

Delaware Investments

One Commerce Square, 2005 Market Street
Philadelphia, Pennsylvania 19103

Style: US Small Cap Growth
Sub-Style: Traditional Growth
Firm AUM: \$165.9 billion[^]
Firm Strategy AUM: \$60.5 million[^]

Year Founded: 1929
GIMA Status: Approved
Firm Ownership: Macquarie Group Ltd.
Professional-Staff: 363[^]

PRODUCT OVERVIEW

Delaware Investments' (Delaware) Smid Cap Growth-Focus Equity (MA) investment strategy believes attractive returns can be realized through holding a concentrated portfolio of companies that they believe have advantaged business models and opportunities to generate consistent, long-term growth of intrinsic business value. Delaware takes a long term approach as they generally prefer to hold companies with steady, consistent business models and end markets, and to hold them for a full market cycle, or approximately 3 to 5 years. While Delaware invests with the expectation of attractive revenue and earnings growth from their companies, a company's cash economics – its returns on invested capital and its ability to generate free cash flow, i.e., its intrinsic business value – is key to their evaluation. Delaware is focused on the growth of intrinsic business value defined as the real economic cash returns generated by a company's business model. While Delaware initiates new positions at below \$5 billion in market cap they have a long term approach and may hold companies through "adolescence" into a larger market cap. Delaware is benchmark aware, but by no means benchmark driven which may cause them to be substantially over/underweight in particular sectors/industries versus the benchmark.

TARGET PORTFOLIO CHARACTERISTICS

Number of stock holdings:	20 to 30
Average dividend yield:	Below the S&P 500
P/E ratio:	Above the S&P 500
Cash level over market cycle:	1 to 10%
Risk (standard deviation):	Above the S&P 500
Average turnover rate:	25 to 40%
Use ADRs:	0 to 20%
Capitalization:	Medium, Small and Micro companies

PORTFOLIO STATISTICS *

	-----03/16-----	09/15	
	Delaware	Index***	Delaware
Number of stock holdings	29	1,486	29
Wtd avg dividend yield	1.2%	1.0%	1.3%
Wtd avg P/E ratio ¹	—	21.20x	26.20x
Wtd avg portfolio beta	—	—	—
Mega capitalization ⁺	0.0%	0.0%	0.0%
Large capitalization ⁺	0.0%	1.8%	0.0%
Medium capitalization ⁺	0.0%	65.2%	0.0%
Small capitalization ⁺	0.0%	29.3%	0.0%
Micro capitalization ⁺	0.0%	3.4%	0.0%

PORTFOLIO'S EQUITY SECTOR WEIGHTINGS **

Sector	-----03/16-----	09/15	
	Delaware	Index***	Delaware
Energy	3.50	0.70	3.00
Materials	0.00	7.06	0.00
Industrials	8.50	16.99	8.80
Consumer Discretionary	18.20	21.15	14.20
Consumer Staples	0.00	3.53	0.00
Health Care	11.40	18.68	11.40
Financials	17.70	10.45	19.10
Information Technology	37.00	20.69	40.70
Telecomm Services	0.00	0.56	0.00
Utilities	0.00	0.19	0.00
Cash/Cash Equivalents	3.80	0.00	2.70

PORTFOLIO'S TOP FIVE EQUITY HOLDINGS *

	%
Sally Beauty Holdings, Inc.	6.6
Blackbaud, Inc.	5.4
Equity Commonwealth	5.4
Graco Inc.	5.3
DineEquity, Inc.	5.0

% PROCESS BASED ON

- 0 Asset allocation - cash vs. stock
- 10 Industry or sector weighting
- 90 Stock Selection

MANAGER'S INVESTMENT STRATEGY

- Top-down / portfolio structures based on economic trends
- Bottom-up / portfolio structure based on individual securities

[^]As of 09/30/2015. Information as of 03/31/2016 is not yet available.

^{*}As represented by Delaware Investments.

¹The P/E used here is calculated by the harmonic mean.

^{**}Index : Russell 2500 Gr

⁺Total may not equal 100% due to rounding.

MANAGER'S INVESTMENT PROCESS	RISK CONSIDERATIONS	PORTFOLIO'S ALLOCATION HISTORY (%) ^{+ *}				
		03/16	12/15	09/15	06/15	
<ul style="list-style-type: none"> The manager's research process relies on extensive fundamental research with an emphasis on a companies growth of intrinsic business value The manager has a flat team structure where every portfolio manager is first and foremost an analyst and team members meet daily to discuss any ideas/developments Manager looks for fundamental change at the industry, product, or management level, to be the best source of new idea generation The Manager seeks companies with sustainable competitive advantages, secular growth characteristics, and strong balance sheets, cash flows, & management teams The manager will typically sell securities based on unexpected negative fundamental change, valuations become stretched, better opportunities emerge, or portfolio construction considerations 	<p>Equity securities prices may fluctuate in response to specific situations for each company, industry, market conditions and general economic environment. Companies paying dividends can reduce or cut payouts at any time. Strategies that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than portfolios that diversify among a broad range of sectors.</p> <p>Investing in securities entails risks, including: Small-cap stocks may be subject to a higher degree of risk than more established companies' securities, including higher volatility. The illiquidity of the small-cap market may adversely affect the value of these investments. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.</p>	U.S. Stocks	96	0	97	88
		Non-U.S. Stocks	0	0	0	6
		Cash/Cash Equivalents	4	0	3	6

¹As of 09/30/2015. Information as of 03/31/2016 is not yet available.

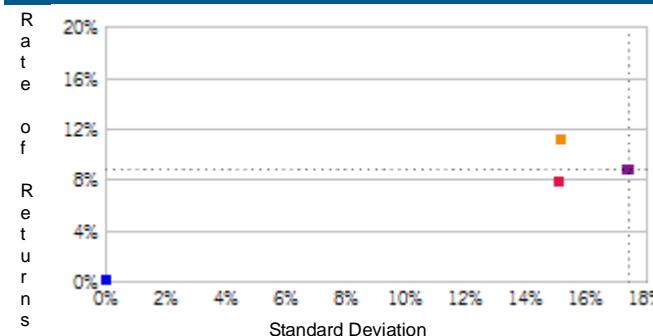
¹The P/E used here is calculated by the harmonic mean.

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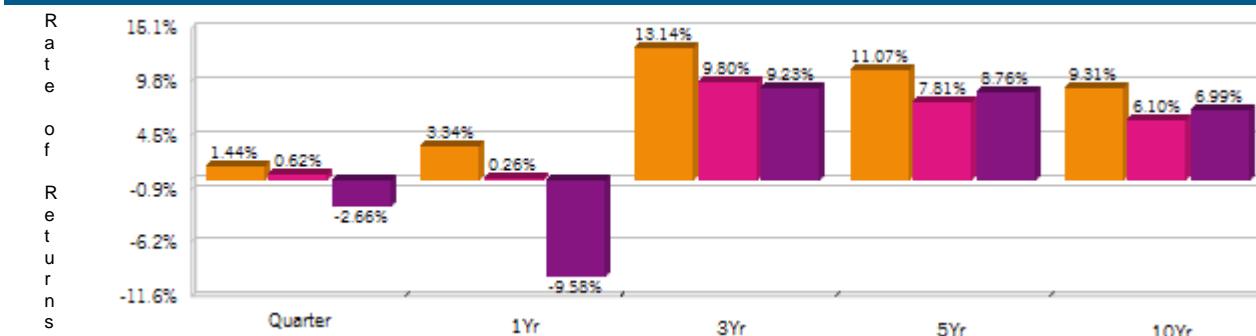
**As represented by Delaware Investments.*

***Index : Russell 2500 Gr

RISK/RETURN ANALYSIS - 5 YEARS ENDING 03/31/16



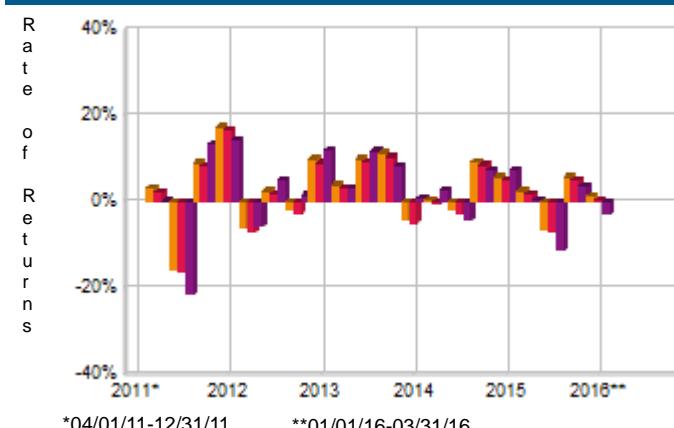
AVERAGE ANNUAL TOTAL RETURN (%) - PERIODS ENDING 03/31/16



	STD	ROR
Delaware (Gross)	15.20	11.07
Delaware (Net)	15.14	7.81
Russell 2500 Gr	17.43	8.76
90-Day T-Bills	0.02	0.06

	Annual Rates of Return (%)										10 Year - Ending 03/31/16		
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Annual	Std. Dev.	
Delaware (Gross)	10.64	12.13	-44.45	49.28	37.71	8.91	11.46	40.55	3.54	7.92	9.31	20.52	
Delaware (Net)	7.43	8.89	-46.37	45.24	33.93	5.87	8.15	36.57	0.43	4.76	6.10	20.50	
Russell 2500 Gr	12.26	9.69	-41.50	41.65	28.86	-1.57	16.13	40.64	7.04	-0.20	6.99	20.59	

RISK VOLATILITY (%)



*04/01/11-12/31/11

**01/01/16-03/31/16

PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter1		Quarter2		Quarter3		Quarter4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2006	12.50	11.75	-7.98	-8.73	-1.18	-1.93	8.15	7.40
2007	3.62	2.87	6.93	6.18	4.37	3.62	-3.04	-3.79
2008	-12.69	-13.44	0.98	0.23	-9.65	-10.40	-30.26	-31.01
2009	-5.53	-6.28	24.15	23.40	20.84	20.09	5.33	4.58
2010	6.77	6.02	-1.67	-2.42	14.96	14.21	14.10	13.36
2011	14.38	13.63	3.29	2.54	-15.53	-16.18	9.12	8.39
2012	17.62	16.79	-6.06	-6.78	2.69	1.91	-1.76	-2.53
2013	10.01	9.24	4.11	3.34	10.13	9.35	11.43	10.63
2014	-4.05	-4.81	0.44	-0.35	-1.84	-2.58	9.45	8.68
2015	5.94	5.14	2.64	1.87	-6.25	-6.94	5.87	5.10
2016	1.44	0.62						

Related

Fiduciary Services

PORTFOLIO'S RISK STATISTICS - PERIODS ENDING 03/31/16^{1,2}

	3 Year	5 Year
Standard Deviation	11.26%	15.20%
Standard Deviation of Primary Benchmark	12.62%	17.43%
Sharpe Ratio	1.16	0.72
Sharpe Ratio of Primary Benchmark	0.73	0.50
Alpha	5.59%	3.66%
Beta	0.79	0.81
Downside Risk	3.69%	4.13%
R-Squared	0.78	0.87
Tracking Error	5.91%	6.42%
Information Ratio	0.66	0.36

	Number Of	Up Qtrs.	Down Qtrs.
Delaware (Gross)	14	6	
Delaware (Net)	13	7	
Russell 2500 Gr	15	5	

PORTFOLIO DIVERSIFICATION - R²(INCEPTION THROUGH 12/14)+

	R ²
Delaware vs. Russell 2500 Gr	0.92

+Statistics are calculated using gross of fee performance only.

1. Statistics are calculated using gross of fee performance only.

2. Russell 2500 Gr was used as the primary benchmark and the 90-Day T-Bills Index as the risk-free benchmark.

See important notes and disclosures pages for a discussion of the sources of the performance data used to calculate the performance results and related analyses shown above.

Past performance is no guarantee of future results. This profile is not complete without the pages, which contain important notes, including disclosures about the composite, index descriptions and a glossary of terms. Information shown is as of March 31, 2016, unless otherwise noted. All data are subject to change.

IMPORTANT NOTES AND DISCLOSURES

COMPOSITE DISCLOSURES

Past performance is no guarantee of future results. Actual individual account results may differ from the performance shown in this profile. There is no guarantee that this investment strategy will work under all market conditions. Do not use this profile as the sole basis for your investment decisions.

Performance results in this profile are calculated assuming reinvestment of dividends and income. Returns for more than one year are annualized and based on quarterly data. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Related Performance (Manager's Composite):

For periods before the date on which Morgan Stanley begins to calculate an applicable performance composite for actual Morgan Stanley program accounts, the performance composite and certain other information for this strategy (including the data on page 1 of this profile) are based on the investment manager's own composite and data. This composite includes accounts managed by the investment manager according to the same or a substantially similar investment strategy. To provide maximum information to you, the investment manager's own composite is linked to the Morgan Stanley composite to create a simulated continuous track record of performance information for the investment strategy. The investment manager's composite may include separately managed accounts, institutional accounts and/or mutual funds. Performance and other data for the investment manager's composite may vary from that of Morgan Stanley accounts due to differences such as the availability and weighting of securities, trading implementation or client objectives. Morgan Stanley does not verify composite and other data provided by the investment manager and therefore does not guarantee its accuracy. Some of the accounts in the investment manager's composite may have invested in the initial public offering ("IPO") market, whereas accounts held in Morgan Stanley programs do not do so. Since investment managers may use different methods of selecting accounts to be included in their composites and for calculating performance, returns of different investment managers may not be comparable.

Related Performance:

Delaware Investments' (Delaware) Smid Cap Growth-Focus Equity (MA) performance prior to 1/4/2010 represents the performance history of the Portfolio Manager while with a prior firm. On 1/4/2010, Delaware Investments' former parent, Lincoln National Corporation, sold Delaware Investments to Macquarie Affiliated Managers, (USA) Inc., a subsidiary of Macquarie Group Limited (Macquarie). Delaware Investments' (Delaware) Smid Cap Growth-Focus Equity (MA) performance prior to 4/1/1999 represents a composite of all fully discretionary fee generating small cap accounts managed in this style and under management for at least one full month. Performance information presented prior to 12/01/1998 represents the total return of a composite of all fully discretionary fee generating accounts managed by Delaware Investment Advisers (DIA), a series of DMBT, and is asset weighted. The investment philosophy, strategy and techniques of DIA used in managing those accounts are substantially similar to those employed by Delaware. Subsequent to 11/30/1998, these accounts were managed by Delaware Capital Management, a series of Delaware Management Business Trust. The listing of securities holdings is subject to change and should not be considered a recommendation or solicitation by Delaware. Portfolio characteristics shown represent general summary information and will vary for individual accounts. Performance and volatility of Morgan Stanley Fiduciary Services accounts and those of this composite may be different. However, Delaware believes that the performance shown is sufficiently relative for consideration by potential clients. The composite was asset-weighted and consisted of 6 accounts with a market value of \$1.0 million as of 03/31/1999.

Fiduciary Services Performance:

In this profile, the performance from 4/1/1999 through June 2012 consists of accounts in either the Morgan Stanley or the Smith Barney form of the Fiduciary Services program. From July 2012, performance consists of all Fiduciary Services accounts managed by the investment manager in the strategy, subject to any other limitations stated in this profile. Performance composites calculated by Morgan Stanley include all fee-paying portfolios with no investment restrictions. New accounts are included upon the first full quarter of performance. Terminated accounts are removed in the quarter in which they terminate. Performance is calculated on a total return basis and by asset weighting the individual portfolio returns using the beginning of period values.

Equity Account (Gross): Delaware's gross results do not reflect a deduction of the investment advisory fees charged by Delaware, or program fees, if any, but are net of commissions charged on securities transactions.

Net Performance for all Periods: To demonstrate the effect of Morgan Stanley's fees that would have applied if you had invested in the investment manager strategy's through the Fiduciary Services program, the net results for all periods are calculated by deducting a quarterly fee of 0.75% (equivalent to an annual fee of 3%).

Morgan Stanley program fees are usually deducted quarterly, and have a compounding effect on performance. The Morgan Stanley program fee, which differs among programs and clients, is described in the applicable Morgan Stanley ADV brochure, which is available at www.morganstanley.com/ADV or on request from your Financial Advisor or Private Wealth Advisor.

Document approval date February 2013.

Fiduciary Services is a separately managed account program sponsored by Morgan Stanley. For periods for which sufficient data is available, the profile shows a composite of client accounts managed by the investment manager in the Fiduciary Services program. Through June 2012, Morgan Stanley offered the Fiduciary Services program through two channels - the Morgan Stanley channel and the Smith Barney channel. For periods through June 2012, any composite based on Fiduciary Services accounts consists of Fiduciary Services accounts managed by the manager in the strategy in either the Morgan Stanley channel or the Smith Barney channel. If the strategy or similar strategies were available in both the Morgan Stanley and Smith Barney forms of the program, through June 2012 this profile presents the composite for the strategy that is closest to the strategy currently offered in the Fiduciary Series program. If both strategies were equally close, this profile shows through June 2012 the longer of the two composites. From July 2012, any composite based on Fiduciary Services accounts consists of all Fiduciary Services accounts managed by the manager in the strategy, subject to any other limitations stated in this profile. Performance and other data for Fiduciary Services composites may differ from composites in other Morgan Stanley programs, and performance and data for composites in one channel may differ from composites in the other channel, due to differences such as the availability and weighting of securities, trading implementation or client objectives.

Focus List, Approved List, and Watch Status:

Global Investment Manager Analysis ("GIMA") uses two methods to evaluate investment products in applicable advisory programs. In general, strategies that have passed a more thorough evaluation may be placed on the "Focus List", while strategies that have passed through a different and less comprehensive evaluation process may be placed on the "Approved List". Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either evaluation process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved". The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" on the cover page.

For more information on the Focus List, Approved List, and Watch processes, please see the applicable Morgan Stanley ADV brochure (www.ms.com/adv). Your Financial Advisor or Private Wealth Advisor can provide on request a copy of a paper entitled "GIMA: At A Glance".

ADDITIONAL DISCLOSURES

The information about a representative account is for illustrative purposes only. Actual account holdings, performance and other data will vary depending on the size of an account, cash flows within an account, and restrictions on an account. Holdings are subject to change daily. The information in this profile is not a recommendation to buy, hold or sell securities.

Actual portfolio statistics may vary from target portfolio characteristics.

The investment manager may use the same or substantially similar investment strategies, and may hold similar portfolios of investments, in other portfolios or products it manages (including mutual funds). These may be available at Morgan Stanley or elsewhere, and may cost an investor more or less than this strategy in the Morgan Stanley Fiduciary Services program.

The portfolio may, at times, invest in exchange-traded funds (ETFs), which are a form of equity security in seeking to maintain continued full exposure to the broad equity market.

Morgan Stanley investment advisory programs may require a minimum asset level and, depending on your specific investment objectives and financial position, may not be suitable for you. Investment advisory program accounts are opened pursuant to a written client agreement. The investment manager acts independently of, and is not an affiliate of, Morgan Stanley Smith Barney LLC. Diversification does not guarantee a profit or protect against a loss.

No obligation to notify Morgan Stanley has no obligation to notify you when information in this profile changes.

Sources of information Material in this profile has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data.

No tax advice Morgan Stanley and its affiliates do not render advice on legal, tax and/or tax accounting matters to clients. Each client should consult his/her personal tax and/or legal advisor to learn about any potential tax or other implications that may result from acting on a particular recommendation.

Not an ERISA fiduciary Morgan Stanley is not acting as a fiduciary under either the Employee Retirement Income Security Act of 1974, as amended, or under section 4975 of the Internal Revenue Code of 1986, as amended, in providing the information in this profile.

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INDEX DESCRIPTIONS

90-Day T-Bills

The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of discount is the interest earned. T-bills are issued in denominations of \$1,000 auction and \$1,000 increments thereafter.

Russell 2500 Gr

The Russell 2500 Growth Index is representative of the U.S. market for smaller to medium capitalization stocks containing those companies in the Russell 2500 Index with higher price-to-book ratios and higher forecasted growth.

S&P 500

The S&P 500 Total Return has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index has over \$5.58 trillion benchmarked, with index assets comprising approximately \$1.31 trillion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities. This index includes dividend reinvestment.

Indices are unmanaged and have no expenses. You cannot invest directly in an index.

GLOSSARY OF TERMS

Alpha is a mathematical estimate of risk-adjusted return expected from a portfolio above and beyond the benchmark return at any point in time.

American Depository Receipts (ADRs) are receipts for shares of a foreign-based corporation held in the vault of a U.S. bank.

Average Portfolio Beta is a measure of the sensitivity of a benchmark or portfolio's rates of return to changes against a market return. The market return is the S&P 500 Index. It is the coefficient measuring a stock or a portfolio's relative volatility.

Beta is a measure of the sensitivity of a portfolio's rates of return to changes in the market return. It is the coefficient measuring a stock or a portfolio's relative volatility.

Bottom-Up Stock Selection Emphasis primarily on individual stock selection. Considerations of economic and industry factors are of secondary importance in the investment decision-making process.

Capitalization is defined as the following: Mega (Above \$100 billion), Large (\$12 to \$100 billion), Medium (\$2.5 - \$12 billion), Small (\$.50 - \$2.5 billion) and Micro (below \$.50 billion).

Dividend a portion of a company's profit paid to common and preferred shareholders.

Downside Risk is a measure of the risk associated with achieving a specific target return. This statistic separates portfolio volatility into downside risk and upside uncertainty. The downside considers all returns below the target return, while the upside considers all returns equal to or above the target return.

Duration is a measure of price sensitivity expressed in years.

High Grade Corporate Bonds corporate bonds from issuers with credit ratings of AA or AAA.

Information Ratio is a measure of the investment manager's skill to add active value against a given benchmark relative to how stable that active return has been. Essentially, the information ratio explains how significant a manager's alpha is. Therefore, the higher the information ratio, the more significant the alpha.

Investment Grade Bonds are those rated by Standard & Poor's AAA (highest rated), AA, A or BBB (or equivalent rating by other rating agencies or, in the case of securities not rated, by the investment manager).

Price/Book Ratio (P/B) weighted average of the stocks' price divided by book value per share. Book value per share is defined as common equity, including intangibles, divided by shares outstanding times the adjustment factor.

Price/Cash Flow Ratio a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's market cap by the company's operating cash flow in the most recent fiscal year (or the most recent four fiscal quarters); or, equivalently, divide the per-share stock price by the per-share operating cash flow.

Price/Earnings Ratio (P/E Ratio) shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. The P/E ratio shown here is calculated by the harmonic mean.

Price/Sales Ratio determined by dividing current stock price by revenue per share (adjusted for stock splits). Revenue per share for the P/S ratio is determined by dividing revenue for past 12 months by number of shares outstanding.

R2 (R-Squared)/Portfolio Diversification indicates the proportion of a security's total variance that is benchmark-related or is explained by variations in the benchmark.

Sharpe Ratio measures the efficiency, or excess return per unit of volatility, of a manager's returns. It evaluates managers' performance on a volatility-adjusted basis.

Standard Deviation is a statistical measure of historical variability or spread of returns around a mathematical average return that was produced by the investment manager over a given measurement period. The higher the standard deviation, the greater the variability in the investment manager's returns relative to its average return.

Top-Down/Economic Analysis Emphasis primarily on macroeconomic trends as opposed to bottom-up stock selection.

Tracking Error represents the standard deviation of the difference between the performance of the investment strategy and the benchmark. This provides a historical measure of the variability of the investment strategy's returns relative to its benchmark.

U.S. Treasury Bonds a marketable, fixed interest U.S. government debt security with a maturity of more than 10 years. Treasury bonds make interest payments semi-annually and the income that holders receive is only taxed at the federal level.

Volatility a measure of risk based on the standard deviation of the asset return. Volatility is a variable that appears in option pricing formulas, where it denotes the volatility of the underlying asset return from now to the expiration of the option. There are volatility indexes. Such as a scale of 1-9; a higher rating means higher risk.