

## Schedule of Investments (Unaudited)

### Delaware Foundation<sup>®</sup> Moderate Allocation Fund

December 31, 2009

	Number of Shares	Value (U.S. \$)
<b>Common Stock – 49.65%</b>		
<b>U.S. Markets – 29.44%</b>		
<i>Consumer Discretionary – 3.10%</i>		
†AFC Enterprises	6,555	\$53,489
American Eagle Outfitters	10,890	184,912
†Bally Technologies	1,635	67,509
Big 5 Sporting Goods	2,190	37,624
†Buffalo Wild Wings	2,005	80,741
Burger King Holdings	11,620	218,688
†Carmike Cinemas	2,690	20,336
†CEC Entertainment	1,660	52,987
=†Century Communications	25,000	0
†Citi Trends	2,695	74,436
CKE Restaurants	9,320	78,847
Cooper Tire & Rubber	2,550	51,128
†DIRECTV Group	1,100	36,685
†DSW Class A	3,115	80,616
†G-III Apparel Group	3,945	85,488
Guess	4,960	209,808
†Gymboree	2,120	92,199
†Iconix Brand Group	5,320	67,298
†Jack in the Box	4,620	90,875
Jarden	7,530	232,752
†Jo-Ann Stores	2,235	80,996
Jones Apparel Group	3,870	62,152
†Jos. A. Bank Clothiers	805	33,963
†Lincoln Educational Services	3,415	74,003
Lowe's	55,900	1,307,502
Mattel	31,600	631,368
McDonald's	4,950	309,078
Meredith	5,125	158,106
†Mobile Mini	1,580	22,262
National CineMedia	4,000	66,280
NIKE Class B	10,400	687,128
Nordstrom	2,210	83,052
†Papa John's International	2,365	55,246
†Perry Ellis International	3,635	54,743
Phillips-Van Heusen	6,280	255,470
†Shuffle Master	6,350	52,324
Staples	30,400	747,537
Tanger Factory Outlet Centers	2,420	94,356
†Tenneco	2,915	51,683
Time Warner Cable	5,440	225,162
†Tractor Supply	1,840	97,446
†Ulta Salon Cosmetics & Fragrance	5,090	92,434
†Urban Outfitters	7,240	253,328
†Viacom Class B	6,310	187,596
Wal-Mart Stores	5,560	297,182
Weight Watchers International	3,900	113,724
†WMS Industries	5,435	<u>217,400</u>
		<b>8,127,939</b>
<i>Consumer Staples – 2.87%</i>		
Archer-Daniels-Midland	32,200	1,008,181
Bunge	5,700	363,831
Casey's General Stores	2,880	91,930
†Chattem	855	79,772
Coca-Cola	1,410	80,370
Colgate-Palmolive	2,630	216,055
CVS Caremark	28,760	926,359
Heinz (H.J.)	15,000	641,400

**(Unaudited)**

Kimberly-Clark	10,400	662,584
Kraft Foods Class A	23,300	633,294
Lance	1,370	36,031
PepsiCo	6,210	377,568
Procter & Gamble	17,650	1,070,119
Safeway	27,500	585,475
†Susser Holdings	7,525	64,640
Walgreen	19,000	<u>697,680</u>
		<u>7,535,289</u>
<i>Energy – 2.94%</i>		
Anadarko Petroleum	1,820	113,604
Berry Petroleum Class A	3,125	91,094
†Bristow Group	2,240	86,128
†Carrizo Oil & Gas	3,540	93,775
Chesapeake Energy	4,330	112,060
Chevron	12,430	956,986
ConocoPhillips	28,815	1,471,581
Devon Energy	2,390	175,665
EOG Resources	11,080	1,078,084
EQT	2,810	123,415
Exxon Mobil	11,740	800,551
†Key Energy Services	7,965	70,012
Lufkin Industries	1,595	116,754
Marathon Oil	19,500	608,790
National Oilwell Varco	16,520	728,367
Noble	2,880	117,216
Occidental Petroleum	3,420	278,217
Penn Virginia	3,795	80,796
†Pioneer Drilling	7,170	56,643
†Rosetta Resources	3,890	77,528
Schlumberger	5,050	328,705
†Swift Energy	2,645	63,374
†Willbros Group	5,265	<u>88,821</u>
		<u>7,718,166</u>
<i>Financials – 3.30%</i>		
AFLAC	5,060	234,025
Allstate	21,500	645,860
American Equity Investment Life Holding	3,920	29,165
AmTrust Financial Services	4,160	49,171
Apollo Investment	8,395	80,004
Ares Capital	5,040	62,748
Bank of America	5,900	88,854
Bank of New York Mellon	51,660	1,444,929
Berkley (W.R.)	4,470	110,141
Blackstone Group	2,000	26,240
Capital One Financial	4,130	158,344
City Holding	2,330	75,329
CME Group	2,100	705,495
Dime Community Bancshares	7,630	89,424
EastGroup Properties	2,270	86,896
Entertainment Properties Trust	2,525	89,057
First Mercury Financial	4,015	55,046
Flushing Financial	5,305	59,734
Goldman Sachs Group	2,160	364,694
Harleysville Group	2,305	73,276
Home Properties	2,510	119,752
Host Hotels & Resorts	9,870	115,183
Independent Bank	2,370	49,509
†IntercontinentalExchange	7,000	786,100
JPMorgan Chase	9,430	392,948
†Nasdaq OMX Group	6,900	136,758
optionsXpress Holdings	5,040	77,868
†ProAssurance	1,295	69,554
Prosperity Bancshares	2,495	100,973
Protective Life	3,291	54,466
Provident Financial Services	5,990	63,794
Prudential Financial	4,010	199,538

**(Unaudited)**

†RiskMetrics Group	3,745	59,583
RLI	1,550	82,538
Sovran Self Storage	2,480	88,610
TCF Financial	9,605	130,820
†Texas Capital Bancshares	3,605	50,326
Torchmark	3,900	171,405
Travelers	15,810	788,286
Trustmark	3,760	84,750
Univest Corporation of Pennsylvania	1,725	30,239
Webster Financial	4,640	55,077
Wells Fargo	15,950	<u>430,491</u>
		<u>8,667,000</u>

*Health Care – 4.35%*

Abbott Laboratories	4,180	225,678
†Affymetrix	5,745	33,551
†Air Methods	715	24,038
†Align Technology	4,355	77,606
†Alkermes	7,870	74,057
Allergan	16,000	1,008,159
†Alliance HealthCare Services	6,853	39,131
†Amgen	4,500	254,565
†AMN Healthcare Services	6,520	59,071
Bristol-Myers Squibb	26,300	664,075
Cardinal Health	23,000	741,520
†Catalyst Health Solutions	2,985	108,863
†Celera	9,185	63,468
†Celgene	2,010	111,917
†Conmed	4,175	95,190
†CryoLife	7,805	50,108
†Express Scripts	3,010	260,215
†Gen-Probe	3,750	160,875
†Gilead Sciences	18,550	802,844
†Human Genome Sciences	1,255	38,403
Johnson & Johnson	12,680	816,719
†Martek Biosciences	2,720	51,517
†Medco Health Solutions	13,000	830,830
†Medivation	840	31,626
Merck	29,030	1,060,755
†Merit Medical Systems	4,085	78,800
†Odyssey HealthCare	4,065	63,333
†ONYX Pharmaceuticals	3,230	94,768
†OSI Pharmaceuticals	1,885	58,492
Pfizer	63,330	1,151,972
†PharMerica	3,050	48,434
†Psychiatric Solutions	3,390	71,665
Quest Diagnostics	10,900	658,142
†Quidel	4,315	59,461
†Regeneron Pharmaceuticals	4,490	108,568
†Res-Care	4,065	45,528
†SonoSite	2,890	68,291
†Sun Healthcare Group	7,770	71,251
†Thermo Fisher Scientific	4,210	200,775
UnitedHealth Group	24,330	741,578
†Vertex Pharmaceuticals	2,750	117,838
West Pharmaceutical Services	2,190	<u>85,848</u>
		<u>11,409,525</u>

*Industrials – 2.73%*

AAON	2,860	55,741
Acuity Brands	2,240	79,834
Administaff	2,935	69,237
†Alaska Air Group	3,465	119,750
American Ecology	3,025	51,546
Applied Industrial Technologies	3,370	74,376
Barnes Group	3,965	67,009
†Chart Industries	3,915	64,793
†Columbus McKinnon	4,590	62,699
†CRA International	1,970	52,501

**(Unaudited)**

Deere	2,400	129,816
Ducommun	1,535	28,720
†DynCorp International Class A	5,040	72,324
ESCO Technologies	1,135	40,690
†Esterline Technologies	1,850	75,425
Expeditors International Washington	17,700	614,721
Fluor	3,070	138,273
General Electric	21,320	322,572
Goodrich	4,170	267,923
Granite Construction	1,845	62,103
†Hawaiian Holdings	4,870	34,090
Haynes International	2,195	72,369
Honeywell International	5,460	214,032
†Hub Group Class A	3,695	99,137
†Kadant	2,960	47,242
†Kforce	4,765	59,563
Koppers Holdings	2,790	84,928
Lockheed Martin	2,270	171,045
McGrath RentCorp	3,435	76,807
†Metalico	12,755	62,755
†MYR Group/Delaware	1,805	32,634
Norfolk Southern	4,050	212,301
Northrop Grumman	15,680	875,727
Republic Services	3,760	106,446
Rockwell Collins	2,510	138,954
Roper Industries	2,090	109,453
†Tetra Tech	2,650	72,001
†Titan Machinery	3,550	40,967
Triumph Group	1,465	70,686
†Tutor Perini	3,155	57,042
Union Pacific	2,590	165,501
United Parcel Service Class B	10,300	590,911
†United Stationers	1,860	105,741
United Technologies	5,180	359,544
†URS	2,580	114,862
Waste Management	21,400	<u>723,533</u>
		<u>7,148,324</u>
<i>Information Technology – 7.21%</i>		
†Adobe Systems	16,300	599,514
American Software Class A	5,800	34,800
†Amkor Technology	9,050	64,798
†Anixter International	2,275	107,153
†Apple	7,920	1,670,010
†Applied Micro Circuits	7,345	54,867
†Atheros Communications	2,940	100,666
†Cisco Systems	17,910	428,765
†Digital River	2,640	71,254
†EMC	15,770	275,502
†Expedia	4,860	124,951
†FARO Technologies	4,210	90,262
†Google Class A	2,580	1,599,090
Hewlett-Packard	8,320	428,563
iGate	9,545	95,450
infoGROUP	9,380	75,228
†Informatica	4,210	108,871
Intel	56,770	1,158,108
International Business Machines	6,590	862,631
†Intuit	26,000	798,460
†IPG Photonics	3,075	51,476
IXYS	7,650	56,763
†j2 Global Communications	3,585	72,955
†JDA Software Group	3,395	86,471
†Lawson Software	12,000	79,800
MasterCard Class A	3,000	767,940
†McAfee	3,790	153,760
Microsoft	24,070	733,894
†Motorola	72,100	559,496

**(Unaudited)**

†NetAPP	6,020	207,028
†NETGEAR	3,700	80,253
NIC	5,245	47,939
†Nuance Communications	7,190	111,733
†ON Semiconductor	10,020	88,276
†priceline.com	2,600	568,100
†Progress Software	3,415	99,752
QUALCOMM	28,080	1,298,981
Quality Systems	1,645	103,290
†Radiant Systems	6,285	65,364
†RightNow Technologies	2,045	35,522
†Rofin-Sinar Technologies	2,090	49,345
†Sapient	10,320	85,346
†SAVVIS	4,920	69,126
†Semtech	3,660	62,257
†Smith Micro Software	6,180	56,485
†SolarWinds	2,435	56,029
†Symantec	39,470	706,118
†Synaptics	3,055	93,636
†Tekelec	5,950	90,916
†TeleTech Holdings	4,340	86,930
†Teradata	23,000	722,890
United Online	9,940	71,469
†ValueClick	7,460	75,495
†VeriSign	29,800	722,352
†ViaSat	2,980	94,704
Visa Class A	12,600	1,101,996
†Vocus	3,730	67,140
Xerox	81,200	686,952
		<u>18,916,922</u>
<i>Materials – 1.03%</i>		
Alcoa	11,670	188,120
Dow Chemical	9,410	259,998
duPont (E.I.) deNemours	20,100	676,767
Freeport-McMoRan Copper & Gold	2,550	204,740
Olin	4,790	83,921
†Owens-Illinois	5,300	174,211
π†PT Holdings	35	0
Praxair	6,200	497,922
Rock-Tenn Class A	1,890	95,275
†Rockwood Holdings	3,580	84,345
Schulman (A.)	3,960	79,913
Silgan Holdings	1,220	70,614
United States Steel	5,210	287,175
		<u>2,703,001</u>
<i>Telecommunications – 1.17%</i>		
Alaska Communications Systems Group	6,870	54,823
†Arris Group	4,985	56,979
AT&T	25,550	716,167
†Crown Castle International	25,000	975,999
†GeoEye	600	16,728
†Knology	6,435	70,463
NTELOS Holdings	4,045	72,082
Plantronics	1,345	34,943
Verizon Communications	32,540	1,078,049
		<u>3,076,233</u>
<i>Utilities – 0.74%</i>		
=†Calpine Escrow Tracking	20,000	0
Edison International	18,000	626,040
NorthWestern	1,580	41,112
†NRG Energy	4,300	101,523
Otter Tail	2,225	55,180
Progress Energy	16,200	664,361
Sempra Energy	3,340	186,973
UIL Holdings	1,520	42,682
UNITIL	2,300	52,854
Wisconsin Energy	3,290	163,941

**(Unaudited)****Total U.S. Markets (cost \$63,085,925)**

1,934,666  
77,237,065

**§Developed Markets – 13.71%***Consumer Discretionary – 2.76%*

Autoliv	19,100	828,177
±Bayerische Motoren Werke	15,418	705,342
±Don Quijote	23,900	580,328
±Esprit Holdings	98,080	650,704
±PPR	5,426	650,448
±Publicis Groupe	14,121	573,401
±Round One	52,658	312,517
±Techtronic Industries	722,500	598,906
±Toyota Motor	13,889	585,951
±Vivendi	29,143	863,811
±WPP Group	38,884	379,897
±Yue Yuen Industrial Holdings	172,500	<u>499,410</u>
		<u>7,228,892</u>

*Consumer Staples – 1.12%*

±Coca-Cola Amatil	76,015	783,756
±First Pacific	323,987	196,903
±Greggs	73,216	513,488
±Metro	11,548	709,794
±Parmalat	262,048	<u>731,641</u>
		<u>2,935,582</u>

*Energy – 1.03%*

±BP	55,801	539,771
±CNOOC	473,000	736,878
CNOOC ADR	500	77,725
†Nabors Industries	5,410	118,425
Tenaris ADR	2,650	113,023
±Total	8,246	528,938
†Transocean	7,102	<u>588,046</u>
		<u>2,702,806</u>

*Financials – 1.66%*

Aspen Insurance Holdings	5,645	143,665
Assured Guaranty	2,040	44,390
±AXA	25,089	588,284
±Banco Santander	43,815	723,069
±Franshion Properties China	334,000	116,878
±Link REIT	16,500	42,102
Max Capital Group	3,690	82,287
±Mitsubishi UFJ Financial Group	141,973	699,779
±Nordea Bank	62,662	634,533
±Standard Chartered	26,852	675,072
±UniCredit	181,345	<u>605,571</u>
		<u>4,355,630</u>

*Health Care – 1.21%*

±Astellas Pharma	16,100	601,060
±AstraZeneca	6,289	295,536
†Eurand	6,305	81,335
±Novartis	13,889	757,735
Novo Nordisk ADR	9,500	606,575
±Novo Nordisk Class B	7,585	483,555
±Sanofi-Aventis	4,534	<u>356,094</u>
		<u>3,181,890</u>

*Industrials – 2.41%*

±Asahi Glass	70,000	666,274
±Cie de Saint-Gobain	14,931	808,878
±Deutsche Post	38,198	740,820
±Finmeccanica	38,815	620,639
†Flextronics International	1,100	8,041
±Koninklijke Philips Electronics	29,298	864,881
±Singapore Airlines	67,083	710,348
±Teleperformance	23,599	764,698
±†Tomkins	211,081	659,384
±Vallourec	2,716	<u>490,724</u>
		<u>6,334,687</u>

## (Unaudited)

### Information Technology – 0.91%

Accenture Class A	3,520	146,080
†CGI Group Class A	113,417	1,537,199
±Nokia	53,432	<u>689,960</u>
		<u>2,373,239</u>

### Materials – 1.30%

Agrium	12,900	793,349
†Alumina ADR	12,675	83,021
±Anglo American	4,712	204,110
±ArcelorMittal	9,140	417,202
±@Griffin Mining	6,400	3,856
±Lafarge	7,880	648,091
±Linde	5,259	630,446
Syngenta ADR	11,400	<u>641,478</u>
		<u>3,421,553</u>

### Telecommunications – 1.04%

China Mobile ADR	12,325	572,250
±China Unicom Hong Kong	22,000	28,869
China Unicom Hong Kong ADR	32,643	427,950
Philippine Long Distance Telephone ADR	200	11,334
±Telstra	104,295	320,643
TELUS	21,641	702,588
±Vodafone Group	291,823	<u>675,470</u>
		<u>2,739,104</u>

### Utilities – 0.27%

±National Grid	64,520	<u>704,125</u>
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### Total Developed Markets (cost \$14,374,362)

704,125  
35,977,508

### XEmerging Markets – 6.50%

#### Consumer Discretionary – 0.26%

†Focus Media Holding ADR	16,450	260,733
†#Grupo Clarin Class B GDR 144A	700	3,440
Grupo Televisa ADR	15,500	321,780
±JD Group	2,499	16,542
±Oriental Holdings	7,100	11,782
±Sun International	1,059	13,536
±Turk Sise ve Cam Fabrikalari	13,455	16,847
Wal-Mart de Mexico Series V	9,488	<u>42,298</u>
		<u>686,958</u>

#### Consumer Staples – 0.43%

†Brazil Foods ADR	1,400	73,318
†Cosan Class A	24,625	214,238
@Cresud ADR	16,269	233,948
Fomento Economico Mexicano ADR	4,425	211,869
±Gudang Garam	8,000	18,215
±†Lotte Confectionery	244	270,460
±President Chain Store	11,360	26,981
±Tongaat Hulett	1,136	15,124
†Wimm-Bill-Dann Foods ADR	2,100	<u>50,043</u>
		<u>1,114,196</u>

#### Energy – 0.96%

China Petroleum & Chemical ADR	2,400	211,368
±China Shenhua Energy	8,000	38,833
Gazprom ADR	12,765	325,508
KazMunaiGas Exploration Production GDR	3,450	85,560
LUKOIL ADR	611	35,010
LUKOIL ADR (London International Exchange)	200	11,280
@Oil & Gas Development GDR	300	3,935
±PetroChina	14,000	16,643
PetroChina ADR	1,400	166,544
Petroleo Brasileiro SA ADR	2,900	138,272
Petroleo Brasileiro SP ADR	19,200	813,888
±Polski Koncern Naftowy Orlen	12,763	150,332
@PTT Exploration & Production	8,319	36,679
#Reliance Industries GDR 144A	1,958	92,711
Rosneft Oil GDR	4,323	36,400

## (Unaudited)

±Sasol	873	34,843
Sasol ADR	700	27,958
±SK Energy	1,404	140,865
±Surgutneftegaz ADR	6,017	53,199
±Tambang Batubara Bukit Asam	49,991	<u>90,738</u>
		<u>2,510,566</u>
<i>Financials – 1.52%</i>		
±†Alarko Gayrimenkul Yatirim Ortakligi	194	1,809
Banco Bradesco ADR	16,325	357,028
Banco Santander Brasil ADR	14,000	195,160
±Bangkok Bank	36,000	126,027
±†Bank Hapoalim	15,080	65,503
±Bank Leumi Le-Israel	14,688	67,035
Credicorp	1,050	80,871
Cyrela Brazil Realty	4,527	63,633
†Grupo Financiero Galicia ADR	180,000	1,036,799
±Hong Leong Bank	14,000	33,171
±@†Indiabulls Real Estate GDR	200	976
@IRSA Inversiones y Representaciones GDR	11,575	109,963
Itau Unibanco Holding ADR	13,750	314,050
KB Financial Group ADR	11,989	609,662
±KLCC Property Holdings	11,200	11,223
@Sberbank	240,174	674,649
±Standard Bank Group	6,860	93,842
±Turkiye Is Bankasi Class C	33,232	140,008
±†UEM Land Holdings	20,749	<u>8,961</u>
		<u>3,990,370</u>
<i>Health Care – 0.13%</i>		
Teva Pharmaceutical Industries ADR	6,075	<u>341,294</u>
		<u>341,294</u>
<i>Industrials – 0.19%</i>		
±Alarko Holding	32,068	85,579
±†CJ	1,110	59,666
†Empresas	42,999	100,284
±Evergreen Marine	54,000	30,078
±Fosun International	112,007	77,647
±†Hyundai Elevator	141	7,016
±†Metallurgical	61,000	36,111
±Siam Cement NVDR	6,400	45,073
±Sinotrans	16,000	4,175
±SK Holdings	139	10,592
±Walsin Lihwa	83,000	31,095
±Yazicilar Holding Class A	2,877	<u>18,580</u>
		<u>505,896</u>
<i>Information Technology – 0.32%</i>		
Infosys Technologies ADR	1,925	106,395
LG Display ADR	700	11,851
±Samsung Electronics	537	367,732
†Shanda Games ADR	8,800	89,672
†Shanda Interactive Entertainment ADR	500	26,305
†Sina	3,350	151,353
±†SK Communications	593	7,915
±Taiwan Semiconductor Manufacturing	14,069	28,351
±United Microelectronics	46,000	24,847
†United Microelectronics ADR	8,600	<u>33,368</u>
		<u>847,789</u>
<i>Materials – 0.89%</i>		
Aluminum Corporation of China ADR	1,400	38,150
±ArcelorMittal South Africa	8,074	111,422
Braskem ADR	19,875	326,149
Cemex ADR	35,204	416,111
Cia de Minas Buenaventura ADR	2,750	92,043
Cia Siderurgica Nacional ADR	2,525	80,623
†Fibria Celulose ADR	2,548	58,196
±Formosa Chemicals & Fibre	15,450	33,492
Gold Fields ADR	6,675	87,509
±Impala Platinum Holdings	1,398	38,059

**(Unaudited)**

±Israel Chemicals	4,873	63,899
†MMC Norilsk Nickel ADR	5,636	80,764
POSCO ADR	1,425	186,818
±Sinopec Shanghai Petrochemical	148,709	58,407
Usinas Siderurgicas de Minas Gerais	3,000	86,213
Vale ADR	19,525	<u>566,811</u>
		<u>2,324,666</u>
<i>Telecommunications – 1.32%</i>		
America Movil ADR	8,900	418,122
±†Blue Label Telecoms	18,204	12,615
±China Telecom	260,000	107,510
†Chunghwa Telecom ADR	48,199	895,054
KT ADR	7,850	132,037
±†LG Telecom	40,800	296,923
Mobile Telesystems ADR	675	33,001
SK Telecom ADR	33,025	536,987
±Telkom	1,704	8,581
Telkom ADR	1,550	31,532
Tim Participacoes ADR	1,475	43,822
±Turkcell Iletisim Hizmet	1,500	10,615
Turkcell Iletisim Hizmet ADR	10,650	186,269
±Vodacom Group	99,071	<u>753,539</u>
		<u>3,466,607</u>
<i>Utilities – 0.48%</i>		
AES Tiete	10,465	103,269
Centrais Eletricas Brasileiras	19,800	412,812
Cia Energetica de Minas Gerais ADR	1,375	24,833
Energias do Brasil	7,500	144,363
±†Huadian Power International	218,000	57,591
Huaneng Power International ADR	9,525	213,551
Korea Electric Power ADR	14,675	213,375
†Pampa Energia ADR	2,600	30,420
±†Polska Grupa Energetyczna	5,718	48,844
±Tanjong	3,300	<u>16,202</u>
		<u>1,265,260</u>
<b>Total Emerging Markets (cost \$25,641,355)</b>		<u>17,053,602</u>
<b>Total Common Stock (cost \$103,101,642)</b>		<b><u>130,268,175</u></b>
<b>Convertible Preferred Stock – 0.18%</b>		
<i>Basic Materials – 0.02%</i>		
Freeport-McMoRan Copper & Gold 6.75% exercise price \$72.91, expiration date 5/1/10	450	<u>51,863</u>
		<u>51,863</u>
<i>Energy – 0.04%</i>		
Whiting Petroleum 6.25% exercise price \$43.42, expiration date 12/31/49	625	<u>112,288</u>
		<u>112,288</u>
<i>Health Care &amp; Pharmaceuticals – 0.12%</i>		
Mylan 6.50% exercise price \$17.08, expiration date 11/15/10	268	<u>305,251</u>
		<u>305,251</u>
<b>Total Convertible Preferred Stock (cost \$336,894)</b>		<b><u>469,402</u></b>
<b>Exchange-Traded Funds – 8.46%</b>		
iShares FTSE/Xinhua China 25 Index	11,425	482,935
iShares MSCI EAFE Growth Index	381,020	21,001,822
iShares MSCI Emerging Markets Index	17,225	<u>714,838</u>
<b>Total Exchange-Traded Funds (cost \$18,121,957)</b>		<b><u>22,199,595</u></b>
	<b>Principal Amount°</b>	
<b>Agency Asset-Backed Securities – 0.03%</b>		
Fannie Mae Grantor Trust Series 2003-T4 2A5 5.407% 9/26/33	USD	66,861
•Fannie Mae Whole Loan Series 2002-W11 AV1 0.571% 11/25/32		23,144
<b>Total Agency Asset-Backed Securities (cost \$89,474)</b>		<b><u>81,368</u></b>
<b>Agency Collateralized Mortgage Obligations – 0.63%</b>		
•Fannie Mae ACES Series 2006-M2 A2F 5.259% 5/25/20	130,000	136,367
Fannie Mae Grantor Trust Series 2001-T8 A2 9.50% 7/25/41	62,430	67,565
Fannie Mae REMICS		

**(Unaudited)**

Series 1996-46 ZA 7.50% 11/25/26	72,894	79,634
Series 2003-122 4.50% 2/25/28	64,002	66,022
Freddie Mac REMICS		
Series 1730 Z 7.00% 5/15/24	57,355	60,075
Series 2512 PG 5.50% 10/15/22	180,000	191,393
Series 2557 WE 5.00% 1/15/18	220,000	233,244
Series 2662 MA 4.50% 10/15/31	108,591	112,421
Series 2872 GC 5.00% 11/15/29	200,000	209,000
Series 3022 MB 5.00% 12/15/28	165,000	173,331
Series 3131 MC 5.50% 4/15/33	145,000	153,676
Series 3337 PB 5.50% 7/15/30	170,000	178,656
<b>Total Agency Collateralized Mortgage Obligations Securities (cost \$1,579,939)</b>		<b><u>1,661,384</u></b>

**Agency Mortgage-Backed Securities – 1.85%**

Fannie Mae 6.50% 8/1/17	67,704	72,599
Fannie Mae Relocation 30 yr 5.00% 1/1/36	60,127	61,314
Fannie Mae S.F. 15 yr		
5.00% 9/1/18	75,843	79,906
5.50% 6/1/22	47,656	50,499
Fannie Mae S.F. 30 yr		
4.50% 6/1/38	107,620	107,541
5.00% 12/1/36	327,667	336,899
5.00% 12/1/37	99,697	102,428
5.00% 2/1/38	71,541	73,496
6.50% 2/1/36	142,423	153,497
7.50% 6/1/31	45,637	51,497
Fannie Mae S.F. 30 yr. TBA		
4.50% 1/1/40	1,035,000	1,033,059
6.50% 1/1/40	1,250,000	1,338,674
•Freddie Mac ARM		
4.352% 4/1/34	19,677	20,353
5.684% 7/1/36	92,174	97,268
Freddie Mac S.F. 15 yr		
4.00% 2/1/14	137,229	140,719
5.00% 6/1/18	89,043	93,863
Freddie Mac S.F. 30 yr 7.00% 11/1/33	54,755	60,282
Freddie Mac S.F. 30 yr. TBA 4.00% 1/1/40	1,000,000	964,219
GNMA I S.F. 30 yr 7.50% 9/15/31	19,289	21,777
<b>Total Agency Mortgage-Backed Securities (cost \$4,845,499)</b>		<b><u>4,859,890</u></b>

**Commercial Mortgage-Backed Securities – 2.10%**

#American Tower Trust 144A		
Series 2007-1A AFX 5.42% 4/15/37	100,000	102,750
Series 2007-1A D 5.957% 4/15/37	60,000	61,200
Bank of America Commercial Mortgage Securities		
•Series 2004-3 A5 5.413% 6/10/39	155,000	156,135
Series 2004-4 A4 4.502% 7/10/42	175,000	175,230
•Series 2005-1 A5 5.095% 11/10/42	95,000	94,239
•Series 2005-6 AM 5.179% 9/10/47	100,000	85,310
Series 2006-4 A4 5.634% 7/10/46	135,000	126,470
•Series 2007-4 AM 5.811% 2/10/51	130,000	93,831
Bear Stearns Commercial Mortgage Securities		
•Series 2004-PWR4 A3 5.468% 6/11/41	70,000	70,757
•Series 2005-PW10 A4 5.405% 12/11/40	290,000	284,198
•Series 2005-T20 A4A 5.149% 10/12/42	175,000	171,745
•Series 2006-PW12 A4 5.719% 9/11/38	55,000	55,849
Series 2007-PW15 A4 5.331% 2/11/44	155,000	133,761
•Series 2007-PW16 A4 5.719% 6/11/40	150,000	136,346
•Series 2007-T28 A4 5.742% 9/11/42	235,000	226,327
◆Commercial Mortgage Pass Through Certificates		
#Series 2001-J1A A2 144A 6.457% 2/16/34	150,031	154,203
•Series 2005-C6 A5A 5.116% 6/10/44	185,000	179,626
Series 2006-C7 A2 5.69% 6/10/46	140,000	143,123
•Credit Suisse Mortgage Capital Certificates Series 2006-C1 AAB 5.544% 2/15/39	75,000	75,201
#Crown Castle Towers Series 2005-1A C 144A 5.074% 6/15/35	140,000	141,400
First Union National Bank-Bank of America Commercial Mortgage Trust Series 2001-C1 C 6.403% 3/15/33	60,000	61,509
Goldman Sachs Mortgage Securities II		

**(Unaudited)**

Series 2004-GG2 A3 4.602% 8/10/38	92,807	92,736
•Series 2004-GG2 A5 5.279% 8/10/38	175,000	171,038
•Series 2004-GG2 A6 5.396% 8/10/38	100,000	98,268
Series 2005-GG4 A4 4.761% 7/10/39	160,000	144,894
Series 2005-GG4 A4A 4.751% 7/10/39	220,000	212,996
@•Series 2006-RR3 A1S 144A 5.661% 7/18/56	145,000	42,050
•Series 2007-GG10 A4 5.805% 8/10/45	65,000	55,812
•Greenwich Capital Commercial Funding Series 2004-GG1 A7 5.317% 6/10/36	70,000	71,050
JPMorgan Chase Commercial Mortgage Securities		
Series 2002-C1 A3 5.376% 7/12/37	115,000	119,542
Series 2003-C1 A2 4.985% 1/12/37	162,000	164,924
•Series 2005-LDP5 A4 5.179% 12/15/44	140,000	138,596
Series 2006-LDP9 A2 5.134% 5/15/47	15,000	14,344
Lehman Brothers-UBS Commercial Mortgage Trust		
Series 2001-C2 A1 6.27% 6/15/20	970	972
Series 2002-C1 A4 6.462% 3/15/31	170,000	179,882
Series 2004-C1 A4 4.568% 1/15/31	200,000	195,633
•Merrill Lynch Mortgage Trust Series 2006-C1 ASB 5.656% 5/12/39	155,000	155,429
•Morgan Stanley Capital I		
Series 2004-T15 A4 5.27% 6/13/41	145,000	145,236
Series 2007-IQ14 A4 5.692% 4/15/49	175,000	147,461
Series 2007-T27 A4 5.649% 6/11/42	155,000	149,649
#SBA Commercial Mortgage Securities Trust Series 2006-1A B 144A 5.451% 11/15/36	195,000	198,900
Wachovia Bank Commercial Mortgage Trust		
•Series 2005-C20 A5 5.087% 7/15/42	105,000	105,119
Series 2006-C28 A2 5.50% 10/15/48	165,000	168,249
<b>Total Commercial Mortgage-Backed Securities (cost \$5,379,549)</b>		<b><u>5,501,990</u></b>
<b>Convertible Bonds – 2.03%</b>		
<i>Aerospace &amp; Defense – 0.03%</i>		
L-3 Communications Holdings 3.00% exercise price \$100.14, expiration date 8/1/35	75,000	<u>79,125</u>
		<u>79,125</u>
<i>Automobiles &amp; Automotive Parts – 0.04%</i>		
ArvinMeritor 4.00% exercise price \$26.73, expiration date 2/15/27	155,000	<u>115,863</u>
		<u>115,863</u>
<i>Banking, Finance &amp; Insurance – 0.04%</i>		
Jefferies Group 3.875% exercise price \$39.20, expiration date 11/1/29	105,000	<u>104,213</u>
		<u>104,213</u>
<i>Basic Materials – 0.11%</i>		
Century Aluminum 1.75% exercise price \$30.54, expiration date 8/1/24	20,000	19,225
Rayonier TRS Holdings 3.75% exercise price \$54.81, expiration date 10/15/12	124,000	132,370
#Sino-Forest 144A 5.00% exercise price \$20.29, expiration date 8/1/13	105,000	<u>124,556</u>
		<u>276,151</u>
<i>Building &amp; Materials – 0.03%</i>		
Beazer Homes USA 4.625% exercise price \$49.64, expiration date 6/15/24	75,000	<u>69,938</u>
		<u>69,938</u>
<i>Computers &amp; Technology – 0.02%</i>		
SanDisk 1.00% exercise price \$82.36, expiration date 5/15/13	50,000	<u>41,938</u>
		<u>41,938</u>
<i>Electronics &amp; Electrical Equipment – 0.26%</i>		
Advanced Micro Devices 6.00% exercise price \$28.08, expiration date 5/1/15	190,000	171,950
Flextronics International 1.00% exercise price \$15.53, expiration date 8/1/10	111,000	109,613
#Intel 144A 3.25% exercise price \$22.68, expiration date 8/1/39	259,000	298,820
Linear Technology 3.00% exercise price \$46.13, expiration date 5/1/27	112,000	<u>112,840</u>
		<u>693,223</u>
<i>Energy – 0.13%</i>		
Chesapeake Energy 2.25% exercise price \$85.89, expiration date 12/15/38	270,000	205,538
Peabody Energy 4.75% exercise price \$58.44, expiration date 12/15/41	137,000	<u>139,055</u>
		<u>344,593</u>
<i>Health Care &amp; Pharmaceuticals – 0.20%</i>		
ΦHologic 2.00% exercise price \$38.59, expiration date 12/15/37	265,000	227,569
Inverness Medical Innovations 3.00% exercise price \$43.98, expiration date 5/15/16	90,000	103,725
Medtronic 1.625% exercise price \$55.41, expiration date 4/15/13	184,000	<u>192,970</u>
		<u>524,264</u>
<i>Leisure, Lodging &amp; Entertainment – 0.12%</i>		
#Gaylord Entertainment 144A 3.75% exercise price \$27.25, expiration date 10/1/14	275,000	281,531

**(Unaudited)**

#International Game Technology 144A 3.25% exercise price \$19.97, expiration date 5/1/14	30,000	<u>36,713</u>
		<u>318,244</u>
<i>Real Estate – 0.23%</i>		
#Corporate Office Properties 144A 3.50% exercise price \$53.12, expiration date 9/15/26	99,000	96,278
#Digital Realty Trust 144A 5.50% exercise price \$43.00, expiration date 4/15/29	196,000	256,024
Health Care REIT 4.75% exercise price \$50.00, expiration date 7/15/27	79,000	88,579
National Retail Properties 5.125% exercise price \$25.42, expiration date 6/15/28	140,000	<u>149,450</u>
		<u>590,331</u>
<i>Telecommunications – 0.70%</i>		
Alaska Communications Systems Group 5.75% exercise price \$12.90, expiration date 3/1/13	137,000	125,869
Interpublic Group 4.25% exercise price \$12.42, expiration date 3/15/23	285,000	284,643
Leap Wireless International 4.50% exercise price \$93.21, expiration date 7/15/14	50,000	41,625
Level 3 Communications 5.25% exercise price \$3.98, expiration date 12/15/11	265,000	252,743
Lucent Technologies 2.875% exercise price \$16.75, expiration date 6/15/23	214,000	213,197
NII Holdings 3.125% exercise price \$118.32, expiration date 6/15/12	142,000	130,995
Qwest Communications International 3.50% exercise price \$5.01, expiration date 11/15/25	131,000	136,568
#SBA Communications 144A 4.00% exercise price \$30.38, expiration date 10/1/14	259,000	341,232
VeriSign 3.25% exercise price \$34.37, expiration date 8/15/37	154,000	137,638
#Virgin Media 144A 6.50% exercise price \$19.22, expiration date 11/15/16	154,000	<u>183,260</u>
		<u>1,847,770</u>
<i>Transportation – 0.12%</i>		
Bristow Group 3.00% exercise price \$77.34, expiration date 6/15/38	340,000	<u>306,425</u>
		<u>306,425</u>
<b>Total Convertible Bonds (cost \$4,568,432)</b>		<b><u>5,312,078</u></b>
<b>Corporate Bonds – 24.92%</b>		
<i>Banking – 3.71%</i>		
*BAC Capital Trust XIV 5.63% 12/31/49	247,000	172,283
Bank of America		
5.125% 11/15/14	115,000	119,358
5.30% 3/15/17	220,000	215,938
6.10% 6/15/17	465,000	473,321
Barclays Bank		
6.75% 5/22/19	165,000	184,371
#144A 6.05% 12/4/17	580,000	591,189
BB&T 5.25% 11/1/19	334,000	322,502
Citigroup		
6.01% 1/15/15	125,000	127,775
6.375% 8/12/14	395,000	413,939
6.50% 8/19/13	235,000	250,522
*Citigroup Capital XXI 8.30% 12/21/57	60,000	58,050
Credit Suisse New York 6.00% 2/15/18	100,000	104,802
Export-Import Bank of Korea 5.875% 1/14/15	380,000	408,671
GMAC		
6.00% 12/15/11	15,000	14,850
6.875% 9/15/11	124,000	123,380
6.875% 8/28/12	110,000	108,900
JPMorgan Chase 5.875% 6/13/16	285,000	299,453
JPMorgan Chase Capital XVIII 6.95% 8/17/36	115,000	112,058
JPMorgan Chase Capital XXII 6.45% 2/2/37	130,000	119,668
JPMorgan Chase Capital XXV 6.80% 10/1/37	420,000	418,589
Key Bank 5.80% 7/1/14	290,000	282,535
Korea Development Bank 5.30% 1/17/13	150,000	157,729
Morgan Stanley		
5.375% 10/15/15	290,000	300,015
6.00% 4/28/15	100,000	106,643
6.25% 8/28/17	340,000	355,356
#National Agricultural Cooperative Federation 144A 5.00% 9/30/14	100,000	103,861
PNC Funding		
5.25% 11/15/15	270,000	278,007
5.625% 2/1/17	285,000	282,820
@Popular North America Capital Trust I 6.564% 9/15/34	75,000	43,986
*#Rabobank Nederland 144A 11.00% 12/29/49	365,000	446,264
Regions Financial 7.75% 11/10/14	290,000	286,288
Rentenbank 6.00% 7/15/14	139,000	124,338
#Russian Agricultural Bank 144A 6.299% 5/15/17	138,000	139,656
	AUD	
	USD	

**(Unaudited)**

•USB Capital IX 6.189% 10/29/49	535,000	435,356
VTB Capital		
6.875% 5/29/18	100,000	101,000
#144A 6.875% 5/29/18	180,000	180,000
Wachovia		
5.25% 8/1/14	70,000	72,542
5.625% 10/15/16	410,000	419,809
•Wells Fargo Capital XIII 7.70% 12/29/49	565,000	550,875
Westpac Banking 4.875% 11/19/19	195,000	192,839
Zions Bancorporation		
5.50% 11/16/15	75,000	53,085
5.65% 5/15/14	20,000	14,583
6.00% 9/15/15	80,000	56,647
7.75% 9/23/14	140,000	123,667
		<u>9,747,520</u>
<i>Basic Industry – 1.73%</i>		
#Algoma Acquisition 144A 9.875% 6/15/15	105,000	89,906
ArcelorMittal		
6.125% 6/1/18	135,000	139,526
9.00% 2/15/15	75,000	88,675
9.85% 6/1/19	180,000	233,193
California Steel Industries 6.125% 3/15/14	27,000	25,448
Century Aluminum 8.00% 5/15/14	85,850	84,133
#Compass Minerals International 144A 8.00% 6/1/19	80,000	82,800
Cytec Industries 6.00% 10/1/15	173,000	182,601
Dow Chemical		
5.70% 5/15/18	145,000	147,543
8.55% 5/15/19	250,000	298,785
#Essar Steel Algoma 144A 9.375% 3/15/15	110,000	109,038
#FMG Finance 144A 10.625% 9/1/16	145,000	161,131
Freeport-McMoRan Copper & Gold 8.375% 4/1/17	140,000	153,510
#Georgia-Pacific 144A 8.25% 5/1/16	45,000	47,925
#Gerdau Holdings 144A 7.00% 1/20/20	100,000	103,250
Huntsman International		
7.375% 1/1/15	175,000	168,875
7.875% 11/15/14	25,000	24,563
Innophos 8.875% 8/15/14	185,000	188,700
#Innophos Holding 144A 9.50% 4/15/12	5,000	5,100
International Paper 7.30% 11/15/39	85,000	90,457
Lubrizol 8.875% 2/1/19	280,000	348,689
#MacDermid 144A 9.50% 4/15/17	15,000	15,075
#Momentive Performance Materials 144A 12.50% 6/15/14	75,000	82,875
Nalco		
8.875% 11/15/13	40,000	41,400
#144A 8.25% 5/15/17	125,000	133,438
#Newpage 144A 11.375% 12/31/14	130,000	131,950
•Noranda Aluminum Acquisition PIK 5.274% 5/15/15	92,963	72,627
Novelis		
7.25% 2/15/15	90,000	86,175
#144A 11.50% 2/15/15	70,000	75,338
Reliance Steel & Aluminum 6.85% 11/15/36	145,000	122,297
Ryerson		
•7.656% 11/1/14	5,000	4,631
12.00% 11/1/15	55,000	57,750
#Sappi Papier Holding 144A 6.75% 6/15/12	110,000	105,441
Southern Copper 7.50% 7/27/35	187,000	185,754
Steel Dynamics		
6.75% 4/1/15	50,000	49,813
7.75% 4/15/16	70,000	73,238
Teck Resources		
10.25% 5/15/16	25,000	29,250
#144A 10.75% 5/15/19	145,000	174,000
US Steel 7.00% 2/1/18	30,000	29,429
Vale Overseas		
6.875% 11/21/36	194,000	194,322
6.875% 11/10/39	90,000	91,055
		<u>4,529,706</u>

**(Unaudited)***Brokerage – 0.65%*

#Cemex Finance 144A 9.50% 12/14/16	100,000	105,250
E trade Financial PIK 12.50% 11/30/17	138,000	157,493
Goldman Sachs Group		
5.125% 1/15/15	180,000	189,345
5.25% 10/15/13	80,000	85,034
5.95% 1/18/18	83,000	87,786
6.25% 9/1/17	120,000	128,886
Jefferies Group		
6.25% 1/15/36	45,000	35,961
6.45% 6/8/27	340,000	290,468
LaBranche 11.00% 5/15/12	265,000	256,056
Lazard Group		
6.85% 6/15/17	148,000	149,160
7.125% 5/15/15	217,000	225,527
		<u>1,710,966</u>

*Capital Goods – 1.40%*

Allied Waste North America		
6.875% 6/1/17	25,000	26,570
7.125% 5/15/16	475,000	506,521
AMH Holdings 11.25% 3/1/14	15,000	14,550
Anixter 10.00% 3/15/14	84,000	93,240
#BAE Systems Holdings 144A 4.95% 6/1/14	35,000	36,479
Building Materials 7.75% 8/1/14	70,000	69,650
#BWAY 144A 10.00% 4/15/14	135,000	143,438
*#C8 Capital SPV 144A 6.64% 12/31/49	230,000	159,994
#Case New Holland 144A 7.75% 9/1/13	60,000	61,650
Casella Waste Systems		
9.75% 2/1/13	117,000	116,123
#144A 11.00% 7/15/14	50,000	54,375
#CPM Holdings 144A 10.625% 9/1/14	25,000	26,500
Crown Americas Capital 7.625% 11/15/13	36,000	37,350
#Crown Americas Capital II 144A 7.625% 5/15/17	65,000	67,763
Eastman Kodak 7.25% 11/15/13	40,000	33,200
Graham Packaging Capital		
9.875% 10/15/14	175,000	179,374
#144A 8.25% 1/1/17	25,000	24,813
Graphic Packaging International		
9.50% 8/15/13	150,000	155,625
#144A 9.50% 6/15/17	40,000	42,600
#Greif 144A 7.75% 8/1/19	50,000	51,250
Intertape Polymer 8.50% 8/1/14	55,000	47,369
Jabil Circuit 7.75% 7/15/16	65,000	68,575
L-3 Communications 5.875% 1/15/15	35,000	35,131
#Owens-Brockway Glass Container 144A 7.375% 5/15/16	25,000	25,938
#Plastipak Holdings 144A		
8.50% 12/15/15	60,000	61,875
10.625% 8/15/19	60,000	66,450
Pregis 12.375% 10/15/13	167,000	162,616
RBS Global/Rexnord 11.75% 8/1/16	70,000	69,650
Sanmina-SCI 8.125% 3/1/16	157,000	157,393
#Sealed Air 144A 7.875% 6/15/17	30,000	32,000
Smurfit Kappa Funding 7.75% 4/1/15	70,000	67,638
Solo Cup 8.50% 2/15/14	140,000	137,550
Terex 8.00% 11/15/17	90,000	87,075
Thermadyne Holdings 10.50% 2/1/14	55,000	52,319
#Trimas 144A 9.75% 12/15/17	60,000	59,175
Tyco International Finance 8.50% 1/15/19	415,000	502,037
USG		
6.30% 11/15/16	145,000	130,500
#144A 9.75% 8/1/14	10,000	10,725
		<u>3,675,081</u>

*Consumer Cyclical – 2.77%*

#Allison Transmission 144A 11.00% 11/1/15	240,000	253,199
American Axle & Manufacturing		
5.25% 2/11/14	105,000	91,613
7.875% 3/1/17	50,000	42,500

**(Unaudited)**

ArvinMeritor 8.125% 9/15/15	150,000	144,000
Beazer Homes USA 8.625% 5/15/11	85,000	83,300
Burlington Coat Factory Investment Holdings 14.50% 10/15/14	270,000	271,349
Burlington Coat Factory Warehouse 11.125% 4/15/14	70,000	72,625
Carrols 9.00% 1/15/13	30,000	30,600
CVS Caremark 6.60% 3/15/19	55,000	60,291
#◆CVS Pass Through Trust 144A 8.353% 7/10/31	526,396	580,677
Darden Restaurants 6.80% 10/15/37	195,000	202,836
Ford Motor 7.45% 7/16/31	260,000	231,074
Ford Motor Credit 12.00% 5/15/15	285,000	330,827
#Galaxy Entertainment Finance 144A 9.875% 12/15/12	100,000	100,500
Gaylord Entertainment 6.75% 11/15/14	60,000	56,100
Global Cash Access 8.75% 3/15/12	50,000	50,063
Goodyear Tire & Rubber 9.00% 7/1/15	30,000	31,350
10.50% 5/15/16	125,000	138,750
#Harrah's Operating 144A 10.00% 12/15/18	230,000	185,725
#Harras Operating Escrow 144A 11.25% 6/1/17	170,000	178,713
Interface 9.50% 2/1/14	20,000	19,775
#144A 11.375% 11/1/13	50,000	56,125
#Invista 144A 9.25% 5/1/12	105,000	107,100
K Hovnanian Enterprises 6.25% 1/15/15	40,000	28,800
7.50% 5/15/16	75,000	54,000
#144A 10.625% 10/15/16	80,000	84,000
#Landry's Restaurants 144A 11.625% 12/1/15	35,000	37,275
M/I Homes 6.875% 4/1/12	35,000	33,163
Macy's Retail Holdings 6.65% 7/15/24	185,000	169,275
8.875% 7/15/15	115,000	127,363
Meritage Homes 6.25% 3/15/15	5,000	4,625
7.00% 5/1/14	70,000	67,200
MGM MIRAGE 7.50% 6/1/16	110,000	86,350
7.625% 1/15/17	165,000	129,113
13.00% 11/15/13	15,000	17,288
#144A 11.125% 11/15/17	100,000	111,250
#144A 11.375% 3/1/18	55,000	49,500
Mobile Mini 6.875% 5/1/15	57,000	54,150
9.75% 8/1/14	30,000	31,350
Mohawk Industries 6.875% 1/15/16	30,000	30,000
Mohegan Tribal Gaming Authority 6.875% 2/15/15	60,000	39,300
New Albertsons 7.25% 5/1/13	10,000	10,175
#Norcraft Finance 144A 10.50% 12/15/15	55,000	56,650
Norcraft Capital Holdings 9.75% 9/1/12	78,000	75,270
Nordstrom 6.75% 6/1/14	190,000	212,396
7.00% 1/15/38	110,000	122,179
#NCL 144A 11.75% 11/15/16	55,000	54,588
OSI Restaurant Partners 10.00% 6/15/15	83,000	73,663
Pinnacle Entertainment 7.50% 6/15/15	230,000	212,750
#144A 8.625% 8/1/17	60,000	61,500
@#Pokagon Gaming Authority 144A 10.375% 6/15/14	62,000	64,790
Quiksilver 6.875% 4/15/15	200,000	165,000
Rite Aid 9.375% 12/15/15	190,000	168,150
Royal Caribbean 6.875% 12/1/13	75,000	74,063
7.00% 6/15/13	15,000	15,038
Ryland Group 8.40% 5/15/17	210,000	225,750
Sally Holdings 10.50% 11/15/16	130,000	140,400
#Sealy Mattress 144A 10.875% 4/15/16	20,000	22,350
#Shingle Springs 144A 9.375% 6/15/15	125,000	95,625
Speedway Motorsports 8.75% 6/1/16	65,000	68,900

**(Unaudited)**

#Standard Pacific Escrow 144A 10.75% 9/15/16	85,000	87,125
Target 4.00% 6/15/13	10,000	10,429
Tenneco 8.625% 11/15/14	140,000	141,925
Toys R Us		
7.625% 8/1/11	40,000	40,850
#144A 10.75% 7/15/17	55,000	60,500
#TRW Automotive 144A		
7.00% 3/15/14	100,000	98,500
7.25% 3/15/17	110,000	107,250
#Volvo Treasury 144A 5.95% 4/1/15	240,000	247,935
Wynn Las Vegas 6.625% 12/1/14	90,000	87,413
		<u>7,274,258</u>
<i>Consumer Non-Cyclical – 1.73%</i>		
Accellent 10.50% 12/1/13	115,000	111,263
#Alliance One International 144A 10.00% 7/15/16	190,000	200,450
#Anheuser-Busch InBev Worldwide 144A 7.20% 1/15/14	185,000	210,005
Bausch & Lomb 9.875% 11/1/15	129,000	136,740
Beckman Coulter		
6.00% 6/1/15	210,000	229,217
7.00% 6/1/19	95,000	107,849
#Bio-Rad Laboratories 144A 8.00% 9/15/16	45,000	47,588
#CareFusion 144A 6.375% 8/1/19	430,000	461,153
Constellation Brands 7.25% 9/1/16	65,000	66,300
Cornell 10.75% 7/1/12	27,000	27,709
DJO Finance 10.875% 11/15/14	75,000	79,500
#Dole Foods 144A		
8.00% 10/1/16	80,000	81,600
13.875% 3/15/14	35,000	42,263
Ingles Markets 8.875% 5/15/17	65,000	67,925
Inverness Medical Innovations 9.00% 5/15/16	105,000	107,888
Jarden 8.00% 5/1/16	95,000	98,563
#JBS USA Finance 144A 11.625% 5/1/14	77,000	87,588
LVB Acquisition		
11.625% 10/15/17	60,000	66,600
PIK 10.375% 10/15/17	50,000	54,500
Medco Health Solutions 7.125% 3/15/18	205,000	230,811
#M-Foods Holdings 144A 9.75% 10/1/13	25,000	26,094
#National Money Mart 144A 10.375% 12/15/16	100,000	102,750
#Novasep Holding 144A 9.75% 12/15/16	160,000	156,800
Psychiatric Solutions		
7.75% 7/15/15	25,000	24,313
#144A 7.75% 7/15/15	105,000	99,488
Quest Diagnostics		
5.45% 11/1/15	390,000	422,155
6.40% 7/1/17	200,000	219,798
Smithfield Foods		
7.75% 5/15/13	145,000	141,375
#144A 10.00% 7/15/14	40,000	43,600
Supervalu		
7.50% 11/15/14	75,000	76,313
8.00% 5/1/16	100,000	102,000
#Tops Markets 144A 10.125% 10/15/15	45,000	46,575
#Tyson Foods 144A 10.50% 3/1/14	55,000	63,113
Universal Hospital Services PIK 8.50% 6/1/15	33,000	32,670
Yale University 2.90% 10/15/14	305,000	304,208
Yankee Acquisition 9.75% 2/15/17	155,000	153,450
		<u>4,530,214</u>
<i>Energy – 2.86%</i>		
AmeriGas Partners 7.125% 5/20/16	23,000	23,115
#Arch Coal 144A 8.75% 8/1/16	55,000	58,438
Berry Petroleum 10.25% 6/1/14	65,000	71,013
Chesapeake Energy		
6.50% 8/15/17	20,000	19,700
6.625% 1/15/16	40,000	39,800
Complete Production Service 8.00% 12/15/16	105,000	104,081
Copano Energy 7.75% 6/1/18	50,000	50,375
Denbury Resources		

**(Unaudited)**

7.50% 4/1/13	35,000	35,350
9.75% 3/1/16	34,000	36,465
Dynergy Holdings 7.75% 6/1/19	184,000	160,540
El Paso		
6.875% 6/15/14	55,000	55,234
7.00% 6/15/17	162,000	161,480
7.25% 6/1/18	45,000	44,685
Enbridge Energy Partners 9.875% 3/1/19	230,000	291,702
Energy Transfer Partners 9.70% 3/15/19	170,000	210,304
Enterprise Products Operating		
5.00% 3/1/15	90,000	92,604
•8.375% 8/1/66	165,000	161,074
9.75% 1/31/14	200,000	238,901
Forest Oil 7.25% 6/15/19	65,000	64,513
#Gaz Capital 144A 9.25% 4/23/19	139,000	155,680
Geophysique-Veritas 7.75% 5/15/17	75,000	74,813
#Helix Energy Solutions Group 144A 9.50% 1/15/16	65,000	66,950
#Hercules Offshore 144A 10.50% 10/15/17	125,000	132,500
#Hilcorp Energy Finance I 144A		
7.75% 11/1/15	85,000	83,725
9.00% 6/1/16	45,000	45,900
#Holly 144A 9.875% 6/15/17	75,000	79,313
Inergy Finance		
6.875% 12/15/14	49,000	48,633
#144A 8.75% 3/1/15	10,000	10,325
International Coal 10.25% 7/15/14	150,000	144,938
Key Energy Services 8.375% 12/1/14	110,000	110,825
Kinder Morgan Energy Partners		
6.85% 2/15/20	10,000	11,113
9.00% 2/1/19	185,000	228,013
Mariner Energy 8.00% 5/15/17	145,000	139,925
MarkWest Energy Partners 8.75% 4/15/18	62,000	64,170
#Midcontinent Express Pipeline 144A 6.70% 9/15/19	235,000	241,456
#Murray Energy 144A 10.25% 10/15/15	65,000	65,000
Nexen 7.50% 7/30/39	280,000	322,037
Noble Energy 8.25% 3/1/19	200,000	239,675
OPTI Canada		
7.875% 12/15/14	115,000	94,875
8.25% 12/15/14	62,000	51,383
Petrobras International Finance 5.75% 1/20/20	185,000	189,123
PetroHawk Energy		
7.875% 6/1/15	5,000	5,075
9.125% 7/15/13	185,000	194,250
#144A 10.50% 8/1/14	20,000	21,950
Petroleum Development 12.00% 2/15/18	72,000	74,610
#Petronas Capital 144A 5.25% 8/12/19	117,000	117,493
Plains All American Pipeline 5.75% 1/15/20	485,000	486,277
Plains Exploration & Production 8.625% 10/15/19	40,000	41,300
#Power Sector Assets & Liabilities Management 144A 7.39% 12/2/24	103,000	106,605
Pride International 8.50% 6/15/19	265,000	307,400
Quicksilver Resources		
7.125% 4/1/16	85,000	79,688
11.75% 1/1/16	35,000	39,900
Range Resources 8.00% 5/15/19	90,000	96,750
#Ras Laffan Liquefied Natural Gas III 144A 5.832% 9/30/16	165,000	173,030
Regency Energy Partners		
8.375% 12/15/13	10,000	10,400
#144A 9.375% 6/1/16	75,000	80,250
#SandRidge Energy 144A		
8.75% 1/15/20	90,000	90,450
9.875% 5/15/16	140,000	148,050
•TransCanada Pipelines 6.35% 5/15/67	185,000	173,828
Transcontinental Gas Pipe Line 6.40% 4/15/16	30,000	32,768
Weatherford International		
4.95% 10/15/13	130,000	135,687
5.95% 6/15/12	65,000	69,604
9.625% 3/1/19	170,000	212,280

**(Unaudited)**

#Woodside Petroleum 144A		
4.50% 11/10/14	225,000	227,251
5.00% 11/15/13	70,000	<u>71,676</u>
		<u>7,516,318</u>
<i>Financials – 1.34%</i>		
Capital One Bank USA 8.80% 7/15/19	500,000	591,822
Capital One Capital V 10.25% 8/15/39	120,000	139,862
Capital One Capital VI 8.875% 5/15/40	110,000	117,975
Cardtronics 9.25% 8/15/13	45,000	46,519
#CDP Financial 144A		
4.40% 11/25/19	340,000	326,325
5.60% 11/25/39	250,000	242,371
FTI Consulting		
7.625% 6/15/13	10,000	10,188
7.75% 10/1/16	40,000	40,700
General Electric Capital		
5.625% 5/1/18	120,000	123,172
6.00% 8/7/19	855,000	889,123
•#ILFC E-Capital Trust II 144A 6.25% 12/21/65	75,000	39,750
International Lease Finance		
5.25% 1/10/13	110,000	89,779
5.35% 3/1/12	122,000	105,959
5.55% 9/5/12	65,000	54,157
5.625% 9/20/13	95,000	74,578
5.875% 5/1/13	145,000	115,338
6.375% 3/25/13	80,000	65,820
6.625% 11/15/13	255,000	205,436
Nuveen Investments 10.50% 11/15/15	255,000	<u>232,688</u>
		<u>3,511,562</u>
<i>Insurance – 0.42%</i>		
MetLife		
6.40% 12/15/36	30,000	26,700
6.817% 8/15/18	30,000	33,468
•#MetLife Capital Trust X 144A 9.25% 4/8/38	400,000	456,000
@#◆Twin Reefs Pass Through Trust 144A 0.00% 12/31/49	200,000	0
UnitedHealth Group		
5.80% 3/15/36	30,000	26,973
6.00% 2/15/18	205,000	212,093
WellPoint		
5.00% 12/15/14	40,000	41,658
6.00% 2/15/14	125,000	135,685
7.00% 2/15/19	145,000	<u>162,450</u>
		<u>1,095,027</u>
<i>Media – 2.13%</i>		
Affinion Group 11.50% 10/15/15	70,000	73,675
#Cablevision Systems 144A 8.625% 9/15/17	65,000	68,006
CCH II 13.50% 11/30/16	135,000	159,638
#Cengage Learning Acquisitions 144A 10.50% 1/15/15	90,000	86,513
#Cequel Communications Holdings & Cequel Capital 144A 8.625% 11/15/17	45,000	45,675
#Charter Communications Operating Capital 144A 10.875% 9/15/14	145,000	163,125
#Columbus International 144A 11.50% 11/20/14	150,000	158,250
Comcast		
4.95% 6/15/16	175,000	179,968
6.50% 1/15/15	255,000	286,000
#Cox Communications 144A		
5.875% 12/1/16	110,000	116,597
6.95% 6/1/38	130,000	138,141
8.375% 3/1/39	135,000	168,624
#CSC Holdings 144A 8.50% 6/15/15	5,000	5,350
DIRECTV Holdings		
7.625% 5/15/16	475,000	519,599
#144A 4.75% 10/1/14	75,000	76,638
DISH DBS		
7.875% 9/1/19	5,000	5,269
#144A 7.875% 9/1/19	150,000	158,062
#GXS Worldwide 144A 9.75% 6/15/15	160,000	158,000
Interpublic Group 6.25% 11/15/14	84,000	81,060

**(Unaudited)**

Lamar Media 6.625% 8/15/15	49,000	47,775
LIN Television 6.50% 5/15/13	20,000	19,100
#Mediacom Capital 144A 9.125% 8/15/19	90,000	92,250
#NET Servicos de Comunicacao 144A 7.50% 1/27/20	100,000	102,500
Nielsen Finance		
10.00% 8/1/14	90,000	94,275
11.50% 5/1/16	45,000	50,513
Ω12.50% 8/1/16	70,000	64,225
#Rainbow National Services 144A 10.375% 9/1/14	95,000	100,700
Shaw Communications 6.75% 11/9/39	213,000	200,597
#Sinclair Television Group 144A 9.25% 11/1/17		
Sirius XM Radio Satellite		
9.625% 8/1/13	40,000	40,000
#144A 9.75% 9/1/15	15,000	15,863
#Terremark Worldwide 144A 12.00% 6/15/17	60,000	66,600
Time Warner Cable 8.25% 4/1/19	390,000	465,305
Time Warner Telecom Holdings 9.25% 2/15/14	95,000	98,444
#Univision Communications 144A 12.00% 7/1/14	175,000	193,594
Videotron 9.125% 4/15/18	30,000	33,150
#Vivendi 144A		
5.75% 4/4/13	370,000	389,286
6.625% 4/4/18	170,000	184,539
WPP Finance UK 8.00% 9/15/14	485,000	552,118
XM Satellite Radio Holdings		
PIK 10.00% 6/1/11	45,000	45,225
#144A 13.00% 8/1/13	25,000	27,281
		<u>5,599,455</u>
<i>Real Estate – 0.27%</i>		
Developers Diversified Realty		
5.375% 10/15/12	100,000	94,045
9.625% 3/15/16	65,000	67,937
Host Hotels & Resorts		
7.125% 11/1/13	20,000	20,425
#144A 9.00% 5/15/17	105,000	114,056
ProLogis 7.375% 10/30/19	255,000	251,966
Regency Centers 5.875% 6/15/17	130,000	120,478
Ventas Realty 6.50% 6/1/16	31,000	30,070
		<u>698,977</u>
<i>Services Non-Cyclical – 1.00%</i>		
#Alliance HealthCare Services 144A 8.00% 12/1/16	75,000	73,500
ARAMARK 8.50% 2/1/15	228,000	235,979
#Ashtead Capital 144A 9.00% 8/15/16	110,000	110,688
Avis Budget Car Rental		
7.625% 5/15/14	120,000	114,600
7.75% 5/15/16	75,000	70,500
Community Health Systems 8.875% 7/15/15	65,000	67,438
HCA		
6.50% 2/15/16	10,000	9,550
9.25% 11/15/16	290,000	312,112
Hertz		
8.875% 1/1/14	55,000	56,513
10.50% 1/1/16	141,000	151,223
Hospira 6.40% 5/15/15	445,000	493,098
Iron Mountain		
6.625% 1/1/16	5,000	4,925
8.00% 6/15/20	160,000	163,200
8.75% 7/15/18	25,000	26,063
RSC Equipment Rental		
9.50% 12/1/14	157,000	157,981
#144A 10.25% 11/15/19	80,000	80,700
Select Medical 7.625% 2/1/15	155,000	151,125
Tenet Healthcare 7.375% 2/1/13	165,000	166,238
•US Oncology Holdings PIK 6.428% 3/15/12	191,000	179,539
		<u>2,624,972</u>
<i>Technology – 0.44%</i>		
First Data 9.875% 9/24/15	490,000	459,374
Freescale Semiconductor 8.875% 12/15/14	195,000	179,888

**(Unaudited)**

SunGard Data Systems 10.25% 8/15/15	119,000	127,330
#Unisys 144A 12.75% 10/15/14	70,000	81,200
Xerox		
4.25% 2/15/15	165,000	164,036
8.25% 5/15/14	125,000	<u>143,524</u>
		<u>1,155,352</u>
<i>Telecommunications – 2.69%</i>		
=@Allegiance Telecom 11.75% 2/15/10	15,000	0
America Movil 5.625% 11/15/17	155,000	161,253
American Tower 7.00% 10/15/17	200,000	222,500
AT&T 6.50% 9/1/37	370,000	384,755
Cincinnati Bell		
7.00% 2/15/15	85,000	84,363
8.25% 10/15/17	120,000	122,400
#Clearwire Communications 144A 12.00% 12/1/15	360,000	367,200
Cricket Communications		
9.375% 11/1/14	240,000	242,400
#144A 7.75% 5/15/16	35,000	35,088
Crown Castle International 9.00% 1/15/15	145,000	155,150
Deutsche Telekom International Finance 5.25% 7/22/13	175,000	185,914
#Digicel Group 144A		
9.125% 1/15/15	100,000	99,000
12.00% 4/1/14	255,000	284,324
#DigitalGlobe 144A 10.50% 5/1/14	15,000	16,125
#GCI 144A 8.625% 11/15/19	40,000	40,550
#Global Crossing 144A 12.00% 9/15/15	155,000	170,888
Hughes Network Systems 9.50% 4/15/14	127,000	131,763
#Intelsat Bermuda 144A 11.25% 2/4/17	285,000	287,137
Intelsat Jackson Holdings 11.25% 6/15/16	205,000	222,938
Intelsat Subsidiary Holding 8.875% 1/15/15	165,000	171,600
Level 3 Financing		
9.25% 11/1/14	85,000	80,750
12.25% 3/15/13	60,000	63,900
Lucent Technologies 6.45% 3/15/29	70,000	50,488
MetroPCS Wireless 9.25% 11/1/14	234,000	238,095
#NII Capital 144A		
8.875% 12/15/19	65,000	63,619
10.00% 8/15/16	135,000	142,088
#Nordic Telephone Holdings 144A 8.875% 5/1/16	165,000	175,313
Paetec Holding 8.875% 6/30/17	60,000	61,050
#Qwest 144A 8.375% 5/1/16	45,000	48,488
Sprint Capital		
6.875% 11/15/28	130,000	108,713
8.75% 3/15/32	390,000	369,524
Sprint Nextel 6.00% 12/1/16	110,000	100,925
#Telcordia Technologies 144A 10.00% 3/15/13	190,000	170,050
Telecom Italia Capital		
5.25% 10/1/15	470,000	492,014
7.175% 6/18/19	195,000	217,778
Telesat Canada		
11.00% 11/1/15	155,000	168,950
12.50% 11/1/17	25,000	27,625
Verizon Communications 6.40% 2/15/38	145,000	152,089
Virgin Media Finance 8.375% 10/15/19	100,000	103,375
Vodafone Group		
5.00% 12/16/13	10,000	10,598
5.00% 9/15/15	50,000	52,473
5.375% 1/30/15	410,000	441,099
#Wind Acquisition Finance 144A 11.75% 7/15/17	250,000	274,374
Windstream 8.125% 8/1/13	59,000	<u>61,508</u>
		<u>7,060,234</u>
<i>Transportation – 0.09%</i>		
Delta Air Lines 7.92% 11/18/10	50,000	50,250
Kansas City Southern de Mexico 9.375% 5/1/12	100,000	104,250
Kansas City Southern Railway 13.00% 12/15/13	65,000	<u>75,725</u>
		<u>230,225</u>
<i>Utilities – 1.69%</i>		

**(Unaudited)**

AES		
8.00% 10/15/17	40,000	41,250
8.00% 6/1/20	460,000	470,350
Ameren 8.875% 5/15/14	75,000	84,319
#American Transmission Systems 144A 5.25% 1/15/22	130,000	128,652
#Calpine Construction Finance 144A 8.00% 6/1/16	105,000	108,675
#Centrais Eletricas Brasileiras 144A 6.875% 7/30/19	245,000	266,744
Edison Mission Energy		
7.00% 5/15/17	20,000	15,900
7.20% 5/15/19	70,000	53,375
7.50% 6/15/13	15,000	14,175
#Enel Finance International 144A 5.125% 10/7/19	365,000	367,954
Energy Future Holdings 10.875% 11/1/17	65,000	53,463
Illinois Power 9.75% 11/15/18	410,000	510,620
#Majapahit Holding 144A 8.00% 8/7/19	190,000	201,400
Mirant Americas Generation 8.50% 10/1/21	235,000	224,425
Mirant North America 7.375% 12/31/13	75,000	74,531
NRG Energy		
7.25% 2/1/14	60,000	60,900
7.375% 2/1/16	240,000	240,900
7.375% 1/15/17	15,000	15,075
Orion Power Holdings 12.00% 5/1/10	45,000	46,350
Pennsylvania Electric 5.20% 4/1/20	335,000	330,583
PPL Electric Utilities 7.125% 11/30/13	130,000	148,727
Progress Energy 4.875% 12/1/19	180,000	175,263
Public Service Oklahoma 5.15% 12/1/19	325,000	323,291
•Puget Sound Energy 6.974% 6/1/67	100,000	88,357
Sempra Energy 6.00% 10/15/39	165,000	163,489
Texas Competitive Electric Holdings 10.25% 11/1/15	160,000	130,400
TXU 5.55% 11/15/14	120,000	85,704
		<u>4,424,872</u>
<b>Total Corporate Bonds (cost \$60,319,789)</b>		<b><u>65,384,739</u></b>
<b>Municipal Bonds – 0.40%</b>		
California State		
7.30% 10/1/39	320,000	303,830
Taxable Bond (Various Purposes) 7.55% 4/1/39	385,000	379,575
Oregon State Taxable Pension 5.892% 6/1/27	200,000	201,726
•Puerto Rico Sales Tax Financing Revenue First Subordinate Series A 5.00% 8/1/39	155,000	162,612
<b>Total Municipal Bonds (cost \$1,069,860)</b>		<b><u>1,047,743</u></b>
<b>Non-Agency Asset-Backed Securities – 2.04%</b>		
•#AH Mortgage Advance Trust Series 2009-ADV3 A1 144A 2.186% 10/6/21	160,000	160,608
#Bank of America Auto Trust Series 2009-3A A4 144A 2.67% 12/15/16	505,000	501,295
Capital Auto Receivables Asset Trust Series 2007-3 A3A 5.02% 9/15/11	132,589	134,478
•Capital One Multi-Asset Execution Trust Series 2006-A7 A7 0.263% 3/17/14	100,000	99,150
Caterpillar Financial Asset Trust		
Series 2007-A A3A 5.34% 6/25/12	28,723	29,237
Series 2008-A A3 4.94% 4/25/14	150,000	153,515
@#Cendant Timeshare Receivables Funding 2004-1A A1 144A 3.67% 5/20/16	21,385	19,234
Chase Issuance Trust		
Series 2005-A7 A7 4.55% 3/15/13	170,000	176,194
Series 2005-A10 A10 4.65% 12/17/12	35,000	36,072
Citibank Credit Card Issuance Trust		
Series 2007-A3 A3 6.15% 6/15/39	100,000	108,608
•Series 2007-A6 A6 0.27% 7/12/12	1,350,000	1,347,571
•Series 2009-A1 A1 1.983% 3/17/14	125,000	127,624
CNH Equipment Trust		
•Series 2007-A A4 0.273% 9/17/12	17,907	17,816
•Series 2007-B A3B 0.833% 10/17/11	19,163	19,164
Series 2008-A3 4.12% 5/15/12	33,000	33,440
Series 2008-B A3A 4.78% 7/16/12	85,048	86,453
Series 2009-C A3 1.85% 12/16/13	70,000	69,727
@#Countrywide Asset-Backed NIM Certificates Series 2004-BC1 Note 144A 5.50% 4/25/35	89	0
Daimler Chrysler Auto Trust Series 2008-B A3A 4.71% 9/10/12	175,000	179,707
Discover Card Master Trust Series 2007-A1 A1 5.65% 3/16/20	105,000	112,843
#Dunkin Securitization Series 2006-1 A2 144A 5.779% 6/20/31	165,000	159,140

**(Unaudited)**

•Ford Credit Floorplan Master Owner Trust Series 2009-2 A 1.783% 9/15/14	100,000	100,173
GE Capital Credit Card Master Note Trust Series 2009-3 A 2.54% 9/15/14	255,000	255,204
•#Golden Credit Card Trust Series 2008-3 A 144A 1.233% 7/15/17	175,000	173,011
Harley-Davidson Motorcycle Trust		
#Series 2006-1 A2 144A 5.04% 10/15/12	37,173	38,152
Series 2009-4 A3 1.00% 2/15/14	100,000	99,624
Hyundai Auto Receivables Trust		
Series 2007-A A3A 5.04% 1/17/12	29,669	30,194
Series 2008-A A3 4.93% 12/17/12	115,000	119,815
John Deere Owner Trust Series 2008-A A3 4.18% 6/15/12	77,325	78,323
•MBNA Credit Card Master Note Trust Series 2005-A4 A4 0.273% 11/15/12	95,000	94,689
Mid-State Trust		
Series 11 A1 4.864% 7/15/38	88,542	79,146
Series 2004-1 A 6.005% 8/15/37	43,457	40,862
#Series 2006-1 A 144A 5.787% 10/15/40	66,201	66,081
•Residential Asset Securities Series 2006-KS3 A13 0.400% 4/25/36	433,548	399,905
πStructured Asset Securities Series 2001-SB1 A2 3.375% 8/25/31	122,744	97,719
World Omni Auto Receivables Trust Series 2008-A A3A 3.94% 10/15/12	110,000	<u>112,368</u>
<b>Total Non-Agency Asset-Backed Securities (cost \$5,385,306)</b>		<b><u>5,357,142</u></b>
<b>Non-Agency Collateralized Mortgage Obligations – 1.48%</b>		
@American Home Mortgage Investment Trust Series 2005-2 5A1 5.064% 9/25/35	23,038	18,513
Bank of America Alternative Loan Trust		
Series 2003-10 2A1 6.00% 12/25/33	255,328	254,450
Series 2004-10 1CB1 6.00% 11/25/34	28,669	23,195
Series 2005-5 2CB1 6.00% 6/25/35	154,419	103,316
Series 2005-3 2A1 5.50% 4/25/20	148,808	132,811
Bank of America Funding Securities		
Series 2005-6 7A1 5.50% 7/25/20	16,605	15,235
Series 2005-8 1A1 5.50% 1/25/36	135,113	123,861
@•Series 2006-H 1A2 3.583% 9/20/46	8,286	1,198
•Bank of America Mortgage Securities Series 2003-D 1A2 3.718% 5/25/33	799	512
Chase Mortgage Finance Series 2003-S8 A2 5.00% 9/25/18	257,567	258,854
•ChaseFlex Trust Series 2006-1 A4 6.30% 6/25/36	110,000	70,042
Citicorp Mortgage Securities Series 2006-4 3A1 5.50% 8/25/21	38,488	36,853
•Citigroup Mortgage Loan Trust Series 2007-AR8 1A3A 5.817% 8/25/37	247,951	176,951
◆Countrywide Home Loan Mortgage Pass Through Trust		
Series 2006-1 A2 6.00% 3/25/36	111,037	85,394
@Series 2006-17 A5 6.00% 12/25/36	55,715	49,482
Credit Suisse First Boston Mortgage Securities		
Series 2003-29 5A1 7.00% 12/25/33	52,884	52,132
Series 2004-1 3A1 7.00% 2/25/34	30,139	26,998
First Horizon Asset Securities		
Series 2003-5 1A17 8.00% 7/25/33	45,733	45,496
•Series 2004-AR5 4A1 5.665% 10/25/34	122,274	99,339
•Series 2007-AR2 1A1 5.815% 8/25/37	95,545	65,186
•Series 2007-AR3 2A2 6.289% 11/25/37	40,645	27,519
#GSMPS Mortgage Loan Trust 144A		
•Series 1998-3 A 7.75% 9/19/27	50,504	48,153
•Series 1999-3 A 8.00% 8/19/29	76,911	77,350
Series 2005-RP1 1A3 8.00% 1/25/35	96,325	88,800
Series 2005-RP1 1A4 8.50% 1/25/35	44,673	41,225
MASTR Alternative Loans Trust Series 2003-6 3A1 8.00% 9/25/33	21,331	20,926
•MASTR ARM Trust		
Series 2003-6 1A2 3.825% 12/25/33	28,029	24,882
Series 2005-6 7A1 5.331% 6/25/35	140,108	107,573
#MASTR Reperforming Loan Trust 144A		
Series 2005-1 1A5 8.00% 8/25/34	138,514	131,416
Series 2005-2 1A4 8.00% 5/25/35	117,702	110,861
•#MASTR Specialized Loan Trust Series 2005-2 A2 144A 5.006% 7/25/35	78,926	69,122
•MLCC Mortgage Investors Series 2004-HB1 A1 0.591% 4/25/29	203,714	144,468
Prime Mortgage Trust Series 2004-CL1 1A1 6.00% 2/25/34	55,506	56,564
Residential Asset Mortgage Products		
Series 2004-SL1 A3 7.00% 11/25/31	10,317	10,331
Series 2004-SL4 A3 6.50% 7/25/32	71,986	70,614
•Structured ARM Loan Trust		
Series 2004-3AC A2 3.013% 3/25/34	168,602	152,025
Series 2006-5 5A4 5.495% 6/25/36	92,257	15,386

**(Unaudited)**

Structured Asset Securities			
•Series 2002-22H 1A 6.942% 11/25/32		42,073	40,640
Series 2004-12H 1A 6.00% 5/25/34		131,137	118,736
•◆Washington Mutual Mortgage Pass Through Certificates			
Series 2006-AR10 1A1 5.921% 9/25/36		244,048	185,111
Series 2007-HY1 1A1 5.677% 2/25/37		160,044	101,839
Wells Fargo Mortgage-Backed Securities Trust			
•Series 2004-T A1 3.242% 9/25/34		39,634	37,936
•Series 2005-AR16 2A1 3.177% 10/25/35		8,341	7,055
•Series 2005-AR16 6A4 5.00% 10/25/35		276,951	105,056
Series 2006-1 A3 5.00% 3/25/21		20,071	18,967
Series 2006-4 2A3 5.75% 4/25/36		80,828	29,022
•Series 2006-AR5 2A1 5.541% 4/25/36		52,677	41,056
•Series 2006-AR10 5A1 5.587% 7/25/36		202,614	157,733
Series 2007-8 2A6 6.00% 7/25/37		65,000	46,386
Series 2007-13 A7 6.00% 9/25/37		189,253	162,580
<b>Total Non-Agency Collateralized Mortgage Obligations (cost \$4,393,573)</b>			<b><u>3,889,150</u></b>
<b>Regional Authorities – 0.12%Δ</b>			
<i>Canada – 0.12%</i>			
Province of Ontario Canada			
4.00% 10/7/19		160,000	153,512
4.40% 6/2/19	CAD	143,000	137,799
Quebec Province 4.50% 12/1/19	CAD	29,000	27,873
<b>Total Regional Authorities (cost \$323,971)</b>			<b><u>319,184</u></b>
<b>«Senior Secured Loans – 0.33%</b>			
Ford Motor Term Tranche Loan B 3.287% 12/15/13		346,502	321,132
Nuveen Investments 2nd Lien Term Tranche Loan 12.50% 7/9/15		205,000	212,483
PQ Term Loan 6.74% 7/30/15		185,000	160,488
Texas Competitive Electric Holdings Term Tranche Loan B2 3.735% 10/10/14	USD	198,494	161,711
<b>Total Senior Secured Loans (cost \$759,112)</b>			<b><u>855,814</u></b>
<b>Sovereign Debt – 1.03%Δ</b>			
<i>Brazil – 0.33%</i>			
Republic of Brazil			
12.50% 1/5/16	BRL	700,000	455,822
12.50% 1/5/22	BRL	620,000	403,729
			<u>859,551</u>
<i>Indonesia – 0.25%</i>			
Indonesia Government			
10.75% 5/15/16	IDR	3,164,000,000	361,587
12.80% 6/15/21	IDR	2,400,000,000	300,464
			<u>662,051</u>
<i>Mexico – 0.28%</i>			
Mexican Bonos 10.00% 11/20/36			
	MXN	8,558,600	746,403
			<u>746,403</u>
<i>Norway – 0.06%</i>			
Eksportfinans 3.00% 11/17/14			
	USD	150,000	147,870
			<u>147,870</u>
<i>Poland – 0.07%</i>			
Poland Government Bond 5.50% 10/25/19			
	PLN	550,000	181,414
			<u>181,414</u>
<i>Republic of Korea – 0.04%</i>			
#Korea Expressway 144A 4.50% 3/23/15			
	USD	100,000	102,124
			<u>102,124</u>
<b>Total Sovereign Debt (cost \$2,516,560)</b>			<b><u>2,699,413</u></b>
<b>Supranational Banks – 0.46%</b>			
European Investment Bank			
9.00% 12/21/18	ZAR	2,300,000	297,651
^10.902% 3/30/16	TRY	390,000	138,215
11.25% 2/14/13	BRL	220,000	130,578
International Bank for Reconstruction			
5.75% 8/20/12	MXN	3,360,000	253,587
5.75% 10/21/19	AUD	438,000	373,620
<b>Total Supranational Banks (cost \$1,152,309)</b>			<b><u>1,193,651</u></b>
<b>U.S. Treasury Obligations – 0.92%</b>			
U.S. Treasury Inflation Index Notes			

**(Unaudited)**

1.625% 1/15/15	USD	962,319	1,002,015
∞2.00% 1/15/14		479,680	507,861
2.375% 1/15/17		460,943	498,430
U.S. Treasury Bond 4.50% 8/15/39		335,000	327,515
U.S. Treasury Note 3.375% 11/15/19		90,000	<u>86,597</u>
<b>Total U.S. Treasury Obligations (cost \$2,449,202)</b>			<b><u>2,422,418</u></b>
		<b>Number of Shares</b>	
<b>Preferred Stock – 0.17%</b>			
Bank of America 8.125%		120,000	115,679
†Braskem Class A		1,873	15,130
PNC Financial Services 8.25%		155,000	158,174
@Transneft 0.82%		194	<u>162,960</u>
<b>Total Preferred Stock (cost \$343,949)</b>			<b><u>451,943</u></b>
		<b>Principal Amount<sup>o</sup></b>	
<b>≠Discounted Commercial Paper– 1.50%</b>			
Bank of Nova Scotia Housing 0.18% 2/17/10	USD	500,000	499,993
Calyon North America Inc 0.16% 2/11/10		400,000	399,922
Cornell University 0.25% 3/9/10		250,000	249,998
Danske 0.15% 1/22/10		325,000	324,966
General Electric Capital Services 0.15% 1/19/10		250,000	249,982
Goldman Sachs Group Inc 0.12% 1/22/10		500,000	499,947
ING (US) Funding 0.401% 1/6/10		575,000	574,984
JP Morgan Chase 0.17% 2/16/10		250,000	249,934
Koch Resources 0.18% 1/22/10		500,000	499,947
Massachusetts Health & Education Facilities Authority 0.20% 1/21/10		400,000	<u>399,997</u>
<b>Total Discounted Commercial Paper (cost \$3,949,590)</b>			<b><u>3,949,670</u></b>
<b>≠Discount Note – 0.15%</b>			
Federal Home Loan Bank 0.001% 1/4/10		403,000	<u>403,000</u>
<b>Total Discount Note (cost \$403,000)</b>			<b><u>403,000</u></b>
<b>Total Value of Securities Before Securities Lending Collateral – 98.45%</b> (cost \$221,089,607)			<b><u>258,327,749</u></b>
		<b>Number of Shares</b>	
<b>Securities Lending Collateral* – 0.00%</b>			
Investment Company			
@†Mellon GSL Reinvestment Trust II		50,338	<u>2,139</u>
<b>Total Securities Lending Collateral (cost \$50,338)</b>			<b><u>2,139</u></b>
<b>Total Value of Securities – 98.45%</b> (cost \$221,139,945)			<b>258,329,888</b>
<b>Obligation to Return Securities Lending Collateral* – (0.02%)</b>			<b>(50,338)</b>
<b>Receivables and Other Assets Net of Liabilities (See Notes) – 1.57%</b>			<b><u>4,109,909</u></b>
<b>Net Assets Applicable to 26,255,780 Shares Outstanding – 100.00%</b>			<b><u>\$262,389,459</u></b>

<sup>o</sup>Principal amount is stated in the currency in which each security is denominated.

AUD – Australian Dollar  
 BRL – Brazilian Real  
 CAD – Canadian Dollar  
 GBP – British Pound Sterling  
 EUR – European Monetary Unit  
 IDR – Indonesian Rupiah  
 ILS – Israeli Shekel  
 INR – Indian Rupee  
 KRW – South Korean Won  
 MXN – Mexican Peso  
 MYR – Malaysian Ringgit  
 NOK – Norwegian Kroner  
 PLN – Polish Zloty

## (Unaudited)

SGD – Singapore Dollar  
TRY – Turkish Lira  
TWD – Taiwan Dollar  
USD – United States Dollar  
ZAR – South African Rand

\*See Note 4 in "Notes."

†Non income producing security.

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

ΔSecurities have been classified by country of origin.

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

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

±Security is being valued based on international fair value pricing. At December 31, 2009, the aggregate amount of international fair value priced securities was \$32,286,221 which represented 12.30% the Fund's net assets. See Note 1 in "Notes."

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

ΩStep coupon bond. Indicates security that has a zero coupon that remains in effect until a predetermined date at which time the stated interest rate becomes effective.

◆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.

#Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At December 31, 2009, the aggregate amount of Rule 144A securities was \$21,711,916, which represented 8.27% of the Fund's net assets. See Note 5 in "Notes."

@Illiquid security. At December 31, 2009, the aggregate amount of illiquid securities was \$1,468,358, which represented 0.56% of the Fund's net assets. See Note 5 in "Notes."

=Security is being fair valued in accordance with the Fund's fair valuation policy. At December 31, 2009, the aggregate amount of fair valued securities was \$0, which represented 0.00% of the Fund's net assets. See Note 1 in "Notes."

πRestricted Security. These investments are in securities not registered under the Securities Act of 1933, as amended, and have certain restrictions on resale which may limit their liquidity. At December 31, 2009, the aggregate amount of restricted securities was \$97,719 or 0.04% of the Fund's net assets. See Note 5 in "Notes."

«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. Stated rate in effect at December 31, 2009.

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

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

§Developed Markets – countries that are thought to be most developed and therefore less risky than emerging markets.

XEmerging Markets – developing countries with relatively low per capita income, often with above-average economic growth potential but more risky.

### Summary of Abbreviations:

ADR – American Depositary Receipts  
ACES – Automatic Common Exchange Security  
ARM – Adjustable Rate Mortgage  
CDS – Credit Default Swap  
GDR – Global Depositary Receipts  
GSMPS – Goldman Sachs Reperforming Mortgage Securities Inc.  
MASTR – Mortgage Asset Securitization Transactions, Inc.  
NIM – Net Interest Margin  
NVDR – Non Voting Depositary Receipts  
PIK – Paid-in-kind  
REIT – Real Estate Investment Trust  
REMIC – Real Estate Mortgage Investment Conduit  
S.F. – Single Family  
TBA – To be announced  
yr – year

<sup>1</sup>The following foreign currency exchange contracts, financial futures contracts and CDS contracts were outstanding at December 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 502,630	USD (455,785)	1/8/10	\$(4,678)
BRL (226,800)	USD 126,000	1/8/10	(3,889)
CAD 354,107	USD (330,647)	1/8/10	6,389
CAD 620,318	USD (579,222)	1/8/10	11,192
EUR 8,363	USD (12,416)	1/8/10	(443)

## (Unaudited)

GBP	(1,592)	USD	(2,627)	1/8/10	53
IDR	1,309,140,000	USD	(137,183)	1/8/10	1,492
ILS	847,735	USD	(224,810)	1/29/10	(1,303)
INR	14,259,600	USD	(306,000)	10/20/10	(5,832)
KRW	1,374,726,138	USD	(1,184,292)	1/8/10	(5,681)
MYR	2,066,633	USD	(610,527)	1/8/10	(7,165)
NOK	(2,040,043)	USD	355,000	1/8/10	3,140
NOK	7,470,342	USD	(1,314,900)	1/8/10	(26,439)
PLN	(1,569,862)	USD	548,898	1/8/10	1,857
PLN	1,067,155	USD	(381,038)	1/8/10	(9,173)
SGD	853,408	USD	(614,272)	1/8/10	(6,965)
TRY	(205,443)	USD	135,947	1/8/10	(1,186)
TWD	19,749,550	USD	(612,199)	1/8/10	5,200
ZAR	(2,428,669)	USD	317,237	1/6/10	(10,137)
					<u>\$(53,568)</u>

### Financial Futures Contracts

<u>Contracts to Sell</u>	<u>Notional Proceeds</u>	<u>Notional Value</u>	<u>Expiration Date</u>	<u>Unrealized Appreciation</u>
(76) U.S. Treasury 5 yr Notes	\$(8,864,657)	\$(8,693,094)	3/31/10	\$171,563

### Swap Contracts

CDS Contracts

<u>Swap Counterparty &amp; Referenced Obligation</u>	<u>Notional Value</u>	<u>Annual Protection Payments</u>	<u>Termination Date</u>	<u>Unrealized Appreciation</u>
Protection Sold: Citigroup Global Markets MetLife 5 yr CDS	\$95,000	5.00%	9/20/14	\$6,466

The use of foreign currency exchange contracts, financial futures contracts and CDS 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.

<sup>1</sup>See Note 3 in "Notes."

## Notes

### 1. Significant Accounting Policies

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

**Security Valuation** – Equity securities, except those traded on the Nasdaq Stock Market, Inc. (Nasdaq), are valued at the last quoted sales price as of the time of the regular close of the New York Stock Exchange (NYSE) on the valuation date. Securities traded on the Nasdaq are valued in accordance with the Nasdaq Official Closing Price, which may not be the last sales price. If on a particular day an equity security does not trade, then the mean between the bid and ask prices will be used. Securities listed on a foreign exchange are valued at the last quoted sales price on the valuation date. Short-term debt securities are valued at market value. 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).

**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

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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 September 30, 2006 – September 30, 2009), and has concluded that no provision for federal income tax is required in the Fund's financial statements.

**Class Accounting** – Investment income, common expenses and 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 December 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 is 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. For foreign equity securities, these changes are included in realized gains (losses) on investments. 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. Foreign dividends are also recorded on the ex-dividend date or as soon after the ex-dividend date that the Fund is aware of such dividends, net of all non-rebatable tax withholdings. Withholding taxes on foreign dividends and interest have been recorded in accordance with the Fund's understanding of the applicable country's tax rules and rates. The Fund declares dividends and pays dividends from net investment income and 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 year ended September 30, 2009. There was no impact to financial statements as the Codification requirements are disclosure-only in nature.

## 2. Investments

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

Cost of investments	<u>\$223,206,748</u>
Aggregate unrealized appreciation	\$38,195,391
Aggregate unrealized depreciation	<u>(3,072,251)</u>
Net unrealized appreciation	<u>\$35,123,140</u>

For federal income tax purposes, at September 30, 2009, capital loss carryforwards of \$28,735,985 may be carried forward and applied against future capital gains. Such capital loss carryforwards will expire as follows: \$5,781,908 expires in 2010, \$15,238,804 expires in 2015, \$7,346,198 expires in 2016 and \$369,075 expires in 2017.

U.S. GAAP 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. A framework for measuring fair value, and a three level hierarchy for fair value measurements has been established based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or 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.

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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 fair value hierarchy levels as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Agency, Asset-Backed & Mortgage-Backed Securities	\$-	\$20,975,255	\$375,669	\$21,350,924
Common Stock	97,943,501	32,324,674	-	130,268,175
Corporate Debt	112,288	71,909,745	-	72,022,033
Foreign Debt	-	3,828,083	384,165	4,212,248
Investment Companies	22,199,595	-	-	22,199,595
Municipal Bonds	-	1,047,743	-	1,047,743
U.S. Treasury Obligations	-	2,422,418	-	2,422,418
Securities Lending Collateral	-	-	2,139	2,139
Short-Term	-	4,352,670	-	4,352,670
Other	<u>178,090</u>	<u>273,853</u>	-	<u>451,943</u>
Total	<u>\$120,433,474</u>	<u>\$137,134,441</u>	<u>\$761,973</u>	<u>\$258,329,888</u>
Foreign Currency Exchange Contracts	\$-	<u>\$(53,568)</u>	\$-	<u>\$(53,568)</u>
Financial Futures Contracts	\$-	<u>\$171,563</u>	\$-	<u>\$171,563</u>
Swap Contracts	\$-	<u>\$6,466</u>	\$-	<u>\$6,466</u>

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

	Agency, Asset-Backed & Other Mortgage-Backed Securities	Corporate Debt	Foreign Debt	Securities Lending	Total
Balance as of 9/30/09	\$ 1,062,375	\$ -	\$ 283,696	\$ 5	\$1,346,076
Purchases	160,000	-	252,638	-	412,638
Sales	(931)	-	-	-	(931)
Transfers into of Level 3	-	0,000	-	-	(200,000)
Transfers out of Level 3	(883,881)	-	(141,016)	-	(1,024,897)
Net change in unrealized appreciation/depreciation	<u>38,106</u>	<u>(200,000)</u>	<u>(11,153)</u>	<u>2,134</u>	<u>229,087</u>
Balance as of 12/31/09	<u>\$ 375,669</u>	<u>\$ -</u>	<u>\$384,165</u>	<u>\$2,139</u>	<u>\$ 761,973</u>
Net change in unrealized appreciation/depreciation from investments still held as of 12/31/09	\$4,677	\$(200,000)	\$3,443	\$2,134	\$(189,746)

### 3. Derivatives

U.S. GAAP requires 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 and foreign cross 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 objectives. The Fund may invest in financial futures contracts to hedge its existing Fund portfolio against fluctuations in fair value caused by changes in prevailing market interest rates. Upon entering into a financial 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 financial futures contracts include potential imperfect correlation between the financial 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 the 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 objectives. 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 reference 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 December 31, 2009, the Fund entered into CDS contracts as seller of protection. Periodic receipts on such contracts are accrued daily and recorded as unrealized losses (gains) on swap contracts. Upon 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. At December 31, 2009, the aggregate unrealized appreciation of credit default swaps was \$6,466. If a credit event has occurred as of December 31, 2009, the swaps’ credit-risk-related contingent features would have been triggered and the Fund would have been required to pay \$95,000 less the value of the contracts’ related reference obligations.

As disclosed in the footnotes to the statement of net assets, at December 31, 2009, the notional value of the protection sold was \$95,000, which reflects the maximum potential amount the Fund could be required to make as a seller of credit protection if a credit event occurs. The quoted market prices and resulting market values for credit default swap agreements on securities and credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative if the swap agreement had been closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the reference entity’s credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. At December 31, 2009, the net unrealized appreciation of the protection sold was \$6,466.

Credit default swaps may involve greater risks than if the Fund had invested in the referenced obligation directly. Credit default swaps 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

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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.

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

	Asset Derivatives		Liability Derivatives	
	Schedule of Investments Location	Fair Value	Schedule of Investments Location	Fair Value
Foreign exchange contracts (Forward Currency Contracts)	Receivables and Other Assets Net of Liabilities	\$29,323	Payables	\$(82,891)
Interest rate contracts (Futures)	Receivables and Other Assets Net of Liabilities	171,563	Payables	-
Credit contracts (Swaps)	Receivables and Other Assets Net of Liabilities	6,466	Payables	-
Total		<u>\$207,352</u>		<u>\$(82,891)</u>

The effect of derivative instruments on the statement of operations for the period ended December 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 gain on foreign currencies/net change in unrealized appreciation/depreciation of investments and foreign currencies	\$58,779	\$(66,915)
Interest rate contracts (Futures)	Net realized loss on futures contracts/net change in unrealized appreciation/depreciation of Investments and foreign currencies	45,217	184,821
Written options contracts (Options)	Net realized gain on options contracts and net change in unrealized appreciation/depreciation of foreign currencies	(19,289)	11,049

	Net realized gain on swap contracts/net change in unrealized appreciation/depreciation of investments and foreign currencies		
Credit contracts (Swaps)		(418)	3,431
Total		<u>\$84,289</u>	<u>\$132,386</u>

#### 4. Securities Lending

The Fund, along with other funds in the Delaware Investments<sup>®</sup> 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 borrower will be notified to provide additional collateral not less than the applicable collateral requirements. Cash collateral received is generally invested in the BNY Mellon Securities Lending Overnight 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 only hold cash and high quality assets with a maturity of one business day or less (Cash/Overnight Assets). 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. 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. 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 are 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. The Fund had no securities out on loan as of December 31, 2009.

#### 5. Credit and Market Risk

Some countries in which the Fund may invest require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad.

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 is held by a smaller number of investors. This may limit the number of shares available for acquisition or disposition by the Fund.

The Fund may invest in Real Estate Investment Trusts (REITs) and is subject to the risks associated with that industry. If the Fund holds real estate directly as a result of defaults or receives rental income directly from real estate holdings, its tax status as a regulated investment company may be jeopardized. There were no direct real estate holdings during the period ended December 31, 2009. The Fund's REIT holdings are also affected by interest rate changes, particularly if the REITs it holds use floating rate debt to finance their ongoing operations.

The Fund may invest a portion of its assets in high yield fixed income securities, which carry ratings of BB or lower by Standard & Poor's Rating Group and/or Ba or lower by Moody's Investor Services, Inc. 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 Fund invests a significant portion of its assets in small companies and may be subject to certain risks associated with ownership of securities of such companies. Investments in small-sized companies may be more volatile than investments in larger companies for a number of reasons, which include more limited financial resources or a dependence on narrow product lines.

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 each 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.

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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, 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. The Fund may also invest in securities exempt from registration under Section 4(2) of the Act, which exempts from registration transactions by an issuer not involving any public offerings. 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), would be acquired by Macquarie, an Australia-based global provider of banking, financial, advisory, investment and funds management services (Transaction). The Transaction was completed on January 4, 2010. DMC, DDL and DSC are now wholly owned subsidiaries of Macquarie.

The Transaction resulted in a change of control of DMC which, in turn, caused the termination of the investment advisory agreement between DMC and the Fund. On January 4, 2010, the new investment advisory agreement between DMC and the Fund that was approved by the shareholders became effective.

### **7. Subsequent Event**

Management has evaluated whether any events or transactions occurred subsequent to December 31, 2009 through February 25, 2010, the date of issuance of the Fund's schedule of portfolio holdings, and determined that, except as disclosed, there were no material events or transactions other than those already disclosed that would require recognition or disclosure in the Fund's schedule of portfolio holdings.