

# Capitalize on historic municipal bond yields

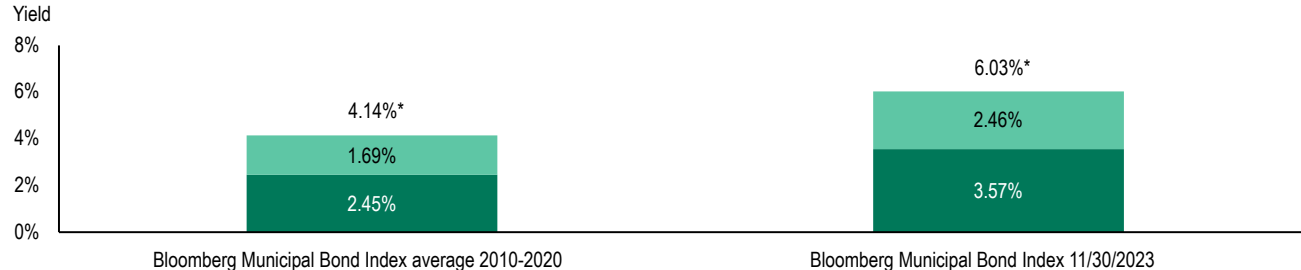
The net result of the US Federal Reserve's tightening cycle has been a significant increase in the yield available for investors who desire tax-exempt income. We see potential for the municipal bond market to experience a recovery into 2024, as the lagging effects of higher rates and tightening credit conditions exert their force on the economy and the Fed eventually ends its policy of interest rate hikes.

**With tax-exempt yields already at levels not seen in more than a decade, this may result in a significant investment opportunity for long-term investors.**

## A renaissance for tax-exempt income

Current taxable-equivalent yields for municipal securities indicate to us that investors have an opportunity to earn significant income, from a historical perspective. What makes this opportunity so compelling, in our view, is that, from a credit standpoint, this is occurring at a time when municipal credit is generally as strong as it has been in decades.

### Taxable-equivalent yield: Current vs. historical



Sources: Municipal Market Data, Bloomberg (November 2023). \* Taxable-equivalent yield. This is the yield that is required on a taxable investment to make it equal to the yield on a tax-exempt investment. The illustration assumes the top federal income tax bracket of 37% plus 3.8% Medicare tax. The light green bar represents the difference between the yield of the bond (dark green bar) and the taxable-equivalent yield.

## Investment solutions to consider

### Delaware National High-Yield Municipal Bond Fund (DVHIX)

Overall Morningstar Rating™



A research-driven portfolio that aims to deliver a high level of income, with an emphasis on lower-grade, higher-yielding securities.

### Delaware Tax-Free USA Fund (DTFIX)

Overall Morningstar Rating™



A portfolio designed to deliver a high level of tax-exempt income by taking advantage of opportunities across the yield curve and quality spectrum.

### Delaware Tax-Free USA Intermediate Fund (DUSIX)

Overall Morningstar Rating™



A portfolio that emphasizes fundamental research in an effort to deliver competitive tax-free income with less interest rate sensitivity than longer duration strategies.

Source: Morningstar. Data as of December 31, 2023 unless otherwise noted. Morningstar ranking is based on Morningstar risk-adjusted return measure that accounts for variation in a managed product's monthly excess performance. **Past performance is no guarantee of future results.** See below for additional ranking information.

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For more information, call **877 693-3546** or contact your regional director.

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**Investing involves risk, including the possible loss of principal.**

**Carefully consider the Funds' investment objectives, risk factors, charges, and expenses before investing. This and other information can be found in the Funds' prospectuses and summary prospectuses, which may be obtained by visiting [delawarefunds.com/literature](http://delawarefunds.com/literature) or calling 800 523-1918. Investors should read the prospectuses and summary prospectuses carefully before investing.**

Diversification may not protect against market risk.

Fixed income securities and bond funds can lose value, and investors can lose principal, as interest rates rise. They also may be affected by economic conditions that hinder an issuer's ability to make interest and principal payments on its debt. This includes prepayment risk, the risk that the principal of a bond that is held by a portfolio will be prepaid prior to maturity, at the time when interest rates are lower than what the bond was paying. A portfolio may then have to reinvest that money at a lower interest rate. • High yielding, non-investment-grade bonds (junk bonds) involve higher risk than investment grade bonds. Funds that invest primarily in one state may be more susceptible to economic, regulatory, and other factors of that state than geographically diversified funds. • Substantially all dividend income derived from tax-free funds is exempt from federal income tax. Some income may be subject to state and local taxes and/or the federal alternative minimum tax (AMT) that applies to certain investors. Capital gains, if any, are taxable. • Duration number will change as market conditions change. Therefore, duration should not be solely relied upon to indicate a municipal bond fund's potential volatility. • IBOR risk is the risk that changes related to the use of the London interbank offered rate (LIBOR) or similar rates (such as EONIA) could have adverse impacts on financial instruments that reference these rates. The abandonment of these rates could affect the value and liquidity of instruments that reference them and could affect investment strategy performance. • The disruptions caused by natural disasters, pandemics, or similar events could prevent the Fund from executing advantageous investment decisions in a timely manner and could negatively impact the Fund's ability to achieve its investment objective and the value of the Fund's investments.

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accounts for variation in a managed product's monthly excess performance. **Past performance does not guarantee of future results.**

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