

Schedule of Investments (Unaudited)

Delaware Inflation Protected Bond Fund

October 31, 2009

	Principal Amount (U.S. \$)	Value (U.S. \$)
Agency Asset-Backed Security – 0.00%		
Fannie Mae Whole Loan Series 2001-W2 AS5 6.473% 10/25/31	\$5,420	<u>\$5,438</u>
Total Agency Asset-Backed Security (cost \$5,407)		<u>5,438</u>
Agency Mortgage-Backed Security – 0.00%		
Freddie Mac S.F. 30 yr 8.00% 5/1/31	3,843	<u>4,375</u>
Total Agency Mortgage-Backed Security (cost \$4,150)		<u>4,375</u>
Commercial Mortgage-Backed Security – 0.17%		
#Crown Castle Towers Series 2006-1A B 144A 5.362% 11/15/36	450,000	<u>459,000</u>
Total Commercial Mortgage-Backed Security (cost \$373,500)		<u>459,000</u>
Corporate Bonds – 12.88%		
<i>Banking – 1.74%</i>		
Bank of America 5.30% 3/15/17	1,000,000	978,304
JPMorgan Chase Capital XVIII 6.95% 8/17/36	55,000	53,938
JPMorgan Chase Capital XXV 6.80% 10/1/37	210,000	207,115
•#Rabobank Nederland 144A 11.00% 12/29/49	515,000	648,173
•USB Capital IX 6.189% 4/15/49	2,360,000	1,834,901
•Wells Fargo Capital XIII 7.70% 12/29/49	1,000,000	<u>935,000</u>
		<u>4,657,431</u>
<i>Basic Industry – 0.77%</i>		
ArcelorMittal 6.125% 6/1/18	1,000,000	989,326
Freeport-McMoRan Copper & Gold 8.375% 4/1/17	235,000	252,975
#Georgia-Pacific 144A 8.25% 5/1/16	220,000	234,300
#Teck Resources 144A 10.25% 5/15/16	130,000	150,475
10.75% 5/15/19	375,000	<u>438,750</u>
		<u>2,065,826</u>
<i>Brokerage – 0.75%</i>		
LaBranche 11.00% 5/15/12	575,000	555,594
Morgan Stanley •0.103% 3/5/18	500,000	418,125
5.375% 10/15/15	1,000,000	<u>1,038,575</u>
		<u>2,012,294</u>
<i>Capital Goods – 0.16%</i>		
Graphic Packaging International 9.50% 8/15/13	210,000	216,563
#Owens-Brockway Glass Container 144A 7.375% 5/15/16	210,000	<u>213,150</u>
		<u>429,713</u>
<i>Communications – 3.16%</i>		
American Tower 7.125% 10/15/12	590,000	602,538
#Cablevision Systems 144A 8.625% 9/15/17	125,000	130,000
Cincinnati Bell 7.00% 2/15/15	245,000	235,200
Citizens Utilities 7.125% 3/15/19	615,000	581,175
Cricket Communications 9.375% 11/1/14	265,000	258,375
#144A 7.75% 5/15/16	350,000	350,875
Crown Castle International 9.00% 1/15/15	625,000	662,500
CSC Holdings 6.75% 4/15/12	76,000	79,420
EchoStar DBS 7.125% 2/1/16	650,000	653,250
Inmarsat Finance II 10.375% 11/15/12	620,000	643,250
Intelsat Jackson Holdings 11.25% 6/15/16	90,000	96,300
#Interpublic Group 144A 10.00% 7/15/17	215,000	232,200
MetroPCS Wireless 9.25% 11/1/14	295,000	298,688
#Qwest 144A 8.375% 5/1/16	205,000	212,688
Sprint Nextel 6.00% 12/1/16	1,060,000	916,899
Telecom Italia Capital 5.25% 10/1/15	1,000,000	1,037,754
Time Warner Cable 6.75% 7/1/18	175,000	192,971

(Unaudited)

#Videotron 144A 9.125% 4/15/18	315,000	342,563
#Wind Acquisition Finance 144A 11.75% 7/15/17	825,000	<u>936,374</u>
		<u>8,463,020</u>
<i>Consumer Cyclical – 1.13%</i>		
Ford Motor Credit 8.00% 6/1/14	1,250,000	1,216,506
Goodyear Tire & Rubber 10.50% 5/15/16	260,000	282,750
#Invista 144A 9.25% 5/1/12	175,000	177,625
<i>Macy's Retail Holdings</i>		
8.875% 7/15/15	105,000	111,563
10.625% 11/1/10	700,000	736,370
<i>MGM MIRAGE</i>		
13.00% 11/15/13	155,000	176,700
#144A 10.375% 5/15/14	80,000	85,600
#144A 11.125% 11/15/17	105,000	116,025
Ryland Group 8.40% 5/15/17	120,000	<u>128,400</u>
		<u>3,031,539</u>
<i>Consumer Non-Cyclical – 1.47%</i>		
ARMARK 8.50% 2/1/15	465,000	471,975
#Bio-Rad Laboratories 144A 8.00% 9/15/16	110,000	113,575
Community Health Systems 8.875% 7/15/15	835,000	862,137
Corrections Corporation of America 7.75% 6/1/17	220,000	227,700
HCA 9.25% 11/15/16	870,000	911,324
Inverness Medical Innovations 9.00% 5/15/16	205,000	208,588
Iron Mountain 8.00% 6/15/20	555,000	567,488
Select Medical 7.625% 2/1/15	105,000	99,488
SUPERVALU 7.50% 11/15/14	480,000	<u>481,200</u>
		<u>3,943,475</u>
<i>Electric – 0.61%</i>		
#AES 144A 8.75% 5/15/13	285,000	292,838
#Calpine Construction Finance 144A 8.00% 6/1/16	315,000	321,300
Illinois Power 9.75% 11/15/18	10,000	12,532
IPALCO Enterprises 8.125% 11/14/11	45,000	46,463
◆Mirant Mid Atlantic Pass Through Trust Series A 8.625% 6/30/12	486,437	497,989
NRG Energy 7.375% 2/1/16	455,000	<u>453,293</u>
		<u>1,624,415</u>
<i>Energy – 1.36%</i>		
Chesapeake Energy 9.50% 2/15/15	855,000	929,813
El Paso 7.00% 6/15/17	425,000	427,278
<i>Kinder Morgan Energy Partners</i>		
6.85% 2/15/20	55,000	61,016
9.00% 2/1/19	165,000	201,488
Massey Energy 6.875% 12/15/13	960,000	952,799
Noble Energy 8.25% 3/1/19	580,000	696,722
PetroHawk Energy 9.125% 7/15/13	140,000	145,600
Range Resources 8.00% 5/15/19	235,000	<u>244,988</u>
		<u>3,659,704</u>
<i>Financials – 1.47%</i>		
Capital One Bank 8.80% 7/15/19	1,045,000	1,239,818
FTI Consulting 7.625% 6/15/13	615,000	624,225
General Electric Capital 5.625% 9/15/17	1,000,000	1,034,779
<i>International Lease Finance</i>		
5.625% 9/20/13	625,000	475,149
5.875% 5/1/13	375,000	286,832
6.625% 11/15/13	370,000	<u>285,733</u>
		<u>3,946,536</u>
<i>Insurance – 0.12%</i>		
•Prudential Financial 0.42% 6/10/15	400,000	<u>334,092</u>
		<u>334,092</u>
<i>Technology – 0.14%</i>		
Freescale Semiconductor 8.875% 12/15/14	465,000	<u>380,138</u>
		<u>380,138</u>
Total Corporate Bonds (cost \$31,214,838)		<u>34,548,183</u>
 <i>Foreign Agency – 0.05%Δ</i>		
Korea Development Bank 5.30% 1/17/13	120,000	124,496
Total Foreign Agency (cost \$120,743)		<u>124,496</u>

(Unaudited)

Non-Agency Asset-Backed Securities – 0.13%

Caterpillar Financial Asset Trust		
Series 2007-A A3A 5.34% 6/25/12	48,749	49,650
Series 2008-A A3 4.94% 4/25/14	150,000	153,236
•Ford Credit Auto Owner Trust Series 2008-A A3B 1.05% 4/15/12	147,085	147,527
John Deere Owner Trust Series 2007-A A3 5.04% 7/15/11	7,295	7,307
Total Non-Agency Asset-Backed Securities (cost \$339,849)		<u>357,720</u>

Non-Agency Collateralized Mortgage Obligations – 0.03%

•Bank of America Mortgage Securities Series 2002-K 2A1 4.306% 10/20/32	7,961	7,417
•Wells Fargo Mortgage-Backed Securities Trust Series 2004-EE 3A1 4.059% 12/25/34	56,644	56,637
Total Non-Agency Collateralized Mortgage Obligations (cost \$63,296)		<u>64,054</u>

U.S. Treasury Obligations – 82.42%

U.S. Treasury Inflation Index Bonds		
2.375% 1/15/25	6,652,624	7,085,564
2.50% 1/15/29	11,259,136	12,144,037
3.375% 4/15/32	4,134,298	5,131,052
U.S. Treasury Inflation Index Notes		
∞1.625% 1/15/15	31,310,557	32,413,752
2.00% 1/15/14	18,613,674	19,563,269
2.00% 7/15/14	12,251,821	12,938,119
2.00% 1/15/16	33,058,480	34,814,711
2.375% 1/15/17	21,084,122	22,762,608
3.00% 7/15/12	19,926,839	21,419,798
3.375% 1/15/12	19,156,595	20,521,503
3.50% 1/15/11	19,779,595	20,672,762
U.S. Treasury Notes		
2.25% 10/31/14	4,580,000	4,593,250
3.625% 8/15/19	6,825,000	6,958,306
Total U.S. Treasury Obligations (cost \$209,717,598)		<u>221,018,731</u>

∅Discount Note – 4.40%

Federal Home Loan Bank 0.02% 11/2/09	11,796,025	11,796,018
Total Discount Note (cost \$11,796,018)		<u>11,796,018</u>

Total Value of Securities – 100.08%

(cost \$253,635,399) **268,378,015**

Liabilities Net of Receivables and Other Assets (See Notes) – (0.08%)

(205,360)

Net Assets Applicable to 25,803,655 Shares Outstanding – 100.00%

\$268,172,655

#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 \$5,455,511, which represented 2.03% of the Fund's net assets. See Note 5 in "Notes."

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

ΔSecurities have been classified by country of origin.

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

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

Summary of Abbreviations:

CPI – Consumer Price Index

S.F. – Single Family

yr – Year

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

Financial Futures Contracts

Contracts to Buy	Notional Cost	Notional Value	Expiration Date	Unrealized Appreciation
304 U.S. Long Bond	\$36,343,844	\$36,527,500	12/21/09	\$183,656
135 U.S. Treasury 10 yr Notes	15,926,305	16,012,265	12/21/09	85,960
	<u>\$52,270,149</u>			<u>\$269,616</u>

(Unaudited)

Swap Contracts

Inflation Swap Contracts

<u>Notional Value</u>	<u>Expiration Date</u>	<u>Description</u>	<u>Unrealized Appreciation</u>
\$2,600,000	4/22/14	Agreement with Barclays to receive the notional amount multiplied by the non-revised CPI and to pay the notional amount multiplied by the fixed rate of 1.56%.	\$73,902
<u>1,300,000</u>	1/7/19	Agreement with Barclays to receive the notional amount multiplied by the non-revised CPI and to pay the notional amount multiplied by the fixed rate of 1.60%.	<u>59,165</u>
<u>\$3,900,000</u>			<u>\$133,067</u>

The use of financial futures 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.

¹See Note 3 in "Notes."

Notes

1. Significant Accounting Policies

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

Security Valuation – Securities listed on a foreign exchange are valued at the last quoted sales price on the valuation date. U.S. government and agency securities are valued at the mean between the bid and ask prices. Other debt securities, credit default swap (CDS) contracts and interest rate swap contracts are valued by an independent pricing service or broker. To the extent current market prices are not available, the pricing service may take into account developments related to the specific security, as well as transactions in comparable securities. Investment companies are valued at net asset value per share. Foreign currency exchange contracts are valued at the mean between the bid and ask prices. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available. Financial futures contracts and options on financial futures contracts are valued at the daily quoted settlement prices. Exchange-traded options are valued at the last reported sale price or, if no sales are reported, at the mean between the last reported bid and ask prices. Generally, other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Fund's Board of Trustees (Board). In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures or suspension of trading in a security. The Fund may use fair value pricing more frequently for securities traded primarily in non-U.S. markets because, among other things, most foreign markets close well before the Fund values its securities at 4:00 p.m. Eastern time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, government actions or pronouncements, aftermarket trading, or news events may have occurred in the interim. To account for this, the Fund may frequently value foreign securities using fair value prices based on third-party vendor modeling tools (international fair value pricing).

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

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

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

(Unaudited)

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

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

Other – Expenses directly attributable to the Fund are charged directly to the Fund. Other expenses common to various funds within the Delaware Investments® Family of Funds are generally allocated amongst such funds on the basis of average net assets. Management fees and some other expenses are paid monthly. Security transactions are recorded on the date the securities are purchased or sold (trade date) for financial reporting purposes. Costs used in calculating realized gains and losses on the sale of investment securities are those of the specific securities sold. Interest income is recorded on the accrual basis. Discounts and premiums 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 and pays dividends from net investment income monthly and distributions from net realized gain on investments, if any, annually.

On July 1, 2009, the Financial Accounting Standards Board (FASB) issued the FASB Accounting Standards Codification (Codification). The Codification became the single source of authoritative nongovernmental U.S. GAAP, superseding existing literature of the FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and other sources. The Codification is effective for interim and annual periods ending after September 15, 2009. The Fund adopted the Codification for the 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 31, 2009, the date of issuance of the Fund's schedule of portfolio holdings, and determined that there were no material events or transactions that would require recognition or disclosure in the Fund's schedule of portfolio holdings.

2. Investments

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

Cost of investments	<u>\$254,420,442</u>
Aggregate unrealized appreciation	14,121,987
Aggregate unrealized depreciation	(164,414)
Net unrealized appreciation	<u>\$13,957,573</u>

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

Level 1 – inputs are quoted prices in active markets

Level 2 – inputs are observable, directly or indirectly

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Agency, Asset-Backed & Mortgage-Backed Securities	\$ -	\$ 890,587	\$890,587
Corporate Debt	-	34,548,183	34,548,183
Foreign Debt	-	124,496	124,496
U.S. Treasury Obligations	221,018,731	-	221,018,731
Short-Term	-	11,796,018	11,796,018
Total	<u>\$221,018,731</u>	<u>\$47,359,284</u>	<u>\$268,378,015</u>
Derivatives	<u>\$ -</u>	<u>\$ 402,683</u>	<u>\$ 402,683</u>

(Unaudited)

There were no Level 3 securities at the beginning or end of the period.

3. Derivatives

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

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

The use of foreign currency exchange contracts does not eliminate fluctuations in the underlying prices of the securities, but does establish a rate of exchange that can be achieved in the future. Although foreign currency exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. The Fund's maximum risk of loss from counterparty credit risk is the value of its currency exchanged with the counterparty. The risk is generally mitigated by having a netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty. No foreign currency exchange contracts were outstanding at October 31, 2009.

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

Swap Contracts — The Fund may enter into interest rate swap contracts, index swap contracts, inflation 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 use inflation swaps to hedge the inflation risk in nominal bonds, thereby creating synthetic inflation-indexed bonds. 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.

Inflation Swaps. Inflation swaps agreements involve commitments to pay a regular stream of inflation-indexed cash payments in exchange for receiving a stream of nominal interest payments (or vice versa), where both payment streams are based on notional amounts. The nominal interest payments may be based on either a fixed interest rate or variable interest rate such as London Interbank Offered Rate (LIBOR). 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 inflation 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.

(Unaudited)

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 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 October 31, 2009, the Fund did not enter into any CDS contracts as a seller of protection.

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

Swaps Generally. Because there is no organized market for swap contracts, the value of open swaps may differ from that which would be realized in the event the Fund terminated their 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 above.

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

	Asset Derivatives		Liability Derivatives	
	Schedule of Investments Location	Fair Value	Schedule of Investments Location	Fair Value
Interest rate contracts (Futures)	Liabilities net of receivables and other assets	\$269,616	Liabilities net of receivables and other assets	\$-
Credit contracts (Swaps)	Liabilities net of receivables and other assets	<u>133,067</u>	Liabilities net of receivables and other assets	<u>-</u>
Total		<u>\$402,683</u>		<u>\$-</u>

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

(Unaudited)

	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
	Net realized and unrealized loss on investments and foreign currencies from futures contracts		
Interest rate contracts (Futures)		\$1,220,632	\$(181,605)
	Net realized and unrealized gain on investments and foreign currencies from swap contracts		
Credit contracts (Swaps)		-	62,956
Total		<u>\$1,220,632</u>	<u>\$(118,649)</u>

4. Securities Lending

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

(Unaudited)

investments are shared among the Fund, the security lending agent and the borrower. The Fund records security lending income net of allocations to the security lending agent and the borrower. The Fund had no securities out on loan as of October 31, 2009.

5. Credit and Market Risk

Some countries in which the Fund may invest require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad. The securities exchanges of certain foreign markets are substantially smaller, less liquid and more volatile than the major securities markets in the United States. Consequently, acquisition and disposition of securities by the Fund may be inhibited.

The Fund primarily invests in inflation protected debt securities whose principal and/or interest payments are adjusted for inflation, unlike traditional debt securities that make fixed principal and interest payments. Under normal circumstances, the Fund will invest at least 80% of its net assets in inflation protected debt securities issued by the U.S. government, its agencies or instrumentalities, foreign governments and corporations, which may include synthetic investments such as options, forwards, futures contracts, or swap agreements that, when combined with non-inflation indexed bonds, have economic characteristics similar to inflation-indexed bonds.

The Fund may invest up to 10% of its net assets in high yield fixed income securities, which carry ratings of BB or lower by S&P and/or Ba or lower by Moody's. Investments in these higher yielding securities are generally accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities.

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

The Fund may invest up to 15% of its net assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair the Fund from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so. While maintaining oversight, the Fund's Board has delegated to Delaware Management Company (DMC), a series of Delaware Management Business Trust, the day-to-day functions of determining whether individual securities are liquid for purposes of the Fund's limitation on investments in illiquid assets. Securities eligible for resale pursuant to Rule 144A, which are determined to be liquid, are not subject to the Fund's 15% limit on investments in illiquid securities. As of October 31, 2009, no securities have been determined to be illiquid under the Fund's Liquidity Procedures. Rule 144A 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 by on or about December 31, 2009. Shareholders of the Fund will receive proxy materials including more detailed information about the Meeting, the Transaction and the proposed New Agreement.