

Delaware Investments

One Commerce Square, 2005 Market Street
Philadelphia, Pennsylvania 19103

Style: US Taxable Core
Sub-Style: Taxable Government
Firm AUM: \$249.0 billion
Firm Strategy AUM: \$91.0 million

Year Founded: 1929
GIMA Status: Approved
Firm Ownership: Macquarie Group Ltd.
Professional-Staff: 362^

PRODUCT OVERVIEW

Delaware Investments's government fixed income (core/core plus) investment strategy utilizes a top-down philosophy in managing fixed income portfolios. The firm employs 1-30 year maturity U.S. Government (including TIPS) issues. Value is added through an active process of rotating among "AAA" quality sectors and maturity adjustments to capture shifts in the shape of the yield curve. Portfolio duration is maintained within 0.5 year above and below that of the benchmark in order to minimize interest rate risk. Portfolios are generally fully invested. The overall strategy for this product is determined by the Investment Committee, which is chaired by the CIO and includes Delaware Investments's Portfolio Managers and Sector Managers. Delaware Investments makes investment decisions at the committee level and then implements those decisions at the sector level.

TARGET PORTFOLIO CHARACTERISTICS

Number of bond holdings:	10 to 20
Average credit quality:	AAA
Average maturity:	6.0 to 8.0 years
Average duration:	4.5 to 5.0 years
Average coupon:	3.0 to 5.0%
Average turnover rate:	200 to 400%

PORTFOLIO STATISTICS

	-----06/18-----	12/17	
	Delaware	Index***	Delaware
Number of bond holdings	52	—	47
SEC Yield	—	—	—
Avg credit quality	AAA	—	AAA
Avg maturity	8.13 yrs.	—	8.04 yrs.
Avg duration	5.8 yrs.	—	6.06 yrs.
Avg coupon	3.6%	—	3.6%

FIXED INCOME SECTOR DISTRIBUTION (%) ^

	06/18	03/18	12/17	09/17
Mortgage-Backed Securities	50.35	46.56	47.74	58.82
U.S. Treasury	33.25	40.16	41.36	27.01
U.S. Agencies	12.64	13.23	10.55	9.99
Cash/Cash Equivalents	3.76	0.05	0.35	4.18

^As of 09/30/2016. Information as of 06/30/2018 is not yet available.

*Total may not equal 100% due to rounding.

***Index : BC Aggregate