

Schedule of Investments (Unaudited)

Delaware Corporate Bond Fund

October 31, 2009

	Principal Amount ^o	Value (U.S. \$)
Commercial Mortgage-Backed Securities – 1.00%		
#American Tower Trust Series 2007-1A AFX 144A 5.42% 4/15/37	USD 1,349,000	\$1,362,490
•Bank of America Commercial Mortgage		
Series 2004-3 A5 5.578% 6/10/39	1,340,000	1,377,471
Series 2005-6 AM 5.351% 9/10/47	607,000	528,800
•Credit Suisse First Boston Mortgage Securities Series 2001-SPGA A2 144A 6.515% 8/13/18	2,154,000	2,099,077
JPMorgan Chase Commercial Mortgage Securities Series 2006-LDP9 A2 5.134% 5/15/47	2,158,000	2,069,385
#Merrill Lynch Mortgage Investors Series 1998-C3 G 144A 6.00% 12/15/30	1,200,000	184,861
#Merrill Lynch Mortgage Trust Series 2002-MW1 J 144A 5.695% 7/12/34	295,000	98,618
•Morgan Stanley Capital I Series 1999-FNV1 G 144A 6.12% 3/15/31	443,168	437,951
Total Commercial Mortgage-Backed Securities (cost \$9,271,403)		<u>8,158,653</u>
Convertible Bonds – 1.10%		
*Amgen 0.375% exercise price \$79.48, expiration date 2/1/13	1,102,000	1,089,603
ΦHologic 2.00% exercise price \$38.59, expiration date 12/15/37	1,630,000	1,330,488
Medtronic 1.625% exercise price \$55.41, expiration date 4/15/13	1,511,000	1,477,003
ProLogis 2.25% exercise price \$75.98, expiration date 4/1/37	3,521,000	3,248,122
Transocean 1.50% exercise price \$168.61, expiration date 12/15/37	1,839,000	1,805,497
Total Convertible Bonds (cost \$8,032,641)		<u>8,950,713</u>
Corporate Bonds – 86.46%		
<i>Banking – 14.21%</i>		
AgriBank 9.125% 7/15/19	3,017,000	3,249,300
Bank of America		
4.90% 5/1/13	2,335,000	2,433,215
5.30% 3/15/17	2,608,000	2,551,417
6.10% 6/15/17	9,777,000	9,908,998
*Bank of New York Mellon 4.95% 3/15/15	2,284,000	2,449,645
Barclays Bank		
5.20% 7/10/14	1,930,000	2,060,146
6.75% 5/22/19	3,824,000	4,307,644
#144A 6.05% 12/4/17	8,259,000	8,427,714
BB&T 5.25% 11/1/19	1,086,000	1,060,030
BB&T Capital Trust II 6.75% 6/7/36	2,200,000	2,095,579
Capital One Financial 7.375% 5/23/14	1,497,000	1,700,734
Citigroup		
6.375% 8/12/14	8,910,000	9,462,107
6.50% 8/19/13	2,421,000	2,597,370
@#CoBank ACB 144A 7.875% 4/16/18	2,060,000	2,094,305
#Commonwealth Bank of Australia 144A 5.00% 10/15/19	3,395,000	3,416,864
*Credit Suisse New York 5.30% 8/13/19	1,084,000	1,123,245
#GMAC 144A 6.00% 12/15/11	899,000	851,803
JPMorgan Chase		
6.00% 7/5/17	880,000	935,827
6.00% 10/1/17	1,505,000	1,605,554
6.30% 4/23/19	2,660,000	2,924,638
JPMorgan Chase Capital XVIII 6.95% 8/17/36	1,390,000	1,363,172
JPMorgan Chase Capital XXII 6.45% 2/2/37	2,045,000	1,885,349
JPMorgan Chase Capital XXV 6.80% 10/1/37	5,098,000	5,027,974
KeyBank 6.95% 2/1/28	4,700,000	4,138,999
Mellon Bank 5.45% 4/1/16	2,015,000	2,171,032
•National City Bank 0.684% 6/7/17	2,030,000	1,633,789
PNC Bank 6.875% 4/1/18	3,141,000	3,359,739
•#Rabobank Nederland 144A 11.00% 12/29/49	4,020,000	5,059,528
Silicon Valley Bank		
5.70% 6/1/12	2,320,000	2,339,063
6.05% 6/1/17	1,870,000	1,745,230
•USB Capital IX 6.189% 10/29/49	4,667,000	3,628,593

(Unaudited)

Wachovia Bank 5.625% 10/15/16	7,735,000	7,947,759
•Wells Fargo Capital XIII 7.70% 12/29/49	7,256,000	6,784,360
Zions Bancorporation		
5.50% 11/16/15	1,933,000	1,511,504
7.75% 9/23/14	1,925,000	<u>1,724,559</u>
		<u>115,576,785</u>
<i>Basic Industry – 5.32%</i>		
ArcelorMittal		
6.125% 6/1/18	6,063,000	5,998,284
9.00% 2/15/15	1,575,000	1,820,243
9.85% 6/1/19	1,500,000	1,770,660
Cytec Industries 8.95% 7/1/17	1,640,000	1,922,483
Dow Chemical 8.55% 5/15/19	10,685,000	12,218,662
Freeport McMoRan Copper & Gold		
8.25% 4/1/15	306,000	328,543
8.375% 4/1/17	3,135,000	3,374,799
#Georgia-Pacific 144A 8.25% 5/1/16	450,000	479,250
Lubrizol		
6.50% 10/1/34	4,006,000	4,201,665
8.875% 2/1/19	885,000	1,105,230
#NewPage 144A 11.375% 12/31/14	825,000	827,063
@#Norske Skogindustrier 144A 7.125% 10/15/33	2,037,000	1,089,795
Reliance Steel & Aluminum 6.85% 11/15/36	3,662,000	3,266,610
#Sappi Papier Holding 144A 6.75% 6/15/12	1,270,000	1,185,650
#Severstal 144A 9.75% 7/29/13	1,400,000	1,426,250
#Steel Dynamics 144A 8.25% 4/15/16	832,000	840,320
#Teck Resources 144A		
10.25% 5/15/16	94,000	108,805
10.75% 5/15/19	958,000	1,120,860
#Vedanta Resources 144A 8.75% 1/15/14	185,000	<u>185,463</u>
		<u>43,270,635</u>
<i>Brokerage – 4.25%</i>		
Goldman Sachs Group		
5.25% 10/15/13	1,510,000	1,617,005
5.95% 1/18/18	2,540,000	2,680,668
6.25% 9/1/17	4,222,000	4,524,139
6.75% 10/1/37	1,483,000	1,567,021
Jefferies Group		
6.25% 1/15/36	1,605,000	1,260,350
6.45% 6/8/27	6,247,000	5,296,319
LaBranche 11.00% 5/15/12	1,695,000	1,637,794
Lazard Group		
6.85% 6/15/17	3,684,000	3,735,060
7.125% 5/15/15	691,000	710,215
Morgan Stanley		
5.375% 10/15/15	6,102,000	6,337,385
6.00% 4/28/15	1,317,000	1,410,878
6.25% 8/28/17	2,505,000	2,631,127
@#Nuveen Investments 144A 10.50% 11/15/15	1,325,000	<u>1,179,250</u>
		<u>34,587,211</u>
<i>Capital Goods – 4.15%</i>		
Allied Waste North America		
6.125% 2/15/14	1,250,000	1,282,950
7.125% 5/15/16	13,014,000	13,845,438
Ball		
7.125% 9/1/16	532,000	546,630
*7.375% 9/1/19	798,000	819,945
#BWAY 144A 10.00% 4/15/14	360,000	384,300
#Clean Harbors 144A 7.625% 8/15/16	1,490,000	1,534,700
Eastman Kodak 7.25% 11/15/13	420,000	329,700
*Graham Packaging 9.875% 10/15/14	2,246,000	2,302,150
*Graphic Packaging International 9.50% 8/15/13	558,000	575,438
Tyco International Finance 8.50% 1/15/19	8,451,000	10,324,570
USG		
6.30% 11/15/16	1,155,000	999,075
#144A 9.75% 8/1/14	285,000	300,675
#Votorantim Overseas Trading Operations 144A 6.625% 9/25/19	474,000	<u>457,410</u>
		<u>33,702,981</u>

(Unaudited)

Communications – 13.34%

#American Tower 144A 4.625% 4/1/15	4,745,000	4,806,998
AT&T 6.55% 2/15/39	315,000	341,901
*AT&T Wireless 8.125% 5/1/12	4,430,000	5,064,748
#Cablevision Systems 144A 8.625% 9/15/17	600,000	624,000
*Charter Communications Operating 144A 12.875% 9/15/14	1,349,000	1,497,390
Comcast 4.95% 6/15/16	4,345,000	4,458,822
#Cox Communications 144A		
5.875% 12/1/16	1,605,000	1,674,299
8.375% 3/1/39	4,595,000	5,525,644
*Cricket Communications 9.375% 11/1/14	869,000	847,275
*Crown Castle International 9.00% 1/15/15	719,000	762,140
#CSC Holdings 144A		
8.50% 4/15/14	612,000	649,485
8.50% 6/15/15	460,000	488,175
DirecTV Holdings 7.625% 5/15/16	9,260,000	10,060,091
#DISH DBS 144A 7.875% 9/1/19	1,740,000	1,790,025
Inmarsat Finance II 10.375% 11/15/12	1,494,000	1,550,025
#Intelsat Bermuda 144A 11.25% 2/4/17	2,100,000	2,100,000
Intelsat Jackson Holdings 11.25% 6/15/16	1,088,000	1,164,160
#Interpublic Group 144A 10.00% 7/15/17	495,000	534,600
Level 3 Financing 9.25% 11/1/14	705,000	630,975
#MetroPCS Wireless 144A 9.25% 11/1/14	553,000	559,913
#Nielsen Finance 144A 11.50% 5/1/16	750,000	800,625
#PAETEC Holding 144A 8.875% 6/30/17	746,000	742,270
#Qwest 144A 8.375% 5/1/16	549,000	569,588
Shaw Communications 5.65% 10/1/19	CAD 418,000	394,101
Sprint Nextel 6.00% 12/1/16	USD 3,065,000	2,651,225
Telecom Italia Capital		
5.25% 10/1/15	4,006,000	4,157,247
6.20% 7/18/11	94,000	100,051
7.175% 6/18/19	7,213,000	8,010,635
Telesat Canada 11.00% 11/1/15	665,000	724,850
Time Warner Cable 6.75% 7/1/18	2,881,000	3,176,853
Verizon Communications 6.40% 2/15/38	2,000,000	2,139,122
Videotron 6.875% 1/15/14	1,201,000	1,207,005
#Vimpelcom 144A 9.125% 4/30/18	1,780,000	1,864,550
#Vivendi 144A		
5.75% 4/4/13	9,190,000	9,803,128
6.625% 4/4/18	4,317,000	4,680,681
Vodafone Group		
5.00% 9/15/15	7,559,000	8,005,374
5.45% 6/10/19	2,260,000	2,374,135
#Wind Acquisition Finance 144A 11.75% 7/15/17	2,340,000	2,655,900
WPP Finance UK 8.00% 9/15/14	8,391,000	9,318,549

108,506,555

Consumer Cyclical – 8.09%

Burlington Coat Factory Investment Holdings 14.50% 10/15/14	1,150,000	1,150,000
Burlington Coat Factory Warehouse 11.125% 4/15/14	2,005,000	2,080,188
CVS Caremark 6.125% 9/15/39	5,120,000	5,190,011
◆#CVS Pass Through Trust 144A 8.353% 7/10/31	4,774,577	5,436,238
Darden Restaurants		
6.20% 10/15/17	10,065,000	10,646,363
6.80% 10/15/37	3,160,000	3,270,881
Ford Motor Credit		
7.50% 8/1/12	500,000	487,223
9.875% 8/10/11	1,349,000	1,380,411
#Galaxy Entertainment Finance 144A 9.875% 12/15/12	600,000	591,000
Goodyear Tire & Rubber 10.50% 5/15/16	882,000	959,175
#Harrah's Operating 144A 10.00% 12/15/18	1,335,000	1,021,275
#Harrah's Operating Escrow 144A 11.25% 6/1/17	832,000	852,800
#Invista 144A 9.25% 5/1/12	450,000	456,750
Levi Strauss 9.75% 1/15/15	899,000	943,950
Macy's Retail Holdings		
6.65% 7/15/24	1,547,000	1,318,818
8.875% 7/15/15	1,799,000	1,911,438
10.625% 11/1/10	1,034,000	1,087,724

(Unaudited)

MGM Mirage			
13.00% 11/15/13		435,000	495,900
#144A 10.375% 5/15/14		216,000	231,120
#144A 11.125% 11/15/17		279,000	308,295
Nordstrom			
6.25% 1/15/18		5,627,000	5,953,247
6.75% 6/1/14		3,174,000	3,540,407
*OSI Restaurant Partners 10.00% 6/15/15		1,850,000	1,572,500
#Pinnacle Entertainment 144A 8.625% 8/1/17		805,000	805,000
Quiksilver 6.875% 4/15/15		2,000,000	1,555,000
Ryland Group 8.40% 5/15/17		378,000	404,460
*Sally Holdings 10.50% 11/15/16		621,000	661,365
Target			
6.50% 10/15/37		2,428,000	2,692,647
7.00% 1/15/38		2,653,000	3,106,570
#Volvo Treasury 144A 5.95% 10/1/15		5,555,000	5,653,635
			<u>65,764,391</u>
<i>Consumer Non-Cyclical – 7.03%</i>			
AmBev International Finance 9.50% 7/24/16	BRL	2,446,000	1,354,105
#Anheuser-Busch InBev Worldwide 144A			
5.375% 1/15/20	USD	8,950,000	9,116,407
7.20% 1/15/14		3,000	3,383
*ARAMARK 8.50% 2/1/15		238,000	241,570
Beckman Coulter			
6.00% 6/1/15		926,000	1,021,589
7.00% 6/1/19		3,111,000	3,575,843
#Bio-Rad Laboratories 144A 8.00% 9/15/16		279,000	288,068
#CareFusion 144A 6.375% 8/1/19		10,850,000	11,722,979
Community Health Systems 8.875% 7/15/15		1,115,000	1,151,238
Delhaize Group 5.875% 2/1/14		180,000	194,018
HCA			
9.25% 11/15/16		1,343,000	1,406,793
PIK 9.625% 11/15/16		340,000	361,675
Hospira 6.40% 5/15/15		5,490,000	6,108,064
*Jarden 7.50% 5/1/17		387,000	383,130
Medco Health Solutions 7.125% 3/15/18		5,705,000	6,468,614
Quest Diagnostics			
5.45% 11/1/15		7,279,000	7,702,703
6.40% 7/1/17		1,183,000	1,297,526
6.95% 7/1/37		931,000	1,065,507
US Oncology Holdings PIK 6.428% 3/15/12		800,000	708,000
Select Medical 7.625% 2/1/15		850,000	805,375
@#Seminole Indian Tribe of Florida 144A 7.804% 10/1/20		900,000	765,954
Supervalu 7.50% 11/15/14		1,380,000	1,383,450
			<u>57,125,991</u>
<i>Electric – 7.32%</i>			
AES 8.00% 6/1/20		1,500,000	1,507,500
Ameren 8.875% 5/15/14		4,265,000	4,787,339
#Calpine Construction Finance 144A 8.00% 6/1/16		832,000	848,640
#Centrais Eletricas Brasileiras 144A 6.875% 7/30/19		3,550,000	3,736,375
CMS Energy 8.75% 6/15/19		2,680,000	2,963,622
Duke Energy 5.05% 9/15/19		3,860,000	3,899,515
#Enel Finance International 144A			
3.875% 10/7/14		1,990,000	2,014,992
*5.125% 10/7/19		9,755,000	9,958,577
Illinois Power 9.75% 11/15/18		6,071,000	7,607,934
Indiana Michigan Power 7.00% 3/15/19		2,792,000	3,156,842
Ipalco Enterprises 8.625% 11/14/11		247,000	255,028
NRG Energy			
7.375% 2/1/16		920,000	916,550
7.375% 1/15/17		880,000	873,400
*Pennsylvania Electric 5.20% 4/1/20		9,250,000	9,310,911
@#Power Receivables Finance 144A 6.29% 1/1/12		82,765	84,447
•Puget Sound Energy 6.974% 6/1/67		850,000	746,022
•Wisconsin Energy 6.25% 5/15/67		7,839,000	6,829,744
			<u>59,497,438</u>
<i>Energy – 3.95%</i>			

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Chesapeake Energy 7.25% 12/15/18	1,439,000	1,399,428
Massey Energy 6.875% 12/15/13	1,115,000	1,106,638
Nexen 7.50% 7/30/39	6,725,000	7,450,352
Noble Energy 8.25% 3/1/19	7,046,000	8,463,965
#PetroHawk Energy 144A 10.50% 8/1/14	773,000	846,435
Pride International 8.50% 6/15/19	9,375,000	10,523,437
Weatherford International 9.625% 3/1/19	1,900,000	<u>2,356,097</u>
		<u>32,146,352</u>
<i>Finance Companies – 4.96%</i>		
Capital One Bank 8.80% 7/15/19	7,282,000	8,639,576
Capital One Capital V 10.25% 8/15/39	750,000	858,116
Cardtronics 9.25% 8/15/13	1,290,000	1,315,800
FTI Consulting 7.75% 10/1/16	328,000	331,280
General Electric Capital 6.00% 8/7/19	18,209,000	19,174,696
*#ILFC E-Capital Trust II 144A 6.25% 12/21/65	2,100,000	1,008,000
International Lease Finance		
5.35% 3/1/12	2,496,000	2,047,481
5.625% 9/20/13	661,000	502,518
5.875% 5/1/13	1,933,000	1,478,523
6.375% 3/25/13	1,525,000	1,207,047
6.625% 11/15/13	1,460,000	1,127,485
@#Mantis Reef 144A 4.799% 11/3/09	1,925,000	1,925,000
PHH 7.125% 3/1/13	805,000	<u>728,525</u>
		<u>40,344,047</u>
<i>Insurance – 2.90%</i>		
•Chubb 6.375% 3/29/67	4,396,000	4,055,310
*#MetLife Capital Trust X 144A 9.25% 4/8/38	5,980,000	6,535,519
‡◆@#Twin Reefs Pass Through Trust 144A 0.00% 12/31/49	3,100,000	10,075
UnitedHealth Group		
5.80% 3/15/36	1,997,000	1,877,749
6.00% 2/15/18	5,760,000	6,052,481
WellPoint		
5.00% 1/15/11	1,759,000	1,823,066
6.00% 2/15/14	1,595,000	1,728,055
7.00% 2/15/19	1,335,000	<u>1,513,676</u>
		<u>23,595,931</u>
<i>Natural Gas – 8.22%</i>		
El Paso		
7.25% 6/1/18	220,000	220,777
8.25% 2/15/16	220,000	228,844
Enbridge Energy Partners 9.875% 3/1/19	6,993,000	8,838,544
Energy Transfer Partners 9.70% 3/15/19	3,831,000	4,751,248
Enterprise Products Operating		
•8.375% 8/1/66	7,345,000	7,207,200
9.75% 1/31/14	3,129,000	3,778,293
Kinder Morgan Energy Partners		
6.85% 2/15/20	6,170,000	6,844,930
9.00% 2/1/19	4,815,000	5,879,789
MarkWest Energy Partners 8.75% 4/15/18	499,000	512,723
#Midcontinent Express Pipeline 144A 6.70% 9/15/19	3,700,000	3,748,866
Plains All American Pipeline 5.75% 1/15/20	12,195,000	12,559,971
Sempra Energy 6.00% 10/15/39	6,105,000	6,137,808
•TransCanada Pipelines 6.35% 5/15/67	5,942,000	5,538,835
Williams 7.50% 1/15/31	540,000	<u>559,725</u>
		<u>66,807,553</u>
<i>Real Estate – 1.20%</i>		
Developers Diversified Realty 9.625% 3/15/16	1,415,000	1,437,990
ProLogis 7.375% 10/30/19	4,955,000	4,979,244
Regency Centers 5.875% 6/15/17	2,310,000	2,179,201
*#USB Realty 144A 6.091% 12/29/49	1,600,000	<u>1,124,800</u>
		<u>9,721,235</u>
<i>Technology – 0.81%</i>		
*First Data 9.875% 9/24/15	2,550,000	2,365,125
*Freescale Semiconductor 8.875% 12/15/14	2,235,000	1,827,113
Xerox 8.25% 5/15/14	2,107,000	<u>2,429,967</u>
		<u>6,622,205</u>
<i>Transportation – 0.71%</i>		

(Unaudited)

CSX 6.25% 3/15/18		5,289,000	<u>5,775,667</u>
			<u>5,775,667</u>
Total Corporate Bonds (cost \$665,484,918)			<u>703,044,977</u>
Foreign Agencies – 1.62%Δ			
<i>Cayman Islands – 0.83%</i>			
*Petrobras International Finance			
5.75% 1/20/20		4,455,000	4,463,910
6.875% 1/20/40		2,270,000	<u>2,279,080</u>
			<u>6,742,990</u>
<i>Germany – 0.16%</i>			
KFW 10.00% 5/15/12	BRL	2,390,000	<u>1,359,133</u>
			<u>1,359,133</u>
<i>Republic of Korea – 0.63%</i>			
Export-Import Bank of Korea 5.875% 1/14/15	USD	4,830,000	<u>5,102,392</u>
			<u>5,102,392</u>
Total Foreign Agencies (cost \$12,768,051)			<u>13,204,515</u>
Municipal Bonds – 1.77%			
California State Taxable Build America Bonds			
7.30% 10/1/39		6,550,000	6,643,207
(Various Purposes) 7.55% 4/1/39		7,425,000	<u>7,787,117</u>
Total Municipal Bonds (cost \$14,195,719)			<u>14,430,324</u>
Non-Agency Asset-Backed Securities – 0.97%			
Capital One Multi-Asset Execution Trust Series 2007-A7 A7 5.75% 7/15/20		1,147,000	1,264,219
Citibank Credit Card Issuance Trust Series 2007-A3 A3 6.15% 6/15/39		2,837,000	3,256,377
Discover Card Master Trust Series 2007-A1 A1 5.65% 3/16/20		1,960,000	2,146,744
#Dunkin Securitization Series 2006-1 A2 144A 5.779% 6/20/31		425,000	396,316
Mid-State Trust			
Series 11 A1 4.864% 7/15/38		160,496	145,784
Series 2004-1 A 6.005% 8/15/37		187,651	179,945
Series 2005-1 A 5.745% 1/15/40		216,041	207,590
π Structured Asset Securities Series 2001-SB1 A2 3.375% 8/25/31		405,348	<u>326,692</u>
Total Non-Agency Asset-Backed Securities (cost \$7,308,042)			<u>7,923,667</u>
Non-Agency Collateralized Mortgage Obligations – 0.30%			
*@First Horizon Alternative Mortgage Securities Series 2006-FA2 B1 5.963% 5/25/36		1,852,562	109,051
*#MASTR Specialized Loan Trust Series 2005-2 A2 144A 5.006% 7/25/35		342,931	283,193
*Wells Fargo Mortgage-Backed Securities Trust Series 2006-AR6 7A1 5.113% 3/25/36		2,305,047	<u>2,064,778</u>
Total Non-Agency Collateralized Mortgage Obligations (cost \$4,397,780)			<u>2,457,022</u>
Regional Authority – 0.08%Δ			
<i>Canada – 0.08%</i>			
Province of Ontario Province Canada 4.40% 6/2/19	CAD	704,000	<u>665,629</u>
Total Regional Authority (cost \$671,506)			<u>665,629</u>
«Senior Secured Loans – 2.05%			
Avis Budget Car Rental Term Tranche Loan B 4.23% 4/19/12	USD	750,000	708,203
Bausch & Lomb			
Parent Term Tranche Loan B 3.533% 4/11/15		958,816	915,866
Term Tranche Loan DD 3.515% 4/11/15		232,841	222,411
Burlington Coat Factory Term Tranche Loan 3M 2.923% 5/28/13		930,000	851,536
Chester Downs & Marina Term Tranche Loan 12.375% 12/31/16		1,000,000	998,750
Dana Holdings Term Tranche Loan B 7.231% 6/30/15		735,000	643,739
Delta Air Lines Term Tranche Loan 3M 8.75% 9/16/13		1,060,000	1,062,210
Flextronics International Term Tranche Loan B 3.79% 10/1/12		1,402,843	1,331,998
Ford Motor Term Tranche Loan B 3.288% 12/15/13		1,087,189	970,251
Harrahs Operating Term Tranche Loan B2 9.50% 10/31/16		1,450,000	1,423,036
Level 3 Communications Term Tranche Loan A 2.53% 3/13/14		775,000	671,185
Nuveen Investments			
Term Tranche Loan B 3.384% 11/13/14		693,495	601,857
Term Tranche Loan Second Lien 12.50% 7/9/15		685,000	702,125
Rite Aid Term Tranche Loan 9.50% 6/5/15		1,100,000	1,134,650
Texas Competitive Electric Holdings Term Tranche Loan B2 3.745% 10/10/14		1,478,261	1,148,269
Univision Communications Term Tranche Loan B 2.533% 9/29/14		1,460,000	1,174,694
Warner Chilcott			

(Unaudited)

Delayed Draw Term Tranche Loan 1.75% 4/30/15		130,508	131,047
Term Tranche Loan A 5.50% 10/30/14		372,881	374,420
Term Tranche Loan B 5.75% 4/30/15		186,441	187,210
Term Tranche Loan B2 5.75% 10/30/14		410,169	411,861
Wrigley (WM) Jr Term Tranche Loan B 6.50% 7/17/14		1,029,875	1,044,685
Total Senior Secured Loans (cost \$16,183,263)			<u>16,710,003</u>

Sovereign Debt – 0.97%^Δ

Brazil – 0.20%

Republic of Brazil

*12.50% 1/5/16

12.50% 1/5/22

BRL	1,671,000	1,076,871
BRL	880,000	558,369
		<u>1,635,240</u>

Indonesia – 0.22%

Indonesia Government 10.75% 5/15/16

IDR	16,033,000,000	1,769,818
		<u>1,769,818</u>

Mexico – 0.20%

Mexican Bonos

7.25% 12/15/16

10.00% 11/20/36

MXN	1,886,000	139,056
MXN	16,752,000	1,449,425
		<u>1,588,481</u>

Poland – 0.06%

Poland Government Bond 5.50% 10/25/19

PLN	1,500,000	496,805
		<u>496,805</u>

Republic of Korea – 0.29%

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

USD	2,360,000	2,361,126
		<u>2,361,126</u>

Total Sovereign Debt (cost \$7,331,702)

7,851,470

Supranational Banks – 0.64%

European Investment Bank 11.25% 2/14/13

International Bank of Reconstruction & Development 5.75% 10/21/19

International Finance 5.75% 6/24/14

Total Supranational Banks (cost \$4,935,487)

BRL	1,440,000	845,509
AUD	2,473,000	2,118,036
AUD	2,473,000	2,202,564
		<u>5,166,109</u>

U.S. Treasury Obligations – 1.02%

U.S. Treasury Bond 4.25% 5/15/39

U.S. Treasury Notes

2.375% 9/30/14

*3.625% 8/15/19

Total U.S. Treasury Obligations (cost \$8,238,190)

USD	4,890,000	4,902,992
	1,565,000	1,571,719
	1,785,000	1,819,865
		<u>8,294,576</u>

Number of Shares

Common Stock – 0.00%

Masco

*†UAL

Total Common Stock (cost \$1,783)

251	2,950
40	260
	<u>3,210</u>

•Preferred Stock – 0.46%

*PNC Financial Services Group 8.25%

Total Preferred Stock (cost \$3,626,350)

3,687,000	3,699,691
	<u>3,699,691</u>

Principal Amount[○]

≠Discount Note – 0.20%

Federal Home Loan Bank 0.022% 11/2/09

Total Discount Note (cost \$1,598,002)

USD	1,598,003	1,598,002
		<u>1,598,002</u>

Total Value of Securities Before Securities Lending Collateral – 98.64%

(cost \$764,044,837)

802,158,561

Number of Shares

Securities Lending Collateral – 1.44%**

Mellon GSL DBT II Collateral Fund

BNY Mellon SL DBT II Liquidating Fund

9,191,949	9,191,949
2,540,667	2,512,212

(Unaudited)

†@Mellon GSL Reinvestment Trust II	242,932	<u>24</u>
Total Securities Lending Collateral (cost \$11,975,548)		<u>11,704,185</u>
Total Value of Securities – 100.08% (cost \$776,020,385)		813,862,746[▲]
Obligation to Return Securities Lending Collateral** – (1.47%)		(11,975,548)
Receivables and Other Assets Net of Liabilities (See Notes) – 1.39%		<u>11,304,077</u>
Net Assets Applicable to 141,154,256 Shares Outstanding – 100.00%		<u>\$813,191,275</u>

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

AUD – Australian Dollar
BRL – Brazilian Real
CAD – Canadian Dollar
EUR – European Monetary Unit
GBP – British Pound Sterling
IDR – Indonesia Rupiah
KRW – South Korean Won
MXN – Mexican Peso
NOK – Norwegian Kroner
NZD – New Zealand Dollar
PLN – Polish Zloty
SEK – Swedish Krona
USD – United States Dollar

@Illiquid security. At October 31, 2009, the aggregate amount of illiquid securities was \$7,257,901, which represented 0.89% of the Fund's net assets. See Note 5 in "Notes."

#Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At October 31, 2009, the aggregate amount of Rule 144A securities was \$148,655,538, which represented 18.28% of the Fund's net assets. See Note 5 in "Notes."

πRestricted Security. These investments are in securities not registered under the Securities Act of 1933, as amended and have certain restrictions on resale which may limit their liquidity. At October 31, 2009, the aggregate amount of restricted securities was \$326,692 or 0.04% of the Fund's net assets. See Note 5 in "Notes."

◆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.

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

ΔSecurities have been classified by country of origin.

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

†Non income producing security.

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

*Fully or partially on loan.

**See Note 3 in "Notes."

▲Includes \$11,704,204 of securities loaned.

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

Summary of Abbreviations:

CDS – Credit Default Swap
MASTR – Mortgage Asset Securitization Transactions, Inc.
PIK – Pay-in-kind
yr – Year

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

Foreign Currency Exchange Contracts

<u>Contracts to Receive (Deliver)</u>	<u>In Exchange For</u>	<u>Settlement Date</u>	<u>Unrealized Appreciation (Depreciation)</u>
AUD (328,090)	USD 302,302	12/1/09	\$8,025
CAD 1,440,178	USD (1,360,616)	12/1/09	(29,982)
CAD (814,513)	USD 769,882	12/1/09	17,324
EUR 241,477	USD (362,671)	12/1/09	(7,366)
GBP 425,740	USD (695,531)	12/1/09	3,329
IDR 3,419,640,000	USD (360,341)	12/1/09	(4,447)

(Unaudited)

KRW 3,199,517,631	USD (2,722,994)	12/1/09	(27,778)
NOK 19,662,240	USD (3,541,661)	12/1/09	(112,462)
NOK 3,822,099	USD (688,493)	12/1/09	(21,898)
NZD 2,144,017	USD (1,610,157)	12/1/09	(76,986)
PLN 2,635,698	USD (946,119)	12/1/09	(37,269)
SEK 12,020,998	USD (1,769,412)	12/1/09	(74,514)
			<u>\$(364,024)</u>

Swap Contracts

CDS Contracts

<u>Swap Counterparty & Referenced Obligation</u>	<u>Notional Value</u>	<u>Annual Protection Payments</u>	<u>Termination Date</u>	<u>Unrealized Appreciation (Depreciation)</u>
Protection Purchased:				
Barclays Capital Macy's CDS	\$965,000	5.00%	6/20/19	\$(63,720)
JPMorgan Securities Donnelley (R.R.) & Sons CDS	2,800,000	5.00%	6/20/14	(447,711)
Protection Sold:				
Citigroup Global Markets MetLife 5 yr CDS	2,335,000	5.00%	9/20/14	76,952
JPMorgan Securities MetLife 5 yr CDS	2,645,000	1.00%	12/20/14	8,952
UnitedHealth Group 5 yr CDS	2,635,000	1.00%	12/19/14	(45,271)
UnitedHealth Group 5 yr CDS	1,895,000	1.00%	12/20/14	(18,331)
Total				<u>\$(489,129)</u>

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

¹ See Note 4 in "Notes."

Notes

1. Significant Accounting Policies

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

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

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

(Unaudited)

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

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

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

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

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

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

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

2. Investments

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

Cost of investments	<u>\$ 776,663,112</u>
Aggregate unrealized appreciation	48,296,286
Aggregate unrealized depreciation	<u>(11,096,652)</u>
Net unrealized appreciation	<u>\$ 37,199,634</u>

For federal income tax purposes, at July 31, 2009, capital loss carryforwards of \$25,732,798 may be carried forward and applied against future capital gains. Such capital loss carryforwards will expire as follows: \$11,910 expires in 2013, \$519,965 expires in 2014, \$2,882,352 expires in 2015, and \$22,318,571 expires in 2017.

The Fund applies the amended provisions of Accounting Codification Section 820 (ACS 820), Fair Value Measurements. ACS 820 defines fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. ACS 820 also establishes a framework for measuring fair value, and a three level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The Fund's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

Level 1 – inputs are quoted prices in active markets

Level 2 – inputs are observable, directly or indirectly

(Unaudited)

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

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

	Level 1	Level 2	Level 3	Total
Agency Asset-Backed & Mortgage-Backed Securities	\$ -	\$ 18,539,342	\$ -	\$ 18,539,342
Common Stock	3,210	-	-	3,210
Corporate Debt	-	728,705,693	-	728,705,693
Foreign Debt	-	26,042,214	845,509	26,887,723
Municipal Bonds	-	14,430,324	-	14,430,324
U.S. Treasury Obligations	8,294,576	-	-	8,294,576
Short-Term	-	1,598,002	-	1,598,002
Securities Lending Collateral	9,191,949	2,512,212	24	11,704,185
Other	-	3,699,691	-	3,699,691
Total	\$ 17,489,735	\$ 795,527,478	\$ 845,533	\$ 813,862,746
Derivatives	\$ -	\$ (853,153)	\$ -	\$ (853,153)

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

	Agency, Asset Backed and Mortgage-Backed Securities	Corporate Debt	Foreign Debt	Securities Lending Collateral	Other	Total
Balance as of 7/31/09	\$ 384,247	\$ 1,449,007	\$ 1,328,013	\$ 24	\$ -	\$ 3,161,291
Net purchases, sales, and settlements	-	(1,790,064)	-	-	-	(1,790,064)
Net realized gain (loss)	-	(1,647,990)	-	-	(135,295)	(1,783,285)
Net transfers in and/or out of Level 3	(562,010)	-	(531,197)	-	-	(1,093,207)
Net change in unrealized appreciation/depreciation	177,763	1,989,047	48,693	-	135,295	2,350,798
Balance as of 10/31/09	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 845,509</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 845,533</u>
Net change in unrealized appreciation/depreciation from investments still held as of 10/31/09	\$ -	\$ -	\$ 51,581	\$ -	\$ -	\$ 51,581

3. Securities Lending

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

(Unaudited)

At October 31, 2009, the value of securities on loan was \$11,704,204, for which cash collateral was received and invested in accordance with the Lending Agreement. Such investments are presented on the schedule of investments under the caption "Securities Lending Collateral."

4. Derivatives

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

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

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

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

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

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

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

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

During the period ended October 31, 2009, the Fund entered into CDS contracts as a purchaser and seller of protection. Periodic payments on such contracts are accrued daily and recorded as unrealized losses on swap contracts. Upon payment (receipt), such amounts are recorded as realized losses

(Unaudited)

(gains) on swap contracts. Upfront payments made or received in connection with CDS contracts are amortized over the expected life of the CDS contracts as unrealized losses (gains) on swap contracts. The change in value of CDS contracts is recorded as unrealized appreciation or depreciation daily. A realized gain or loss is recorded upon a credit event (as defined in the CDS agreement) or the maturity or termination of the agreement.

The Fund may sell credit default swaps which expose it to risk of loss from credit risk related events specified in the contract. Credit events generally include, among others, bankruptcy, failure to pay, and obligation default. As disclosed in the footnotes to the Schedule of Investments, the aggregate fair value of credit default swaps in a net liability position as of October 31, 2009 was \$489,129. The aggregate fair value of assets posted as collateral, net of assets received as collateral, for these swaps was \$1,270,000. If a credit event had occurred as of October 31, 2009, the swaps' credit-risk-related contingent features would have been triggered and the Fund would have been required to receive \$5,745,000 less the value of the contracts' related reference obligations.

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

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

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

	Asset Derivatives		Liability Derivatives	
	Schedule of investments Location	Fair Value	Schedule of investments Location	Fair Value
Foreign exchange contracts (Currency)	Receivables and other assets net of Liabilities	\$28,678	Receivables and other assets net of Liabilities	\$(392,702)
Credit contracts (Swaps)	Receivables and other assets net of Liabilities	85,904	Receivables and other assets net of Liabilities	(575,033)
Total		<u>\$114,582</u>		<u>\$(967,735)</u>

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

	Location of Gain or Loss on Derivatives Recognized in Income	Realized Gain or Loss on Derivatives Recognized in Income	Change in Unrealized Appreciation or Depreciation on Derivatives Recognized in Income
Foreign exchange contracts (Currency)	Net realized and unrealized gain (loss) on investments and foreign currencies from foreign currencies	\$1,064,007	\$(430,966)
Credit contracts (Swaps)	Net realized and unrealized loss on investments and foreign currencies from swap contracts	(8,386)	3,017
Total		<u>\$1,055,621</u>	<u>\$(427,949)</u>

(Unaudited)

5. Credit and Market Risk

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

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

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

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

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

6 Sale of Delaware Investments to Macquarie Group

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

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