been revamping its distribution efforts, both through intermediaries and to institutions.

Early last year, Delaware hired Jeff Klepacki, formerly of **Allianz Global Investors**, as senior VP and head of third-party distribution. He has brought in Brett Wright, most recently of **ING Investment Management**, as western division sales manager, and William Presutti, most recently of **Transamerica Investments**, as eastern division sales manager.

"We've restructured our sales process to a certain degree on the third-party side," says Scott Coleman, executive VP and head of distribution and marketing at Delaware. He points to "a more concentrated approach" that "has led to more loyal customers."

Delaware's third-party distribution team has continued to grow. For instance, the firm recently added five new internal consultants: Preston Connell, Jonathan Connolly, Garrett Goggin, Brent Regaldi and John Uehling. On December 19, Delaware also announced it had tapped Timothy Katusha as a regional director, representing the firm to intermediaries in upstate New York and western Pennsylvania.

Steven Miyao, CEO of **kasina**, points to Delaware's distribution strategy as a factor behind its gains. "Their head of sales, Jeff Klepacki, has really focused his team so they have a very concentrated strategy working with key relationships," Miyao explains. "They've done that probably better than a lot of firms, and I think that has partially added to their success."

The sales overhaul extends to Delaware's institutional team. Earlier this year, the firm brought in Aiden Redmond, previously at BlackRock, as senior VP and head of Delaware's institutional business. His recent hires include Ryan Jagers, who will lead the firm's insurance asset management distribution efforts.

According to a report by Insurance Asset Manager, Delaware is the fourth-largest manager of insurance general account assets, with \$77.3 billion under management as of year-end 2010. Coleman says the goal is to expand on that, focusing on insurance companies that are looking to outsource parts of their general accounts, a market that has been growing of late.

Redmond has also restructured Delaware's approach to the institutional market to focus more on consultants, who have taken on an increasingly critical role in the wake of the financial crisis, Coleman says. "Big plan sponsors are relying on their consultants more than ever," he explains.

Delaware's performance figures surely haven't hurt its growth, either.

For example, last year through Dec. 2, Delaware had the second- and third-best performers among actively managed retail U.S. equity funds, according to Bloomberg. In this category, the \$1.1 billion Delaware SMID Cap Growth Fund, up 11.9%, and the \$518 million Delaware Select Growth Fund, up 10.5%, trail only the \$4.7 billion Sequioa Fund, which gained 12.1%.

In March, Delaware was honored as the best small firm at the annual Lipper Fund Awards.

Coleman says he's particularly pleased that Delaware's growth has been diversified across distribution channels and investment styles. He also highlights an internal projection of 5% organic growth for the year, in a market environment where that figure could easily be flat or negative.

"There's a lot going on here and I think everything is starting to come together," notes Coleman, who cites defined contribution plans and international business as other areas for potential growth in 2012. "Over the last two years it has been especially gratifying to see that we're not relying just on one market cycle or one particular product."