

## Schedule of Investments (Unaudited)

### Delaware Aggressive Allocation Portfolio

June 30, 2009

|                                       | Number of<br>Shares | Value<br>(U.S. \$) |
|---------------------------------------|---------------------|--------------------|
| <b>Common Stock – 63.34%</b>          |                     |                    |
| <b>U.S. Markets – 37.39%</b>          |                     |                    |
| <i>Consumer Discretionary – 3.20%</i> |                     |                    |
| †Aeropostale                          | 545                 | \$18,677           |
| American Eagle Outfitters             | 2,320               | 32,874             |
| †Bally Technologies                   | 830                 | 24,834             |
| †Buffalo Wild Wings                   | 430                 | 13,984             |
| Burger King Holdings                  | 2,260               | 39,030             |
| Cablevision Systems Class A           | 50                  | 971                |
| †CEC Entertainment                    | 425                 | 12,529             |
| †Citi Trends                          | 510                 | 13,199             |
| CKE Restaurants                       | 2,295               | 19,462             |
| DeVry                                 | 510                 | 25,520             |
| †DIRECTV Group                        | 100                 | 2,471              |
| Gap                                   | 10,100              | 165,640            |
| †G-III Apparel Group                  | 655                 | 7,526              |
| Guess                                 | 485                 | 12,503             |
| †Gymboree                             | 515                 | 18,272             |
| †Hibbett Sports                       | 765                 | 13,770             |
| †Jack in the Box                      | 1,160               | 26,042             |
| †Jarden                               | 2,460               | 46,125             |
| †Jo-Ann Stores                        | 595                 | 12,299             |
| †Lincoln Educational Services         | 985                 | 20,616             |
| †Marvel Entertainment                 | 800                 | 28,472             |
| Mattel                                | 11,000              | 176,549            |
| McDonald's                            | 1,310               | 75,312             |
| National CineMedia                    | 985                 | 13,554             |
| NIKE Class B                          | 3,390               | 175,533            |
| †Papa John's International            | 585                 | 14,502             |
| Phillips-Van Heusen                   | 505                 | 14,488             |
| Staples                               | 7,800               | 157,326            |
| Tanger Factory Outlet Centers         | 465                 | 15,080             |
| Time Warner Cable                     | 1,410               | 44,655             |
| †Tractor Supply                       | 370                 | 15,288             |
| †Ulta Salon Cosmetics & Fragrance     | 2,450               | 27,244             |
| †Urban Outfitters                     | 1,890               | 39,444             |
| †Viacom Class B                       | 1,210               | 27,467             |
| Weight Watchers International         | 3,700               | 95,349             |
| †WMS Industries                       | 410                 | 12,919             |
|                                       |                     | <u>1,459,526</u>   |
| <i>Consumer Staples – 4.15%</i>       |                     |                    |
| Archer-Daniels-Midland                | 8,200               | 219,514            |
| Bunge                                 | 325                 | 19,581             |
| Casey's General Stores                | 885                 | 22,736             |
| †Chattem                              | 410                 | 27,921             |
| Colgate-Palmolive                     | 710                 | 50,225             |
| CVS Caremark                          | 6,960               | 221,815            |
| Heinz (H.J.)                          | 4,300               | 153,510            |
| Kimberly-Clark                        | 3,000               | 157,290            |
| Kraft Foods Class A                   | 6,200               | 157,108            |
| Lance                                 | 340                 | 7,864              |
| PepsiCo                               | 1,580               | 86,837             |
| Philip Morris International           | 480                 | 20,938             |
| Procter & Gamble                      | 5,210               | 266,231            |
| Safeway                               | 8,700               | 177,219            |
| †Smart Balance                        | 1,805               | 12,292             |
| Smucker (J.M.)                        | 700                 | 34,062             |
| †Susser Holdings                      | 730                 | 8,169              |
| Walgreen                              | 5,500               | 161,700            |
| Wal-Mart Stores                       | 1,860               | 90,098             |
|                                       |                     | <u>1,895,110</u>   |
| <i>Energy – 2.99%</i>                 |                     |                    |
| Arch Coal                             | 1,180               | 18,137             |
| Berry Petroleum Class A               | 635                 | 11,805             |
| †Bristow Group                        | 465                 | 13,778             |
| †Carrizo Oil & Gas                    | 1,240               | 21,266             |
| Chevron                               | 3,330               | 220,612            |
| ConocoPhillips                        | 4,975               | 209,249            |
| EOG Resources                         | 2,980               | 202,402            |
| EQT                                   | 1,020               | 35,608             |
| †EXCO Resources                       | 1,095               | 14,147             |
| Exxon Mobil                           | 2,860               | 199,943            |

**(Unaudited)**

|                                 |        |                  |
|---------------------------------|--------|------------------|
| Lufkin Industries               | 395    | 16,610           |
| Marathon Oil                    | 5,300  | 159,689          |
| Massey Energy                   | 830    | 16,218           |
| †National Oilwell Varco         | 990    | 32,333           |
| Occidental Petroleum            | 950    | 62,520           |
| Penn Virginia                   | 965    | 15,797           |
| Schlumberger                    | 1,319  | 71,371           |
| St. Mary Land & Exploration     | 1,300  | 27,131           |
| †Willbros Group                 | 1,330  | 16,638           |
|                                 |        | <u>1,365,254</u> |
| <i>Financials – 4.49%</i>       |        |                  |
| Alexandria Real Estate Equities | 305    | 10,916           |
| Allstate                        | 7,600  | 185,440          |
| Apollo Investment               | 2,410  | 14,460           |
| Bank of New York Mellon         | 12,140 | 355,822          |
| Berkley (W.R.)                  | 1,200  | 25,764           |
| Capital One Financial           | 1,430  | 31,288           |
| †@Cardtronics                   | 450    | 1,715            |
| City Holding                    | 585    | 17,761           |
| CME Group                       | 600    | 186,666          |
| Dime Community Bancshares       | 1,815  | 16,535           |
| Eastgroup Properties            | 435    | 14,364           |
| First Commonwealth Financial    | 1,325  | 8,401            |
| First Niagara Financial Group   | 1,740  | 19,871           |
| Goldman Sachs Group             | 480    | 70,771           |
| Hanover Insurance Group         | 800    | 30,488           |
| Harleysville Group              | 500    | 14,110           |
| Home Properties                 | 705    | 24,041           |
| Host Hotels & Resorts           | 1,560  | 13,088           |
| Independent Bank                | 760    | 14,972           |
| †IntercontinentalExchange       | 2,000  | 228,479          |
| JPMorgan Chase                  | 3,050  | 104,036          |
| †Nasdaq OMX Group               | 1,840  | 39,210           |
| optionsXpress Holdings          | 1,350  | 20,966           |
| PNC Financial Services Group    | 560    | 21,734           |
| †ProAssurance                   | 510    | 23,567           |
| Prosperity Bancshares           | 555    | 16,556           |
| Protective Life                 | 1,168  | 13,362           |
| Provident Finance               | 1,480  | 13,468           |
| Prudential Financial            | 680    | 25,310           |
| †RiskMetrics Group              | 920    | 16,247           |
| RLI                             | 370    | 16,576           |
| Senior Housing Properties Trust | 1,300  | 21,216           |
| Simon Property Group            | 368    | 18,926           |
| Smithtown Bancorp               | 465    | 5,947            |
| Sovran Self Storage             | 720    | 17,712           |
| TCF Financial                   | 1,040  | 13,905           |
| †Texas Capital Bancshares       | 1,155  | 17,868           |
| Travelers                       | 4,940  | 202,738          |
| Trustmark                       | 925    | 17,871           |
| U.S. Bancorp                    | 2,160  | 38,707           |
| Washington Federal              | 1,075  | 13,975           |
| Webster Financial               | 915    | 7,366            |
| Wells Fargo                     | 3,140  | 76,176           |
|                                 |        | <u>2,048,391</u> |
| <i>Health Care – 6.44%</i>      |        |                  |
| Abbott Laboratories             | 1,380  | 64,915           |
| †Align Technology               | 1,285  | 13,621           |
| †Alkermes                       | 1,965  | 21,261           |
| Allergan                        | 3,900  | 185,562          |
| †Alliance Imaging               | 1,165  | 8,539            |
| †Amgen                          | 990    | 52,411           |
| †AMN Healthcare Services        | 1,655  | 10,559           |
| †Bio-Rad Laboratories Class A   | 270    | 20,380           |
| Bristol-Myers Squibb            | 7,600  | 154,356          |
| Cardinal Health                 | 4,400  | 134,420          |
| †Catalyst Health Solutions      | 830    | 20,700           |
| †Celera                         | 1,910  | 14,573           |
| †Celgene                        | 530    | 25,355           |
| †Conmed                         | 1,060  | 16,451           |
| †Cryolife                       | 1,305  | 7,230            |
| †Dionex                         | 425    | 25,938           |
| †Express Scripts                | 870    | 59,813           |
| †Gen-Probe                      | 590    | 25,358           |
| †Gilead Sciences                | 4,080  | 191,107          |
| †Hologic                        | 2,260  | 32,160           |
| †Intuitive Surgical             | 300    | 49,098           |
| Johnson & Johnson               | 4,930  | 280,024          |
| †Medarex                        | 3,095  | 25,843           |
| †Medco Health Solutions         | 3,500  | 159,635          |
| Medtronic                       | 1,490  | 51,986           |

**(Unaudited)**

|                                       |        |                  |
|---------------------------------------|--------|------------------|
| Merck                                 | 7,440  | 208,022          |
| †Merit Medical Systems                | 870    | 14,181           |
| †Noven Pharmaceuticals                | 1,775  | 25,383           |
| †Odyssey HealthCare                   | 1,050  | 10,794           |
| †Onyx Pharmaceuticals                 | 835    | 23,597           |
| †OSI Pharmaceuticals                  | 605    | 17,079           |
| Pfizer                                | 10,100 | 151,500          |
| †Pharmerica                           | 445    | 8,735            |
| †Psychiatric Solutions                | 970    | 22,058           |
| Quest Diagnostics                     | 3,000  | 169,290          |
| †Quidel                               | 815    | 11,866           |
| †Regeneron Pharmaceuticals            | 965    | 17,293           |
| †Res-Care                             | 1,035  | 14,801           |
| †SonoSite                             | 620    | 12,437           |
| †Sun Healthcare Group                 | 1,940  | 16,374           |
| †Thermo Fisher Scientific             | 870    | 35,470           |
| †United Therapeutics                  | 225    | 18,749           |
| UnitedHealth Group                    | 8,580  | 214,328          |
| †Vertex Pharmaceuticals               | 740    | 26,374           |
| West Pharmaceutical Services          | 545    | 18,993           |
| Wyeth                                 | 5,600  | <u>254,184</u>   |
|                                       |        | <u>2,942,803</u> |
| <i>Industrials – 3.27%</i>            |        |                  |
| AAON                                  | 1,165  | 23,207           |
| Acuity Brands                         | 705    | 19,775           |
| Administaff                           | 720    | 16,754           |
| American Ecology                      | 755    | 13,530           |
| Applied Industrial Technologies       | 840    | 16,548           |
| Barnes Group                          | 830    | 9,869            |
| †BWAY                                 | 100    | 1,753            |
| †Chart Industries                     | 1,345  | 24,452           |
| †Columbus McKinnon                    | 1,165  | 14,737           |
| †CRA International                    | 485    | 13,464           |
| Deere                                 | 580    | 23,171           |
| †DynCorp International Class A        | 1,220  | 20,484           |
| †ESCO Technologies                    | 290    | 12,992           |
| Expeditors International Washington   | 4,500  | 150,030          |
| Fluor                                 | 820    | 42,058           |
| †FTI Consulting                       | 350    | 17,752           |
| General Electric                      | 4,990  | 58,483           |
| Goodrich                              | 1,110  | 55,467           |
| †GrafTech International               | 2,300  | 26,013           |
| Granite Construction                  | 645    | 21,466           |
| †Graphic Packaging Holding            | 282    | 516              |
| Healthcare Services Group             | 1,050  | 18,774           |
| Honeywell International               | 800    | 25,120           |
| †Hub Group Class A                    | 910    | 18,782           |
| †Huron Consulting Group               | 305    | 14,100           |
| †Kadant                               | 925    | 10,443           |
| †Kforce                               | 2,065  | 17,078           |
| Koppers Holdings                      | 370    | 9,757            |
| Lockheed Martin                       | 300    | 24,195           |
| McGrath RentCorp                      | 860    | 16,392           |
| Norfolk Southern                      | 1,440  | 54,245           |
| Northrop Grumman                      | 3,200  | 146,176          |
| Otter Tail                            | 825    | 18,018           |
| †Perini                               | 605    | 10,503           |
| Republic Services                     | 1,000  | 24,410           |
| Rockwell Collins                      | 610    | 25,455           |
| Roper Industries                      | 650    | 29,452           |
| †Tetra Technologies                   | 295    | 8,452            |
| †Titan Machinery                      | 785    | 9,962            |
| Triumph Group                         | 555    | 22,200           |
| United Parcel Service Class B         | 2,700  | 134,973          |
| †United Stationers                    | 585    | 20,405           |
| United Technologies                   | 1,320  | 68,587           |
| †URS                                  | 370    | 18,322           |
| Waste Management                      | 5,800  | <u>163,328</u>   |
|                                       |        | <u>1,491,650</u> |
| <i>Information Technology – 8.68%</i> |        |                  |
| †Adobe Systems                        | 4,200  | 118,860          |
| †Anixter International                | 720    | 27,065           |
| †Apple                                | 2,260  | 321,891          |
| †Atheros Communications               | 645    | 12,410           |
| †Blackboard                           | 715    | 20,635           |
| †Cisco Systems                        | 4,770  | 88,913           |
| †Digital River                        | 575    | 20,884           |
| †EMC                                  | 3,930  | 51,483           |
| †FARO Technologies                    | 975    | 15,142           |
| †Google Class A                       | 710    | 299,328          |
| Hewlett-Packard                       | 2,230  | 86,190           |

**(Unaudited)**

|   |        |                  |
|---|--------|------------------|
| iGate                                   | 3,345  | 22,144           |
| infoGROUP                               | 3,065  | 17,501           |
| †Informatica                            | 1,075  | 18,479           |
| Intel                                   | 16,710 | 276,551          |
| International Business Machines         | 1,980  | 206,752          |
| †Intuit                                 | 6,600  | 185,856          |
| †IPG Photonics                          | 1,385  | 15,193           |
| Ixys                                    | 970    | 9,816            |
| †j2 Global Communications               | 910    | 20,530           |
| †JDA Software Group                     | 1,440  | 21,542           |
| †Lawson Software                        | 4,810  | 26,840           |
| †Logmein                                | 250    | 4,000            |
| MasterCard Class A                      | 900    | 150,579          |
| †McAfee                                 | 720    | 30,377           |
| Microsoft                               | 6,430  | 152,841          |
| †Motorola                               | 26,400 | 175,032          |
| †NetAPP                                 | 1,560  | 30,763           |
| †NETGEAR                                | 940    | 13,545           |
| †NIC                                    | 1,280  | 8,666            |
| †Nuance Communications                  | 1,800  | 21,762           |
| †Progress Software                      | 970    | 20,535           |
| QUALCOMM                                | 7,560  | 341,711          |
| Quality Systems                         | 410    | 23,354           |
| †Radiant Systems                        | 1,045  | 8,674            |
| †Rofin-Sinar Technologies               | 735    | 14,707           |
| †SanDisk                                | 3,525  | 51,782           |
| †Sapient                                | 2,580  | 16,228           |
| †SAVVIS                                 | 1,975  | 22,634           |
| †Semtech                                | 925    | 14,717           |
| †Solarwinds                             | 610    | 10,059           |
| †Symantec                               | 8,880  | 138,173          |
| †Synaptics                              | 715    | 27,635           |
| †Tekelec                                | 1,725  | 29,032           |
| †TeleTech Holdings                      | 1,350  | 20,453           |
| †Teradata                               | 6,800  | 159,324          |
| United Online                           | 2,660  | 17,317           |
| †ValueClick                             | 1,440  | 15,149           |
| †VeriSign                               | 6,700  | 123,816          |
| †ViaSat                                 | 1,145  | 29,358           |
| Visa Class A                            | 3,600  | 224,136          |
| †Vocus                                  | 925    | 18,278           |
| Xerox                                   | 25,700 | <u>166,536</u>   |
|   |        | <u>3,965,178</u> |
| <i>Materials – 1.40%</i>                |        |                  |
| A. Schulman                             | 1,000  | 15,110           |
| Alcoa                                   | 2,190  | 22,623           |
| Compass Minerals International          | 340    | 18,669           |
| duPont (E.I.) deNemours                 | 7,080  | 181,390          |
| †Freeport-McMoRan Copper & Gold Class B | 900    | 45,099           |
| Lubrizol                                | 1,030  | 48,729           |
| Monsanto                                | 530    | 39,400           |
| †Owens-Illinois                         | 1,410  | 39,494           |
| Praxair                                 | 1,700  | 120,819          |
| Rock-Tenn Class A                       | 705    | 26,903           |
| †Rockwood Holdings                      | 1,135  | 16,616           |
| Silgan Holdings                         | 465    | 22,799           |
| United States Steel                     | 1,180  | <u>42,173</u>    |
|   |        | <u>639,824</u>   |
| <i>Telecommunications – 1.44%</i>       |        |                  |
| Alaska Communications Systems Group     | 2,845  | 20,825           |
| AT&T                                    | 7,380  | 183,319          |
| †Crown Castle International             | 6,300  | 151,326          |
| †Knology                                | 1,500  | 12,945           |
| †MetroPCS Communications                | 2,000  | 26,620           |
| NTELOS Holdings                         | 1,015  | 18,696           |
| Verizon Communications                  | 7,980  | <u>245,225</u>   |
|   |        | <u>658,956</u>   |
| <i>Utilities – 1.33%</i>                |        |                  |
| Black Hills                             | 400    | 9,196            |
| Cleco                                   | 1,365  | 30,603           |
| Edison International                    | 5,300  | 166,738          |
| Exelon                                  | 860    | 44,041           |
| FirstEnergy                             | 680    | 26,350           |
| Piedmont Natural Gas                    | 605    | 14,587           |
| PPL                                     | 1,450  | 47,792           |
| Progress Energy                         | 4,400  | 166,452          |
| Sempra Energy                           | 880    | 43,674           |
| UIL Holdings                            | 530    | 11,899           |
| Unitil                                  | 460    | 9,485            |
| Wisconsin Energy                        | 860    | <u>35,011</u>    |
|   |        | <u>605,828</u>   |

**(Unaudited)****Total U.S. Markets (cost \$18,791,533)**17,072,520**§Developed Markets – 17.33%***Consumer Discretionary – 3.03%*

|                          |         |                  |
|--------------------------|---------|------------------|
| Bayerische Motoren Werke | 4,383   | 164,928          |
| Don Quijote              | 8,400   | 161,582          |
| Esprit Holdings          | 27,061  | 151,020          |
| PPR                      | 1,897   | 154,724          |
| Publicis Groupe          | 4,043   | 123,216          |
| Round One                | 11,776  | 117,479          |
| Techtronic Industries    | 183,500 | 127,149          |
| Toyota Motor             | 3,886   | 148,050          |
| Vivendi                  | 6,705   | 160,193          |
| WPP Group                | 11,065  | <u>73,436</u>    |
|                          |         | <u>1,381,777</u> |

*Consumer Staples – 1.50%*

|                  |        |                |
|------------------|--------|----------------|
| Coca-Cola Amatil | 23,033 | 159,692        |
| First Pacific    | 81,577 | 46,842         |
| @Greggs          | 20,829 | 127,788        |
| Metro            | 3,238  | 154,586        |
| Parmalat         | 81,380 | <u>196,199</u> |
|                  |        | <u>685,107</u> |

*Energy – 1.63%*

|                    |        |                |
|--------------------|--------|----------------|
| BP                 | 40,207 | 315,980        |
| †Nabors Industries | 1,684  | 26,237         |
| Tenaris ADR        | 850    | 22,984         |
| Total              | 4,805  | 259,316        |
| †Transocean        | 1,600  | <u>118,864</u> |
|                    |        | <u>743,381</u> |

*Financials – 1.70%*

|                                |        |                |
|--------------------------------|--------|----------------|
| Aspen Insurance Holdings       | 2,205  | 49,260         |
| AXA                            | 6,848  | 128,602        |
| Everest Re Group               | 396    | 28,342         |
| IPC Holdings                   | 695    | 19,001         |
| Max Capital Group              | 1,190  | 21,967         |
| Mitsubishi UFJ Financial Group | 39,814 | 247,157        |
| Nordea Bank                    | 17,620 | 139,515        |
| Standard Charter               | 7,689  | <u>144,174</u> |
|                                |        | <u>778,018</u> |

*Health Care – 1.71%*

|                      |       |                |
|----------------------|-------|----------------|
| AstraZeneca          | 3,512 | 154,320        |
| †Eurand              | 1,830 | 23,790         |
| Novartis             | 4,325 | 175,301        |
| Novo Nordisk ADR     | 2,200 | 119,812        |
| Novo Nordisk Class B | 2,995 | 161,868        |
| Sanofi-Aventis       | 2,482 | <u>145,750</u> |
|                      |       | <u>780,841</u> |

*Industrials – 3.08%*

|                                 |        |                  |
|---------------------------------|--------|------------------|
| Asahi Glass                     | 20,000 | 160,905          |
| Cie de Saint-Gobain             | 2,883  | 96,334           |
| Deutsche Post                   | 16,545 | 214,291          |
| Finmeccanica                    | 10,938 | 153,866          |
| †Flextronics International      | 350    | 1,439            |
| IESI-BFC                        | 1,140  | 13,281           |
| Koninklijke Philips Electronics | 8,330  | 153,337          |
| Singapore Airlines              | 15,688 | 144,056          |
| Teleperformance                 | 6,567  | 199,584          |
| Tomkins                         | 59,608 | 145,349          |
| Vallourec                       | 1,031  | <u>125,120</u>   |
|                                 |        | <u>1,407,562</u> |

*Information Technology – 1.37%*

|                           |        |                |
|---------------------------|--------|----------------|
| Accenture Limited Class A | 944    | 31,586         |
| Canon                     | 4,100  | 134,496        |
| †CGI Group Class A        | 31,400 | 279,158        |
| Nokia                     | 12,370 | <u>181,123</u> |
|                           |        | <u>626,363</u> |

*Materials – 1.46%*

|                 |        |                |
|-----------------|--------|----------------|
| Agrium          | 3,600  | 143,604        |
| Alumina ADR     | 2,250  | 10,350         |
| †Anglo American | 1,238  | 35,920         |
| @Griffin Mining | 12,300 | 7,637          |
| Lafarge         | 3,218  | 217,763        |
| Linde           | 1,760  | 143,834        |
| Syngenta ADR    | 2,300  | <u>106,996</u> |
|                 |        | <u>666,104</u> |

*Telecommunications – 1.49%*

|                            |        |         |
|----------------------------|--------|---------|
| China Mobile ADR           | 1,000  | 50,080  |
| China Unicom Hong Kong     | 28,000 | 37,069  |
| China Unicom Hong Kong ADR | 8,717  | 116,285 |
| France Telecom             | 5,382  | 121,980 |

**(Unaudited)**

|   |        |                         |
|---|--------|-------------------------|
| Philippine Long Distance Telephone ADR            | 300    | 14,916                  |
| Telstra   | 29,495 | 80,515                  |
| Telus   | 2,834  | 75,172                  |
| Vodafone Group                                    | 95,630 | <u>184,425</u>          |
|   |        | <u>680,442</u>          |
| <i>Utilities – 0.36%</i>                          |        |                         |
| National Grid                                     | 18,247 | <u>164,319</u>          |
|   |        | <u>164,319</u>          |
| <b>Total Developed Markets (cost \$8,603,347)</b> |        | <b><u>7,913,914</u></b> |
| <b><i>XEmerging Markets – 8.62%</i></b>           |        |                         |
| <i>Consumer Discretionary – 0.41%</i>             |        |                         |
| †Focus Media Holding ADR                          | 7,175  | 57,831                  |
| †#Grupo Clarin Class B GDR 144A                   | 1,400  | 5,163                   |
| Grupo Televisa ADR                                | 2,800  | 47,600                  |
| JD Group  | 2,900  | 15,207                  |
| Oriental Holdings                                 | 8,000  | 12,404                  |
| Sun International                                 | 1,200  | 11,876                  |
| †Turk Sise ve Cam Fabrikalari                     | 15,742 | 12,872                  |
| Wal-Mart de Mexico Series V                       | 8,377  | <u>24,832</u>           |
|   |        | <u>187,785</u>          |
| <i>Consumer Staples – 0.48%</i>                   |        |                         |
| †Cosan Class A                                    | 4,000  | 20,720                  |
| Cresud ADR  | 4,650  | 43,850                  |
| Fomento Economico Mexicano ADR                    | 875    | 28,210                  |
| Gudang Garam                                      | 30,500 | 37,499                  |
| Lotte Confectionery                               | 25     | 19,611                  |
| President Chain Store                             | 11,000 | 28,153                  |
| Tongaat Hulett                                    | 1,300  | 15,150                  |
| †Wimm-Bill-Dann Foods ADR                         | 500    | <u>27,475</u>           |
|   |        | <u>220,668</u>          |
| <i>Energy – 1.85%</i>                             |        |                         |
| China Petroleum & Chemical ADR                    | 425    | 32,241                  |
| China Shenhua Energy                              | 7,000  | 25,787                  |
| Gazprom ADR                                       | 5,100  | 105,570                 |
| KazMunaiGas Exploration Production GDR            | 3,695  | 69,836                  |
| LUKOIL ADR  | 400    | 17,880                  |
| LUKOIL ADR (London International Exchange)        | 500    | 22,185                  |
| Oaa Rosenfet Oil GDR                              | 1,146  | 6,402                   |
| @Oil & Gas Development GDR                        | 500    | 4,828                   |
| PetroChina  | 18,000 | 19,974                  |
| PetroChina ADR                                    | 525    | 58,002                  |
| Petroleo Brasileiro SA ADR                        | 2,575  | 105,524                 |
| Petroleo Brasileiro SP ADR                        | 3,400  | 113,424                 |
| Polski Koncern Naftowy Orlen                      | 1,962  | 16,306                  |
| PTT Exploration & Production                      | 9,217  | 36,792                  |
| #Reliance Industries GDR 144A                     | 843    | 71,835                  |
| Sasol   | 1,000  | 34,999                  |
| Sasol ADR   | 600    | 20,892                  |
| SK Energy   | 361    | 29,026                  |
| Surgutneftegaz ADR                                | 5,297  | 36,814                  |
| Tambang Batubara Bukit Asam                       | 16,000 | <u>18,183</u>           |
|   |        | <u>846,500</u>          |
| <i>Financials – 0.99%</i>                         |        |                         |
| Alarko Gayrimenkul Yatirim Ortakligi              | 200    | 2,193                   |
| Banco Bradesco ADR                                | 3,075  | 45,418                  |
| Bangkok Bank                                      | 9,500  | 31,230                  |
| †Bank Hapoalim                                    | 3,961  | 10,524                  |
| Bank Leumi Le-Israel                              | 3,858  | 10,152                  |
| †Companhia Brasileira de Meios de Pagamento       | 2,100  | 18,065                  |
| Credicorp   | 500    | 29,100                  |
| †Grupo Financiero Galicia ADR                     | 20,200 | 66,458                  |
| Hong Leong Bank                                   | 15,600 | 25,297                  |
| †@Indiabulls Real Estate GDR                      | 400    | 1,632                   |
| IRSA Inversiones y Representaciones GDR           | 3,900  | 18,681                  |
| Itau Unibanco Banco Multiplo ADR                  | 3,325  | 52,635                  |
| †KB Financial Group ADR                           | 1,200  | 39,972                  |
| KLCC Property Holdings                            | 12,500 | 11,593                  |
| Sberbank  | 24,640 | 31,170                  |
| Standard Bank Group                               | 2,900  | 33,346                  |
| Turkiye Is Bankasi Class C                        | 5,586  | 16,458                  |
| †UEM Land Holdings                                | 23,176 | <u>10,286</u>           |
|   |        | <u>454,210</u>          |
| <i>Industrials – 0.44%</i>                        |        |                         |
| Alarko Holding                                    | 14,110 | 26,371                  |
| CJ  | 510    | 17,363                  |
| Evergreen Marine                                  | 61,000 | 30,351                  |
| †Gol Linhas Aereas Inteligentes ADR               | 3,325  | 18,853                  |
| Hyundai Elevator                                  | 158    | 8,193                   |
| Siam Cement NVDR                                  | 7,400  | 33,666                  |

**(Unaudited)**

|   |        |                   |
|---|--------|-------------------|
| Sinotrans   | 31,000 | 7,040             |
| SK Holdings   | 154    | 12,866            |
| †Walsin Lihwa   | 93,000 | 29,717            |
| Yazicilar Holding Class A   | 3,400  | <u>14,893</u>     |
|   |        | <u>199,313</u>    |
| <i>Information Technology – 0.86%</i>   |        |                   |
| Infosys Technologies ADR  | 1,650  | 60,687            |
| LG Display ADR  | 900    | 11,241            |
| Samsung Electronics   | 472    | 219,190           |
| †Sina   | 1,000  | 29,480            |
| †SK Communications  | 662    | 4,954             |
| Taiwan Semiconductor Manufacturing  | 15,000 | 24,970            |
| United Microelectronics   | 52,000 | 17,407            |
| United Microelectronics ADR   | 9,500  | <u>25,080</u>     |
|   |        | <u>393,009</u>    |
| <i>Materials – 1.05%</i>  |        |                   |
| Aluminum Corporation of China ADR   | 1,200  | 28,008            |
| ArcelorMittal South Africa  | 1,800  | 22,284            |
| Cemex ADR   | 3,562  | 33,269            |
| Cia de Minas Buenaventura ADR   | 900    | 21,627            |
| Cia Siderurgica Nacional ADR  | 2,175  | 48,611            |
| Formosa Chemicals & Fibre   | 16,000 | 24,054            |
| Gold Fields ADR   | 2,200  | 26,510            |
| Grupo Mexico Class B  | 0      | 0                 |
| Impala Platinum Holdings  | 1,231  | 27,200            |
| Israel Chemicals  | 1,600  | 15,854            |
| MMC Norilsk Nickel ADR  | 1,481  | 13,625            |
| POSCO ADR   | 450    | 37,202            |
| Vale ADR  | 8,650  | 152,500           |
| Votorantim Celulose e Papel ADR   | 2,525  | <u>27,043</u>     |
|   |        | <u>477,787</u>    |
| <i>Telecommunications – 1.38%</i>   |        |                   |
| America Movil ADR   | 2,350  | 90,992            |
| China Telecom   | 68,000 | 33,869            |
| Chunghwa Telecom ADR  | 8,061  | 159,850           |
| KT ADR  | 5,700  | 81,852            |
| Mobile Telesystems ADR  | 600    | 22,158            |
| SK Telecom ADR  | 3,700  | 56,055            |
| Telkom  | 2,000  | 9,847             |
| Telkom ADR  | 1,100  | 22,044            |
| Tim Participacoes ADR   | 1,300  | 22,659            |
| Turkcell Iletisim Hizmet  | 2,900  | 16,091            |
| Turkcell Iletisim Hizmet ADR  | 1,650  | 22,869            |
| †Vodacom Group  | 12,628 | <u>93,638</u>     |
|   |        | <u>631,924</u>    |
| <i>Utilities – 1.16%</i>  |        |                   |
| AES Tiete   | 4,506  | 42,420            |
| Centrais Eletricas Brasileiras  | 14,000 | 203,701           |
| Cia Energetica de Minas Gerais ADR  | 1,187  | 15,953            |
| Energias do Brasil  | 8,000  | 108,518           |
| †@=Fifth Power Generation GDR   | 100    | 186               |
| Huaneng Power International ADR   | 2,550  | 71,579            |
| Korea Electric Power ADR  | 6,300  | 72,450            |
| Tanjong   | 3,700  | <u>14,000</u>     |
|   |        | <u>528,807</u>    |
| <b>Total Emerging Markets (cost \$4,136,474)</b>  |        | <u>3,940,003</u>  |
| <b>Total Common Stock (cost \$31,531,354)</b>   |        | <u>28,926,437</u> |
| <b>Convertible Preferred Stock – 0.97%</b>  |        |                   |
| <i>Banking, Finance &amp; Insurance – 0.18%</i>   |        |                   |
| Nationwide Health Properties 7.75% exercise price \$22.25, expiration date 12/31/49     | 650    | <u>79,934</u>     |
|   |        | <u>79,934</u>     |
| <i>Energy – 0.11%</i>   |        |                   |
| Whiting Petroleum 6.25% exercise price \$43.42, expiration date 12/31/49                | 500    | <u>49,320</u>     |
|   |        | <u>49,320</u>     |
| <i>HealthCare &amp; Pharmaceuticals – 0.37%</i>   |        |                   |
| Inverness Medical Innovations Series B exercise price \$69.32, expiration date 12/31/49 | 258    | 57,508            |
| Mylan 6.50% exercise price \$17.08, expiration date 11/15/10                            | 85     | 73,219            |
| Schering-Plough 6.00% exercise price \$33.69, expiration date 8/13/10                   | 175    | <u>39,692</u>     |
|   |        | <u>170,419</u>    |
| <i>Metals &amp; Mining – 0.21%</i>  |        |                   |
| Freeport-McMoRan Copper & Gold 6.75% exercise price \$73.50, expiration date 5/1/10     | 1,200  | <u>95,700</u>     |
|   |        | <u>95,700</u>     |
| <i>Telecommunications – 0.10%</i>   |        |                   |
| Crown Castle International 6.25% exercise price \$36.88, expiration date 8/15/12        | 975    | <u>46,495</u>     |
|   |        | <u>46,495</u>     |
| <b>Total Convertible Preferred Stock (cost \$341,279)</b>                               |        | <u>441,868</u>    |
| <b>Exchange Traded Fund – 9.27%</b>   |        |                   |
| iShares MSCI EAFE Growth Index  | 91,700 | <u>4,235,623</u>  |
| <b>Total Exchange Traded Fund (cost \$5,230,962)</b>                                    |        | <u>4,235,623</u>  |

**(Unaudited)**

|  |     | Principal<br>Amount <sup>o</sup> |                       |
|--|-----|----------------------------------|-----------------------|
| <b>Agency Collateralized Mortgage Obligations – 0.31%</b>                                |     |                                  |                       |
| Fannie Mae REMICS Series 2003-32 PH 5.50% 3/25/32  | USD | 60,000                           | 62,578                |
| Freddie Mac REMICS Series 2512 PG 5.50% 10/15/22   |     | 75,000                           | <u>78,043</u>         |
| <b>Total Agency Collateralized Mortgage Obligations (cost \$131,663)</b>                 |     |                                  | <b><u>140,621</u></b> |
| <b>Agency Mortgage-Backed Securities – 2.00%</b>   |     |                                  |                       |
| Fannie Mae S.F. 15yr 5.50% 7/1/22  |     | 51,968                           | 54,498                |
| Fannie Mae S.F. 30 yr<br>5.00% 12/1/36   |     | 246,371                          | 251,713               |
| 6.50% 8/1/38   |     | 212,230                          | 226,316               |
| Fannie Mae S.F. 30 yr TBA 7/1/09 4.50% 7/1/39  |     | 210,000                          | 209,541               |
| Fannie Mae S.F. 30yr 4.50% 6/1/38  |     | 64,241                           | 64,197                |
| Freddie Mac S.F. 30 yr TBA 4.00% 7/1/39  |     | 110,000                          | <u>106,614</u>        |
| <b>Total Agency Mortgage-Backed Securities (cost \$889,295)</b>                          |     |                                  | <b><u>912,879</u></b> |
| <b>Commercial Mortgage-Backed Securities – 1.39%</b>                                     |     |                                  |                       |
| #American Tower Trust Series 2007-1A AFX 144A 5.42% 4/15/37                              |     | 25,000                           | 22,750                |
| Bank of America Commercial Mortgage<br>Series 2004-4 A4 4.502% 7/10/42                   |     | 100,000                          | 94,495                |
| •Series 2007-4 AM 5.812% 2/10/51   |     | 10,000                           | 4,991                 |
| Bear Stearns Commercial Mortgage Securities<br>Series 2004-PWR4 A3 5.468% 6/11/41        |     | 40,000                           | 36,311                |
| Series 2007-PW15 A4 5.331% 2/11/44   |     | 25,000                           | 20,233                |
| Commercial Mortgage Pass Through Certificates Series 2005-C6 A5A 5.116% 6/10/44          |     | 15,000                           | 12,221                |
| Goldman Sachs Mortgage Securities II<br>Series 2004-GG2 A5 5.279% 8/10/38                |     | 100,000                          | 92,145                |
| Series 2004-GG2 A6 5.396% 8/10/38  |     | 20,000                           | 17,831                |
| Series 2005-GG4 A4A 4.751% 7/10/39   |     | 20,000                           | 16,979                |
| •Series 2007-GG10 A4 5.805% 8/10/45  |     | 25,000                           | 18,892                |
| Greenwich Capital Commercial Funding Series 2004-GG1 A4 4.755% 6/10/36                   |     | 35,000                           | 35,141                |
| •JPMorgan Chase Commercial Mortgage Securities Series 2005-LDP5 A4 5.179% 12/15/44       |     | 25,000                           | 21,135                |
| Morgan Stanley Capital I<br>Series 2004-T15 A4 5.27% 6/13/41                             |     | 210,000                          | 189,449               |
| •Series 2006-T23 A4 5.81% 8/1/41   |     | 25,000                           | 21,149                |
| •Series 2007-T27 A4 5.65% 6/11/42  |     | 40,000                           | <u>33,563</u>         |
| <b>Total Commercial Mortgage-Backed Securities (cost \$648,230)</b>                      |     |                                  | <b><u>637,285</u></b> |
| <b>Convertible Bonds – 2.66%</b>   |     |                                  |                       |
| <i>Banking, Finance &amp; Insurance – 0.25%</i>  |     |                                  |                       |
| National City 4.00% exercise price \$482.50, expiration date 2/1/11                      |     | 70,000                           | 69,125                |
| #SVB Financial Group 144A 3.875% exercise price \$53.04, expiration date 4/15/11         |     | 50,000                           | <u>45,125</u>         |
|  |     |                                  | <u>114,250</u>        |
| <i>Basic Materials – 0.15%</i>   |     |                                  |                       |
| Rayonier TRS Holdings 3.75% exercise price \$54.81, expiration date 10/15/12             |     | 70,000                           | <u>67,200</u>         |
|  |     |                                  | <u>67,200</u>         |
| <i>Building &amp; Materials – 0.00%</i>  |     |                                  |                       |
| Beazer Homes USA 4.625% exercise price \$49.64, expiration date 6/15/24                  |     | 5,000                            | <u>3,013</u>          |
|  |     |                                  | <u>3,013</u>          |
| <i>Electronics &amp; Electrical Equipment – 0.15%</i>                                    |     |                                  |                       |
| Flextronics International 1.00% exercise price \$15.53, expiration date 8/1/10           |     | 75,000                           | <u>71,156</u>         |
|  |     |                                  | <u>71,156</u>         |
| <i>Energy – 0.34%</i>  |     |                                  |                       |
| Chesapeake Energy 2.25% exercise price \$85.89, expiration date 12/15/38                 |     | 130,000                          | 80,438                |
| Transocean 1.50% exercise price \$168.61, expiration date 12/15/37                       |     | 80,000                           | <u>73,700</u>         |
|  |     |                                  | <u>154,138</u>        |
| <i>HealthCare &amp; Pharmaceuticals – 0.33%</i>  |     |                                  |                       |
| ΦHologic 2.00% exercise price \$38.59, expiration date 12/15/37                          |     | 95,000                           | 67,925                |
| Medtronic exercise price \$55.41, expiration date 4/15/13                                |     | 90,000                           | <u>83,363</u>         |
|  |     |                                  | <u>151,288</u>        |
| <i>Leisure, Lodging &amp; Entertainment – 0.06%</i>                                      |     |                                  |                       |
| #International Game Technology 144A 3.25% exercise price \$19.97, expiration date 5/1/14 |     | 25,000                           | <u>27,031</u>         |
|  |     |                                  | <u>27,031</u>         |
| <i>Real Estate – 0.34%</i>   |     |                                  |                       |
| #Digital Realty Trust 144A 5.50% exercise price \$43.00, expiration date 4/15/29         |     | 70,000                           | 69,213                |
| #Host Hotels & Resorts 144A 3.25% exercise price \$16.00, expiration date 4/15/24        |     | 75,000                           | 72,843                |
| ProLogis 2.25% exercise price \$75.98, expiration date 4/1/37                            |     | 15,000                           | <u>12,075</u>         |
|  |     |                                  | <u>154,131</u>        |
| <i>Telecommunications – 0.86%</i>  |     |                                  |                       |
| Alaska Communications Systems Group 5.75% exercise price \$12.90, expiration date 3/1/13 |     | 87,000                           | 70,470                |
| Interpublic Group 4.25% exercise price \$12.42, expiration date 3/15/23                  |     | 5,000                            | 4,463                 |
| NII Holdings 3.125% exercise price \$118.32, expiration date 6/15/12                     |     | 100,000                          | 77,375                |
| Qwest Communications International 3.50% exercise price \$5.23, expiration date 11/15/25 |     | 60,000                           | 59,400                |
| #SBA Communications 144A 4.00% exercise price \$30.38, expiration date 10/1/14           |     | 70,000                           | 70,700                |
| #Virgin Media 144A 6.50% exercise price \$19.22, expiration date 11/15/16                |     | 140,000                          | <u>109,200</u>        |
|  |     |                                  | <u>391,608</u>        |
| <i>Transportation – 0.18%</i>  |     |                                  |                       |

**(Unaudited)**

|   |         |                         |
|---|---------|-------------------------|
| Bristow Group 3.00% exercise price \$77.34, expiration date 6/15/38 | 115,000 | 82,368                  |
| <b>Total Convertible Bonds (cost \$1,112,022)</b>                   |         | <b><u>1,216,183</u></b> |
| <b>Corporate Bonds – 13.69%</b>                                     |         |                         |
| <i>Banking – 1.97%</i>  |         |                         |
| •BAC Capital Trust XIV 5.63% 12/31/49                               | 15,000  | 7,504                   |
| Bank of America   |         |                         |
| 5.125% 11/15/14   | 27,000  | 25,413                  |
| 5.65% 5/1/18  | 10,000  | 8,851                   |
| 5.75% 12/1/17   | 35,000  | 31,215                  |
| Bank of New York Mellon 4.95% 3/15/15                               | 25,000  | 23,908                  |
| BB&T  |         |                         |
| 4.90% 6/30/17   | 40,000  | 35,615                  |
| 6.85% 4/30/19   | 45,000  | 46,882                  |
| Capital One Financial   |         |                         |
| 6.15% 9/1/16  | 5,000   | 4,431                   |
| 7.375% 5/23/14  | 30,000  | 30,967                  |
| Citigroup   |         |                         |
| 6.125% 5/15/18  | 20,000  | 17,522                  |
| 6.50% 8/19/13   | 64,000  | 62,223                  |
| 8.50% 5/22/19   | 20,000  | 20,379                  |
| #GMAC 144A  |         |                         |
| 6.00% 12/15/11  | 5,000   | 4,325                   |
| 6.625% 5/15/12  | 25,000  | 21,125                  |
| 6.875% 9/15/11  | 20,000  | 17,700                  |
| 6.875% 8/28/12  | 15,000  | 12,675                  |
| JPMorgan Chase 6.30% 4/23/19  | 75,000  | 75,574                  |
| JPMorgan Chase Capital XXV 6.80% 10/1/37                            | 50,000  | 43,123                  |
| Morgan Stanley 5.30% 3/1/13   | 92,000  | 93,261                  |
| PNC Funding   |         |                         |
| 5.25% 11/15/15  | 20,000  | 19,042                  |
| 5.625% 2/1/17   | 72,000  | 66,828                  |
| @Popular North America Capital Trust I 6.564% 9/15/34               | 25,000  | 13,362                  |
| #Rabobank Nederland 144A 11.00% 12/29/49                            | 75,000  | 83,649                  |
| U.S. Bank North America 4.80% 4/15/15                               | 1,000   | 984                     |
| •USB Capital IX 6.189% 4/15/49                                      | 100,000 | 67,525                  |
| •Wells Fargo Capital XIII 7.70% 12/29/49                            | 65,000  | 53,991                  |
| Zions Bancorporation  |         |                         |
| 5.50% 11/16/15  | 5,000   | 3,603                   |
| 6.00% 9/15/15   | 15,000  | 10,738                  |
|   |         | <u>902,415</u>          |
| <i>Basic Industry – 0.87%</i>                                       |         |                         |
| ArcelorMittal   |         |                         |
| 6.125% 6/1/18   | 52,000  | 45,575                  |
| 9.85% 6/1/19  | 15,000  | 16,214                  |
| #Compass Minerals International 144A 8.00% 6/1/19                   | 10,000  | 9,963                   |
| Domtar 7.125% 8/15/15   | 20,000  | 16,800                  |
| Dow Chemical 8.55% 5/15/19  | 45,000  | 45,154                  |
| Freeport-McMoRan Copper & Gold                                      |         |                         |
| 8.25% 4/1/15  | 15,000  | 15,167                  |
| 8.375% 4/1/17   | 10,000  | 10,089                  |
| #Georgia Pacific 144A   |         |                         |
| 7.125% 1/15/17  | 20,000  | 18,700                  |
| 8.25% 5/1/16  | 5,000   | 4,875                   |
| Huntsman International 7.375% 1/1/15                                | 60,000  | 47,400                  |
| Innophos 8.875% 8/15/14   | 20,000  | 18,400                  |
| Lubrizol 8.875% 2/1/19  | 35,000  | 40,729                  |
| Nalco   |         |                         |
| 8.875% 11/15/13   | 15,000  | 15,375                  |
| #144A 8.25% 5/15/17   | 5,000   | 5,050                   |
| @Pottlatch 12.50% 12/1/09   | 5,000   | 5,158                   |
| Reliance Steel & Aluminum 6.85% 11/15/36                            | 19,000  | 10,912                  |
| #@Sappi Papier Holding 144A 6.75% 6/15/12                           | 15,000  | 10,062                  |
| Steel Dynamics 6.75% 4/1/15   | 20,000  | 17,900                  |
| #Teck Resources 144A  |         |                         |
| 10.25% 5/15/16  | 7,000   | 7,342                   |
| 10.75% 5/15/19  | 8,000   | 8,613                   |
| US Steel 7.00% 2/1/18   | 10,000  | 8,701                   |
| @Vale Overseas 6.875% 11/21/36                                      | 22,000  | 20,944                  |
|   |         | <u>399,123</u>          |
| <i>Brokerage – 0.40%</i>  |         |                         |
| Goldman Sachs Group   |         |                         |
| 5.25% 10/15/13  | 5,000   | 5,108                   |
| 5.95% 1/18/18   | 27,000  | 26,232                  |
| 6.15% 4/1/18  | 57,000  | 55,587                  |
| 6.75% 10/1/37   | 10,000  | 8,916                   |
| 7.50% 2/15/19   | 20,000  | 21,452                  |
| Jefferies Group   |         |                         |
| 6.25% 1/15/36   | 5,000   | 3,458                   |
| 6.45% 6/8/27  | 30,000  | 22,119                  |

**(Unaudited)**

|   |        |                |
|---|--------|----------------|
| 8.50% 7/15/19                                       | 5,000  | 4,968          |
| LaBranche 11.00% 5/15/12                            | 20,000 | 18,325         |
| Lazard Group  |        |                |
| 6.85% 6/15/17                                       | 17,000 | 15,640         |
| 7.125% 5/15/15                                      | 3,000  | <u>2,759</u>   |
|   |        | <u>184,564</u> |
| <i>Capital Goods – 0.95%</i>                        |        |                |
| Allied Waste North America                          |        |                |
| 6.875% 6/1/17                                       | 10,000 | 9,915          |
| 7.125% 5/15/16                                      | 25,000 | 25,158         |
| Associated Materials 9.75% 4/15/12                  | 10,000 | 8,800          |
| #BAE Systems Holdings 144A                          |        |                |
| 4.95% 6/1/14  | 5,000  | 5,031          |
| 6.375% 6/1/19                                       | 20,000 | 20,485         |
| Browning-Ferris Industries 7.40% 9/15/35            | 25,000 | 23,474         |
| Building Materials 7.75% 8/1/14                     | 25,000 | 22,375         |
| #BWAY 144A 10.00% 4/15/14                           | 15,000 | 15,038         |
| Casella Waste Systems 9.75% 2/1/13                  | 10,000 | 9,050          |
| Celestica 7.625% 7/1/13                             | 10,000 | 9,800          |
| Crown Americas                                      |        |                |
| 7.625% 11/15/13                                     | 15,000 | 14,700         |
| #144A 7.625% 5/15/17                                | 10,000 | 9,700          |
| CSX   |        |                |
| 5.75% 3/15/13                                       | 5,000  | 5,131          |
| 6.25% 3/15/18                                       | 5,000  | 5,051          |
| 7.375% 2/1/19                                       | 17,000 | 18,495         |
| 7.45% 4/1/38  | 20,000 | 21,723         |
| 7.90% 5/1/17  | 5,000  | 5,537          |
| Graham Packaging Capital 9.875% 10/15/14            | 20,000 | 18,700         |
| Graphic Packaging International                     |        |                |
| 8.50% 8/15/11                                       | 5,000  | 4,975          |
| 9.50% 8/15/13                                       | 15,000 | 14,400         |
| #144A 9.50% 6/15/17                                 | 5,000  | 4,950          |
| Kansas City Southern Railway 13.00% 12/15/13        | 10,000 | 11,050         |
| L-3 Communications 6.125% 7/15/13                   | 15,000 | 14,213         |
| #Owens Brockway Glass Container 144A 7.375% 5/15/16 | 5,000  | 4,875          |
| Owens Corning 6.50% 12/1/16                         | 10,000 | 8,778          |
| #Plastipak Holdings 144A 8.50% 12/15/15             | 10,000 | 9,013          |
| RBS Global/Rexnord 11.75% 8/1/16                    | 15,000 | 11,138         |
| #Rock-Tenn 144A 9.25% 3/15/16                       | 10,000 | 10,225         |
| Sanmina-SCI 8.125% 3/1/16                           | 11,000 | 8,071          |
| #Sealed Air 144A 7.875% 6/15/17                     | 5,000  | 4,963          |
| Solo Cup 8.50% 2/15/14                              | 10,000 | 8,250          |
| Tyco International Finance 8.50% 1/15/19            | 37,000 | 41,092         |
| USG 6.30% 11/15/16                                  | 10,000 | 7,450          |
| Waste Management 7.10% 8/1/26                       | 22,000 | <u>20,780</u>  |
|   |        | <u>432,386</u> |
| <i>Consumer Cyclical – 1.15%</i>                    |        |                |
| #Allison Transmission 144A 11.00% 11/1/15           | 10,000 | 7,950          |
| Beazer Homes USA 8.625% 5/15/11                     | 5,000  | 3,425          |
| Carrols 9.00% 1/15/13                               | 5,000  | 4,713          |
| CVS Caremark 4.875% 9/15/14                         | 7,000  | 7,113          |
| ◆#CVS Pass-Through Trust 144A 8.353% 7/10/31        | 55,000 | 55,274         |
| Delta Air Lines 7.92% 11/18/10                      | 5,000  | 4,600          |
| Dollar General PIK 11.875% 7/15/17                  | 5,000  | 5,425          |
| Ford Motor Credit                                   |        |                |
| 7.25% 10/25/11                                      | 10,000 | 8,654          |
| 7.375% 10/28/09                                     | 20,000 | 19,830         |
| 8.00% 6/1/14  | 15,000 | 12,148         |
| 8.625% 11/1/10                                      | 30,000 | 28,205         |
| Gaylord Entertainment                               |        |                |
| 6.75% 11/15/14                                      | 5,000  | 3,763          |
| 8.00% 11/15/13                                      | 12,000 | 10,290         |
| Global Cash Access 8.75% 3/15/12                    | 20,000 | 18,600         |
| Goodyear Tire & Rubber                              |        |                |
| 9.00% 7/1/15  | 10,000 | 9,950          |
| 10.50% 5/15/16                                      | 15,000 | 15,225         |
| #Harras Operating Escrow 144A 11.25% 6/1/17         | 26,000 | 24,699         |
| Inergy Finance                                      |        |                |
| 6.875% 12/15/14                                     | 5,000  | 4,575          |
| #144A 8.75% 3/1/15                                  | 5,000  | 4,913          |
| #Invista 144A 9.25% 5/1/12                          | 20,000 | 18,950         |
| #Landry's Restaurants 144A 14.00% 8/15/11           | 5,000  | 4,775          |
| Levi Strauss 9.75% 1/15/15                          | 15,000 | 14,813         |
| Macy's Retail Holdings                              |        |                |
| 6.65% 7/15/24                                       | 27,000 | 17,917         |
| 8.875% 7/15/15                                      | 10,000 | 9,688          |
| 10.625% 11/1/10                                     | 5,000  | 5,099          |
| Meritage Homes 7.00% 5/1/14                         | 10,000 | 8,250          |
| MGM MIRAGE  |        |                |
| 6.625% 7/15/15                                      | 5,000  | 3,288          |

**(Unaudited)**

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| 7.50% 6/1/16   | 5,000  | 3,269          |
| 7.625% 1/15/17   | 5,000  | 3,263          |
| #144A 11.125% 11/15/17                                       | 5,000  | 5,325          |
| #144A 13.00% 11/15/13  | 20,000 | 22,000         |
| Mohawk Industries 6.625% 1/15/16                             | 5,000  | 4,449          |
| New Albertsons 7.25% 5/1/13                                  | 5,000  | 4,825          |
| Nordstrom  |        |                |
| 6.75% 6/1/14   | 25,000 | 26,014         |
| 7.00% 1/15/38  | 5,000  | 4,485          |
| OSI Restaurant Partners 10.00% 6/15/15                       | 5,000  | 3,438          |
| Pinnacle Entertainment 7.50% 6/15/15                         | 15,000 | 12,900         |
| Ryland Group 8.40% 5/15/17                                   | 10,000 | 9,650          |
| Sally Holdings 10.50% 11/15/16                               | 10,000 | 9,950          |
| #Sealy 144A 10.875% 4/15/16                                  | 5,000  | 5,263          |
| #Shingle Springs Tribal Gaming Authority 144A 9.375% 6/15/15 | 10,000 | 6,050          |
| #Speedway Motorsports 144A 8.75% 6/1/16                      | 5,000  | 5,088          |
| Target 4.00% 6/15/13   | 25,000 | 24,817         |
| Toys R Us 7.625% 8/1/11                                      | 10,000 | 9,300          |
| VF 6.45% 11/1/37   | 10,000 | 9,519          |
| Wynn Las Vegas 6.625% 12/1/14                                | 15,000 | 13,275         |
| Yum Brands 6.875% 11/15/37                                   | 10,000 | 10,111         |
|  |        | <u>525,123</u> |
| <i>Consumer Non-Cyclical – 1.41%</i>                         |        |                |
| Alliance One International                                   |        |                |
| 11.00% 5/15/12   | 10,000 | 10,500         |
| #144A 10.00% 7/15/16   | 10,000 | 9,525          |
| #Anheuser-Busch InBev Worldwide 144A                         |        |                |
| 7.75% 1/15/19  | 40,000 | 43,820         |
| 8.20% 1/15/39  | 30,000 | 33,510         |
| Bausch & Lomb 9.875% 11/1/15                                 | 10,000 | 9,600          |
| Beckman Coulter  |        |                |
| 6.00% 6/1/15   | 40,000 | 41,959         |
| 7.00% 6/1/19   | 10,000 | 10,588         |
| #Bio-Rad Laboratories 144A 8.00% 9/15/16                     | 5,000  | 4,963          |
| ConAgra Foods 5.875% 4/15/14                                 | 40,000 | 42,450         |
| Constellation Brands   |        |                |
| 7.25% 9/1/16   | 10,000 | 9,300          |
| 8.125% 1/15/12   | 5,000  | 5,025          |
| Cott Beverages USA 8.00% 12/15/11                            | 10,000 | 9,350          |
| Delhaize America 9.00% 4/15/31                               | 29,000 | 35,297         |
| Delhaize Group   |        |                |
| 5.875% 2/1/14  | 15,000 | 15,416         |
| 6.50% 6/15/17  | 12,000 | 12,273         |
| #Dole Food 144A 13.875% 3/15/14                              | 10,000 | 11,050         |
| Dr Pepper Snapple Group 6.12% 5/1/13                         | 10,000 | 10,361         |
| Elan Finance 7.75% 11/15/11                                  | 5,000  | 4,650          |
| Express Scripts  |        |                |
| 6.25% 6/15/14  | 40,000 | 42,369         |
| 7.25% 6/15/19  | 10,000 | 11,047         |
| Hospira 6.40% 5/15/15  | 30,000 | 31,618         |
| #Ingles Markets 144A 8.875% 5/15/17                          | 10,000 | 9,875          |
| Inverness Medical Innovations 9.00% 5/15/16                  | 15,000 | 14,550         |
| Jarden   |        |                |
| 7.50% 5/1/17   | 5,000  | 4,400          |
| 8.00% 5/1/16   | 15,000 | 14,363         |
| #JBS USA 144A 11.625% 5/1/14                                 | 15,000 | 14,250         |
| JohnsonDiversey Holdings 10.67% 5/15/13                      | 10,000 | 8,450          |
| Kroger   |        |                |
| 6.80% 12/15/18   | 5,000  | 5,361          |
| 7.50% 1/15/14  | 22,000 | 24,641         |
| LVB Acquisition 11.625% 10/15/17                             | 5,000  | 4,925          |
| LVB Acquisition PIK 10.375% 10/15/17                         | 5,000  | 4,863          |
| Medco Health Solutions 7.125% 3/15/18                        | 25,000 | 26,370         |
| #M-Foods Holdings 144A 9.75% 10/1/13                         | 5,000  | 4,838          |
| Psychiatric Solutions  |        |                |
| 7.75% 7/15/15  | 10,000 | 9,200          |
| #144A 7.75% 7/15/15  | 5,000  | 4,600          |
| Quest Diagnostic   |        |                |
| 5.45% 11/1/15  | 52,000 | 50,465         |
| 6.40% 7/1/17   | 5,000  | 5,111          |
| Smithfield Foods   |        |                |
| 7.75% 5/15/13  | 10,000 | 8,250          |
| #144A 10.00% 7/15/14   | 10,000 | 9,925          |
| #Tyson Foods 144A 10.50% 3/1/14                              | 10,000 | 10,900         |
| Universal Hospital Services PIK 8.50% 6/1/15                 | 5,000  | 4,738          |
|  |        | <u>644,746</u> |
| <i>Energy – 1.84%</i>  |        |                |
| AmeriGas Partners 7.125% 5/20/16                             | 10,000 | 9,200          |
| Anadarko Petroleum   |        |                |
| 6.95% 6/15/19  | 5,000  | 5,055          |
| 8.70% 3/15/19  | 20,000 | 22,442         |

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| Berry Petroleum 10.25% 6/1/14                    | 5,000   | 5,075          |
| #Calpine Construction Finance 144A 8.00% 6/1/16  | 20,000  | 19,250         |
| Chesapeake Energy                                |         |                |
| 6.375% 6/15/15                                   | 10,000  | 8,950          |
| 6.625% 1/15/16                                   | 20,000  | 17,650         |
| 9.50% 2/15/15                                    | 10,000  | 10,125         |
| Complete Production Service 8.00% 12/15/16       | 110,000 | 94,599         |
| Copano Energy 7.75% 6/1/18                       | 10,000  | 9,075          |
| Denbury Resources                                |         |                |
| 7.50% 4/1/13                                     | 5,000   | 4,800          |
| 9.75% 3/1/16                                     | 5,000   | 5,163          |
| Dynergy Holdings 7.75% 6/1/19                    | 15,000  | 11,756         |
| El Paso  |         |                |
| 6.875% 6/15/14                                   | 10,000  | 9,382          |
| 7.25% 6/1/18                                     | 20,000  | 18,566         |
| Enbridge Energy Partners 9.875% 3/1/19           | 25,000  | 29,030         |
| Energy Transfer Partners 9.70% 3/15/19           | 25,000  | 28,748         |
| Enterprise Products Operating                    |         |                |
| 5.00% 3/1/15                                     | 20,000  | 18,448         |
| 5.60% 10/15/14                                   | 10,000  | 10,289         |
| 6.30% 9/15/17                                    | 25,000  | 25,164         |
| 6.50% 1/31/19                                    | 10,000  | 10,181         |
| Forest Oil 7.25% 6/15/19                         | 10,000  | 9,000          |
| Geophysique-Veritas 7.75% 5/15/17                | 15,000  | 13,725         |
| #Gulfstream Natural Gas System 144A 6.95% 6/1/16 | 10,000  | 10,487         |
| #Helix Energy Solutions Group 144A 9.50% 1/15/16 | 10,000  | 9,175          |
| #Hilcorp Energy Finance I 144A 9.00% 6/1/16      | 15,000  | 13,125         |
| #Holly 144A 9.875% 6/15/17                       | 5,000   | 4,875          |
| Husky Energy 5.90% 6/15/14                       | 25,000  | 26,182         |
| Key Energy Services 8.375% 12/1/14               | 15,000  | 13,313         |
| Kinder Morgan Energy Partners                    |         |                |
| 6.85% 2/15/20                                    | 35,000  | 35,943         |
| 9.00% 2/1/19                                     | 5,000   | 5,696          |
| Mariner Energy 8.00% 5/15/17                     | 15,000  | 12,525         |
| Massey Energy 6.875% 12/15/13                    | 30,000  | 27,600         |
| Noble Energy 8.25% 3/1/19                        | 30,000  | 34,191         |
| OPTI Canada                                      |         |                |
| 7.875% 12/15/14                                  | 5,000   | 3,263          |
| 8.25% 12/15/14                                   | 10,000  | 6,650          |
| Petrobras International Finance 7.875% 3/15/19   | 12,000  | 13,140         |
| PetroHawk Energy                                 |         |                |
| 9.125% 7/15/13                                   | 10,000  | 10,000         |
| #144A 10.50% 8/1/14                              | 10,000  | 10,275         |
| Plains All American Pipeline                     |         |                |
| 6.50% 5/1/18                                     | 16,000  | 16,218         |
| 8.75% 5/1/19                                     | 35,000  | 39,783         |
| Quicksilver Resources 11.75% 1/1/16              | 5,000   | 5,200          |
| Range Resources                                  |         |                |
| 7.25% 5/1/18                                     | 5,000   | 4,700          |
| 8.00% 5/15/19                                    | 5,000   | 4,944          |
| Regency Energy Partners                          |         |                |
| 8.375% 12/15/13                                  | 5,000   | 4,850          |
| #144A 9.375% 6/1/16                              | 5,000   | 4,863          |
| #SandRidge Energy 144A 9.875% 5/15/16            | 10,000  | 9,700          |
| Talisman Energy 7.75% 6/1/19                     | 45,000  | 49,937         |
| Weatherford International                        |         |                |
| 5.15% 3/15/13                                    | 5,000   | 4,991          |
| 5.95% 6/15/12                                    | 2,000   | 2,090          |
| 7.00% 3/15/38                                    | 15,000  | 14,486         |
| 9.625% 3/1/19                                    | 10,000  | 11,783         |
| 9.875% 3/1/39                                    | 20,000  | 24,534         |
| Whiting Petroleum 7.25% 5/1/13                   | 10,000  | <u>9,525</u>   |
|  |         | <u>839,717</u> |
| <i>Financials – 0.64%</i>                        |         |                |
| Cardtronics 9.25% 8/15/13                        | 25,000  | 22,500         |
| CIT Group  |         |                |
| 4.75% 12/15/10                                   | 5,000   | 3,926          |
| 5.40% 1/30/16                                    | 5,000   | 2,827          |
| 5.65% 2/13/17                                    | 15,000  | 8,475          |
| 5.85% 9/15/16                                    | 25,000  | 14,132         |
| #144A 12.00% 12/18/18                            | 10,000  | 4,702          |
| FTI Consulting 7.75% 10/1/16                     | 20,000  | 19,200         |
| General Electric Capital                         |         |                |
| 5.875% 1/14/38                                   | 79,000  | 62,709         |
| 6.875% 1/10/39                                   | 35,000  | 31,597         |
| #Host Hotels & Resorts 144A 9.00% 5/15/17        | 10,000  | 9,575          |
| International Lease Finance                      |         |                |
| 5.35% 3/1/12                                     | 1,000   | 781            |
| 5.55% 9/5/12                                     | 5,000   | 3,887          |
| 5.625% 9/20/13                                   | 10,000  | 7,561          |
| 5.875% 5/1/13                                    | 35,000  | 26,532         |

**(Unaudited)**

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| 6.625% 11/15/13                                 | 32,000 | 24,652         |
| #@Nuveen Investments 144A 10.50% 11/15/15       | 25,000 | 17,375         |
| SLM 8.45% 6/15/18                               | 30,000 | 25,702         |
| Ventas Realty 6.50% 6/1/16                      | 5,000  | <u>4,506</u>   |
|   |        | <u>290,639</u> |
| <i>Insurance – 0.52%</i>                        |        |                |
| ACE INA Holdings 5.90% 6/15/19                  | 20,000 | 20,084         |
| #•Liberty Mutual 144A 10.75% 6/15/58            | 35,000 | 25,242         |
| MetLife   |        |                |
| 6.40% 12/15/36                                  | 75,000 | 53,766         |
| 6.75% 6/1/16                                    | 25,000 | 25,486         |
| 6.817% 8/15/18                                  | 21,000 | 21,185         |
| UnitedHealth Group                              |        |                |
| 5.50% 11/15/12                                  | 12,000 | 12,428         |
| 5.80% 3/15/36                                   | 59,000 | 47,867         |
| WellPoint                                       |        |                |
| 5.00% 1/15/11                                   | 12,000 | 12,308         |
| 5.95% 12/15/34                                  | 22,000 | <u>17,761</u>  |
|   |        | <u>236,127</u> |
| <i>Media – 1.05%</i>                            |        |                |
| Belo 6.75% 5/30/13                              | 10,000 | 8,000          |
| ‡#Charter Communications Operating 144A         |        |                |
| 8.00% 4/30/12                                   | 10,000 | 9,675          |
| 8.375% 4/30/14                                  | 5,000  | 4,813          |
| 10.875% 9/15/14                                 | 30,000 | 31,200         |
| Comcast   |        |                |
| •1.439% 7/14/09                                 | 1,000  | 1,000          |
| 5.85% 11/15/15                                  | 24,000 | 24,905         |
| 6.30% 11/15/17                                  | 2,000  | 2,120          |
| 6.50% 1/15/15                                   | 24,000 | 25,486         |
| #Cox Communications 144A                        |        |                |
| 6.25% 6/1/18                                    | 15,000 | 14,853         |
| 8.375% 3/1/39                                   | 40,000 | 44,730         |
| CSC Holdings                                    |        |                |
| 6.75% 4/15/12                                   | 10,000 | 9,700          |
| #144A 8.50% 4/15/14                             | 25,000 | 24,906         |
| DIRECTV Holdings 7.625% 5/15/16                 | 10,000 | 9,775          |
| EchoStar DBS 7.125% 2/1/16                      | 20,000 | 18,750         |
| #Interpublic Group 144A 10.00% 7/15/17          | 10,000 | 10,125         |
| Lamar Media 6.625% 8/15/15                      | 10,000 | 8,800          |
| Mediacom Capital 9.50% 1/15/13                  | 10,000 | 9,575          |
| Nielsen Finance 10.00% 8/1/14                   | 25,000 | 23,781         |
| #Terremark Worldwide 144A 12.00% 6/15/17        | 5,000  | 4,825          |
| Time Warner Cable                               |        |                |
| 6.75% 7/1/18                                    | 10,000 | 10,433         |
| 6.75% 6/15/39                                   | 30,000 | 29,291         |
| 7.50% 4/1/14                                    | 54,000 | 59,545         |
| Time Warner Telecom Holdings 9.25% 2/15/14      | 15,000 | 14,963         |
| Videotron                                       |        |                |
| 6.875% 1/15/14                                  | 10,000 | 9,300          |
| 9.125% 4/15/18                                  | 10,000 | 10,213         |
| Visant Holding 8.75% 12/1/13                    | 5,000  | 4,938          |
| #Vivendi 144A 6.625% 4/4/18                     | 52,000 | <u>52,435</u>  |
|   |        | <u>478,137</u> |
| <i>Services Non-Cyclical – 0.65%</i>            |        |                |
| ARAMARK 8.50% 2/1/15                            | 25,000 | 24,375         |
| Community Health Systems 8.875% 7/15/15         | 40,000 | 39,400         |
| Corrections Corporation of America 7.75% 6/1/17 | 10,000 | 9,900          |
| HCA 9.25% 11/15/16                              | 50,000 | 49,374         |
| •HealthSouth 7.218% 6/15/14                     | 10,000 | 9,175          |
| Hertz   |        |                |
| 8.875% 1/1/14                                   | 10,000 | 9,250          |
| 10.50% 1/1/16                                   | 5,000  | 4,475          |
| Iron Mountain                                   |        |                |
| 8.00% 6/15/20                                   | 15,000 | 14,025         |
| 8.75% 7/15/18                                   | 5,000  | 4,950          |
| McKesson  |        |                |
| 6.50% 2/15/14                                   | 5,000  | 5,340          |
| 7.50% 2/15/19                                   | 35,000 | 39,484         |
| RSC Equipment Rental                            |        |                |
| 9.50% 12/1/14                                   | 10,000 | 8,075          |
| #144A 10.00% 7/15/17                            | 5,000  | 4,869          |
| Select Medical 7.625% 2/1/15                    | 25,000 | 20,438         |
| Tenet Healthcare 7.375% 2/1/13                  | 45,000 | 40,725         |
| •US Oncology Holdings PIK 6.904% 3/15/12        | 15,000 | <u>12,713</u>  |
|   |        | <u>296,568</u> |
| <i>Technology &amp; Electronics – 0.15%</i>     |        |                |
| Amkor Technologies 7.75% 5/15/13                | 5,000  | 4,606          |
| Avago Technologies Finance 10.125% 12/1/13      | 5,000  | 5,125          |
| National Semiconductor 6.60% 6/15/17            | 5,000  | 4,380          |
| Oracle 3.75% 7/8/14                             | 15,000 | 15,000         |

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| SunGard Data Systems 9.125% 8/15/13              | 20,000 | 19,000         |
| Xerox 8.25% 5/15/14                              | 20,000 | <u>20,818</u>  |
|  |        | <u>68,929</u>  |
| <i>Telecommunications – 1.51%</i>                |        |                |
| America Movil 5.625% 11/15/17                    | 13,000 | 12,771         |
| American Tower 7.125% 10/15/12                   | 10,000 | 10,113         |
| Anixter International 10.00% 3/15/14             | 5,000  | 5,000          |
| AT&T 6.55% 2/15/39                               | 20,000 | 20,029         |
| AT&T Wireless 8.125% 5/1/12                      | 32,000 | 35,849         |
| Cincinnati Bell 7.00% 2/15/15                    | 15,000 | 13,500         |
| Citizens Communications<br>6.25% 1/15/13         | 5,000  | 4,625          |
| 7.125% 3/15/19                                   | 20,000 | 17,150         |
| Cricket Communications<br>9.375% 11/1/14         | 15,000 | 14,850         |
| #144A 7.75% 5/15/16                              | 5,000  | 4,838          |
| Crown Castle International 9.00% 1/15/15         | 15,000 | 15,338         |
| #DigitalGlobe 144A 10.50% 5/1/14                 | 5,000  | 5,200          |
| Hughes Network Systems 9.50% 4/15/14             | 10,000 | 9,800          |
| Inmarsat Finance 10.375% 11/15/12                | 10,000 | 10,400         |
| #Intelsat Subsidiary Holding 144A 8.875% 1/15/15 | 10,000 | 9,700          |
| Intelsat Jackson Holdings 11.25% 6/15/16         | 35,000 | 35,875         |
| Lucent Technologies 6.45% 3/15/29                | 10,000 | 5,725          |
| MetroPCS Wireless 9.25% 11/1/14                  | 20,000 | 19,975         |
| Nextel Communications 7.375% 8/1/15              | 20,000 | 16,050         |
| #PAETEC Holding 144A 8.875% 6/30/17              | 5,000  | 4,725          |
| Qwest<br>7.50% 10/1/14                           | 5,000  | 4,794          |
| #144A 8.375% 5/1/16                              | 10,000 | 9,700          |
| Rogers Communications<br>6.80% 8/15/18           | 24,000 | 25,773         |
| 8.00% 12/15/12                                   | 15,000 | 15,525         |
| Sprint Capital 8.375% 3/15/12                    | 20,000 | 19,800         |
| Sprint Nextel 6.00% 12/1/16                      | 15,000 | 12,338         |
| Telecom Italia Capital<br>4.00% 1/15/10          | 2,000  | 2,010          |
| 4.95% 9/30/14                                    | 50,000 | 47,919         |
| 5.25% 10/1/15                                    | 12,000 | 11,599         |
| 7.175% 6/18/19                                   | 10,000 | 10,155         |
| 7.721% 6/4/38                                    | 5,000  | 5,107          |
| Telefonica Emisiones 4.949% 1/15/15              | 45,000 | 45,795         |
| #Telesat Canada 144A<br>11.00% 11/1/15           | 15,000 | 15,450         |
| 12.50% 11/1/17                                   | 5,000  | 4,950          |
| #Univision Communications 144A 12.00% 7/1/14     | 20,000 | 19,750         |
| Verizon Communications<br>5.50% 2/15/18          | 45,000 | 44,766         |
| 6.10% 4/15/18                                    | 27,000 | 27,742         |
| #Verizon Wireless Capital 144A 5.55% 2/1/14      | 20,000 | 21,254         |
| Virgin Media Finance 8.75% 4/15/14               | 10,000 | 9,800          |
| Vodafone Group<br>5.00% 12/16/13                 | 7,000  | 7,267          |
| 5.00% 9/15/15                                    | 15,000 | 15,081         |
| 5.375% 1/30/15                                   | 12,000 | 12,255         |
| 5.625% 2/27/17                                   | 10,000 | 10,172         |
| Windstream 8.125% 8/1/13                         | 20,000 | <u>19,450</u>  |
|  |        | <u>689,965</u> |
| <i>Utilities – 0.58%</i>                         |        |                |
| AES<br>8.00% 10/15/17                            | 15,000 | 14,025         |
| 8.00% 6/1/20                                     | 15,000 | 13,538         |
| Ameren 8.875% 5/15/14                            | 5,000  | 5,166          |
| Commonwealth Edison 6.15% 9/15/17                | 7,000  | 7,284          |
| Edison Mission Energy<br>7.00% 5/15/17           | 15,000 | 11,588         |
| 7.20% 5/15/19                                    | 5,000  | 3,750          |
| Illinois Power<br>6.125% 11/15/17                | 17,000 | 16,543         |
| 9.75% 11/15/18                                   | 30,000 | 34,593         |
| Indiana Michigan Power 7.00% 3/15/19             | 15,000 | 16,150         |
| Ipalco Enterprises Inc 8.625% 11/14/11           | 3,000  | 3,030          |
| Jersey Central Power & Light 7.35% 2/1/19        | 10,000 | 11,013         |
| #Kansas Gas & Electric 144A 6.70% 6/15/19        | 10,000 | 10,521         |
| Mirant North America 7.375% 12/31/13             | 5,000  | 4,825          |
| NRG Energy<br>7.25% 2/1/14                       | 5,000  | 4,863          |
| 7.375% 2/1/16                                    | 25,000 | 23,718         |
| Pacificorp 5.25% 6/15/35                         | 15,000 | 14,309         |
| PPL Electric Utilities 7.125% 11/30/13           | 17,000 | 19,099         |
| RRI Energy 6.75% 12/15/14                        | 15,000 | 14,531         |
| Sempra Energy 6.50% 6/1/16                       | 20,000 | 20,906         |

**(Unaudited)**

|   |     |             |                         |
|---|-----|-------------|-------------------------|
| Texas Competitive Electric Holdings 10.25% 11/1/15                                  |     | 25,000      | 15,688                  |
|   |     |             | <u>265,140</u>          |
| <b>Total Corporate Bonds (cost \$5,827,246)</b>                                     |     |             | <b><u>6,253,579</u></b> |
| <b>Foreign Agency – 0.06%Δ</b>  |     |             |                         |
| <i>Germany – 0.06%</i>  |     |             |                         |
| KFW 4.875% 6/17/19  |     | 25,000      | <u>25,956</u>           |
| <b>Total Foreign Agency (cost \$24,926)</b>   |     |             | <b><u>25,956</u></b>    |
| <b>Municipal Bonds – 0.13%</b>  |     |             |                         |
| California State 7.55% 4/1/39   |     | 50,000      | 45,848                  |
| Puerto Rico Sales Tax Financing 1st Subordinate Series B 5.00% 8/1/39               |     | 15,000      | <u>15,183</u>           |
| <b>Total Municipal Bonds (cost \$66,128)</b>  |     |             | <b><u>61,031</u></b>    |
| <b>Non-Agency Asset-Backed Securities – 0.53%</b>                                   |     |             |                         |
| Capital Auto Receivables Asset Trust Series 2007-3 A3A 5.02% 9/15/11                |     | 29,369      | 29,905                  |
| Caterpillar Financial Asset Trust Series 2008-A A3 4.94% 4/25/14                    |     | 40,000      | 40,010                  |
| Chase Issuance Trust  |     |             |                         |
| Series 2005-A7 A7 4.55% 3/15/13   |     | 15,000      | 15,504                  |
| Series 2005-A10 A10 4.65% 12/17/12  |     | 15,000      | 15,490                  |
| CNH Equipment Trust   |     |             |                         |
| •Series 2007-A A4 0.36% 9/17/12   |     | 9,681       | 9,391                   |
| •Series 2007-B A3B 0.92% 10/17/11   |     | 22,027      | 22,005                  |
| Series 2008-A3 A4A 4.93% 8/15/14  |     | 40,000      | 39,295                  |
| @Countrywide Asset-Backed Certificates Series 2006-11 1AF3 6.05% 9/25/46            |     | 20,000      | 8,915                   |
| Daimler Chrysler Auto Trust Series 2008-B A3A 4.71% 9/10/12                         |     | 20,000      | 20,483                  |
| John Deere Owner Trust Series 2008-A A3 4.18% 6/15/12                               |     | 40,000      | <u>40,581</u>           |
| <b>Total Non-Agency Asset-Backed Securities (cost \$233,087)</b>                    |     |             | <b><u>241,579</u></b>   |
| <b>Non-Agency Collateralized Mortgage Obligations – 0.84%</b>                       |     |             |                         |
| Bank of America Alternative Loan Trust  |     |             |                         |
| Series 2004-2 1A1 6.00% 3/25/34   |     | \$2,413     | 2,039                   |
| Series 2004-10 1CB1 6.00% 11/25/34  |     | 2,745       | 2,237                   |
| Series 2005-9 5A1 5.50% 10/25/20  |     | 56,051      | 50,813                  |
| Bank of America Funding Securities Series 2005-8 1A1 5.50% 1/25/36                  |     | 11,164      | 9,848                   |
| Citicorp Mortgage Securities Series 2006-4 3A1 5.50% 8/25/21                        |     | 24,433      | 21,417                  |
| •Citigroup Mortgage Loan Trust Series 2007-AR8 1A3A 6.015% 8/25/37                  |     | 87,719      | 45,355                  |
| ◆Countrywide Home Loan Mortgage Pass Through Trust Series 2005-23 A1 5.50% 11/25/35 |     | 22,544      | 17,408                  |
| •First Horizon Asset Securities Series 2007-AR3 2A2 6.29% 11/25/37                  |     | 19,574      | 11,862                  |
| @GSR Mortgage Loan Trust Series 2006-1F 5A2 6.00% 2/25/36                           |     | 18,705      | 9,256                   |
| Lehman Mortgage Trust Series 2005-2 2A3 5.50% 12/25/35                              |     | 38,686      | 35,485                  |
| •MLCC Mortgage Investors Series 2004-HB1 A1 0.645% 4/25/29                          |     | 81,009      | 41,544                  |
| •Structured Adjustable Rate Mortgage Loan Trust 2004-3AC A2 3.982% 3/25/34          |     | 16,790      | 13,650                  |
| ◆Washington Mutual Mortgage Pass Through Certificates                               |     |             |                         |
| Series 2004-CB3 4A 6.00% 10/25/19   |     | 10,859      | 9,865                   |
| Series 2006-AR10 1A1 5.928% 9/25/36   |     | 15,127      | 9,733                   |
| •Series 2006-AR14 1A4 5.603% 11/25/36   |     | 15,769      | 9,209                   |
| •Series 2007-HY1 1A1 5.687% 2/25/37   |     | 18,856      | 10,524                  |
| Wells Fargo Mortgage Backed Securities Trust  |     |             |                         |
| Series 2006-1 A3 5.00% 3/25/21  |     | 2,890       | 2,615                   |
| Series 2006-2 3A1 5.75% 3/25/36   |     | 18,029      | 12,660                  |
| •Series 2006-AR5 2A1 5.537% 4/25/36   |     | 15,362      | 9,969                   |
| •Series 2006-AR6 7A1 5.114% 3/25/36   |     | 75,017      | <u>56,637</u>           |
| <b>Total Non-Agency Collateralized Mortgage Obligations (cost \$358,248)</b>        |     |             | <b><u>382,126</u></b>   |
| <b>Sovereign Debt – 0.34%Δ</b>  |     |             |                         |
| <i>Indonesia – 0.08%</i>  |     |             |                         |
| Indonesia Treasury Bond 10.75% 5/15/16  | IDR | 351,000,000 | <u>35,315</u>           |
|   |     |             | <u>35,315</u>           |
| <i>Mexico – 0.22%</i>   |     |             |                         |
| Mexican Bonos 10.00% 11/20/36   | MXN | 822,800     | 69,117                  |
| United Mexican States 5.95% 3/19/19   | USD | 30,000      | <u>30,450</u>           |
|   |     |             | <u>99,567</u>           |
| <i>Russia – 0.02%</i>   |     |             |                         |
| Russia Eurobond 7.50% 3/31/30   | USD | 12,480      | <u>12,411</u>           |
|   |     |             | <u>12,411</u>           |
| <i>Turkey – 0.02%</i>   |     |             |                         |
| Republic of Turkey 11.875% 1/15/30  | USD | 6,000       | <u>9,180</u>            |
|   |     |             | <u>9,180</u>            |
| <b>Total Sovereign Debt (cost \$157,409)</b>  |     |             | <b><u>156,473</u></b>   |
| <b>Supranational Banks – 0.48%</b>  |     |             |                         |
| European Investment Bank  |     |             |                         |
| 3.125% 6/4/14   |     | 5,000       | 5,016                   |
| 6.00% 8/14/13   | AUD | 179,000     | 145,075                 |
| 6.25% 4/15/14   | GBP | 11,000      | 20,209                  |
| 11.25% 2/14/13  | BRL | 90,000      | <u>47,432</u>           |
| <b>Total Supranational Banks (cost \$213,856)</b>                                   |     |             | <b><u>217,732</u></b>   |

## (Unaudited)

### U.S. Treasury Obligations – 1.31%

|   |     |         |                       |
|---|-----|---------|-----------------------|
| ≠U.S. Treasury Bill 0.04% 7/23/09                       | USD | 346,349 | 346,329               |
| U.S. Treasury Notes                                     |     |         |                       |
| 2.625% 6/30/14  |     | 100,000 | 100,344               |
| ∞3.125% 5/15/19   |     | 155,000 | 149,963               |
| <b>Total U.S. Treasury Obligations (cost \$594,800)</b> |     |         | <b><u>596,636</u></b> |

### Preferred Stock – 0.11%

|  |  |       |                      |
|--|--|-------|----------------------|
| Braskem Class A 11.604%                      |  | 2,092 | 7,658                |
| PNC Funding 8.25%                            |  | 5,000 | 4,199                |
| Transneft 3.623%                             |  | 78    | 39,779               |
| <b>Total Preferred Stock (cost \$53,343)</b> |  |       | <b><u>51,636</u></b> |

### ≠Discount Note – 3.09%

|   |     |           |                         |
|---|-----|-----------|-------------------------|
| Federal Home Loan Bank 0.01% 7/1/09           | USD | 1,411,683 | 1,411,683               |
| <b>Total Discount Note (cost \$1,411,683)</b> |     |           | <b><u>1,411,683</u></b> |

### Total Value of Securities – 100.52%

|  |  |  |                            |
|--|--|--|----------------------------|
| (cost \$48,825,531)  |  |  | 45,909,327                 |
| <b>Liabilities Net of Receivables and Other Assets (See Notes) – (0.52%)</b> |  |  | <b><u>(237,925)</u></b>    |
| <b>Net Assets Applicable to 6,055,542 Shares Outstanding – 100.00%</b>       |  |  | <b><u>\$45,671,402</u></b> |

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

BRL – Brazilian Real  
CAD – Canadian Dollar  
GBP – British Pound Sterling  
IDR – Indonesian Rupiah  
KRW – South Korean Won  
MXN – Mexican Peso  
NOK – Norwegian Kroner  
NZD – New Zealand Dollar  
PLN – Polish Zloty  
SEK – Swedish Krona  
TRY – Turkish Lira  
USD – United States Dollar

†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 June 30, 2009.

ΦStep coupon bond. Coupon increases periodically based on a predetermined schedule. Stated rate in effect at June 30, 2009.

◆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 June 30, 2009, the aggregate amount of Rule 144A securities was \$1,546,925, which represented 3.39% of the Portfolio's net assets. See Note 4 in "Notes."

@Illiquid security. At June 30, 2009, the aggregate amount of illiquid securities was \$228,858, which represented 0.50% of the Portfolio's net assets. See Note 3 in "Notes."

=Security is being fair valued in accordance with the Portfolio's fair valuation policy. At June 30, 2009, the aggregate amount of fair valued securities was \$186, which represented 0.00% of the Portfolio's net assets. See Note 1 in "Notes."

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

§Developing Market – countries that are thought to be most developed and therefore less risky.

XEmerging Market – developing countries with relatively low per capita income, often with above-average economic growth potential.

### Summary of Abbreviations:

ADR – American Depositary Receipts  
GDR – Global Depositary Receipts  
NVDR – Non Voting Depositary Receipts  
PIK – Pay-in-kind  
REMIC – Real Estate Mortgage Investment Conduit  
S.F. – Single Family  
TBA – To be announced  
yr – year

The following foreign currency exchange contracts and financial futures contracts were outstanding at June 30, 2009:

### Foreign Currency Exchange Contracts<sup>1</sup>

| <u>Contracts to Receive</u> | <u>In Exchange For</u> | <u>Settlement Date</u> | <u>Unrealized Appreciation (Depreciation)</u> |
|-----------------------------|------------------------|------------------------|---|
| BRL 31,500                  | USD (16,326)           | 7/1/09                 | \$ (244)                                      |
| BRL 218,047                 | USD (107,837)          | 8/31/09                | 3,482   |
| CAD 17,432                  | USD (15,000)           | 7/31/09                | (9)   |

## (Unaudited)

|     |            |     |           |         |                |
|-----|------------|-----|-----------|---------|----------------|
| CAD | 86,184     | USD | (75,353)  | 7/31/09 | (1,239)        |
| GBP | 35,827     | USD | (58,933)  | 7/31/09 | (7)            |
| KRW | 24,932,000 | USD | (20,000)  | 7/31/09 | (405)          |
| NOK | 843,089    | USD | (130,513) | 7/31/09 | 428            |
| NZD | 48,340     | USD | (30,788)  | 7/31/09 | 306            |
| NZD | 67,428     | USD | (43,041)  | 7/31/09 | 332            |
| PLN | 161,145    | USD | (49,579)  | 7/31/09 | 1,064          |
| SEK | 551,086    | USD | (69,143)  | 7/31/09 | 2,266          |
| TRY | 61,571     | USD | (39,469)  | 7/31/09 | 166            |
|     |            |     |           |         | <u>\$6,140</u> |

### Financial Futures Contracts<sup>1</sup>

| <u>Contracts to Sell</u>      | <u>Notional Proceeds</u> | <u>Notional Value</u> | <u>Expiration Date</u> | <u>Unrealized Depreciation</u> |
|-------------------------------|--------------------------|-----------------------|------------------------|--------------------------------|
| (3) U.S. Treasury 10 yr Notes | \$(348,598)              | \$(348,797)           | 9/21/09                | \$(199)                        |

The use of foreign currency exchange contracts and financial futures 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 Portfolio's (as defined below) total exposure in such contracts, whereas only the net unrealized appreciation (depreciation) is reflected in the Portfolio'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 and are consistently followed by Delaware Group<sup>®</sup> Foundation Funds – Delaware Aggressive Allocation Portfolio (Portfolio).

**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. 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. 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 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 Portfolio'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 Portfolio 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 Portfolio 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 Portfolio 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 Portfolio 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 Portfolio evaluates tax positions taken or expected to be taken in the course of preparing the Portfolio's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. The Portfolio did not record any tax benefit or expense in the current period.

**Class Accounting** – Investment income, common expenses and realized and unrealized gain (loss) on investments are allocated to the various classes of the Portfolio 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 Portfolio may invest in a pooled cash account along with other members of the Delaware Investments<sup>®</sup> 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 Portfolio'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 June 30, 2009 the Portfolio 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 Portfolio isolates that portion of realized gains and losses on investments in debt securities, which is due to changes in the 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 Portfolio 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. generally accepted accounting principles 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 Portfolio are charged directly to the Portfolio. Other expenses common to various funds within the Delaware Investments<sup>®</sup> Family of Funds are generally allocated amongst such funds on the basis of average net assets. Management fees and some other

## (Unaudited)

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 Portfolio 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 Portfolio's understanding of the applicable country's tax rules and rates. The Portfolio declares dividends and pays dividends from net investment income and distributions from net realized gain on investments, if any, annually.

### 2. Investments

At June 30, 2009, the cost of investments for federal income tax purposes has been estimated since the final tax characteristics cannot be determined until fiscal year end. At June 30, 2009, the cost of investments and unrealized appreciation (depreciation) for the Portfolio were as follows:

|                                   |                      |
|-----------------------------------|----------------------|
| Cost of investments               | <u>\$49,362,056</u>  |
| Aggregate unrealized appreciation | \$2,107,888          |
| Aggregate unrealized depreciation | <u>(5,560,617)</u>   |
| Net unrealized depreciation       | <u>\$(3,452,729)</u> |

Effective October 1, 2008, the Portfolio applies Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 defines fair value as the price that the Portfolio would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. FAS 157 also establishes a framework for measuring fair value, and a three level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or 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 Portfolio's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

Level 1 - inputs are quoted prices in active markets

Level 2 - inputs are observable, directly or indirectly

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

|   | Level 1             | Level 2             | Level 3          | Total               |
|---|---------------------|---------------------|------------------|---------------------|
| Agency, Asset-Backed & Mortgage-Backed Securities | \$-                 | \$2,314,490         | \$-              | \$2,314,490         |
| Common Stock                                      | 28,916,260          | 9,991               | 186              | 28,926,438          |
| Corporate Debt                                    | -                   | 7,843,215           | 55,275           | 7,898,490           |
| Foreign Debt                                      | -                   | 365,869             | 47,432           | 413,301             |
| Investment Companies                              | 4,235,623           | -                   | -                | 4,235,623           |
| Municipal Bonds                                   | -                   | 61,031              | -                | 61,031              |
| U.S. Treasury Obligations                         | 596,636             | -                   | -                | 596,636             |
| Short-Term  | -                   | 1,411,683           | -                | 1,411,683           |
| Other   | <u>47,437</u>       | <u>4,199</u>        | -                | <u>51,636</u>       |
| Total   | <u>\$33,795,956</u> | <u>\$12,010,478</u> | <u>\$102,893</u> | <u>\$45,909,327</u> |
| Derivatives                                       | <u>\$-</u>          | <u>\$5,941</u>      | <u>\$-</u>       | <u>\$5,941</u>      |

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

|  | Total            | Common Stock | Corporate Debt  | Foreign Debt    |
|--|------------------|--------------|-----------------|-----------------|
| Balance as of 9/30/08  | \$-              | \$-          | \$-             | \$-             |
| Net change in unrealized appreciation/depreciation   | 8,995            | (12)         | 275             | 8,732           |
| Net purchases, sales, and settlements  | 93,700           | -            | 55,000          | 38,700          |
| Net transfers in and/or out of Level 3   | 198              | 198          | -               | -               |
| Balance as of 6/30/09  | <u>\$102,893</u> | <u>\$186</u> | <u>\$55,275</u> | <u>\$47,432</u> |
| Net change in unrealized appreciation/depreciation from investments still held as of 6/30/09 | \$8,995          | \$(12)       | \$275           | \$8,732         |

### 3. Derivatives

**Foreign Currency Exchange Contracts** – The Portfolio may enter into foreign currency exchange contracts as a way of managing foreign exchange rate risk. The Portfolio 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 Portfolio 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 Portfolio could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. The Portfolio'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 Portfolio and the counterparty and by the posting of collateral by the counterparty to the Portfolio to cover the Portfolio's exposure to the counterparty.

## (Unaudited)

**Financial Futures Contracts** – The Portfolio may use futures in the normal course of pursuing its investment objectives. The Portfolio may invest in financial futures contracts to hedge its existing portfolio securities against fluctuations in fair value caused by changes in prevailing market interest rates. Upon entering into a financial futures contract, the Portfolio 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 Portfolio as unrealized gains or losses until the contracts are closed. When the contracts are closed, the Portfolio 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 Portfolio because futures are exchange traded and the exchange’s clearinghouse, as counterparty to all exchange traded futures, guarantees against default.

**Swap Contracts** – The Portfolio may enter into interest rate swap contracts, index swap contracts and CDS contracts in the normal course of pursuing its investment objectives. The Portfolio may use interest rate swaps to adjust the Portfolio’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 Portfolio invests in, such as the corporate bond market. The Portfolio may also use index swaps as a substitute for futures or options contracts if such contracts are not directly available to the Portfolio on favorable terms. The Portfolio 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 Portfolio 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 Portfolio 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 Portfolio’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 Portfolio’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 Portfolio and the counterparty and by the posting of collateral by the counterparty to the Portfolio to cover the Portfolio’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 Portfolio 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 Portfolio 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 Portfolio’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 Portfolio and the counterparty and by the posting of collateral by the counterparty to the Portfolio to cover the Portfolio’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 Portfolio 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 June 30, 2009, the Portfolio entered into CDS contracts as a purchaser of protection. Periodic payments on such contracts are accrued daily and recorded as unrealized losses (gains) on swap contracts. Upon payment, 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. For the period ended June 30, 2009, the Portfolio did not enter into any CDS contracts as a seller of protection.

Credit default swaps may involve greater risks than if the Portfolio had invested in the referenced obligation directly. Credit default swaps are subject to general market risk, liquidity risk, counterparty risk and credit risk. The Portfolio’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 Portfolio and the counterparty and by the posting of collateral by the counterparty to the Portfolio to cover the Portfolio’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 Portfolio terminated its position in the agreement. Risks of entering into these contracts include the potential inability of the counterparty to meet the terms of the contracts. This type of risk is generally limited to the amount of favorable movement in the value of the underlying security, instrument or basket of instruments, if any, at the day of default. Risks also arise from potential losses from adverse market movements and such losses could exceed the unrealized amounts shown on the schedule of investments.

#### 4. Credit and Market Risk

Some countries in which the Portfolio 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 Portfolio 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 Portfolio.

The Portfolio may invest in Real Estate Investment Trusts (REITs) and are subject to the risks associated with that industry. If the Portfolio 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 June 30, 2009. The Portfolio’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 Portfolio 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

## (Unaudited)

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 Portfolio 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 Portfolio 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 Portfolio's yield to maturity. If the underlying mortgage assets experience greater than anticipated prepayments of principal, the Portfolio may fail to fully recoup its initial investment in these securities even if the securities are rated in the highest rating categories.

The Portfolio 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 Portfolio 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 Portfolio'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 Portfolio's limitation on investments in illiquid assets. The Portfolio 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 Portfolios' 15% limit on investments in illiquid securities. Rule 144A and illiquid securities have been identified on the schedule of investments.

### 5. Securities Lending

The Portfolio, along with other funds in the Delaware Investments<sup>®</sup> Family of Funds, may lend their 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 Mellon GSL DBT II Collateral Fund (Collective Trust) established by BNY Mellon for the purpose of investment on behalf of clients participating in its securities lending programs. The Collective Trust may invest in fixed income securities, with a weighted average maturity not to exceed 90 days, rated in one of the top three tiers by Standard & Poor's Ratings Group (S&P) or Moody's Investors Service, Inc. (Moody's) or repurchase agreements collateralized by such securities. The Collective Trust seeks to maintain a net asset value per unit of \$1.00, but there can be no assurance that it will always be able to do so. At June 30, 2009, the Collective Trust held only cash and assets with a maturity of one business day or less (Cash/Overnight Assets). The Portfolio 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 Portfolio may not receive an amount from the Collective Trust that is equal in amount to the collateral the Portfolio would be required to return to the borrower of the securities and the Portfolio would be required to make up for this shortfall. The Portfolio 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 Portfolio, or at the discretion of the lending agent, replace the loaned securities. The Portfolio continues to record dividends or interest, as applicable, on the securities loaned and is subject to change in value of the securities loaned that may occur during the term of the loan. The Portfolio 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 Portfolio 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 Portfolio, the security lending agent and the borrower. The Portfolio records security lending income net of allocations to the security lending agent and the borrower. The Portfolio had no securities out on loan as of June 30, 2009.

### 6. Subsequent Events – Purchase of Delaware Investments by Macquarie Group

On August 19, 2009, Lincoln National Corporation and Macquarie Group ("Macquarie") entered into an agreement pursuant to which Delaware Investments, including Delaware Management Company (DMC), Delaware Distributors, L.P. (DDL), and Delaware Service Company (DSC), will be acquired by Macquarie, an Australia-based global provider of banking, financial, advisory, investment and funds management services (the "Transaction"). Upon completion of the Transaction, DMC, DDL and DSC will be wholly-owned subsidiaries of Macquarie.

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

Effective June 30, 2009, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 165, Subsequent Events (FAS 165). In accordance with FAS 165, management has evaluated whether any events or transactions occurred subsequent to June 30, 2009 through August 15, 2009, the date of issuance of the Fund's schedule of portfolio holdings, and determined that there were no other material events or transactions that would require recognition or disclosure in the Fund's schedule of portfolio holdings.

On August 19, 2009, the Board of Trustees of Delaware Group Foundation Funds approved changing the name of the Fund to Delaware Foundation Growth Allocation Fund. The change will be effective October 19, 2009.