

Schedule of Investments (Unaudited)

Delaware Core Plus Bond Fund

October 31, 2009

		Principal Amount ^o	Value (U.S. \$)
Agency Collateralized Mortgage Obligations – 3.41%			
Fannie Mae Grantor Trust			
Series 2001-T10 A1 7.00% 12/25/41	USD	186,791	\$204,711
Series 2002-T1 A2 7.00% 11/25/31		103,293	112,479
Fannie Mae Interest Strip			
Series 35-2 12.00% 7/1/18		62,403	77,527
Series J-1 7.00% 11/1/10		414	418
Fannie Mae REMIC			
Series 1988-15 A 9.00% 6/25/18		1,075	1,217
Series 1996-46 ZA 7.50% 11/25/26		138,351	151,908
Series 2002-83 GH 5.00% 12/25/17		465,000	494,265
•Fannie Mae Series 2006-M2 A2F 5.259% 5/25/20		305,000	326,207
Fannie Mae Whole Loan Series 2002-W1 2A 7.50% 2/25/42		107,608	118,301
Freddie Mac REMIC			
Series 2557 WE 5.00% 1/15/18		300,000	319,600
Series 2662 MA 4.50% 10/15/31		184,184	190,159
Series 3131 MC 5.50% 4/15/33		200,000	213,914
Series 3173 PE 6.00% 4/15/35		325,000	351,367
Series 3337 PB 5.50% 7/15/30		215,000	225,919
◆Freddie Mac Structured Pass Through Securities Series T-42 A5 7.50% 2/25/42		39,521	<u>44,029</u>
Total Agency Collateralized Mortgage Obligations (cost \$2,678,385)			<u>2,832,021</u>
Agency Mortgage-Backed Securities – 16.06%			
Fannie Mae 10.50% 6/1/30		11,217	12,930
•Fannie Mae ARM			
5.01% 8/1/35		267,684	281,686
5.14% 11/1/35		165,364	173,043
6.322% 7/1/36		469,200	496,716
Fannie Mae S.F. 15 yr			
5.00% 5/1/21		262,569	279,633
8.00% 10/1/16		142,657	155,443
Fannie Mae S.F. 30 yr			
5.00% 12/1/36 to 2/1/38		1,151,730	1,196,511
6.00% 11/1/37		783,370	833,842
6.50% 12/1/37 to 1/1/38		2,452,874	2,636,879
8.00% 2/1/30		22,324	25,441
10.00% 7/1/20 to 2/1/25		260,285	288,947
Fannie Mae S.F. 30 yr TBA 4.50% 11/1/39		2,465,000	2,495,042
•Freddie Mac ARM			
5.682% 7/1/36		118,074	124,314
5.82% 10/1/36		347,188	367,602
Freddie Mac S.F. 15 yr			
4.50% 7/1/24		549,096	571,149
5.00% 6/1/18 to 1/1/24		333,051	353,437
5.50% 8/1/23		221,786	236,361
Freddie Mac S.F. 30 yr			
8.00% 5/1/11 to 5/1/31		178,707	203,467
8.50% 12/1/09		227	229
10.00% 1/1/19		16,186	18,262
11.50% 6/1/15 to 3/1/16		45,044	51,841
Freddie Mac S.F. 30 yr TBA			
4.00% 11/1/39		600,000	591,187
5.00% 11/1/39		1,300,000	1,347,124
GNMA I GPM			
11.00% 3/15/13		15,436	16,977
12.25% 3/15/14		7,567	8,620
GNMA I S.F. 15 yr 6.50% 7/15/14		52,990	56,968
GNMA I S.F. 30 yr			
7.50% 1/15/32		20,610	23,415
8.00% 5/15/30		14,106	16,206

(Unaudited)

9.50% 10/15/19 to 3/15/23	53,649	61,228
10.00% 9/15/18	10,380	11,856
11.00% 2/15/10 to 9/15/15	20,450	22,664
11.50% 7/15/15	3,905	4,415
12.00% 12/15/12 to 11/15/15	107,947	121,911
12.50% 5/15/10 to 1/15/16	40,517	46,747
GNMA II GPM 10.75% 3/20/16	6,292	6,927
GNMA II S.F. 30 yr		
7.50% 9/20/30	27,655	31,301
8.00% 6/20/30	14,990	17,160
10.00% 11/20/15 to 6/20/21	39,317	45,074
10.50% 3/20/16 to 2/20/21	61,625	69,006
11.00% 5/20/15 to 7/20/19	1,190	1,321
12.00% 3/20/14 to 5/20/15	8,204	9,132
12.50% 10/20/13 to 7/20/15	32,507	36,428

Total Agency Mortgage-Backed Securities (cost \$13,026,719)

13,348,442

Agency Obligations – 0.40%

*Federal Home Loan Mortgage 3.75% 3/27/19	330,000	330,833
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Total Agency Obligations (cost \$324,581)

330,833

Commercial Mortgage-Backed Securities – 8.48%

#American Tower Trust 144A		
Series 2007-1A AFX 5.42% 4/15/37	300,000	303,000
Series 2007-1A D 5.957% 4/15/37	35,000	35,000
Bank of America Commercial Mortgage		
•Series 2004-3 A5 5.578% 6/10/39	160,000	164,474
•Series 2005-1 A5 5.238% 11/10/42	80,000	80,440
•Series 2005-6 A4 5.351% 9/10/47	40,000	40,277
Series 2006-4 A4 5.634% 7/10/46	200,000	197,444
•Series 2007-4 AM 6.002% 2/10/51	125,000	97,358
Bear Stearns Commercial Mortgage Securities		
Series 2005-PW10 A4 5.405% 12/11/40	320,000	318,357
Series 2005-PW10 AM 5.449% 12/11/40	335,000	299,481
•Series 2005-T20 A4A 5.298% 10/12/42	350,000	354,143
•Series 2006-PW12 A4 5.903% 9/11/38	55,000	56,043
Series 2006-PW14 A4 5.201% 12/11/38	300,000	284,972
Series 2007-PW15 A4 5.331% 2/11/44	330,000	300,788
•Series 2007-PW16 A4 5.999% 6/11/40	300,000	285,576
◆Commercial Mortgage Pass Through Certificates Series 2005-C6 A5A 5.116% 6/10/44	210,000	208,110
#Credit Suisse First Boston Mortgage Securities Series 2001-SPGA A2 144A 6.515% 8/13/18	255,000	248,498
•Credit Suisse Mortgage Capital Certificates Series 2006-C1 AAB 5.681% 2/15/39	115,000	119,077
Goldman Sachs Mortgage Securities II		
Series 2004-GG2 A6 5.396% 8/10/38	405,000	388,621
Series 2005-GG4 A4A 4.751% 7/10/39	165,000	162,868
Series 2006-GG6 A4 5.553% 4/10/38	685,000	643,720
@•Series 2006-RR3 A1S 144A 5.66% 7/18/56	310,000	83,700
•Series 2007-GG10 A4 5.999% 8/10/45	220,000	184,677
Greenwich Capital Commercial Funding		
Series 2004-GG1 A7 5.317% 6/10/36	145,000	148,207
Series 2005-GG5 A5 5.224% 4/10/37	140,000	135,298
JPMorgan Chase Commercial Mortgage Securities		
Series 2002-C2 A2 5.05% 12/12/34	200,000	205,498
Series 2005-LDP4 A4 4.918% 10/15/42	150,000	148,932
•Series 2005-LDP5 A4 5.344% 12/15/44	240,000	240,988
Series 2006-LDP9 A2 5.134% 5/15/47	150,000	143,840
Merrill Lynch Mortgage Trust Series 2005-CIP1 A2 4.96% 7/12/38	210,000	210,858
Morgan Stanley Capital I		
Series 2005-HQ6 A4A 4.989% 8/13/42	492,000	487,971
•Series 2007-T27 A4 5.803% 6/11/42	475,000	470,065

Total Commercial Mortgage-Backed Securities (cost \$6,451,874)

7,048,281

Convertible Bonds – 0.30%

ΦHologic 2.00% exercise price \$38.59, expiration date 12/15/37	170,000	138,762
#Virgin Media 144A 6.50% exercise price \$19.22, expiration date 11/15/16	105,000	111,563

Total Convertible Bonds (cost \$192,674)

250,325

Corporate Bonds – 48.50%

Banking – 8.22%

(Unaudited)

Bank of America		
5.125% 11/15/14	95,000	98,533
5.30% 3/15/17	250,000	244,576
5.75% 12/1/17	230,000	234,241
Barclays Bank		
5.20% 7/10/14	100,000	106,743
6.75% 5/22/19	160,000	180,236
#144A 6.05% 12/4/17	400,000	408,171
BB&T 5.25% 11/1/19	277,000	270,376
Capital One Financial 7.375% 5/23/14	235,000	266,982
Citigroup		
6.375% 8/12/14	495,000	525,673
6.50% 8/19/13	232,000	248,901
@#CoBank 144A 7.875% 4/16/18	250,000	254,163
#Commonwealth Bank of Australia 144A 5.00% 10/15/19	125,000	125,805
Credit Suisse/New York 6.00% 2/15/18	195,000	205,831
#GMAC 144A 6.875% 9/15/11	255,000	247,350
JPMorgan Chase 6.30% 4/23/19	205,000	225,395
JPMorgan Chase Capital XVIII 6.95% 8/17/36	90,000	88,263
JPMorgan Chase Capital XXII 6.45% 2/2/37	110,000	101,412
JPMorgan Chase Capital XXV 6.80% 10/1/37	326,000	321,522
PNC Bank 6.875% 4/1/18	250,000	267,410
PNC Funding 5.25% 11/15/15	225,000	230,901
•#Rabobank 144A 11.00% 12/29/49	195,000	245,425
Silicon Valley Bank 5.70% 6/1/12	250,000	252,054
U.S. Bank North America 4.95% 10/30/14	250,000	269,129
•USB Capital IX 6.189% 4/15/49	395,000	307,113
VTB Capital 6.875% 5/29/18	180,000	180,675
Wachovia		
5.25% 8/1/14	65,000	67,638
5.625% 10/15/16	290,000	297,977
•Wells Fargo Capital XIII 7.70% 12/29/49	425,000	397,375
Zions Bancorporation		
5.50% 11/16/15	150,000	117,292
7.75% 9/23/14	55,000	49,273
		<u>6,836,435</u>
<i>Basic Industries – 3.08%</i>		
ArcelorMittal		
6.125% 6/1/18	195,000	192,919
9.00% 2/15/15	60,000	69,343
9.85% 6/1/19	110,000	129,848
Cytec Industries 8.95% 7/1/17	50,000	58,612
Dow Chemical 8.55% 5/15/19	420,000	480,284
#Evraz Group 144A 9.50% 4/24/18	249,000	246,510
Freeport McMoRan Copper & Gold 8.375% 4/1/17	105,000	113,032
Lubrizol 8.875% 2/1/19	200,000	249,770
Reliance Steel & Aluminum 6.85% 11/15/36	116,000	103,475
#Severstal 144A 9.75% 7/29/13	288,000	293,400
Southern Copper 7.50% 7/27/35	166,000	171,866
Steel Dynamics 6.75% 4/1/15	95,000	90,488
#Teck Resources 144A		
10.25% 5/15/16	50,000	57,875
10.75% 5/15/19	120,000	140,400
Vale Overseas 6.875% 11/21/36	160,000	161,376
		<u>2,559,198</u>
<i>Brokerage – 2.57%</i>		
Goldman Sachs Group		
5.25% 10/15/13	125,000	133,858
5.95% 1/18/18	285,000	300,784
6.25% 9/1/17	140,000	150,019
Jefferies Group		
6.25% 1/15/36	40,000	31,411
6.45% 6/8/27	255,000	216,194
LaBranche 11.00% 5/15/12	205,000	198,081
Lazard Group		
6.85% 6/15/17	162,000	164,245
7.125% 5/15/15	34,000	34,945

(Unaudited)

Morgan Stanley		
6.00% 4/28/15	475,000	508,859
6.25% 8/28/17	375,000	<u>393,881</u>
		<u>2,132,277</u>
<i>Capital Goods – 2.71%</i>		
Allied Waste North America		
6.125% 2/15/14	40,000	41,054
6.875% 6/1/17	25,000	26,539
7.125% 5/15/16	280,000	297,889
#BAE Systems Holdings 144A 4.95% 6/1/14	185,000	192,158
Ball		
7.125% 9/1/16	64,000	65,760
7.375% 9/1/19	96,000	98,640
#Clean Harbors 144A 7.625% 8/15/16	175,000	180,250
#Crown Americas 144A 7.625% 5/15/17	55,000	56,650
Graham Packaging 9.875% 10/15/14	200,000	205,000
Graphic Packaging International 9.50% 8/15/13	245,000	252,656
L-3 Communications Holdings 6.125% 7/15/13	140,000	141,750
#Owens Brockway Glass Container 144A 7.375% 5/15/16	75,000	76,125
Tyco International Finance 8.50% 1/15/19	355,000	433,704
USG		
6.30% 11/15/16	140,000	121,100
#144A 9.75% 8/1/14	35,000	36,925
Waste Management 7.375% 3/11/19	20,000	<u>23,357</u>
		<u>2,249,557</u>
<i>Communications – 9.67%</i>		
America Movil 5.625% 11/15/17	56,000	57,966
#American Tower 144A 4.625% 4/1/15	130,000	131,699
AT&T 6.50% 9/1/37	90,000	96,285
*AT&T Wireless 8.125% 5/1/12	346,000	395,576
#Charter Communications Operating 144A 12.875% 9/15/14	180,000	199,800
Cincinnati Bell 7.00% 2/15/15	85,000	81,600
Citizens Utilities 7.125% 3/15/19	220,000	207,900
Comcast 4.95% 6/15/16	150,000	153,929
#COX Communications 144A		
5.875% 12/1/16	95,000	99,102
6.95% 6/1/38	65,000	68,292
8.375% 3/1/39	185,000	222,469
*Cricket Communications 9.375% 11/1/14	205,000	199,875
Crown Castle International 9.00% 1/15/15	185,000	196,100
#CSC Holdings 144A 8.50% 6/15/15	205,000	217,556
Deutsche Telekom International Finance 5.25% 7/22/13	145,000	155,257
DirectTV Holdings 7.625% 5/15/16	245,000	266,169
#DISH 144A 7.875% 9/1/19	85,000	87,444
EchoStar 7.125% 2/1/16	115,000	115,575
Inmarsat Finance II 10.375% 11/15/12	185,000	191,938
#Intelsat Bermuda 144A 11.25% 2/4/17	250,000	250,000
Intelsat Jackson Holdings 11.25% 6/15/16	180,000	192,600
#Interpublic Group 144A 10.00% 7/15/17	65,000	70,200
Level 3 Financing 9.25% 11/1/14	85,000	76,075
MetroPCS Wireless		
*9.25% 11/1/14	190,000	192,375
#144A 9.25% 11/1/14	10,000	10,125
#Nielsen Finance 144A		
11.50% 5/1/16	15,000	16,013
11.625% 2/1/14	85,000	91,163
#Nordic Telephone Holdings 144A 8.875% 5/1/16	125,000	130,625
#PAETEC Holding 144A 8.875% 6/30/17	95,000	94,525
#Qwest 144A 8.375% 5/1/16	70,000	72,625
Shaw Communications 5.65% 10/1/19	CAD 89,000	83,911
Sprint Nextel 6.00% 12/1/16	USD 335,000	289,775
Telecom Italia Capital		
5.25% 10/1/15	365,000	378,781
6.20% 7/18/11	75,000	79,828
7.175% 6/18/19	155,000	172,140
Telesat Canada 11.00% 11/1/15	115,000	125,350
Time Warner Cable 6.75% 7/1/18	125,000	137,836

(Unaudited)

Videotron 6.875% 1/15/14	40,000	40,200
#VimpelCom 144A 9.125% 4/30/18	210,000	219,975
Virgin Media Finance 8.75% 4/15/14	100,000	102,500
#Vivendi 144A		
5.75% 4/4/13	290,000	309,348
6.625% 4/4/18	147,000	159,384
Vodafone Group		
5.00% 9/15/15	95,000	100,610
5.375% 1/30/15	420,000	451,253
5.45% 6/10/19	145,000	152,323
#Wind Acquisition Finance 144A 11.75% 7/15/17	250,000	283,750
*Windstream 8.125% 8/1/13	190,000	198,075
WPP Finance 8.00% 9/15/14	370,000	<u>410,899</u>
		<u>8,036,796</u>
<i>Consumer Cyclical – 4.01%</i>		
CVS Caremark 6.125% 9/15/39	165,000	167,256
#♦CVS Pass Through Trust 144A 8.353% 7/10/31	219,109	249,473
Darden Restaurants 6.80% 10/15/37	235,000	243,246
Ford Motor Credit		
7.25% 10/25/11	150,000	147,186
7.50% 8/1/12	175,000	170,528
Goodyear Tire & Rubber 10.50% 5/15/16	195,000	212,063
Levi Strauss 9.75% 1/15/15	120,000	126,000
Macy's Retail Holdings 6.65% 7/15/24	430,000	366,574
MGM Mirage		
13.00% 11/15/13	55,000	62,700
#144A 10.375% 5/15/14	30,000	32,100
#144A 11.125% 11/15/17	35,000	38,675
Nordstrom		
6.25% 1/15/18	90,000	95,218
6.75% 6/1/14	195,000	217,511
OSI Restaurant Partners 10.00% 6/15/15	215,000	182,750
#Pinnacle Entertainment 144A 8.625% 8/1/17	100,000	100,000
Ryland Group 8.40% 5/15/17	115,000	123,050
*Sally Holdings 10.50% 11/15/16	80,000	85,200
Target		
5.125% 1/15/13	140,000	150,859
7.00% 1/15/38	300,000	351,289
#Volvo Treasury 144A 5.95% 4/1/15	205,000	<u>208,640</u>
		<u>3,330,318</u>
<i>Consumer Non-Cyclical – 5.24%</i>		
#Anheuser-Busch InBev Worldwide 144A		
5.375% 11/15/14	140,000	149,019
5.375% 1/15/20	210,000	213,905
7.20% 1/15/14	140,000	157,861
Aramark 8.50% 2/1/15	165,000	167,475
Bausch & Lomb 9.875% 11/1/15	130,000	135,200
Beckman Coulter		
6.00% 6/1/15	215,000	237,194
7.00% 6/1/19	65,000	74,712
#Bio-Rad Laboratories 144A 8.00% 9/15/16	35,000	36,138
#CareFusion 144A 6.375% 8/1/19	260,000	280,919
Community Health Systems 8.875% 7/15/15	280,000	289,100
Delhaize Group 5.875% 2/1/14	135,000	145,513
HCA 9.25% 11/15/16	195,000	204,263
HCA PIK 9.625% 11/15/16	136,000	144,670
Hospira 6.40% 5/15/15	380,000	422,779
Inverness Medical Innovations 9.00% 5/15/16	80,000	81,400
Iron Mountain		
8.00% 6/15/20	125,000	127,813
*8.75% 7/15/18	75,000	78,563
*Jarden 7.50% 5/1/17	130,000	128,700
#JBS USA Finance 144A 11.625% 5/1/14	14,000	15,575
Medco Health Solutions 7.125% 3/15/18	280,000	317,478
Quest Diagnostics		
5.45% 11/1/15	407,000	430,690
6.40% 7/1/17	55,000	60,325

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Select Medical 7.625% 2/1/15	85,000	80,538
Supervalu		
7.50% 11/15/14	130,000	130,325
8.00% 5/1/16	40,000	40,900
Tenet Healthcare 7.375% 2/1/13	210,000	<u>205,800</u>
		<u>4,356,855</u>
<i>Electric – 3.32%</i>		
AES 8.00% 6/1/20	175,000	175,875
#Calpine Construction Finance 144A 8.00% 6/1/16	195,000	198,900
#Centrais Eletricas Brasileiras 144A 6.875% 7/30/19	100,000	105,250
Duke Energy 5.05% 9/15/19	115,000	116,177
#Enel Finance International 144A		
3.875% 10/7/14	160,000	162,009
*5.125% 10/7/19	305,000	311,365
Energy Future Holdings 10.875% 11/1/17	50,000	35,000
Illinois Power 9.75% 11/15/18	454,000	568,934
Indiana Michigan Power 7.00% 3/15/19	145,000	163,948
IPALCO Enterprises 8.625% 11/14/11	33,000	34,073
MidAmerican Funding 6.75% 3/1/11	102,000	107,599
◆Mirant Mid Atlantic Pass Through Trust Series A 8.625% 6/30/12	126,821	129,833
NRG Energy		
7.25% 2/1/14	45,000	44,775
7.375% 2/1/16	210,000	209,213
7.375% 1/15/17	50,000	49,625
Pennsylvania Electric 5.20% 4/1/20	160,000	161,054
PPL Electric Utilities 7.125% 11/30/13	130,000	148,990
*Texas Competitive Electric Holdings 10.25% 11/1/15	50,000	35,750
		<u>2,758,370</u>
<i>Energy – 4.21%</i>		
Chesapeake Energy		
7.25% 12/15/18	80,000	77,800
9.50% 2/15/15	200,000	217,500
Dynegy Holdings 7.75% 6/1/19	40,000	33,900
El Paso		
7.00% 6/15/17	5,000	5,027
7.25% 6/1/18	40,000	40,141
8.25% 2/15/16	100,000	104,020
Enbridge Energy Partners 9.875% 3/1/19	195,000	246,463
Energy Transfer Partners 9.70% 3/15/19	155,000	192,233
#Gaz Capital 144A 9.25% 4/23/19	100,000	112,380
Massey Energy 6.875% 12/15/13	215,000	213,388
#Midcontinent Express Pipeline 144A 6.70% 9/15/19	140,000	141,849
Nexen 7.50% 7/30/39	240,000	265,886
Noble Energy 8.25% 3/1/19	210,000	252,261
Petrobras International Finance		
*5.75% 1/20/20	145,000	145,290
6.875% 1/20/40	55,000	55,220
PetroHawk Energy		
7.875% 6/1/15	45,000	45,675
9.125% 7/15/13	25,000	26,000
#144A 10.50% 8/1/14	120,000	131,400
Plains All American Pipeline 5.75% 1/15/20	360,000	370,773
Pride International 8.50% 6/15/19	105,000	117,863
Range Resources 8.00% 5/15/19	115,000	119,888
Sempra Energy 6.00% 10/15/39	200,000	201,075
•TransCanada Pipelines 6.35% 5/15/67	160,000	149,144
Weatherford International		
4.95% 10/15/13	130,000	136,601
5.95% 6/15/12	30,000	32,286
9.625% 3/1/19	55,000	68,203
		<u>3,502,266</u>
<i>Finance Companies – 1.96%</i>		
Capital One Bank 8.80% 7/15/19	250,000	296,607
General Electric Capital 6.00% 8/7/19	835,000	879,283
•#ILFC E-Capital Trust II 144A 6.25% 12/21/65	210,000	100,800
International Lease Finance		
5.35% 3/1/12	112,000	91,874

(Unaudited)

5.875% 5/1/13		190,000	145,328
6.625% 11/15/13		146,000	<u>112,749</u>
			<u>1,626,641</u>
<i>Insurance – 0.86%</i>			
@#◆Twin Reefs Pass Through Trust 144A 0.00% 12/31/49		200,000	650
UnitedHealth Group			
5.50% 11/15/12		172,000	182,790
5.80% 3/15/36		63,000	59,238
6.00% 2/15/18		165,000	173,378
WellPoint			
5.00% 1/15/11		69,000	71,513
6.00% 2/15/14		65,000	70,422
7.00% 2/15/19		135,000	<u>153,068</u>
			<u>711,059</u>
<i>Natural Gas – 0.96%</i>			
Enterprise Products Operating			
•8.375% 8/1/66		145,000	142,280
9.75% 1/31/14		230,000	277,727
Kinder Morgan Energy Partners			
6.85% 2/15/20		180,000	199,690
9.00% 2/1/19		145,000	<u>177,065</u>
			<u>796,762</u>
<i>Real Estate – 0.71%</i>			
Developers Diversified Realty 9.625% 3/15/16			
ProLogis 7.375% 10/30/19		150,000	152,437
Regency Centers 5.875% 6/15/17		205,000	206,003
•#USB Realty 144A 6.091% 12/22/49		95,000	89,621
		200,000	<u>140,600</u>
			<u>588,661</u>
<i>Technology – 0.77%</i>			
First Data 9.875% 9/24/15			
Freescall Semiconductor 8.875% 12/15/14		310,000	287,524
Xerox 8.25% 5/15/14		265,000	216,638
		120,000	<u>138,394</u>
			<u>642,556</u>
<i>Transportation – 0.21%</i>			
CSX			
5.75% 3/15/13		75,000	80,378
6.25% 3/15/18		90,000	<u>98,281</u>
			<u>178,659</u>
Total Corporate Bonds (cost \$37,908,760)			<u>40,306,410</u>
Foreign Agencies – 1.40%Δ			
<i>Germany – 0.54%</i>			
KFW			
4.875% 6/17/19		190,000	206,849
6.00% 2/14/12	RUB	2,400,000	80,495
10.00% 5/15/12	BRL	290,000	<u>164,916</u>
			<u>452,260</u>
<i>Netherlands – 0.20%</i>			
#Majapahit Holding 144A 8.00% 8/7/19	USD	162,000	<u>166,050</u>
			<u>166,050</u>
<i>Republic of Korea – 0.66%</i>			
Export-Import Bank of Korea 5.875% 1/14/15			
Korea Development Bank 5.30% 1/17/13		325,000	343,328
		195,000	<u>202,306</u>
			<u>545,634</u>
Total Foreign Agencies (cost \$1,104,030)			<u>1,163,944</u>
Municipal Bonds – 0.75%			
State of California			
7.30% 10/1/39		255,000	258,629
7.55% 4/1/39		345,000	<u>361,825</u>
Total Municipal Bonds (cost \$608,746)			<u>620,454</u>
Non-Agency Asset-Backed Securities – 5.50%			
•#AH Mortgage Advance Trust Series 2009-ADV3 A1 144A 2.192% 10/6/21		140,000	140,000
#Cabela's Master Credit Card Trust Series 2008-1A A1 144A 4.31% 12/16/13		270,000	273,996
Capital Auto Receivables Asset Trust			
Series 2007-3 A3A 5.02% 9/15/11		153,990	156,693
Series 2008-1 A3A 3.86% 8/15/12		100,000	102,206
Capital One Multi-Asset Execution Trust			

(Unaudited)

•Series 2006-A7 A7 0.28% 3/17/14	100,000	99,031
Series 2007-A7 A7 5.75% 7/15/20	135,000	148,797
Caterpillar Financial Asset Trust		
Series 2007-A A3A 5.34% 6/25/12	43,874	44,685
Series 2008-A A3 4.94% 4/25/14	130,000	132,804
@Centex Home Equity Series 2005-D AF4 5.27% 10/25/35	156,713	155,073
Chase Issuance Trust		
Series 2005-A7 A7 4.55% 3/15/13	130,000	135,567
Series 2008-A9 A9 4.26% 5/15/13	100,000	104,691
Citibank Credit Card Issuance Trust		
Series 2007-A3 A3 6.15% 6/15/39	165,000	189,391
•Series 2009-A1 A1 2.00% 3/17/14	185,000	189,401
Citicorp Residential Mortgage Securities Series 2006-3 A5 5.948% 11/25/36	300,000	190,269
CNH Equipment Trust		
•Series 2007-A A4 0.29% 9/17/12	61,758	61,355
Series 2008-A A3 4.12% 5/15/12	78,015	79,059
Series 2008-A A4A 4.93% 8/15/14	145,000	150,518
Daimler Chrysler Auto Trust Series 2008-B A3A 4.71% 9/10/12	105,000	108,342
Discover Card Master Trust		
Series 2007-A1 A1 5.65% 3/16/20	190,000	208,103
Series 2008-A4 A4 5.65% 12/15/15	200,000	219,646
#Dunkin Securitization Series 2006-1 A2 144A 5.779% 6/20/31	200,000	186,502
•Ford Credit Floorplan Master Owner Trust Series 2009-2 A 1.79% 9/15/14	100,000	100,179
General Electric Capital Credit Card Master Note Trust Series 2009-3 A 2.54% 9/15/14	135,000	135,231
#Golden Credit Card Trust Series 2008-3 A 144A 1.25% 7/15/17	150,000	147,475
Harley-Davidson Motorcycle Trust		
Series 2005-2 A2 4.07% 2/15/12	61,208	62,305
#Series 2006-1 A2 144A 5.04% 10/15/12	56,442	58,296
Hyundai Auto Receivables Trust		
Series 2007-A A3A 5.04% 1/17/12	46,148	47,123
Series 2008-A A3 4.93% 12/17/12	150,000	157,070
John Deere Owner Trust Series 2008-A A3 4.18% 6/15/12	90,000	91,150
•Merrill Auto Trust Securitization Series 2007-1 A4 0.31% 12/15/13	80,000	78,913
Mid-State Trust		
Series 2005-1 A 5.745% 1/15/40	304,283	292,380
#Series 2006-1 A 144A 5.787% 10/15/40	211,393	214,502
World Omni Auto Receivables Trust Series 2008-A A3A 3.94% 10/15/12	110,000	112,847
Total Non-Agency Asset-Backed Securities (cost \$4,365,452)		<u>4,573,600</u>
Non-Agency Collateralized Mortgage Obligations – 3.96%		
@American Home Mortgage Investment Trust Series 2005-2 5A1 5.064% 9/25/35	23,268	18,739
Bank of America Alternative Loan Trust		
Series 2004-10 1CB1 6.00% 11/25/34	26,515	21,535
Series 2005-5 2CB1 6.00% 6/25/35	2,691	1,809
Bank of America Funding Securities		
Series 2005-8 1A1 5.50% 1/25/36	138,911	128,145
@•Series 2006-H 1A2 3.951% 9/20/46	8,375	1,416
Citicorp Mortgage Securities Series 2006-4 3A1 5.50% 8/25/21	123,918	119,310
Countrywide Alternative Loan Trust Series 2004-28CB 6A1 6.00% 1/25/35	11,373	9,010
◆Countrywide Home Loan Mortgage Pass Through Trust		
@•Series 2004-HYB4 M 3.936% 9/20/34	88,953	19,744
@Series 2006-17 A5 6.00% 12/25/36	75,926	66,804
First Horizon Asset Securities		
Series 2006-3 1A11 6.25% 11/25/36	382,788	370,078
•Series 2007-AR3 2A2 6.298% 11/25/37	24,224	16,403
#GSMPs Mortgage Loan Trust 144A		
Series 1998-2 A 7.75% 5/19/27	130,814	124,601
Series 1999-3 A 8.00% 8/19/29	276,173	281,039
@•JPMorgan Mortgage Trust Series 2007-A1 7A4 5.293% 7/25/35	586,681	245,762
Lehman Mortgage Trust		
Series 2005-2 2A3 5.50% 12/25/35	162,285	151,045
Series 2006-1 3A3 5.50% 2/25/36	17,737	13,917
#MASTR Reperforming Loan Trust Series 2005-1 1A5 144A 8.00% 8/25/34	220,112	207,455
•MLCC Mortgage Investors Series 2004-HB1 A1 0.61% 4/25/29	713,979	437,649
Residential Asset Mortgage Products Series 2004-SL1 A3 7.00% 11/25/31	20,158	20,187
Structured ARM Loan Trust Series 2004-18 5A 5.50% 12/25/34	14,356	11,016
◆Washington Mutual Alternative Mortgage Pass Through Certificates Series 2005-1 5A2 6.00% 3/25/35	165,848	109,823
◆•Washington Mutual Mortgage Pass Through Certificates		

(Unaudited)

Series 2006-AR10 1A1 5.922% 9/25/36		26,055	19,841
Series 2007-HY1 1A1 5.672% 2/25/37		150,258	98,849
Wells Fargo Mortgage Backed Securities Trust			
•Series 2005-AR16 2A1 4.25% 10/25/35		8,458	7,399
•Series 2005-AR16 6A4 5.00% 10/25/35		352,314	137,170
Series 2006-1 A3 5.00% 3/25/21		20,855	19,258
•Series 2006-AR5 2A1 5.54% 4/25/36		23,070	18,058
•Series 2006-AR6 7A1 5.113% 3/25/36		673,840	603,600
•Series 2006-AR10 5A1 5.591% 7/25/36		15,417	11,850
Total Non-Agency Collateralized Mortgage Obligations (cost \$3,789,399)			<u>3,291,512</u>

Regional Authorities – 0.30%Δ

Canada – 0.30%

Province of Ontario Canada

4.00% 10/7/19

4.40% 6/2/19

CAD

135,000

122,000

133,180

115,350

Total Regional Authorities (cost \$251,137)

248,530

«Senior Secured Loans – 2.37%

Aramark

1.995% 1/26/14

Term Tranche Loan B 2.156% 1/26/14

USD

12,544

191,184

11,536

175,810

Bausch & Lomb

Term Tranche Loan B 3.533% 4/11/15

Term Tranche Loan DD 3.515% 4/11/15

Chester Downs & Marina 12.375% 12/31/16

Community Health Systems

Term Tranche Loan B 2.611% 7/25/14

Term Tranche Loan DD 2.496% 7/25/14

Flextronics International Term Tranche Loan B 3.79% 10/1/12

Ford Motor Term Tranche Loan B 3.288% 12/15/13

HCA Term Tranche Loan B 2.533% 11/18/13

Level 3 Communication Term Tranche Loan B 11.50% 3/13/14

Nuveen Investments

2nd Lien 12.50% 7/9/15

Term Tranche Loan B 3.384% 11/13/14

Texas Competitive Electric Holdings Term Tranche Loan B2 3.745% 10/10/14

Toys R Us Term Tranche Loan B 4.494% 7/19/12

Univision Communications Term Tranche Loan B 2.533% 9/29/14

238,242

12,154

169,137

243,005

94,433

185,000

85,000

90,702

221,298

215,000

190,000

221,613

11,318

160,596

216,867

88,050

197,488

87,125

78,716

171,898

208,785

152,871

Total Senior Secured Loans (cost \$1,791,966)

1,971,558

Sovereign Debt – 1.31%Δ

Brazil – 0.53%

#Banco Nacional de Desenvolvimento Economico e Social 144A 6.50% 6/10/19

Federal Republic of Brazil

12.50% 1/5/16

12.50% 1/5/22

BRL

BRL

115,000

251,000

250,000

121,613

161,755

158,628

441,996

Indonesia – 0.35%

Indonesia Treasury Bond

10.75% 5/15/16

12.80% 6/15/21

IDR

IDR

1,521,000,000

1,000,000,000

167,897

122,817

290,714

Mexico – 0.31%

Mexican Bonos

7.25% 12/15/16

10.00% 11/20/36

MXN

MXN

310,000

2,722,000

22,856

235,515

258,371

Republic of Korea – 0.12%

#Korea Expressway 144A 4.50% 3/23/15

USD

100,000

100,048

100,048

Total Sovereign Debt (cost \$1,023,117)

1,091,129

Supranational Banks – 1.21%

European Investment Bank

3.125% 6/4/14

6.125% 1/23/17

9.00% 12/21/18

AUD

ZAR

95,000

119,000

900,000

97,497

105,855

110,081

(Unaudited)

^10.902% 3/30/16	TRY	70,000	24,025
11.25% 2/14/13	BRL	500,000	293,580
Inter-American Development Bank 5.375% 5/27/14	AUD	232,000	203,481
International Bank for Reconstruction & Development			
5.50% 2/21/11	MXN	800,000	60,547
5.75% 10/21/19	AUD	128,000	109,627
Total Supranational Banks (cost \$954,169)			<u>1,004,693</u>
U.S. Treasury Obligations – 3.66%			
∞U.S. Treasury Bond 4.25% 5/15/39		307,000	307,816
U.S. Treasury Notes			
2.375% 9/30/14		70,000	70,301
2.375% 10/31/14		490,000	491,418
3.00% 9/30/16		190,000	190,564
*∞3.625% 8/15/19		1,946,000	1,984,008
Total U.S. Treasury Obligations (cost \$3,035,484)			<u>3,044,107</u>
		Number of Shares	
Preferred Stock – 0.32%			
•PNC Financial Services Group 8.25%		260,000	260,895
Total Preferred Stock (cost \$254,259)			<u>260,895</u>
		Principal Amount°	
≠Discount Note – 7.33%			
Federal Home Loan Bank 0.02% 11/2/09	USD	6,091,013	6,091,009
Total Discount Note (cost \$6,091,009)			<u>6,091,009</u>
Total Value of Securities Before Securities Lending Collateral – 105.26% (cost \$83,851,761)			<u>87,477,743</u>
		Number of Shares	
Securities Lending Collateral** – 0.81%			
Investment Companies			
Mellon GSL DBT II Collateral Fund		435,721	435,721
BNY Mellon SL DBT II Liquidating Fund		239,000	236,323
†@Mellon GSL Reinvestment Trust II		13,372	1
Total Securities Lending Collateral (cost \$688,093)			<u>672,045</u>
Total Value of Securities – 106.07% (cost \$84,539,854)			88,149,788[^] (688,093)
Obligation to Return Securities Lending Collateral** – (0.83%)			(688,093)
Liabilities Net of Receivables and Other Assets (See Notes) – (5.24%)[‡]			<u>(4,353,276)</u>
Net Assets Applicable to 10,537,006 Shares Outstanding – 100.00%			<u>\$83,108,419</u>

°Principal amount shown is stated in the currency in which each security is denominated.

AUD – Australian Dollar
BRL – Brazilian Real
CAD – Canadian Dollar
CLP – Chilean Peso
COP – Colombian Peso
EUR – European Monetary Unit
GBP – British Pound Sterling
IDR – Indonesia Rupiah
INR – Indian Rupee
KRW – South Korean Won
MXN – Mexican Peso
MYR – Malaysia Ringgit
NOK – Norwegian Kroner
NZD – New Zealand Dollar
PLN – Polish Zloty
RUB – Russian Ruble
SEK – Swedish Krona
SGD – Singapore Dollar
TRY – Turkish Lira

(Unaudited)

TWD – Taiwan Dollar
USD – United States Dollar
ZAR – South African Rand

•Variable rate security. The rate shown is the rate as of October 31, 2009.

*Fully or partially on loan.

◆Pass Through Agreement. Security represents the contractual right to receive a proportionate amount of underlying payments due to the counterparty pursuant to various agreements related to the rescheduling of obligations and the exchange of certain notes.

∞Fully or partially pledged as collateral for financial futures contracts.

^Zero coupon security. The rate shown is the yield at the time of purchase.

#Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At October 31, 2009, the aggregate amount of Rule 144A securities was \$10,986,148, which represented 13.22% of the Fund's net assets. See Note 5 in "Notes."

@Illiquid security. At October 31, 2009, the aggregate amount of illiquid securities was \$846,052, which represented 1.02% of the Fund's net assets. See Note 5 in "Notes."

≠The rate shown is the effective yield at the time of purchase.

ΦStep coupon bond. Coupon increases or decreases periodically based on a predetermined schedule. Stated rate in effect at October 31, 2009.

†Non income producing security.

‡Non income producing security. Security is currently in default.

ΔSecurities have been classified by country of origin.

«Senior Secured Loans generally pay interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates are generally: (i) the prime rate offered by one or more United States banks, (ii) the lending rate offered by one or more European banks such as the London Inter-Bank Offered Rate (LIBOR), and (iii) the certificate of deposit rate. Senior Secured Loans may be subject to restrictions on resale.

**See Note 4 in "Notes."

^ Includes \$673,515 of securities loaned.

∞Of this amount, \$6,113,417 represents payable for securities purchased as of October 31, 2009.

Summary of Abbreviations:

ARM – Adjustable Rate Mortgage

CDS – Credit Default Swap

GNMA – Government National Mortgage Association

GPM – Graduated Payment Mortgage

GSMPs – Goldman Sachs Reperforming Mortgage Securities

MASTR – Mortgage Asset Securitization Transactions, Inc.

PIK – Pay-in-kind

REMIC – Real Estate Mortgage Investment Conduit

S.F. – Single Family

TBA – To be announced

yr – Year

¹The following foreign currency exchange contracts, financial futures contracts and swap contracts were outstanding at October 31, 2009:

Foreign Currency Exchange Contracts

<u>Contracts to Receive (Deliver)</u>	<u>In Exchange For</u>	<u>Settlement Date</u>	<u>Unrealized Appreciation (Depreciation)</u>
AUD 362,924	USD (334,398)	12/1/09	\$(8,877)
BRL 381,515	USD (222,005)	12/1/09	(6,879)
CAD 44,898	USD (42,000)	11/2/09	(516)
CAD 148,624	USD (140,414)	12/1/09	(3,094)
CAD 98,030	USD (92,659)	12/1/09	(2,085)
CLP 131,902,300	USD (244,000)	11/30/09	5,242
COP 429,532,000	USD (224,094)	12/1/09	(9,865)
EUR 120,242	USD (180,590)	12/1/09	(3,668)
GBP 100,830	USD (164,726)	12/1/09	788
GBP (50,703)	USD 82,832	12/1/09	(398)
IDR 694,280,000	USD (71,686)	11/30/09	585
IDR 792,120,000	USD (83,469)	12/1/09	(1,030)
INR 5,778,400	USD (124,000)	10/20/10	(4,367)
KRW 590,230,135	USD (502,324)	12/1/09	(5,124)
MYR 561,226	USD (165,000)	11/30/09	(766)
NOK 1,947,163	USD (350,733)	12/1/09	(11,137)
NOK 1,859,523	USD (334,965)	12/1/09	(10,654)
NZD 267,390	USD (200,810)	12/1/09	(9,601)
NZD (28,738)	USD 21,591	12/1/09	1,041
PLN 677,552	USD (243,242)	12/1/09	(9,607)
PLN 18,057	USD (6,482)	12/1/09	(255)

(Unaudited)

SEK	1,900,016	USD	(279,677)	12/1/09	(11,785)
SEK	897,713	USD	(132,138)	12/1/09	(5,565)
SEK	628,497	USD	(90,000)	12/1/09	(1,385)
SGD	346,392	USD	(248,000)	11/30/09	(945)
TRY	510,440	USD	(341,021)	12/1/09	(3,558)
TWD	5,257,425	USD	(165,000)	11/30/09	(3,916)
ZAR	1,539,569	USD	(207,000)	1/06/10	(12,425)
					<u>\$(119,846)</u>

Financial Futures Contract

<u>Contracts to Sell</u>	<u>Notional Cost</u>	<u>Notional Value</u>	<u>Expiration Date</u>	<u>Unrealized Depreciation</u>
(36) U.S. Treasury 10 yr Notes	\$(4,243,804)	\$(4,269,937)	12/21/09	\$(26,133)

Swap Contracts

CDS Contracts

<u>Swap Counterparty & Referenced Obligation</u>	<u>Notional Value</u>	<u>Annual Protection Payments</u>	<u>Termination Date</u>	<u>Unrealized Appreciation (Depreciation)</u>
Protection Purchased:				
Barclay's				
Macy's 10 yr CDS	\$250,000	5.00%	6/20/19	\$(16,508)
JPMorgan Securities				
Donnelley (R.R.) & Sons 5 yr CDS	<u>600,000</u>	5.00%	6/20/14	<u>(95,938)</u>
	<u>\$850,000</u>			<u>\$(112,446)</u>
Protection Sold:				
Barclay's				
CDX High Yield 12 CDS	\$297,980	5.00%	6/20/14	\$ 37,111
Citigroup Global Markets				
MetLife 5 yr CDS	80,000	5.00%	9/20/14	2,636
JPMorgan Securities				
MetLife 5 yr CDS	415,000	1.00%	12/20/14	1,405
UnitedHealth Group 5 yr CDS	<u>110,000</u>	1.00%	12/19/14	<u>(1,890)</u>
	<u>\$902,980</u>			<u>\$39,262</u>
Total				<u>\$ (73,184)</u>

The use of foreign currency exchange contracts, financial futures contracts and swap contracts involves elements of market risk and risks in excess of the amounts recognized in the financial statements. The notional values presented above represent the Fund's (as defined below) total exposure in such contracts, whereas only the net unrealized appreciation (depreciation) is reflected in the Fund's net assets.

¹See Note 3 in "Notes."

Notes

1. Significant Accounting Policies

The following accounting policies are in accordance with U.S. generally accepted accounting principles (GAAP) and are consistently followed by Delaware Group[®] Government Fund – Delaware Core Plus Bond Fund (Fund). This report covers the period of time since the Fund's last fiscal year end.

Security Valuation – Securities listed on a foreign exchange are valued at the last quoted sales price on the valuation date. U.S. government and agency securities are valued at the mean between the bid and ask prices. Other debt securities, credit default swap (CDS) contracts and interest rate swap contracts are valued by an independent pricing service or broker. To the extent current market prices are not available, the pricing service may take into account developments related to the specific security, as well as transactions in comparable securities. Investment companies are valued at net asset value per share. Foreign currency exchange contracts are valued at the mean between the bid and ask prices. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available. Financial futures contracts and options on futures contracts are valued at the daily quoted settlement prices. Generally, other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Fund's Board of Trustees (Board). In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures or suspension of trading in a security. The Fund may use fair value pricing more frequently for securities traded primarily in non-U.S. markets because, among other things, most foreign markets close well before the Fund values its securities at 4:00 p.m. Eastern time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, government actions or pronouncements, aftermarket trading, or news events may have occurred in the interim. To account for this, the Fund may frequently value foreign securities using fair value prices based on third-party vendor modeling tools (international fair value pricing).

(Unaudited)

Federal Income Taxes – No provision for federal income taxes has been made as the Fund intends to continue to qualify for federal income tax purposes as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and make the requisite distributions to shareholders. The Fund evaluates tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Management has analyzed the Fund's tax positions taken on federal income tax returns for all open tax years (tax years ended July 31, 2006 – July 31, 2009), and has concluded that no provision for federal income tax is required in the Fund's financial statements.

Class Accounting – Investment income and common expenses are allocated to the various classes of the Fund on the basis of "settled shares" of each class in relation to the net assets of the Fund. Realized and unrealized gain (loss) on investments are allocated to the various classes of the Fund on the basis of daily net assets of each class. Distribution expenses relating to a specific class are charged directly to that class.

Repurchase Agreements – The Fund may invest in a pooled cash account along with other members of the Delaware Investments[®] Family of Funds pursuant to an exemptive order issued by the Securities and Exchange Commission. The aggregate daily balance of the pooled cash account is invested in repurchase agreements secured by obligations of the U.S. government. The respective collateral is held by the Fund's custodian bank until the maturity of the respective repurchase agreements. Each repurchase agreement is at least 102% collateralized. However, in the event of default or bankruptcy by the counterparty to the agreement, realization of the collateral may be subject to legal proceedings. At October 31, 2009, the Fund held no investments in repurchase agreements.

Foreign Currency Transactions – Transactions denominated in foreign currencies are recorded at the prevailing exchange rates on the valuation date. The value of all assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rate of such currencies against the U.S. dollar daily. Transaction gains or losses resulting from changes in exchange rates during the reporting period or upon settlement of the foreign currency transaction are reported in operations for the current period. The Fund isolates that portion of realized gains and losses on investments in debt securities which are due to changes in foreign exchange rates from that which are due to changes in market prices of debt securities. The Fund reports certain foreign currency related transactions as components of realized gains (losses) for financial reporting purposes, whereas such components are treated as ordinary income (loss) for federal income tax purposes.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Other – Expenses directly attributable to the Fund are charged directly to the Fund. Other expenses common to various funds within the Delaware Investments[®] Family of Funds are generally allocated amongst such funds on the basis of average net assets. Management fees and some other expenses are paid monthly. Security transactions are recorded on the date the securities are purchased or sold (trade date) for financial reporting purposes. Costs used in calculating realized gains and losses on the sale of investment securities are those of the specific securities sold. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Discounts and premiums on non-convertible bonds are amortized to interest income over the lives of the respective securities. Realized gains (losses) on paydowns of mortgage- and asset-backed securities are classified as interest income. The Fund declares dividends daily from net investment income and pays such dividends monthly and declares and pays distributions from net realized gain on investments, if any, annually.

On July 1, 2009, the Financial Accounting Standards Board (FASB) issued the FASB Accounting Standards Codification (Codification). The Codification became the single source of authoritative nongovernmental U.S. GAAP, superseding existing literature of the FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and other sources. The Codification is effective for interim and annual periods ending after September 15, 2009. The Fund adopted the Codification for the period ended October 31, 2009. There was no impact to financial statements as the Codification requirements are disclosure-only in nature.

Management has evaluated whether any events or transactions occurred subsequent to October 31, 2009 through December 21, 2009, the date of issuance of the Fund's schedule of portfolio holdings, and determined that there were no material events or transactions that would require recognition or disclosure in the Fund's schedule of portfolio holdings.

2. Investments

At October 31, 2009, the cost of investments for federal income tax purposes has been estimated since the final tax characteristics cannot be determined until fiscal year end. At October 31, 2009, the cost of investments and unrealized appreciation (depreciation) for the Fund were as follows:

Cost of investments	<u>\$84,659,477</u>
Aggregate unrealized appreciation	5,112,262
Aggregate unrealized depreciation	<u>(1,621,951)</u>
Net unrealized appreciation	<u>\$ 3,490,311</u>

For federal income tax purposes, at July 31, 2009, capital loss carryforwards of \$12,912,138 may be carried forward and applied against future capital gains. Such capital loss carryforwards expire as follows: \$2,497,064 expires in 2012; \$1,839,322 expires in 2013; \$1,361,936 expires in 2014; \$2,664,816 expires in 2015; \$2,286,574 expires in 2016 and \$2,262,426 expires in 2017.

The Fund applies the amended provisions of Accounting Codification Section 820 (ACS 820), Fair Value Measurements and Disclosures. ACS 820 defines fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. ACS 820 also establishes a framework for measuring fair value, and a three level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or

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unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The Fund's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

Level 1 – inputs are quoted prices in active markets

Level 2 – inputs are observable, directly or indirectly

Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity

The following table summarizes the valuation of the Fund's investments by the ACS 820 fair value hierarchy levels as of October 31, 2009:

	Level 1	Level 2	Level 3	Total
Agency, Asset-Backed & Mortgage-Backed Securities	\$ -	\$31,053,515	\$371,174	\$ 31,424,689
Corporate Debt	-	42,528,293	-	42,528,293
Foreign Debt	-	3,154,169	354,127	3,508,296
Municipal Bonds	-	620,454	-	620,454
U.S. Treasury Obligations	3,044,107	-	-	3,044,107
Short-Term	-	6,091,009	-	6,091,009
Securities Lending Collateral	435,721	236,323	1	672,045
Other	-	260,895	-	260,895
Total	<u>\$3,479,828</u>	<u>\$83,944,658</u>	<u>\$725,302</u>	<u>\$88,149,788</u>
Derivatives	\$ -	\$(219,163)	\$ -	\$(219,163)

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

	Agency, Asset-Backed and Mortgage-Backed Securities	Corporate Debt	Foreign Debt	Securities Lending Collateral	Total	
Balance as of 7/31/09	\$561,606	\$ 105,451	\$427,398	\$1	\$1,094,456	
Net purchases, sales, and settlements	135,030	-	60,763	-	195,793	
Net realized gain	1,671	-	-	-	1,671	
Net transfers in and/or out of Level 3	(351,944)	(101,451)	(150,908)	-	(604,303)	
Net change in unrealized appreciation/depreciation	24,811	(4,000)	16,874	-	37,685	
Balance as of 10/31/09	<u>\$371,174</u>	<u>\$ -</u>	<u>\$354,127</u>	<u>\$1</u>	<u>\$ 725,302</u>	
Net change in unrealized appreciation/depreciation from investments still held as of 10/31/09	\$26,577	\$-	\$16,874	\$(1)	\$-	\$43,450

3. Derivatives

The Fund applies the amended provisions of Accounting Codification Section 815 (ACS 815), Derivatives and Hedging. ACS 815 is intended to improve financial reporting about derivative instruments by requiring enhanced disclosures that enable investors to understand: 1) how and why an entity uses derivatives, 2) how they are accounted for, and 3) how they affect an entity's results of operations and financial position.

Foreign Currency Exchange Contracts – The Fund may enter into foreign currency exchange contracts as a way of managing foreign exchange rate risk. The Fund may enter into these contracts to fix the U.S. dollar value of a security that it has agreed to buy or sell for the period between the date the trade was entered into and the date the security is delivered and paid for. The Fund may also use these contracts to hedge the U.S. dollar value of securities it already owns that are denominated in foreign currencies. The change in value is recorded as an unrealized gain or loss. When the contract is closed, a realized gain or loss is recorded equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of foreign currency exchange contracts does not eliminate fluctuations in the underlying prices of the securities, but does establish a rate of exchange that can be achieved in the future. Although foreign currency exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. The Fund's maximum risk of loss from counterparty credit risk is the value of its currency exchanged with the counterparty. The risk is generally mitigated by having a netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty.

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Financial Futures Contracts – The Fund may use futures in the normal course of pursuing its investment objective. The Fund may invest in financial futures contracts to hedge its existing portfolio securities against fluctuations in fair value caused by changes in prevailing market interest rates. Upon entering into a futures contract, the Fund deposits cash or pledges U.S. government securities to a broker, equal to the minimum “initial margin” requirements of the exchange on which the contract is traded. Subsequent payments are received from the broker or paid to the broker each day, based on the daily fluctuation in the market value of the contract. These receipts or payments are known as “variation margin” and are recorded daily by the Fund as unrealized gains or losses until the contracts are closed. When the contracts are closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Risks of entering into futures contracts include potential imperfect correlation between the futures contracts and the underlying securities and the possibility of an illiquid secondary market for these instruments. When investing in futures, there is minimal counterparty credit risk to a Fund because futures are exchange traded and the exchange’s clearinghouse, as counterparty to all exchange traded futures, guarantees against default.

Swap Contracts – The Fund may enter into interest rate swap contracts, index swap contracts and CDS contracts in the normal course of pursuing its investment objective. The Fund may use interest rate swaps to adjust the Fund’s sensitivity to interest rates or to hedge against changes in interest rates. Index swaps may be used to gain exposure to markets that the Fund invests in, such as the corporate bond market. The Fund may also use index swaps as a substitute for futures or options contracts if such contracts are not directly available to the Fund on favorable terms. The Fund may enter into CDS contracts in order to hedge against a credit event, to enhance total return or to gain exposure to certain securities or markets.

Interest Rate Swaps. An interest rate swap involves payments received by the Fund from another party based on a variable or floating interest rate, in return for making payments based on a fixed interest rate. An interest rate swap can also work in reverse with the Fund receiving payments based on a fixed interest rate and making payments based on a variable or floating interest rate. Interest rate swaps may be used to adjust the Fund’s sensitivity to interest rates or to hedge against changes in interest rates. Periodic payments on such contracts are accrued daily and recorded as unrealized appreciation/depreciation on swap contracts. Upon periodic payment/receipt or termination of the contract, such amounts are recorded as realized gains or losses on swap contracts. The Fund’s maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from/paid to the counterparty over the interest rate swap contract’s remaining life, to the extent that the amount is positive. This risk is mitigated by having a netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund’s exposure to the counterparty.

Index Swaps. Index swaps involve commitments to pay interest in exchange for a market linked return based on a notional amount. To the extent the total return of the security, instrument or basket of instruments underlying the transaction exceeds the offsetting interest obligation, the Fund will receive a payment from the counterparty. To the extent the total return of the security, instrument or basket of instruments underlying the transaction falls short of the offsetting interest obligation, the Fund will make a payment to the counterparty. The change in value of swap contracts outstanding, if any, is recorded as unrealized appreciation or depreciation daily. A realized gain or loss is recorded on maturity or termination of the swap contract. The Fund’s maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from/paid to the counterparty over the index swap contract’s remaining life, to the extent that the amount is positive. This risk is mitigated by having a netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund’s exposure to the counterparty.

Credit Default Swaps. A CDS contract is a risk-transfer instrument through which one party (purchaser of protection) transfers to another party (seller of protection) the financial risk of a credit event (as defined in the CDS agreement), as it relates to a particular referenced security or basket of securities (such as an index). In exchange for the protection offered by the seller of protection, the purchaser of protection agrees to pay the seller of protection a periodic amount at a stated rate that is applied to the notional amount of the CDS contract. In addition, an upfront payment may be made or received by the Fund in connection with an unwinding or assignment of a CDS contract. Upon the occurrence of a credit event, the seller of protection would pay the par (or other agreed-upon) value of the referenced security (or basket of securities) to the counterparty.

During the period ended October 31, 2009, the Fund entered into CDS contracts as a purchaser and seller of protection. Periodic payments (receipts) on such contracts are accrued daily and recorded as unrealized losses (gains) on swap contracts. Upon payment (receipt), such amounts are recorded as realized losses (gains) on swap contracts. Upfront payments made or received in connection with CDS contracts are amortized over the expected life of the CDS contracts as unrealized losses (gains) on swap contracts. The change in value of CDS contracts is recorded as unrealized appreciation or depreciation daily. A realized gain or loss is recorded upon a credit event (as defined in the CDS agreement) or the maturity or termination of the agreement.

The Fund may sell credit default swaps which expose it to risk of loss from credit risk related events specified in the contract. Credit events generally include, among others, bankruptcy, failure to pay, and obligation default. As disclosed in the footnotes to the schedule of investments, the aggregate fair value of credit default swaps as of October 31, 2009 was \$73,184. The aggregate fair value of assets posted as collateral, net of assets received as collateral, for these swaps was \$230,000. If a credit event had occurred as of October 31, 2009, the swaps’ credit-risk-related contingent features would have been triggered and the Fund would have been required to pay \$52,980 less the value of the contracts’ related reference obligations.

CDS may involve greater risks than if the Fund had invested in the reference obligation directly. CDSs are subject to general market risk, liquidity risk, counterparty risk and credit risk. The Fund’s maximum risk of loss from counterparty credit risk, either as the seller of protection or the buyer of protection, is the fair value of the contract. This risk is mitigated by having a netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund’s exposure to the counterparty.

Swaps Generally. Because there is no organized market for swap contracts, the value of open swaps may differ from that which would be realized in the event the Fund terminated its position in the agreement. Risks of entering into these contracts include the potential inability of the counterparty to meet the terms of the contracts. This type of risk is generally limited to the amount of favorable movement in the value of the underlying security, instrument or basket of instruments, if any, at the day of default. Risks also arise from potential losses from adverse market movements and such losses could exceed the unrealized amounts shown on the schedule of investments.

(Unaudited)

Fair values of derivative instruments as of October 31, 2009 were as follows:

	Asset Derivatives		Liability Derivatives	
	Schedule of Investments Location	Fair Value	Schedule of Investments Location	Fair Value
Foreign exchange contracts (Currency)	Liabilities net of receivables and other assets	\$7,656	Liabilities net of receivables and other assets	\$(127,502)
Interest rate contracts (Futures)	Liabilities net of receivables and other assets	-	Liabilities net of receivables and other assets	(26,133)
Credit contracts (Swaps)	Liabilities net of receivables and other assets	<u>41,152</u>	Liabilities net of receivables and other assets	<u>(114,336)</u>
Total		<u>\$48,808</u>		<u>\$(267,971)</u>

The effect of derivative instruments on the statements of operations for the period ended October 31, 2009 was as follows:

	Location of Gain or Loss on Derivatives Recognized in Income	Realized Gain or Loss on Derivatives Recognized in Income	Change in Unrealized Appreciation or Depreciation on Derivatives Recognized in Income
Foreign exchange contracts (Currency)	Net realized and unrealized gain (loss) on investments and foreign currencies from foreign currencies	\$273,878	\$(163,735)
Interest rate contracts (Futures)	Net realized and unrealized loss on investments and foreign currencies from futures contracts	(90,003)	(10,225)
Credit contracts (Swaps)	Net realized and unrealized gain on investments and foreign currencies from swap contracts	<u>2,033</u>	<u>6,856</u>
Total		<u>\$185,908</u>	<u>\$(167,104)</u>

4. Securities Lending

The Fund, along with other funds in the Delaware Investments[®] Family of Funds, may lend its securities pursuant to a security lending agreement (Lending Agreement) with The Bank of New York Mellon (BNY Mellon). With respect to each loan, if the aggregate market value of securities collateral held plus cash collateral received on any business day is less than the aggregate market value of the securities which are the subject of such loan, the

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borrower will be notified to provide additional collateral not less than the applicable collateral requirements. Cash collateral received is generally invested in the Mellon GSL DBT II Collateral Fund (Collective Trust) established by BNY Mellon for the purpose of investment on behalf of clients participating in its securities lending programs. The Collective Trust may invest in fixed income securities, with a weighted average maturity not to exceed 90 days, rated in one of the top three tiers by Standard & Poor's Ratings Group (S&P) or Moody's Investors Service, Inc. (Moody's) or repurchase agreements collateralized by such securities. The Collective Trust seeks to maintain a net asset value per unit of \$1.00, but there can be no assurance that it will always be able to do so. At October 31, 2009, the Collective Trust held only cash and assets with a maturity of one business day or less (Cash/Overnight Assets). The Fund may incur investment losses as a result of investing securities lending collateral in the Collective Trust. This could occur if an investment in the Collective Trust defaulted or if it were necessary to liquidate assets in the Collective Trust to meet returns on outstanding security loans at a time when the Collective Trust's net asset value per unit was less than \$1.00. Under those circumstances, the Fund may not receive an amount from the Collective Trust that is equal in amount to the collateral the Fund would be required to return to the borrower of the securities and the Fund would be required to make up for this shortfall. Effective April 20, 2009, BNY Mellon transferred the assets of the Collective Trust other than the Cash/Overnight Assets to the BNY Mellon SL DBT II Liquidating Fund (Liquidating Fund), effectively bifurcating the collateral investment pool. The Fund's exposure to the Liquidating Fund is expected to decrease as the Liquidating Fund's assets mature or are sold. In October 2008, BNY Mellon transferred certain distressed securities from the Collective Trust into the Mellon GSL Reinvestment Trust II. The Fund can also accept U.S. government securities and letters of credit (non-cash collateral) in connection with securities loans. In the event of default or bankruptcy by the lending agent, realization and/or retention of the collateral may be subject to legal proceedings. In the event the borrower fails to return loaned securities and the collateral received is insufficient to cover the value of the loaned securities and provided such collateral shortfall is not the result of investment losses, the lending agent has agreed to pay the amount of the shortfall to the Fund, or at the discretion of the lending agent, replace the loaned securities. The Fund continues to record dividends or interest, as applicable, on the securities loaned and is subject to change in value of the securities loaned that may occur during the term of the loan. The Fund has the right under the Lending Agreement to recover the securities from the borrower on demand. With respect to security loans collateralized by non-cash collateral, the Fund receives loan premiums paid by the borrower. With respect to security loans collateralized by cash collateral, the earnings from the collateral investments are shared among the Fund, the security lending agent and the borrower. The Fund records security lending income net of allocations to the security lending agent and the borrower.

At October 31, 2009, the value of the securities on loan was \$673,515 for which cash collateral was received and invested in accordance with the Lending Agreement. Such investments are presented on the schedule of investments under the caption "Securities Lending Collateral."

5. Credit and Market Risk

The Fund may invest up to 20% of its assets in high yield fixed income securities, which carry ratings of BB or lower by S&P and/or Ba or lower by Moody's. Investments in these higher yielding securities are generally accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities.

The securities exchanges of certain foreign markets are substantially smaller, less liquid and more volatile than the major securities markets in the United States. Consequently, acquisition and disposition of securities by the Fund may be inhibited. In addition, a significant portion of the aggregate market value of equity securities listed on the major securities exchanges in emerging markets are held by a smaller number of investors. This may limit the number of shares available for acquisition or disposition by the Fund.

The Fund invests in fixed income securities whose value is derived from an underlying pool of mortgages or consumer loans. The value of these securities is sensitive to changes in economic conditions, including delinquencies and/or defaults, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates. Investors receive principal and interest payments as the underlying mortgages and consumer loans are paid back. Some of these securities are collateralized mortgage obligations (CMOs). CMOs are debt securities issued by U.S. government agencies or by financial institutions and other mortgage lenders, which are collateralized by a pool of mortgages held under an indenture. Prepayment of mortgages may shorten the stated maturity of the obligations and can result in a loss of premium, if any has been paid. Certain of these securities may be stripped (securities, which provide only the principal or interest feature of the underlying security). The yield to maturity on an interest-only CMO is extremely sensitive not only to changes in prevailing interest rates, but also to the rate of principal payments (including prepayments) on the related underlying mortgage assets. A rapid rate of principal payments may have a material adverse effect on the Fund's yield to maturity. If the underlying mortgage assets experience greater than anticipated prepayments of principal, the Fund may fail to fully recoup its initial investment in these securities even if the securities are rated in the highest rating categories.

The Fund may invest up to 15% of its net assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair the Fund from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so. While maintaining oversight, the Fund's Board has delegated to Delaware Management Company (DMC), a series of Delaware Management Business Trust, the day-to-day functions of determining whether individual securities are liquid for purposes of the Fund's limitation on investments in illiquid assets. Securities eligible for resale pursuant to Rule 144A, which are determined to be liquid, are not subject to the Fund's 15% limit on investments in illiquid securities. Rule 144A and illiquid securities have been identified on the schedule of investments.

6. Sale of Delaware Investments to Macquarie Group

On August 18, 2009, Lincoln National Corporation (parent company of Delaware Investments) and Macquarie Group (Macquarie) entered into an agreement pursuant to which Delaware Investments, including DMC, Delaware Distributors, L.P. (DDL), and Delaware Service Company (DSC), will be acquired by Macquarie, an Australia-based global provider of banking, financial, advisory, investment and funds management services (Transaction). Upon completion of the Transaction, DMC, DDL and DSC will be wholly-owned subsidiaries of Macquarie.

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The Transaction will result in a change of control of DMC which, in turn, will cause the termination of the investment advisory agreement between DMC and the Fund. As a result, a Special Meeting of Shareholders (Meeting) of the Fund has been scheduled for the purpose of asking shareholders to approve a new investment advisory agreement between DMC and the Fund (New Agreement). If approved by shareholders, the New Agreement will take effect upon the closing of the Transaction, which is currently anticipated to occur by on or about December 31, 2009. Shareholders of the Fund will receive proxy materials including more detailed information about the Meeting, the Transaction and the proposed New Agreement.