

**March 31, 2011**

Delaware  
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Managed accounts investment strategy overview

## **International Equity ADR**

Presented to:

### **City of Ormond Beach**

Agenda:

- I. Firm overview
- II. Philosophy and process
- III. Portfolio and performance
- IV. Biographies

Delaware Investments • 2005 Market Street • Philadelphia, PA 19103-7094

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Managed accounts advisory services are provided by Delaware Capital Management (DCM), a series of Delaware Management Business Trust (DMBT). DMBT is an SEC-registered investment advisor.

Managed accounts advisory services are referred through Delaware Capital Management Advisers, Inc., an SEC-registered investment advisor.

Mondrian Investment Partners Limited serves as a nondiscretionary sub-advisor in the management of DCM's International Equity ADR portfolios.

International investments entail risks not ordinarily associated with U.S. investments including fluctuation in currency values, differences in accounting principles, or economic or political instability in other nations.

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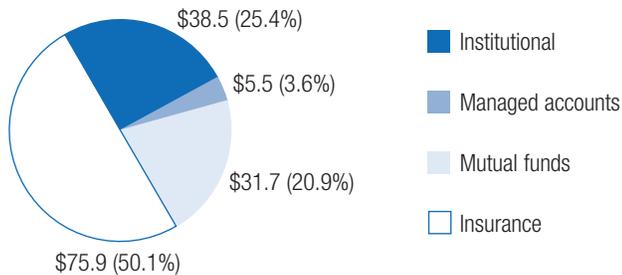
# Firm overview

Delaware Investments

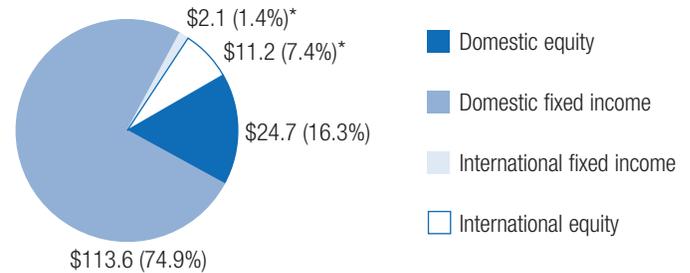
March 31, 2011

## Assets \$151.6 billion under management

By client type (\$ billions)



By asset class (\$ billions)



\*\$5.7 billion of the International assets is currently sub-advised by Mondrian Investment Partners Limited (formerly Delaware International Advisers Ltd.).

## History

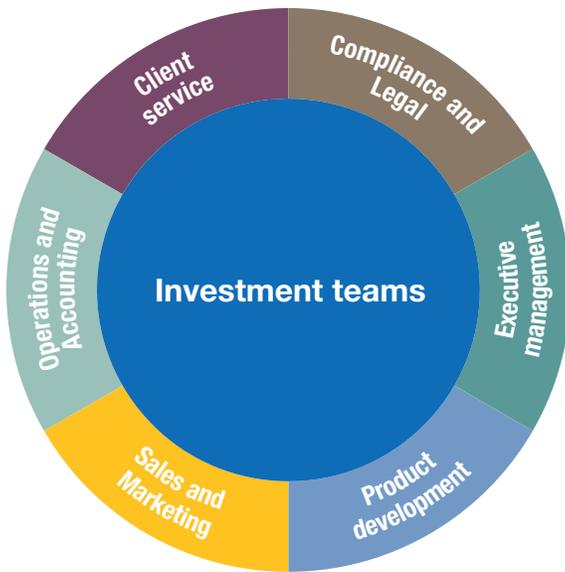
- 1929 Delaware Investments predecessor firm is founded
- 1938 Delaware Investments introduces its first mutual fund
- 1970 Begin managing fixed income strategies
- 1972 Institutional separate account management is established
- 1978 Our flagship money market fund is introduced
- 1990 International/global capabilities are established
- 1994 Managed accounts business is established
- 2000 Begin decade of broadening investment capabilities
- 2007 Ireland-based UCITS funds are launched
- 2010 Delaware Investments joins Macquarie Group

## Staff

131 Investment professionals



## Delaware Investments: Shared values, shared resources



Our structure combines the entrepreneurial spirit of a small firm with the shared and deep resources of a large organization, which allows investment teams to focus on investing.

### Independent investing:

Regardless of location, our teams focus on what they do best, select investments for clients' accounts.

### Shared resources:

Our comprehensive infrastructure provides the investment teams with a wealth of support and distribution capabilities.

### Ownership interest:

A long-term incentive plan provides investment teams with equity stakes in the company.

# Overview

## Managed Accounts

Delaware Investments managed account advisory services (Delaware Capital Management), a series of Delaware Management Business Trust, was formed in 1994 to provide institutional-quality investment services to high net worth individuals and small institutions. Delaware Investments is committed to the pursuit of consistently superior asset management and unparalleled client service. While there are different areas of the enterprise that play a vital role in the managed account business, these areas work together as a cohesive group to provide clients with financial solutions.

## Cohesive structure



### Wealth management and managed accounts

- Product management
- Investment services

### Delaware Distributors, L.P.

- Sales and marketing support

### Investment accounting and administration

- Portfolio administration
- Accounting and account servicing

## Portfolio management capabilities

Value equities	Core equities	Growth equities	International equities	Fixed income
Large cap	All cap	Large cap	Emerging Markets	Municipal bonds
REIT	Large cap	Smid cap	Focus Non-U.S.	
Small/Mid cap	Socially Responsible		International ADR <sup>1</sup>	
Small cap	Small cap		Macquarie Macro Emerging Markets <sup>2</sup>	

<sup>1</sup> Subadvised by Mondrian Investment Partners Limited

<sup>2</sup> Subadvised by Macquarie Capital Investment Management, LLC

# Business profile

Delaware Capital Management – Delaware International Equity ADR

## Delaware Investments

- Delaware Investments predecessor firm is founded in 1929
- Assets under management of more than \$150 billion as of March 31, 2011

## Delaware Capital Management (DCM)

- Founded in 1994
- Assets under management of approximately \$5.5 billion as of March 31, 2011
- Provides clients and their financial consultants with access to institutional-quality portfolio management services

## Sub-advisor

Mondrian Investment Partners Limited

- A highly experienced team of international investment professionals based in London
- Sub-advises approximately \$5.7 billion of international assets for Delaware Investments

## Clients and their consultants

# Sub-advisor profile

Mondrian Investment Partners Limited

## Mission

- Provide clients with a focused, value-oriented investment style

## Organization

- Established in 1990
- Management buyout from Delaware Investments completed on Sept. 24, 2004
- Assets under management of approximately \$70 billion as of March 31, 2011, with approximately \$38 billion in international/global equity strategies
- Highly experienced investment team that has worked together for many years under a common investment philosophy
- 55 investment professionals/analysts as of March 31, 2011

## Senior investment professionals

	Years of experience	
	Total <sup>1</sup>	Mondrian <sup>2</sup>
David G. Tilles • Executive Chairman	36	20
Clive A. Gillmore • Chief Executive Officer	28	20
Nigel G. May • Deputy Chief Executive Officer	24	20
Elizabeth A. Desmond • Chief Investment Officer, International Equities	23	20
Hamish O. Parker • Director	29	20
Fiona A. Barwick • Deputy Head, International Equities	21	17
Nigel Bliss • Senior Portfolio Manager	17	15
Emma R. E. Lewis • Senior Portfolio Manager	20	15
Russell Mackie • Senior Portfolio Manager	16	13
Andrew Porter • Senior Portfolio Manager	11	7

<sup>1</sup> Years of industry experience

<sup>2</sup> Years worked at Mondrian Investment Partners Limited

Members of the International Equity team depicted above are employees of Mondrian Investment Partners Limited. DCM is a series of Delaware Management Business Trust and part of Delaware Investments. Mondrian Investment Partners Limited serves as a nondiscretionary sub-advisor in the management of DCM's International Equity ADR portfolios.

## **A value-oriented defensive management style**

Stocks are chosen where rigorous dividend discount analysis isolates value in terms of the long-term flow of dividends. Dividend yield and future real growth play a central role in the decision-making process, and over time the dividend component may be a meaningful portion of expected total return.

### **An approach that:**

- Focuses on providing a rate of return meaningfully greater than the client's domestic rate of inflation
- Seeks to preserve capital during protracted global market declines
- Has historically produced less volatile performance than the MSCI EAFE Index as measured by standard deviation

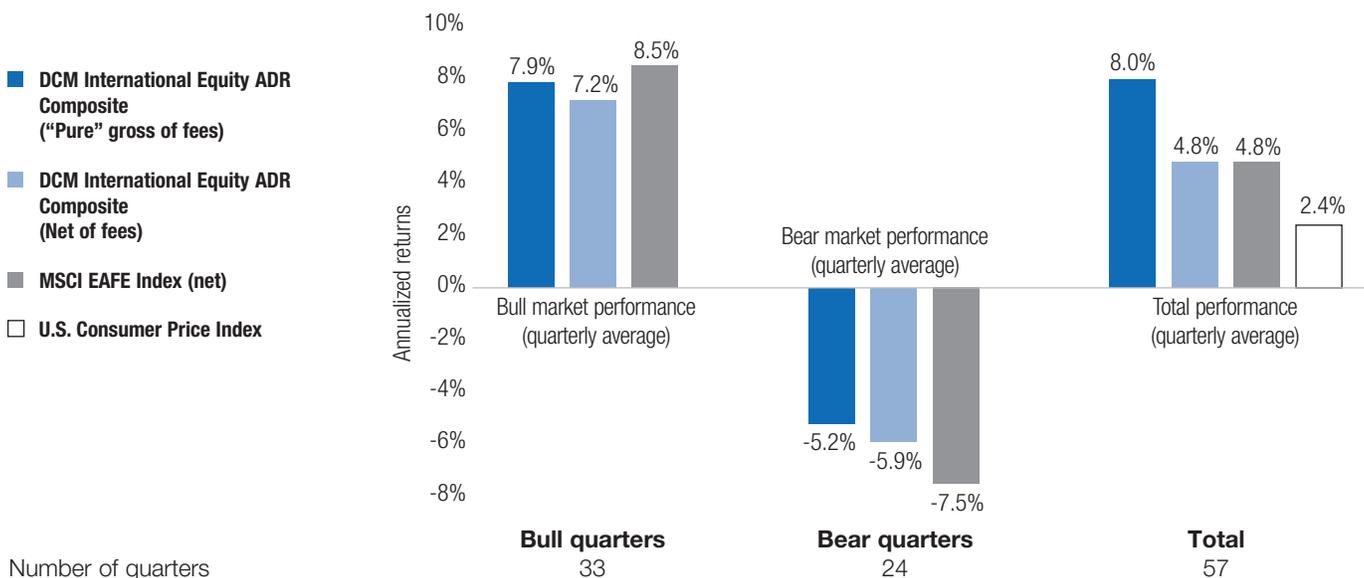
Investing in ADRs may have some limitations for investors such as the absence of voting rights. International investments entail risks not ordinarily associated with U.S. investments including fluctuation in currency values, differences in accounting principles, or economic or political instability in other nations.

The MSCI EAFE Index measures equity market performance across developed market countries in Europe, Australasia, and the Far East.

# Defensive characteristics

International Equity ADR portfolio

Since inception (1/1/1997) ended March 31, 2011



	Bull quarters 33	Bear quarters 24	Total 57
<b>Cumulative performance</b>			
DCM International Equity ADR Composite ("Pure" gross of fees)	1059.2%	-74.3%	198.2%
DCM International Equity ADR Composite (Net of fees)	820.1%	-78.8%	95.4%
MSCI EAFE Index (net)	1261.5%	-85.7%	94.1%

For illustrative purposes. Past performance is no guarantee of future results. Source for MSCI EAFE Index (net) and U.S. Consumer Price Indexes: Russell/Mellon Analytical Services LLC. If the index is net of foreign withholding taxes, the composite is also net of foreign withholding taxes.

A "bull market" quarter is defined as one in which the MSCI EAFE Index shows a positive U.S. dollar return, and a "bear market" quarter is one in which the MSCI EAFE Index shows a negative U.S. dollar return.

Effective October 2009, monthly composite performance for certain accounts was calculated using a daily account return geometrically linked to create a monthly account rate of return ("Daily Valuation method"). The daily return is calculated on the change in market value taking into account the effect of any cash or security additions or withdrawals that occur during the day. The daily calculated rate of return minimizes the effect of time weighting cash or security flows on the investment performance of the account. Prior to October 2009, composite performance for all accounts was calculated using the Modified Dietz method. The Modified Dietz method weights each cash or security flow by the amount of time it is held in the portfolio. If an account has a cash or security flow greater than or equal to 10%, performance will be calculated to the day prior to the cash or security flow. This sub-period return will be linked to the sub-period return calculated from the day of the cash or security flow through month-end. On December 1, 2010 all Monthly composite performance for all accounts has been calculated using the Daily Value method. The Composite monthly returns are calculated by weighting each account's monthly rate of return by its beginning market value for the month and summing each of the weighted rates for a composite monthly return. All monthly composite results are geometrically linked to calculate quarterly and annual performance results. All cumulative aggregate returns are calculated by linking each of the respective annual returns. The respective average annual returns are calculated as the root of the cumulative aggregate returns. Performance information from the period Dec. 31, 1996 – Jan. 31, 1997 is reflective of one non-fee paying account. Performance results are shown as total returns, net of dividend withholding taxes, assume reinvestment of dividends and capital gains as well as no reductions for taxes are presented both before and after the deduction of the maximum annual wrap fee, and are calculated in U.S. dollars. The SMA fee may include but may not be limited to trading costs, portfolio management, custody and other administrative fees. "Pure" gross of fees returns for all time periods presented do not reflect the deduction of the SMA fee. Net returns are calculated by subtracting the highest applicable SMA (wrap) fee (3.00% on an annual basis, or 0.75% quarterly) on a quarterly basis from the "pure" gross composite quarterly return. Actual fee schedule may vary. The composite return for the most recent period is preliminary and may not reflect reconciled numbers for every portfolio within the composite. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. The MSCI EAFE Index (net) (the index) returns are provided to represent the investment environment existing during the periods shown. For comparison purposes, the index is fully invested and includes the reinvestment of income. Dividends on securities in the index are assumed to be reinvested after deduction of withholding taxes, applying the rate to nonresident individuals who do not benefit from double taxation treaties. The index uses withholding tax rates applicable to Luxembourg holding companies (as Luxembourg applies the highest rates).

The MSCI EAFE Index measures equity market performance across developed market countries in Europe, Australasia, and the Far East. Index "net" return approximates the minimum possible dividend reinvestment, after deduction of withholding tax at the highest possible rate. Index "gross" return reflects the maximum possible dividend reinvestment. Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and one cannot invest directly in an index.

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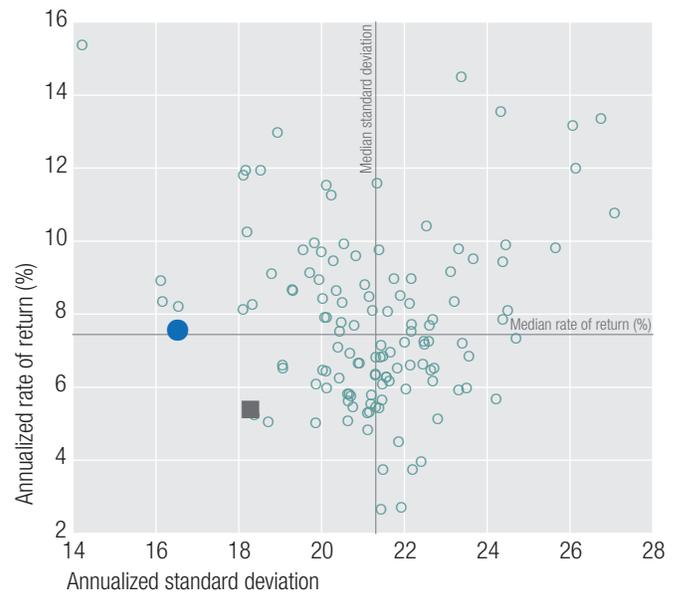


# Low relative volatility

International Equity ADR portfolio

10 years ended March 31, 2011

- DCM International Equity ADR Composite (“Pure” gross of fees)
- MSCI EAFE Index (net)
- PSN EAFE and PSN MA International Equity (excluding Emerging Markets Managers) universes\*



Trailing periods ended March 31, 2011	Annualized						
	1Q 2011	YTD	1 year	3 years	5 years	7 years	10 years
DCM International Equity ADR Composite (“pure” gross of fees)	3.75	3.75	9.09	-3.25	1.83	6.90	7.56
DCM International Equity ADR Composite (net of fees)	3.00	3.00	5.90	-6.17	-1.19	3.77	4.41
MSCI EAFE Index (net)	3.36	3.36	10.42	-3.01	1.30	6.24	5.39

PSN EAFE and PSN MA International Equity (excluding Emerging Markets Managers) universe sources: Informa Investment Solutions

\*As of March 31, 2011, Informa Investment Solutions’ PSN EAFE and PSN MA International Equity (excluding Emerging Markets Managers) universes had 126 portfolios with trailing 10-year returns dating back to March 31, 2001.

Source for MSCI EAFE Index (net): Russell/Mellon Analytical Services LLC. If the index is net of foreign withholding taxes, the composite is also net of foreign withholding taxes.

Effective October 2009, monthly composite performance for certain accounts was calculated using a daily account return geometrically linked to create a monthly account rate of return (“Daily Valuation method”). The daily return is calculated on the change in market value taking into account the effect of any cash or security additions or withdrawals that occur during the day. The daily calculated rate of return minimizes the effect of time weighting cash or security flows on the investment performance of the account. Prior to October 2009, composite performance for all accounts was calculated using the Modified Dietz method. The Modified Dietz method weights each cash or security flow by the amount of time it is held in the portfolio. If an account has a cash or security flow greater than or equal to 10%, performance will be calculated to the day prior to the cash or security flow. This sub-period return will be linked to the sub-period return calculated from the day of the cash or security flow through month-end. On December 1, 2010 all Monthly composite performance for all accounts has been calculated using the Daily Value method. The Composite monthly returns are calculated by weighting each account’s monthly rate of return by its beginning market value for the month and summing each of the weighted rates for a composite monthly return. All monthly composite results are geometrically linked to calculate quarterly and annual performance results. All cumulative aggregate returns are calculated by linking each of the respective annual returns. The respective average annual returns are calculated as the root of the cumulative aggregate returns. Performance information from the period Dec. 31, 1996 – Jan. 31, 1997 is reflective of one non-fee paying account. Performance results are shown as total returns, net of dividend withholding taxes, assume reinvestment of dividends and capital gains as well as no reductions for taxes are presented both before and after the deduction of the maximum annual wrap fee, and are calculated in U.S. dollars. The SMA fee may include but may not be limited to trading costs, portfolio management, custody and other administrative fees. “Pure” gross of fees returns for all time periods presented do not reflect the deduction of the SMA fee. Net returns are calculated by subtracting the highest applicable SMA (wrap) fee (3.00% on an annual basis, or 0.75% quarterly) on a quarterly basis from the “pure” gross composite quarterly return. Actual fee schedule may vary. The composite return for the most recent period is preliminary and may not reflect reconciled numbers for every portfolio within the composite. Additional information regarding the firm’s policies and procedures for calculating and reporting performance results is available upon request. The MSCI EAFE Index (net) (the index) returns are provided to represent the investment environment existing during the periods shown. For comparison purposes, the index is fully invested and includes the reinvestment of income. Dividends on securities in the index are assumed to be reinvested after deduction of withholding taxes, applying the rate to nonresident individuals who do not benefit from double taxation treaties. The index uses withholding tax rates applicable to Luxembourg holding companies (as Luxembourg applies the highest rates).

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# Investment process

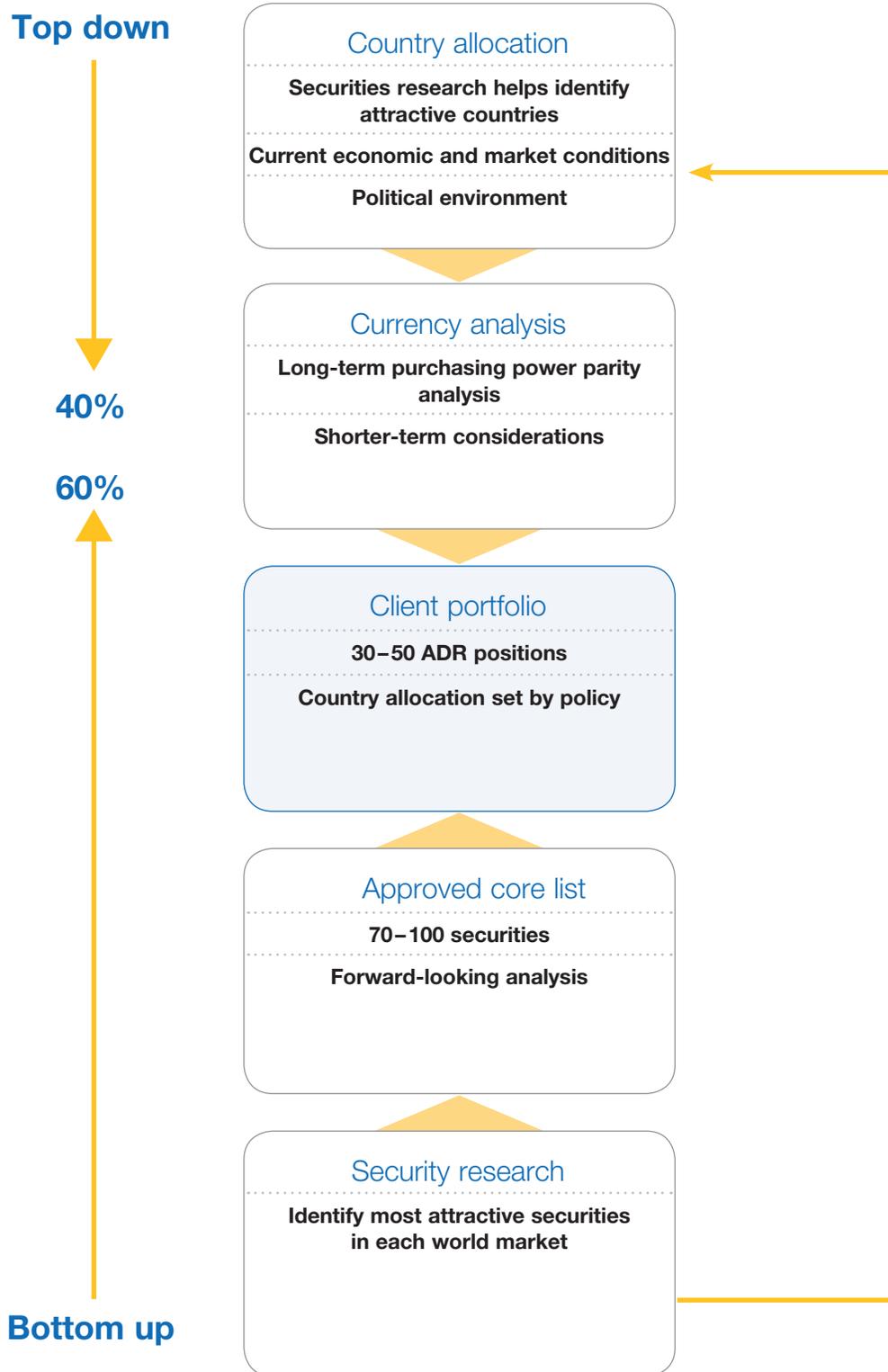
International Equity ADR portfolio

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- A **value-oriented dividend discount methodology** toward individual security and market analysis which attempts to isolate value across country boundaries
- A long-term oriented purchasing **power parity approach** supplemented by shorter-term probability assessment is the cornerstone of ongoing currency analysis
- Extensive **world-wide fundamental research** with the **emphasis on company visits** being the central focus of the research process

# Framework for decision making

International Equity ADR portfolio



# Country allocation (supplemental)

International Equity ADR model portfolio

March 31, 2011

	Estimated "real" annualized market returns (%) 	Country allocation weightings (%) 		
	U.S. dollars <b>1</b>	Normal minimum/ maximum weightings <b>2</b>	DCM ADR current allocation <b>3</b>	MSCI EAFE Index
<b>Pacific Basin</b>				
Australia	4.9	0 – 15	5.1	8.8
Japan	4.8	0 – 45	18.5	20.3
New Zealand	5.2	0 – 5	0.7	0.1
Singapore	5.8	0 – 10	3.8	1.7
Taiwan	6.1	0 – 5	2.4	0.0
<b>Europe</b>				
France	5.5	0 – 20	15.0	10.2
Germany	5.0	0 – 25	5.8	8.6
Italy	6.6	0 – 10	2.1	2.9
Netherlands	6.4	0 – 15	6.2	2.7
Spain	7.2	0 – 15	8.0	3.6
Switzerland	5.7	0 – 15	5.6	7.9
United Kingdom	5.9	0 – 45	22.9	21.3

**1** Dividend discount methodology toward individual security analysis helps isolate attractive markets. Long-term-oriented purchasing power parity approach converts those returns into expected long-term U.S. dollar returns.

**2** A minimum/maximum country allocation policy allows broad flexibility while seeking to guard against over- or under-concentration relative to the MSCI EAFE Index.

**3** Country weightings for all portfolios are consistent across client portfolios.

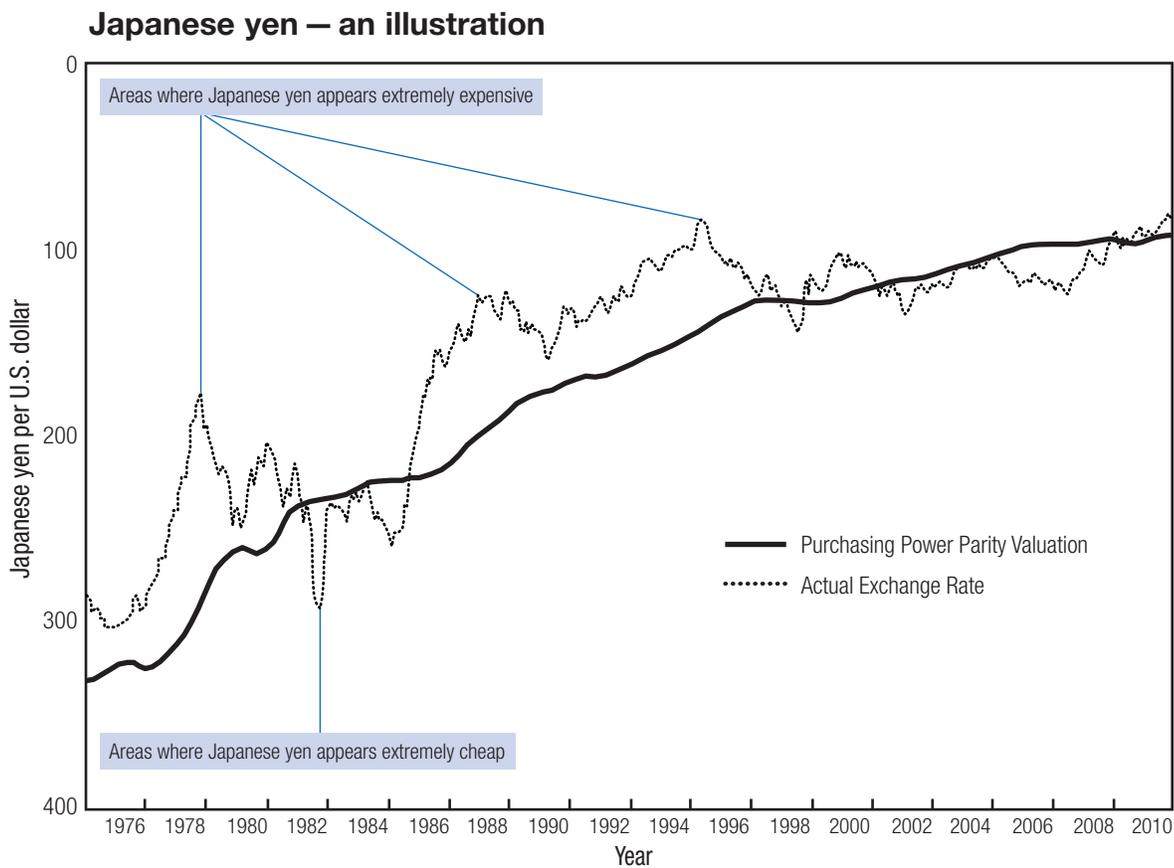
The above estimated "real" annualized market returns are produced by Mondrian Investment Partners Limited and are used solely as a basis for making judgments about country allocation weightings. They are not intended to be indications of expected returns. Country allocation weightings shown were current as of the above date, are based on a model portfolio, and do not represent an actual account. Actual holdings and percentage allocation in individual client portfolios may vary and are subject to change.

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# Currency analysis: a purchasing power parity approach

International Equity ADR portfolio

- A long-term-oriented purchasing power parity approach supplemented by shorter-term probability assessment is the cornerstone of ongoing currency analysis.
- This currency analysis forms part of the calculation of U.S. dollar-denominated prospective real returns for international stocks and markets.



Source: Mondrian Investment Partners Limited

Purchasing power parity (PPP) is a theory which states that exchange rates between currencies are in equilibrium when their purchasing power is the same in each of the two countries. In the chart above, the black solid line represents what Mondrian Investment Partners Limited believes was the fair value of the Yen/Dollar relationship. The dotted line is the actual exchange rate. These purchasing power parity calculations are produced by Mondrian Investment Partners Limited, and are used solely as a basis for making judgments about currency valuations. They are not intended to be indications of expected returns.

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# Sell discipline

International Equity ADR portfolio

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## **Securities become sale candidates generally due to:**

- Price appreciation leading to significant overvaluation against a predetermined value level.
- A change in the fundamentals which adversely affects ongoing appraisal of value.
- More attractive alternatives.

# Model portfolio (supplemental)

International Equity ADR portfolio

March 31, 2011

	Portfolio (%)	MSCI EAFE Index (%)		Portfolio (%)	MSCI EAFE Index (%)
<b>France</b>	<b>15.0</b>	<b>10.2</b>	<b>Australia</b>	<b>5.1</b>	<b>8.8</b>
Carrefour ADR			Ancor ADR		
France Telecom ADR			Foster's ADR		
Sanofi-Aventis ADR			Telstra ADR		
Societe Generale ADR			<b>Japan</b>	<b>18.5</b>	<b>20.3</b>
Total ADR			Astellas Pharma ADR		
Vinci ADR			Canon ADR		
<b>Germany</b>	<b>5.8</b>	<b>8.6</b>	Kao Corp ADR		
Deutsche Telekom ADR			Seven & I Holdings ADR		
RWE ADR			Takeda Pharmaceutical ADR		
<b>Italy</b>	<b>2.1</b>	<b>2.9</b>	Tokio Marine Holdings ADR		
ENI ADR			Toyota Motor ADR		
<b>Netherlands</b>	<b>6.2</b>	<b>2.7</b>	<b>New Zealand</b>	<b>0.7</b>	<b>0.1</b>
ING ADR			NZ Telecom ADR		
Koninklijke Ahold ADR			<b>Singapore</b>	<b>3.8</b>	<b>1.7</b>
Reed Elsevier ADR			Singapore Telecommunications ADR		
<b>Spain</b>	<b>8.0</b>	<b>3.6</b>	United Overseas Bank ADR		
Banco Santander ADR			<b>Taiwan</b>	<b>2.4</b>	<b>-</b>
Iberdrola ADR			Taiwan Semiconductor ADR		
Telefonica de Espana ADR			<b>Other Pacific</b>	<b>-</b>	<b>2.8</b>
<b>Switzerland</b>	<b>5.6</b>	<b>7.9</b>	<b>Total Pacific</b>	<b>30.5</b>	<b>33.7</b>
Novartis ADR			<b>Cash</b>	<b>3.9</b>	
Zurich Financial Services ADR			<b>Total</b>	<b>100.0</b>	
<b>United Kingdom</b>	<b>22.9</b>	<b>21.3</b>			
BG ADR					
BP ADR					
GlaxoSmithKline ADR					
National Grid ADR					
Royal Dutch Shell ADR					
Tesco ADR					
Unilever ADR					
Vodafone ADR					
<b>Other Europe</b>	<b>-</b>	<b>9.1</b>			
<b>Total Europe</b>	<b>65.6</b>	<b>66.3</b>			

Holdings shown were current as of the above date, are based on a model portfolio, and do not represent an actual account. These holdings are for informational purposes only and do not constitute a recommendation to buy, hold, or sell securities. Actual holdings and percentage allocation in individual client portfolios may vary and are subject to change.

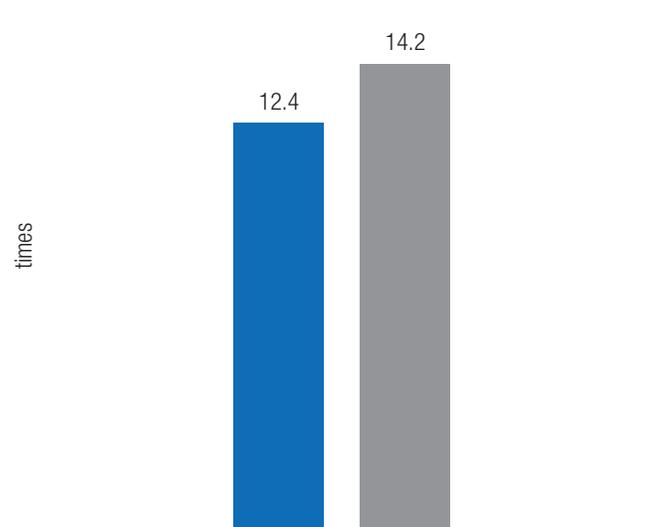
The portfolio's benchmark, the MSCI EAFE Index, measures the equity market performance of developed market countries located in Europe, Australasia, and the Far East.

For comparison purposes, the Index is fully invested and includes the reinvestment of income. Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged, and one cannot invest directly in an index.

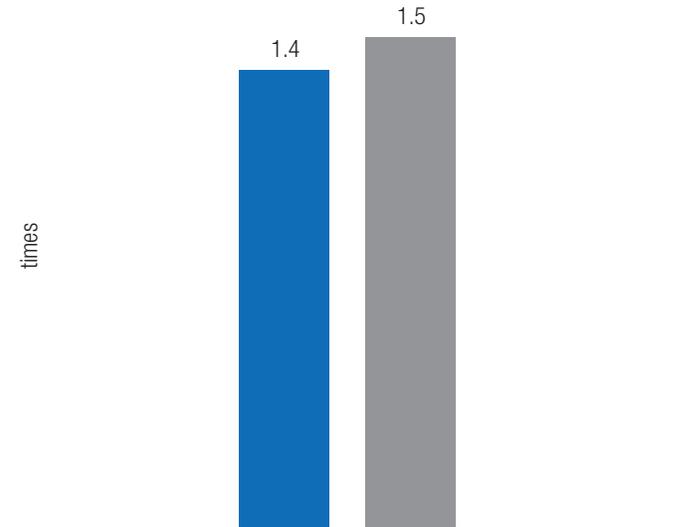
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■ DCM International Equity ADR      ■ MSCI EAFE Index (net)

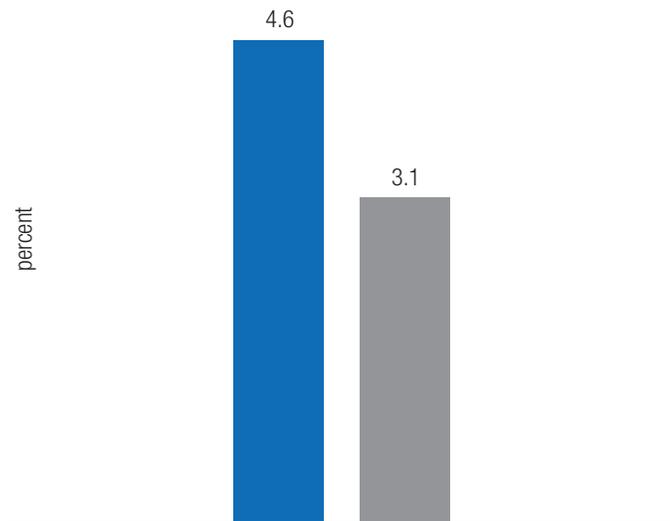
**Price/earnings**



**Price/book**



**Dividend yield**



**Portfolio turnover = 15.6%**

Source: FactSet; based on underlying ordinary share

Characteristics were current as of the date above, are based on a model portfolio, and do not represent an actual account. Actual characteristics of individual client accounts may differ and are subject to change.



# Performance

International Equity ADR composite

March 31, 2011

## Quarterly, “pure” gross of fees

	1st quarter	2nd quarter	3rd quarter	4th quarter	Year	MSCI EAFE Index (net) year
1997	2.44	14.38	3.89	-6.00	14.42	1.78
1998	13.99	-1.33	-17.72	15.74	7.11	20.00
1999	2.05	7.25	-1.10	17.20	26.87	26.96
2000	-1.42	5.14	-6.53	5.14	1.86	-14.17
2001	-9.12	3.03	-13.77	9.24	-11.80	-21.44
2002	4.34	0.68	-17.18	6.97	-6.93	-15.94
2003	-6.30	20.43	5.11	19.07	41.23	38.59
2004	1.81	1.80	1.46	14.35	20.26	20.25
2005	1.14	-0.11	9.66	2.22	13.25	13.54
2006	8.93	2.52	5.24	10.19	29.50	26.34
2007	2.73	5.12	2.13	0.75	11.12	11.17
2008	-8.46	-1.79	-15.04	-15.50	-35.45	-43.38
2009	-16.63	18.76	18.26	2.50	20.02	31.78
2010	-1.90	-12.46	15.75	3.77	3.15	7.75
2011	3.75*				3.75*	3.36

\*Preliminary performance subject to change.

## Trailing period returns ended March 31, 2011

	1Q 2011	YTD	1 year	Annualized			
				3 years	5 years	7 years	10 years
DCM International Equity ADR Composite (“pure” gross of fees)	3.75	3.75	9.09	-3.25	1.83	6.90	7.56
DCM International Equity ADR Composite (net of fees)	3.00	3.00	5.90	-6.17	-1.19	3.77	4.41
MSCI EAFE Index (net)	3.36	3.36	10.42	-3.01	1.30	6.24	5.39

Source for MSCI EAFE Index (net): Russell/Mellon Analytical Services LLC. If the index is net of foreign withholding taxes, the composite is also net of foreign withholding taxes.

Effective October 2009, monthly composite performance for certain accounts was calculated using a daily account return geometrically linked to create a monthly account rate of return (“Daily Valuation method”). The daily return is calculated on the change in market value taking into account the effect of any cash or security additions or withdrawals that occur during the day. The daily calculated rate of return minimizes the effect of time weighting cash or security flows on the investment performance of the account. Prior to October 2009, composite performance for all accounts was calculated using the Modified Dietz method. The Modified Dietz method weights each cash or security flow by the amount of time it is held in the portfolio. If an account has a cash or security flow greater than or equal to 10%, performance will be calculated to the day prior to the cash or security flow. This sub-period return will be linked to the sub-period return calculated from the day of the cash or security flow through month-end. On December 1, 2010 all Monthly composite performance for all accounts has been calculated using the Daily Value method. The Composite monthly returns are calculated by weighting each account’s monthly rate of return by its beginning market value for the month and summing each of the weighted rates for a composite monthly return. All monthly composite results are geometrically linked to calculate quarterly and annual performance results. All cumulative aggregate returns are calculated by linking each of the respective annual returns. The respective average annual returns are calculated as the root of the cumulative aggregate returns. Performance information from the period Dec. 31, 1996 – Jan. 31, 1997 is reflective of one non-fee paying account. Performance results are shown as total returns, net of dividend withholding taxes, assume reinvestment of dividends and capital gains as well as no reductions for taxes are presented both before and after the deduction of the maximum annual wrap fee, and are calculated in U.S. dollars. The SMA fee may include but may not be limited to trading costs, portfolio management, custody and other administrative fees. “Pure” gross of fees returns for all time periods presented do not reflect the deduction of the SMA fee. Net returns are calculated by subtracting the highest applicable SMA (wrap) fee (3.00% on an annual basis, or 0.75% quarterly) on a quarterly basis from the “pure” gross composite quarterly return. Actual fee schedule may vary. The composite return for the most recent period is preliminary and may not reflect reconciled numbers for every portfolio within the composite. Additional information regarding the firm’s policies and procedures for calculating and reporting performance results is available upon request. The MSCI EAFE Index (net) (the index) returns are provided to represent the investment environment existing during the periods shown. For comparison purposes, the index is fully invested and includes the reinvestment of income. Dividends on securities in the index are assumed to be reinvested after deduction of withholding taxes, applying the rate to nonresident individuals who do not benefit from double taxation treaties. The index uses withholding tax rates applicable to Luxembourg holding companies (as Luxembourg applies the highest rates).

The MSCI EAFE Index measures equity market performance across developed market countries in Europe, Australasia, and the Far East. Index “net” return approximates the minimum possible dividend reinvestment, after deduction of withholding tax at the highest possible rate. Index “gross” return reflects the maximum possible dividend reinvestment. Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and one cannot invest directly in an index.

Investing in ADRs may have some limitations for investors such as the absence of voting rights. International investments entail risks not ordinarily associated with U.S. investments including fluctuation in currency values, differences in accounting principles, or economic or political instability in other nations.

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# Composite presentation

Total returns “pure” gross and net of fees

	DCM International Equity ADR composite (%)		MSCI EAFE Index (net) return (%)	Number of portfolios	Composite assets (USD mil)	% Composite SMA (wrap-fee) portfolios	% internal dispersion <sup>2</sup>	Total firm assets (USD mil) <sup>3</sup>
	“Pure” gross return <sup>1</sup>	Net return						
2010	3.15	0.10	7.75	10,495	3,148.6	100	0.75	75,328.9
2009	20.02	16.58	31.78	13,456	4,220.7	100	0.99	62,415.6
2008	-35.45	-37.59	-43.38	16,391	4,168.0	100	0.96	48,885.6
2007	11.12	7.91	11.17	22,013	9,192.2	100	0.46	78,160.9
2006	29.50	25.90	26.34	23,761	9,121.4	100	0.68	92,785.1
2005	13.25	9.99	13.54	21,198	6,731.7	100	0.68	75,257.1
2004	20.26	16.85	20.25	12,367	3,866.0	100	0.71	54,685.0
2003	41.23	37.36	38.59	6,550	2,001.2	100	1.19	41,768.3
2002	-6.93	-9.76	-15.94	3,932	914.1	100	0.71	31,234.6
2001	-11.80	-14.51	-21.44	1,116	331.5	100	0.56	33,692.6
2000	1.86	-1.15	-14.17	894	362.7	100	1.55	40,753.9
1999	26.87	23.31	26.96	577	223.0	100	0.96	30,749.3

Delaware Investments claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Delaware Investments has been independently verified for the periods through December 31, 2009. The verification report is available upon request.

Verification assess whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on the firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Delaware Investments, a member of Macquarie Group, refers to Delaware Management Holdings, Inc. (DMHI) and its subsidiaries. Macquarie Group refers to Macquarie Group Limited (MGL) and its subsidiaries and affiliates worldwide. Managed account advisory services are provided by Delaware Capital Management (DCM), a series of Delaware Management Business Trust (DMBT). DMBT is an SEC-registered investment advisor.

Managed accounts advisory services are referred through Delaware Capital Management Advisers, Inc., an SEC-registered investment advisor.

On Jan. 1, 2006, the firm was redefined to reflect the consolidation of DMBT and DCM (formerly Delaware Capital Management, Inc.). This firm redefinition was completed in order to provide a more meaningful representation of how the firm is held out to clients or potential clients. Firm assets for 2005 and prior were restated in conjunction with the redefinition of the Firm.

The DCM International Equity ADR separately managed account (wrap) composite seeks to provide long-term growth without undue risk to principal by investing primarily in ADRs of international companies with the potential for capital appreciation and income. This composite was created in December 1996.

Effective October 2009, monthly composite performance for certain accounts was calculated using a daily account return geometrically linked to create a monthly account rate of return (“Daily Valuation method”). The daily return is calculated on the change in market value taking into account the effect of any cash or security additions or withdrawals that occur during the day. The daily calculated rate of return minimizes the effect of time weighting cash or security flows on the investment performance of the account. Prior to October 2009, composite performance for all accounts was calculated

using the Modified Dietz method. The Modified Dietz method weights each cash or security flow by the amount of time it is held in the portfolio. If an account has a cash or security flow greater than or equal to 10%, performance will be calculated to the day prior to the cash or security flow. This sub-period return will be linked to the sub-period return calculated from the day of the cash or security flow through month-end. On December 1, 2010 all Monthly composite performance for all accounts has been calculated using the Daily Value method. The Composite monthly returns are calculated by weighting each account’s monthly rate of return by its beginning market value for the month and summing each of the weighted rates for a composite monthly return. All monthly composite results are geometrically linked to calculate quarterly and annual performance results. All cumulative aggregate returns are calculated by linking each of the respective annual returns. The respective average annual returns are calculated as the root of the cumulative aggregate returns. Performance information from the period Dec. 31, 1996 – Jan. 31, 1997 is reflective of one non-fee paying account. Performance results are shown as total returns, net of dividend withholding taxes, assume reinvestment of dividends and capital gains as well as no reductions for taxes are presented both before and after the deduction of the maximum annual wrap fee, and are calculated in U.S. dollars. The SMA fee may include but may not be limited to trading costs, portfolio management, custody and other administrative fees. “Pure” gross of fees returns for all time periods presented do not reflect the deduction of the SMA fee. Net returns are calculated by subtracting the highest applicable SMA (wrap) fee (3.00% on an annual basis, or 0.75% quarterly) on a quarterly basis from the “pure” gross composite quarterly return. Actual fee schedule may vary. The composite return for the most recent period is preliminary and may not reflect reconciled numbers for every portfolio within the composite. Additional information regarding the firm’s policies and procedures for calculating and reporting performance results is available upon request.

The MSCI EAFE Index (net) (the index) returns are provided to represent the investment environment existing during the periods shown. For comparison purposes, the index is fully invested and includes the reinvestment of income. Dividends on securities in the index are assumed to be reinvested after deduction of withholding taxes, applying the rate to nonresident individuals who do not benefit from double taxation treaties. The index uses withholding tax rates applicable

to Luxembourg holding companies (as Luxembourg applies the highest rates).

The MSCI EAFE Index measures equity market performance across developed market countries in Europe, Australasia, and the Far East. Index “net” return approximates the minimum possible dividend reinvestment, after deduction of withholding tax at the highest possible rate. Index “gross” return reflects the maximum possible dividend reinvestment. Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged and one cannot invest directly in an index.

1 For all periods presented, “pure” gross of fees returns do not reflect the deduction of the SMA fee. “Pure” gross of fees returns are supplemental to net returns.

2 Internal dispersion is calculated using the asset-weighted standard deviation of the annual returns of all the portfolios that were included in the composite for the entire year. Standard deviation is only shown if the composite has at least six accounts that were managed for the full calendar year.

3 Firm assets presented above are representative of DMBT.

Investing in ADRs may have some limitations for investors such as the absence of voting rights. International investments entail risks not ordinarily associated with U.S. investments including fluctuation in currency values, differences in accounting principles, or economic or political instability in other nations.

This is not an offer of any product or service in any jurisdiction where it would be unlawful to do so under the laws of that jurisdiction.

Diversification may not protect against market risk.

The information presented is available for managed account client use only. It is not intended and should not be construed to be a presentation of information concerning any mutual fund.

Source for MSCI EAFE Index (net): Russell/Mellon Analytical Services LLC. If the index is net of foreign withholding taxes, the composite is also net of foreign withholding taxes.

Mondrian Investment Partners Limited has served as a nondiscretionary sub-advisor in the management of DCM’s International Equity ADR portfolios since composite inception in Dec. 1996.

Past performance is not an indicator of future results.

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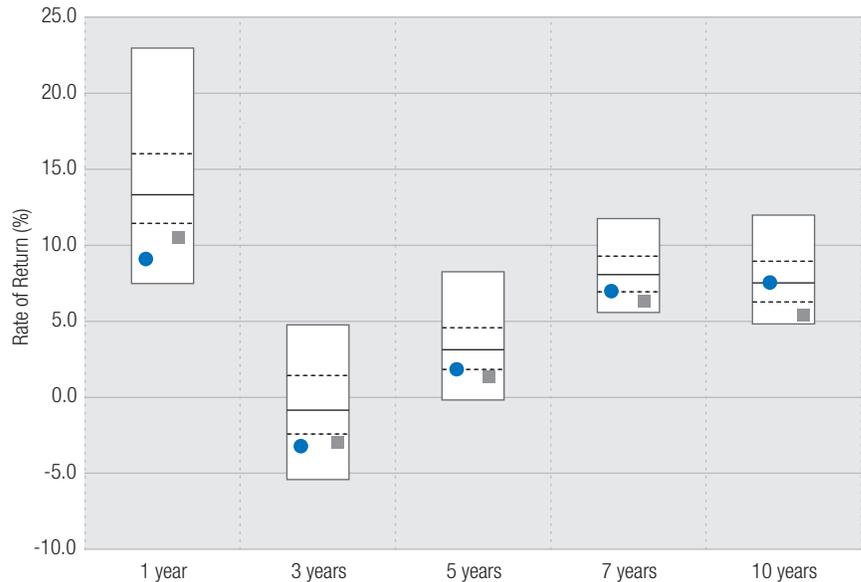
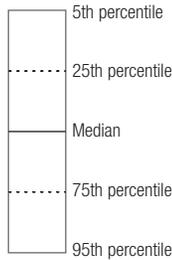
# Competitive performance ranking (supplemental)

International Equity ADR composite

March 31, 2011

● DCM International Equity ADR Composite  
("Pure" gross of fees)

■ MSCI EAFE Index (net)



Annualized periods

	1 year	3 years	5 years	7 years	10 years
5th Percentile	22.98	4.77	8.26	11.75	11.99
25th Percentile	16.02	1.44	4.57	9.28	8.95
Median	13.32	-0.84	3.14	8.08	7.52
75th Percentile	11.44	-2.42	1.84	6.95	6.28
95th Percentile	7.48	-5.42	-0.17	5.59	4.83
# of portfolios	199	196	170	140	114
● DCM International Equity ADR Composite ("pure" gross of fees)	9.09	-3.25	1.83	6.90	7.56
DCM International Equity ADR Composite (net of fees)	5.90	-6.17	-1.19	3.77	4.41
■ MSCI EAFE Index (net)	10.42	-3.01	1.30	6.24	5.39

PSN EAFE PSN EAFE and PSN MA International Equity (excluding Emerging Markets Managers) universe sources: Informa Investment Solutions

Source for MSCI EAFE Index (net): Russell/Mellon Analytical Services LLC. If the index is net of foreign withholding taxes, the composite is also net of foreign withholding taxes.

Composite returns are derived from fully discretionary separately managed account (wrap) portfolios. Performance information from the period Dec. 31, 1996–Jan. 31, 1997 is reflective of one non-fee paying account. Performance results are calculated in U.S. dollars and are shown as total returns, net of dividend withholding taxes, assume reinvestment of dividends and capital gains as well as no reductions for taxes are presented both before and after the deduction of the maximum annual wrap fee of 3.00%, which includes trading costs, portfolio management, custody and other administrative fees. Actual fee schedule may vary. "Pure" gross of fees returns for all time periods presented do not reflect the deduction of any trading costs, fees, or expenses. The composite return for the most recent period is preliminary and may not reflect reconciled numbers for every portfolio within the composite. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request.

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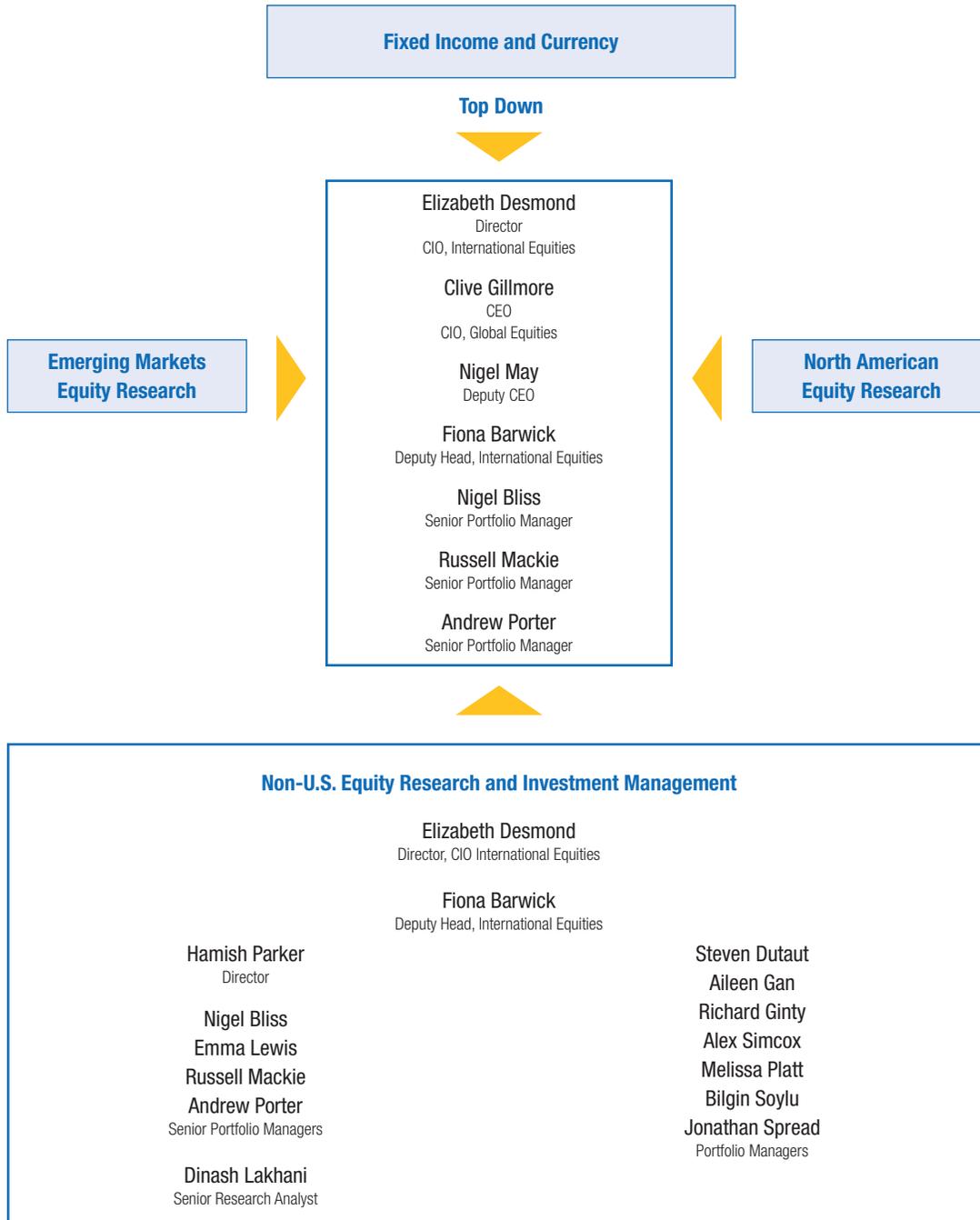
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# Organization chart (sub-advisor)

Mondrian Investment Partners Limited



Equity investment professionals most relevant to ADR product shown. Excludes Emerging, North America and Small Cap teams, as well as administration functions.

Members of the International Equity team depicted above are employees of Mondrian Investment Partners Limited. DCM is a series of Delaware Management Business Trust and part of Delaware Investments. Mondrian Investment Partners Limited serves as a nondiscretionary sub-advisor in the management of DCM's International Equity ADR portfolios. These investment professionals include the primary ADR team of Nigel May and Nigel Bliss, as well as other members of the International Equity team whose research contributes to the management of the International Equity ADR strategy. Mondrian Investment Partners Limited is authorized and regulated by the Financial Services Authority in the conduct of investment business in the United Kingdom.

# Senior investment professionals (sub-advisor)

Mondrian Investment Partners Limited

## David G. Tilles

Executive Chairman

Mr. Tilles was educated at the Sorbonne, Warwick University, and Heidelberg University. Prior to joining Mondrian Investment Partners Limited ("Mondrian") in 1990 as founding Managing Director & Chief Investment Officer he spent 16 years with Hill Samuel in London, serving in a number of investment capacities. Mr. Tilles was appointed Executive Chairman in November 2007. Mr. Tilles holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

## Clive A. Gillmore

Chief Executive Officer, Chief Investment Officer Global Equities

Mr. Gillmore is a graduate of the University of Warwick and has completed the Investment Management Program at the London Business School. In 1990, Mr. Gillmore joined Mondrian's predecessor organization as a founding member, having previously worked as a Senior Portfolio Manager for Hill Samuel Investment Advisers Ltd., and a Portfolio Manager at Legal and General Investment Management. He has over twenty years' experience analyzing equity markets and securities around the world and has managed client portfolios with a wide range of mandates. Mr. Gillmore is CEO of Mondrian. He is a member of Mondrian's Equity Strategy Committee, Chairman of the Emerging Markets Strategy Committee (where his research specialization lies) and a member of the Management Steering Committee.

## Nigel G. May

Deputy Chief Executive Officer

Mr. May is a graduate of Sidney Sussex College, Cambridge University, where he completed his Masters in Engineering. He joined Mondrian in 1991. Having led the European team's research effort since 1995, he is now on the investment committee of Mondrian's several investment products. Mr. May was formerly a Senior Portfolio Manager and analyst with Hill Samuel Investment Advisers Ltd., having joined the Hill Samuel Investment Group in 1986. Mr. May holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

## Elizabeth A. Desmond

Director, Chief Investment Officer International Equities

Ms. Desmond is a graduate of Wellesley College and the Masters Program in East Asian Studies at Stanford University. After working for the Japanese government for two years, she began her investment career as a Pacific Basin investment manager with Shearson Lehman Global Asset Management. Prior to joining Mondrian in the spring of 1991, she was a Pacific Basin equity analyst and senior portfolio manager at Hill Samuel Investment Advisers Ltd. Ms. Desmond is a CFA Charterholder and a member of the CFA Institute and the CFA Society of the UK.

## Hamish O. Parker

Director

Mr. Parker has a degree from St. Johns College, Oxford. He began his investment career in 1981 as a portfolio manager for the Kuwait Investment Office, London, before joining J. Rothschild Holdings. Prior to joining Mondrian in 1990, he was with Hill Samuel Investment Advisers Ltd., which he joined in 1986 as an European analyst and senior portfolio manager.

## Fiona A. Barwick

Deputy Head, International Equities

Ms. Barwick is a graduate of University College, London. She joined Mondrian in 1993 to cover the non-U.S. markets. Prior to this, she spent 3 years at Touche, Remnant & Co. in London as an Assistant Portfolio Manager and Research Analyst. Ms. Barwick holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

Members of the International Equity team depicted above are employees of Mondrian Investment Partners Limited. DCM is a series of Delaware Management Business Trust and part of Delaware Investments. Mondrian Investment Partners Limited serves as a nondiscretionary subadvisor in the management of DCM's International Equity ADR portfolios.

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# Senior investment professionals (sub-advisor)

Mondrian Investment Partners Limited

## **Nigel Bliss**

Senior Portfolio Manager

Mr. Bliss has a B.A. Hons. Degree in Geography from the University of Manchester. He holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK. He commenced his career at Cazenove & Co. and moved to join Mondrian in 1995. Mr. Bliss is a Senior Portfolio Manager in the Non-US Equity Team. He has had significant experience analyzing securities in the Pacific Basin region and in the global materials, utilities, property, and industrials sectors. Mr. Bliss is a member of Mondrian's Non-U.S. Equity Strategy Committee.

## **Emma R. E. Lewis**

Senior Portfolio Manager

Ms. Lewis is a graduate of Pembroke College, Oxford University, where she completed her Masters in Philosophy and Theology. She joined Mondrian in 1995, assuming analytical responsibilities in the non-U.S. equity team. Ms. Lewis is currently a Senior Portfolio Manager at Mondrian where she manages international portfolios. Prior to joining Mondrian, Ms. Lewis began her investment career at the Dutch bank ABN AMRO and later joined Fuji Investment Management. Ms. Lewis holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK.

## **Russell Mackie**

Senior Portfolio Manager

Mr. Mackie is a graduate, with Honors in European Studies and French from the University of Dundee and the Université de Grenoble, France. Mr. Mackie joined Mondrian in 1997, previously he was as an investment Analyst for Hodgson Martin Ltd. Prior to that he worked for the European Commission in Brussels. Mr. Mackie holds the ASIP designation and is a member of the CFA Institute and the CFA Society of the UK. Mr. Mackie is a Senior Portfolio Manager in the Non-U.S. Equity Team. He has had significant experience in analyzing securities in Europe and in global consumer sectors. Mr. Mackie is a member of Mondrian's Non-U.S. Equity Strategy Committee.

## **Andrew Porter**

Senior Portfolio Manager

Mr. Porter studied at Magdalen College, Oxford University, graduating with a first class degree in Chemistry. He also has an MSc in Economics from the University of London. Mr. Porter started his career as a consultant and trainee chartered accountant at Deloitte and Touche. Prior to joining Mondrian in 2003, Mr. Porter worked at Frank Russell as part of the team managing the multimanager funds in the Asia Pacific region. Mr. Porter is a CFA charterholder, a member of the CFA Institute, and a member of the CFA Society of the UK.

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## ADR product specialist (sub-advisor)

Mondrian Investment Partners Limited

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### **Stephen W. Starnes**

Senior Vice President, Client Services

Mr. Starnes is a graduate of Hamilton College, where he earned Bachelor of Arts degree in Sociology. He began his investment career at Bache, Halsey, Stuart, Shields (now Wells Fargo) in 1983. After spending 10 years at 1838 Investment Advisors, LLC as a Partner and Director, he joined Mondrian's former affiliate, Delaware Investments, in 2002 as head of Wealth Management and Managed Accounts. Mr. Starnes was seconded in August 2006 to Mondrian's London office, where he acted as Senior Manager for European and Australasian clients. In March 2009, he returned to the Mondrian U.S. Office. In addition to work within the institutional client base, he acts as the Investment Specialist for International Equity ADR portfolio.