MACQUARIE

Delaware Funds
by MACQUARIE®

Allocate with conviction across taxable fixed income

The shift in interest rate regimes has reset yields across taxable fixed income. Bonds now offer historically higher levels of income, and higher yields provide an income buffer that did not previously exist. We continue to believe in the value of disciplined but measured added exposure to long-term interest rates. In addition, higher yields mean investors no longer need to reach into opaque, risky areas of the market to generate meaningful income. In our view, there is tremendous value in core bond sectors relative to other segments of the market.

However, as markets are dynamic, we believe it is important to maintain flexibility and allocate with conviction as opportunities arise. A skilled active manager may maximize opportunities across both core and plus sectors.

A tactical and flexible approach

Duration. With central banks at or near the end of their tightening cycles, we are positive on owning duration given the high carry environment.

Structured securities. Despite ongoing challenges from tighter monetary policy and higher bond yields pressuring mortgage rates, we believe the fundamentals for US housing remain solid. As such we have increased our exposure to mortgage-backed securities (MBS), especially US agency-backed MBS, which offer attractive spreads backed by robust structures and strong credit fundamentals.

Credit. Spreads have proven resilient recently and while most companies are prepared for an economic slowdown, current valuations are discounting a more optimistic environment than we are expecting.

Emerging markets debt. The challenging global economic environment and persistence of US dollar strength continues to weigh on emerging markets debt. Spreads on hard-currency debt remain stable compared with same-rated global credit. We favor corporates with proactive balance sheet management and reform-minded sovereigns with buffers, although valuations remain tight.

Investment solutions to consider

Delaware Diversified Income Fund (DPFFX)

Overall Morningstar Rating™

★★★★

A diversified, core-plus fixed income portfolio seeking to maximize opportunity in all market cycles, using an active, agile investment process with confidence to stand against the tide.

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.

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

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 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.

 The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-end mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. **DPFFX rated 4, 3, 4 and 4 stars for the overall, 3-, 5-, and 10-year periods among 568, 568, 536 and 375 Intermediate Core-Plus Bond funds, respectively.** The calculation is based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance. **Past performance does not guarantee of future results.**

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