

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND, INC  
Form N-Q  
April 29, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

|   |   |
|---|---|
| Investment Company Act file number:                 | 811-07460   |
| Exact name of registrant as specified in charter:   | Delaware Investments® Dividend and<br>Income Fund, Inc.               |
| Address of principal executive offices:             | 2005 Market Street<br>Philadelphia, PA 19103                          |
| Name and address of agent for service:              | David F. Connor, Esq.<br>2005 Market Street<br>Philadelphia, PA 19103 |
| Registrant's telephone number, including area code: | (800) 523-1918  |
| Date of fiscal year end:                            | November 30   |
| Date of reporting period:                           | February 28, 2014   |

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## Item 1. Schedule of Investments.

## Schedule of investments (Unaudited)

Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.

February 28, 2014

|                                   | Number<br>of<br>Shares | Value<br>(U.S. \$) |
|-----------------------------------|------------------------|--------------------|
| <b>Common Stock 77.16%</b>        |                        |                    |
| Consumer Discretionary 4.71%      |                        |                    |
| DIRECTV Class A                   | 1,550                  | \$ 120,280         |
| General Motors                    | 2,120                  | 76,744             |
| Hertz Global Holdings             | 3,700                  | 103,637            |
| Johnson Controls                  | 38,200                 | 1,887,080          |
| Las Vegas Sands                   | 1,030                  | 87,808             |
| Lowe s                            | 35,000                 | 1,751,050          |
| Quiksilver                        | 15,209                 | 118,630            |
| Tarkett Class W/I                 | 10,050                 | 432,791            |
| Time Warner Cable                 | 602                    | 84,491             |
| United Rentals                    | 500                    | 44,170             |
|                                   |                        | 4,706,681          |
| Consumer Staples 7.22%            |                        |                    |
| Archer-Daniels-Midland            | 42,900                 | 1,741,740          |
| CVS Caremark                      | 25,700                 | 1,879,698          |
| Hanesbrands                       | 590                    | 43,235             |
| Kraft Foods Group                 | 32,133                 | 1,775,991          |
| Mondelez International<br>Class A | 52,200                 | 1,776,366          |
|                                   |                        | 7,217,030          |
| Diversified REITs 1.51%           |                        |                    |
| Fibra Uno Administracion          | 129,600                | 408,651            |
| Fifth Street Finance              | 23,143                 | 227,264            |
| Lexington Realty Trust            | 69,300                 | 790,713            |
| Nieuwe Steen Investments          | 269                    | 1,666              |
| Vornado Realty Trust              | 865                    | 83,291             |
|                                   |                        | 1,511,585          |
| Energy 8.99%                      |                        |                    |
| Chevron                           | 14,900                 | 1,718,417          |
| ConocoPhillips                    | 24,000                 | 1,596,000          |
| Halcon Resources                  | 1,038                  | 3,956              |
| Halliburton                       | 35,700                 | 2,034,900          |
| Kodiak Oil & Gas                  | 10,439                 | 123,285            |
| Marathon Oil                      | 49,800                 | 1,668,300          |
| Occidental Petroleum              | 18,100                 | 1,747,012          |
| Range Resources                   | 1,217                  | 104,723            |
|                                   |                        | 8,996,593          |
| Financials 7.00%                  |                        |                    |
| Allstate                          | 32,900                 | 1,785,154          |
| Bank of New York Mellon           | 54,200                 | 1,734,400          |
| Marsh & McLennan                  | 38,200                 | 1,839,712          |
| Travelers                         | 19,600                 | 1,643,264          |
|                                   |                        | 7,002,530          |
| Healthcare 11.37%                 |                        |                    |

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|  |        |            |
|--|--------|------------|
| Akorn                                    | 3,870  | 99,923     |
| Baxter International                     | 26,700 | 1,855,650  |
| Cardinal Health                          | 29,100 | 2,081,523  |
| Johnson & Johnson                        | 18,600 | 1,713,432  |
| LTC Properties                           | 2,800  | 105,504    |
| Merck                                    | 33,400 | 1,903,466  |
| Pfizer                                   | 56,289 | 1,807,440  |
| Quest Diagnostics                        | 32,300 | 1,711,900  |
| Valeant Pharmaceuticals<br>International | 610    | 88,365     |
|  |        | 11,367,203 |
| Healthcare REITs 0.89%                   |        |            |
| HCP                                      | 7,450  | 288,837    |
| Health Care REIT                         | 5,260  | 308,972    |
| Healthcare Trust of America<br>Class A   | 26,000 | 291,980    |
|  |        | 889,789    |
| Hotel REITs 0.73%                        |        |            |
| Ashford Hospitality Prime                | 1,800  | 30,150     |
| Ashford Hospitality Trust                | 9,000  | 100,620    |
| DiamondRock Hospitality                  | 12,300 | 155,226    |
| LaSalle Hotel Properties                 | 3,100  | 97,154     |
| Summit Hotel Properties                  | 37,600 | 347,424    |
|  |        | 730,574    |
| Industrial REITs 1.21%                   |        |            |
| First Industrial Realty Trust            | 26,400 | 507,936    |
| Prologis                                 | 1,080  | 44,485     |
| STAG Industrial                          | 21,700 | 505,827    |
| Terreno Realty                           | 8,000  | 149,440    |
|  |        | 1,207,688  |
| Industrials 5.66%                        |        |            |
| B/E Aerospace                            | 500    | 42,125     |
| Mueller Water Products<br>Class A        | 4,338  | 41,862     |
| Northrop Grumman                         | 16,200 | 1,960,686  |
| Raytheon                                 | 19,700 | 1,928,827  |
| Waste Management                         | 40,700 | 1,689,050  |
|  |        | 5,662,550  |
| Information Technology 9.34%             |        |            |
| Broadcom Class A                         | 65,600 | 1,949,632  |
| Cisco Systems                            | 77,800 | 1,696,040  |
| Intel                                    | 74,500 | 1,844,620  |
| Motorola Solutions                       | 28,442 | 1,882,860  |

(continues)

NQ-DDF [2/14] 4/14 (12348) 1

## Schedule of investments (Unaudited)

Delaware Investments® Dividend and Income Fund, Inc.

|                                    | Number<br>of<br>Shares | Value<br>(U.S. \$) |
|------------------------------------|------------------------|--------------------|
| <b>Common Stock</b> (continued)    |                        |                    |
| Information Technology (continued) |                        |                    |
| NCR                                | 1,250                  | \$ 42,563          |
| Xerox                              | 175,200                | 1,925,448          |
|                                    |                        | 9,341,163          |
| Mall REITs 1.96%                   |                        |                    |
| CBL & Associates Properties        | 11,834                 | 210,527            |
| General Growth Properties          | 4,429                  | 97,527             |
| Macerich                           | 1,326                  | 79,732             |
| Rouse Properties *                 | 228                    | 4,268              |
| Simon Property Group               | 9,747                  | 1,572,094          |
|                                    |                        | 1,964,148          |
| Manufactured Housing REIT 0.37%    |                        |                    |
| Sun Communities                    | 8,100                  | 373,086            |
|                                    |                        | 373,086            |
| Materials 1.92%                    |                        |                    |
| duPont (E.I.) deNemours            | 28,800                 | 1,918,656          |
|                                    |                        | 1,918,656          |
| Mixed REITs 0.22%                  |                        |                    |
| Liberty Property Trust             | 2,300                  | 87,998             |
| PS Business Parks                  | 1,600                  | 134,432            |
|                                    |                        | 222,430            |
| Mortgage REIT 0.32%                |                        |                    |
| Starwood Property Trust            | 13,500                 | 324,270            |
|                                    |                        | 324,270            |
| Multifamily REITs 1.38%            |                        |                    |
| Apartment Investment & Management  | 12,119                 | 362,237            |
| BRE Properties                     | 4,200                  | 259,434            |
| Camden Property Trust              | 2,950                  | 196,765            |
| Education Realty Trust             | 25,000                 | 235,750            |
| Equity Residential                 | 5,600                  | 327,432            |
|                                    |                        | 1,381,618          |
| Office REITs 1.29%                 |                        |                    |
| Alstria Office REIT                | 23,400                 | 325,078            |
| Corporate Office Properties Trust  | 18,300                 | 488,061            |
| Parkway Properties                 | 25,700                 | 473,651            |
|                                    |                        | 1,286,790          |
| Self-Storage REITs 0.40%           |                        |                    |
| Extra Space Storage                | 8,100                  | 397,710            |
|                                    |                        | 397,710            |
| Shopping Center REITs 1.84%        |                        |                    |
| Agree Realty                       | 19,600                 | 602,504            |
| Equity One                         | 6,800                  | 157,760            |
| Federal Realty Investment Trust    | 300                    | 33,393             |
| First Capital Realty *             | 11,881                 | 190,628            |

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|                                      |         |           |
|--------------------------------------|---------|-----------|
| Kimco Realty                         | 17,230  | 383,540   |
| Ramco-Gershenson Properties Trust    | 12,900  | 215,430   |
| Weingarten Realty Investors          | 3,000   | 91,500    |
| Wheeler Real Estate Investment Trust | 37,700  | 169,650   |
|                                      |         | 1,844,405 |
| Single Tenant REITs 0.52%            |         |           |
| American Realty Capital Properties   | 21,700  | 318,773   |
| National Retail Properties *         | 5,700   | 204,573   |
|                                      |         | 523,346   |
| Specialty REITs 2.77%                |         |           |
| AMC Entertainment Holdings           | 16,400  | 375,396   |
| EPR Properties                       | 2,420   | 128,889   |
| Gladstone Land                       | 27,600  | 353,280   |
| Home Loan Servicing Solutions        | 39,400  | 808,488   |
| Plum Creek Timber                    | 5,785   | 250,433   |
| Rayonier                             | 2,500   | 117,725   |
| Santander Consumer USA Holdings      | 10,952  | 277,414   |
| Solar Capital                        | 17,228  | 382,806   |
| Starwood Waypoint Residential Trust  | 2,700   | 73,197    |
|                                      |         | 2,767,628 |
| Telecommunications 3.51%             |         |           |
| AT&T                                 | 48,400  | 1,545,412 |
| Century Communications =             | 500,000 | 0         |
| CenturyLink                          | 2,699   | 84,371    |
| Frontier Communications *            | 33,800  | 164,944   |
| Orange ADR                           | 5,100   | 63,393    |
| Verizon Communications               | 34,800  | 1,655,784 |
|                                      |         | 3,513,904 |
| Utilities 2.03%                      |         |           |
| American Water Works                 | 3,600   | 161,424   |

2 NQ-DDF [2/14] 4/14 (12348)

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(Unaudited)

|   | Number<br>of<br>Shares | Value<br><br>(U.S. \$) |
|---|------------------------|------------------------|
| <b>Common Stock</b> (continued)   |                        |                        |
| Utilities (continued)   |                        |                        |
| Edison International  | 35,700                 | \$ 1,869,609           |
|   |                        | 2,031,033              |
| <b>Total Common Stock</b><br>(cost \$56,077,524)  |                        | <b>77,182,410</b>      |
| <b>Convertible Preferred Stock – 3.32%</b>  |                        |                        |
| ArcelorMittal 6.00% exercise<br>price \$20.61, expiration<br>date 12/21/15                    |                        |                        |
|   | 4,625                  | 110,783                |
| Chesapeake Energy 144A<br>5.75% exercise price<br>\$27.83, expiration date<br>12/31/49 #      |                        |                        |
|   | 258                    | 288,799                |
| El Paso Energy Capital Trust I<br>4.75% exercise price<br>\$34.49, expiration date<br>3/31/28 |                        |                        |
|   | 5,250                  | 268,590                |
| Goodyear Tire & Rubber<br>5.875% exercise price<br>\$18.21, expiration date<br>3/31/14        |                        |                        |
|   | 2,900                  | 217,047                |
| Halcon Resources 5.75%<br>exercise price \$6.16,<br>expiration date 12/31/49                  |                        |                        |
|   | 257                    | 191,208                |
| HealthSouth 6.50% exercise<br>price \$30.17, expiration<br>date 12/31/49                      |                        |                        |
|   | 238                    | 293,692                |
| Huntington Bancshares<br>8.50% exercise price<br>\$11.95, expiration date<br>12/31/49         |                        |                        |
|   | 182                    | 231,140                |
| Intelsat 5.75% exercise price<br>\$22.05, expiration date<br>5/1/16                           |                        |                        |
|   | 6,560                  | 350,960                |
| Maiden Holdings 7.25%<br>exercise price \$15.50,<br>expiration date 9/15/16                   |                        |                        |
|   | 6,000                  | 270,720                |
| MetLife 5.00% exercise price<br>\$44.27, expiration date<br>3/26/14                           |                        |                        |
|   | 8,575                  | 253,734                |
| SandRidge Energy<br>7.00% exercise price<br>\$7.76, expiration date<br>12/31/49               |                        |                        |
|   | 1,600                  | 164,100                |
| 8.50% exercise price<br>\$8.01, expiration date<br>12/31/49                                   |                        |                        |
|   | 1,780                  | 187,345                |
| Wells Fargo 7.50% exercise<br>price \$156.71, expiration                                      |                        |                        |

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|   |       |                  |
|---|-------|------------------|
| date 12/31/49   | 259   | 305,102          |
| Weyerhaeuser 6.375%<br>exercise price \$33.30,<br>expiration date 7/1/16 *                                | 1,788 | 97,374           |
| Wheeler Real Estate<br>Investment Trust 9.00%<br>exercise price \$5.50,<br>expiration date<br>12/31/49 @= | 86    | 89,795           |
| <b>Total Convertible Preferred<br/>Stock (cost \$3,131,730)</b>   |       | <b>3,320,389</b> |

**Principal  
Amount°**

|   |         |         |
|---|---------|---------|
| <b>Convertible Bonds – 9.06%</b>  |         |         |
| Basic Industry – 0.24%  |         |         |
| Peabody Energy 4.75%<br>exercise price \$57.62,<br>expiration date 12/15/41 *             | 135,000 | 108,000 |
| Steel Dynamics 5.125%<br>exercise price \$17.14,<br>expiration date 6/15/14               | 122,000 | 133,209 |
|   |         | 241,209 |
| Capital Goods – 0.59%   |         |         |
| L-3 Communications Holdings<br>3.00% exercise price<br>\$89.08, expiration date<br>8/1/35 | 275,000 | 359,734 |
| Titan Machinery 3.75%<br>exercise price \$43.17,<br>expiration date 4/30/19               | 277,000 | 236,489 |
|   |         | 596,223 |

(continues) NQ-DDF [2/14] 4/14 (12348) 3

## Schedule of investments (Unaudited)

Delaware Investments® Dividend and Income Fund, Inc.

|  | Principal<br>Amount ° | Value<br>(U.S. \$) |
|--|-----------------------|--------------------|
| <b>Convertible Bonds (continued)</b>   |                       |                    |
| Communications – 1.46%   |                       |                    |
| Alaska Communications<br>Systems Group 144A<br>6.25% exercise price<br>\$10.28, expiration date<br>4/27/18 # | 253,000               | \$ 214,576         |
| Blucora 144A 4.25% exercise<br>price \$21.66, expiration<br>date 3/29/19 #                                   | 124,000               | 138,958            |
| Clearwire Communications<br>144A 8.25% exercise price<br>\$7.08, expiration date<br>11/30/40 #               | 213,000               | 247,613            |
| Equinix 4.75% exercise price<br>\$84.32, expiration date<br>6/13/16  | 37,000                | 86,071             |
| Liberty Interactive 144A<br>0.75% exercise price<br>\$1,000.00, expiration date<br>3/30/43 #                 | 205,000               | 260,350            |
| Liberty Interactive 144A<br>1.00% exercise price<br>\$74.31, expiration date<br>9/28/43 #                    | 364,000               | 381,290            |
| SBA Communications 4.00%<br>exercise price \$30.38,<br>expiration date 9/29/14                               | 41,000                | 128,202            |
|  |                       | 1,457,060          |
| Consumer Cyclical – 1.08%  |                       |                    |
| ArvinMeritor 4.00% exercise<br>price \$26.73, expiration<br>date 2/12/27                                     | 394,000               | 405,081            |
| Iconix Brand Group 2.50%<br>exercise price \$30.75,<br>expiration date 5/31/16                               | 164,000               | 228,063            |
| Live Nation Entertainment<br>2.875% exercise price<br>\$27.14, expiration date<br>7/14/27                    | 434,000               | 444,579            |
|  |                       | 1,077,723          |
| Consumer Non-Cyclical – 1.67%  |                       |                    |
| Alere 3.00% exercise price<br>\$43.98, expiration date<br>5/15/16  | 228,000               | 257,925            |
| Dendreon 2.875% exercise<br>price \$51.24, expiration<br>date 1/13/16  | 156,000               | 115,245            |
| Hologic 2.00% exercise price<br>\$38.59, expiration date<br>12/15/43   | 227,000               | 237,641            |



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|   |         |           |
|---|---------|-----------|
| Hologic 2.00% exercise price<br>\$31.17, expiration date<br>2/27/42                           | 214,000 | 220,153   |
| Mylan 3.75% exercise price<br>\$13.32, expiration date<br>9/15/15                             | 65,000  | 271,903   |
| NuVasive 2.75% exercise<br>price \$42.13, expiration<br>date 6/30/17                          | 380,000 | 441,988   |
| Vector Group 2.50% exercise<br>price \$17.62, expiration<br>date 1/14/19                      | 97,000  | 124,533   |
|   |         | 1,669,388 |
| <b>Energy – 0.78%</b>   |         |           |
| Chesapeake Energy 2.50%<br>exercise price \$50.90,<br>expiration date 5/15/37                 | 126,000 | 129,308   |
| Energy XXI Bermuda 144A<br>3.00% exercise price<br>\$40.40, expiration date<br>12/13/18 #     | 291,000 | 281,543   |
| Helix Energy Solutions Group<br>3.25% exercise price<br>\$25.02, expiration date<br>3/12/32 * | 140,000 | 173,688   |
| Vantage Drilling 144A 5.50%<br>exercise price \$2.39,<br>expiration date 7/15/43 #            | 189,000 | 200,222   |
|   |         | 784,761   |
| <b>Financials – 0.51%</b>   |         |           |
| Ares Capital 5.75% exercise<br>price \$19.13, expiration<br>date 2/1/16                       | 189,000 | 206,483   |
| BGC Partners 4.50% exercise<br>price \$9.84, expiration<br>date 7/13/16                       | 287,000 | 305,117   |
|   |         | 511,600   |

4 NQ-DDF [2/14] 4/14 (12348)

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(Unaudited)

|  | Principal<br>Amount° | Value<br>(U.S. \$) |
|--|----------------------|--------------------|
| <b>Convertible Bonds</b> (continued)   |                      |                    |
| Healthcare 0.13%   |                      |                    |
| Salix Pharmaceuticals 1.50%<br>exercise price \$65.81,<br>expiration date 3/15/19  | 72,000               | \$ 127,665         |
|  |                      | 127,665            |
| Industrials 0.17%  |                      |                    |
| General Cable 5.00% exercise<br>price \$35.88, expiration<br>date 11/15/29   | 148,000              | 167,425            |
|  |                      | 167,425            |
| Real Estate Investment Trusts 0.89%  |                      |                    |
| Blackstone Mortgage Trust<br>5.25% exercise price<br>\$28.66, expiration date<br>12/1/18                                 | 255,000              | 281,934            |
| Campus Crest Communities<br>Operating Partnership<br>144A 4.75% exercise price<br>\$12.56, expiration date<br>10/11/18 # | 224,000              | 222,600            |
| Forest City Enterprises 144A<br>3.625% exercise price<br>\$24.21, expiration date<br>8/14/20 #                           | 140,000              | 147,000            |
| Lexington Realty Trust 144A<br>6.00% exercise price<br>\$6.76, expiration date<br>1/11/30 #                              | 139,000              | 235,084            |
|  |                      | 886,618            |
| Technology 1.54%   |                      |                    |
| Ciena 144A 3.75% exercise<br>price \$20.17, expiration<br>date 10/15/18 #  | 179,000              | 264,696            |
| Intel 3.25% exercise price<br>\$21.71, expiration date<br>8/1/39 *   | 155,000              | 209,638            |
| Nuance Communications<br>2.75% exercise price<br>\$32.30, expiration date<br>11/1/31                                     | 160,000              | 159,400            |
| SanDisk 1.50% exercise price<br>\$51.83, expiration date<br>8/11/17  | 186,000              | 285,161            |
| TIBCO Software 2.25%<br>exercise price \$50.57,<br>expiration date 4/30/32 *   | 354,000              | 359,089            |
| VeriSign 3.25% exercise price<br>\$34.37, expiration date<br>8/15/37   | 158,000              | 268,106            |
|  |                      | 1,546,090          |
| <b>Total Convertible Bonds</b><br>(cost \$7,819,589)   |                      | <b>9,065,762</b>   |

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|  |                          |         |           |
|--|--------------------------|---------|-----------|
| <b>Corporate Bonds</b>                         | <b>31.33%</b>            |         |           |
| Automobiles                                    | 1.44%                    |         |           |
| American Axle & Manufacturing                  | 7.75% 11/15/19           | 103,000 | 119,223   |
| Chassix 144A                                   | 9.25% 8/1/18 #           | 105,000 | 113,138   |
| Chrysler Group                                 | 8.25% 6/15/21 *          | 230,000 | 261,625   |
| Cooper-Standard Holding                        | 144A PIK 7.375% 4/1/18 # | 190,000 | 194,750   |
| General Motors 144A                            | 6.25% 10/2/43 #          | 115,000 | 127,938   |
| General Motors Financial                       | 6.75% 6/1/18             | 180,000 | 210,600   |
| International Automotive Components Group 144A | 9.125% 6/1/18 #          | 220,000 | 232,650   |
| Meritor  | 6.25% 2/15/24            | 65,000  | 66,625    |
|  | 6.75% 6/15/21            | 110,000 | 117,425   |
|  |                          |         | 1,443,974 |
| Banking  | 0.82%                    |         |           |
| Barclays Bank                                  | 7.625% 11/21/22          | 200,000 | 221,500   |
| HBOS Capital Funding 144A                      | 6.071% 6/29/49 #         | 270,000 | 272,025   |
| JPMorgan Chase                                 | 6.75% 1/29/49            | 120,000 | 126,600   |
| RBS Capital Trust I                            | 2.112% 12/29/49          | 205,000 | 200,900   |
|  |                          |         | 821,025   |
| Basic Industry                                 | 4.25%                    |         |           |
| AK Steel                                       | 7.625% 5/15/20 *         | 109,000 | 108,455   |

(continues) NQ-DDF [2/14] 4/14 (12348) 5

## Schedule of investments (Unaudited)

Delaware Investments® Dividend and Income Fund, Inc.

|  | Principal<br>Amount ° | Value<br>(U.S. \$) |
|--|-----------------------|--------------------|
| <b>Corporate Bonds</b> (continued)                 |                       |                    |
| Basic Industry (continued)                         |                       |                    |
| APERAM 144A<br>7.75% 4/1/18 #                      | 150,000               | \$ 159,000         |
| ArcelorMittal 6.125% 6/1/18                        | 280,000               | 309,050            |
| Arch Coal 144A<br>8.00% 1/15/19 #*                 | 175,000               | 177,188            |
| Axalta Coating System 144A<br>7.375% 5/1/21 #*     | 150,000               | 162,750            |
| Builders FirstSource 144A<br>7.625% 6/1/21 #       | 197,000               | 211,283            |
| Cemex Espana Luxembourg<br>144A 9.25% 5/12/20 #    | 186,000               | 204,414            |
| Cloud Peak Energy Resources<br>6.375% 3/15/24      | 35,000                | 36,313             |
| CPG Merger Sub 144A<br>8.00% 10/1/21 #             | 185,000               | 199,800            |
| First Quantum Minerals<br>144A 6.75% 2/15/20 #     | 97,000                | 100,395            |
| 144A 7.00% 2/15/21 #                               | 97,000                | 100,638            |
| FMG Resources August 2006<br>144A 6.875% 4/1/22 #* | 212,000               | 230,815            |
| HD Supply 11.50% 7/15/20                           | 170,000               | 207,825            |
| Headwaters 7.625% 4/1/19                           | 40,000                | 43,600             |
| INEOS Group Holdings 144A<br>5.875% 2/15/19 #      | 200,000               | 206,500            |
| JMC Steel Group 144A<br>8.25% 3/15/18 #            | 145,000               | 151,344            |
| LSB Industries 144A<br>7.75% 8/1/19 #              | 40,000                | 43,100             |
| Masonite International 144A<br>8.25% 4/15/21 #     | 205,000               | 226,525            |
| New Gold 144A<br>6.25% 11/15/22 #                  | 190,000               | 190,950            |
| Nortek 8.50% 4/15/21                               | 154,000               | 173,250            |
| Perstorp Holding 144A<br>8.75% 5/15/17 #           | 200,000               | 215,750            |
| Ryerson<br>9.00% 10/15/17                          | 120,000               | 131,100            |
| 11.25% 10/15/18                                    | 50,000                | 56,375             |
| Sappi Papier Holding 144A<br>8.375% 6/15/19 #      | 200,000               | 223,000            |
| Taminco Global Chemical<br>144A 9.75% 3/31/20 #    | 57,000                | 64,980             |
| TPC Group 144A<br>8.75% 12/15/20 #                 | 210,000               | 227,850            |
| Wise Metals Group 144A<br>8.75% 12/15/18 #         | 80,000                | 86,800             |
|  |                       | 4,249,050          |
| Capital Goods 1.84%                                |                       |                    |
| Accudyne Industries 144A                           |                       |                    |

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|                              |         |           |
|------------------------------|---------|-----------|
| 7.75% 12/15/20 #*            | 180,000 | 193,500   |
| Beverage Packaging Holdings  |         |           |
| Luxembourg II                |         |           |
| 144A 5.625% 12/15/16 #       | 45,000  | 46,519    |
| 144A 6.00% 6/15/17 #         | 45,000  | 46,913    |
| BlueLine Rental Finance 144A |         |           |
| 7.00% 2/1/19 #               | 110,000 | 116,463   |
| BOE Intermediate Holding     |         |           |
| 144A PIK 9.75%               |         |           |
| 11/1/17 #                    | 108,185 | 116,366   |
| BOE Merger 144A PIK 9.50%    |         |           |
| 11/1/17 #                    | 182,000 | 194,285   |
| Consolidated Container 144A  |         |           |
| 10.125% 7/15/20 #            | 171,000 | 182,543   |
| Milacron 144A                |         |           |
| 7.75% 2/15/21 #              | 180,000 | 193,500   |
| Plastipak Holdings 144A      |         |           |
| 6.50% 10/1/21 #              | 145,000 | 150,800   |
| Reynolds Group Issuer        |         |           |
| 8.25% 2/15/21 *              | 200,000 | 219,500   |
| 9.875% 8/15/19               | 170,000 | 192,525   |
| TransDigm 7.50% 7/15/21      | 95,000  | 105,213   |
| Vander Intermediate Holding  |         |           |
| II 144A PIK 9.75%            |         |           |
| 2/1/19 #                     | 75,000  | 78,000    |
|                              |         | 1,836,127 |
| Communications 3.05%         |         |           |
| CenturyLink 6.75% 12/1/23    | 115,000 | 122,475   |
| Digicel Group 144A           |         |           |
| 8.25% 9/30/20 #              | 221,000 | 234,813   |
| Hughes Satellite Systems     |         |           |
| 7.625% 6/15/21               | 160,000 | 181,600   |
| Intelsat Luxembourg          |         |           |
| 144A 7.75% 6/1/21 #          | 50,000  | 54,000    |
| 144A 8.125% 6/1/23 #         | 515,000 | 561,350   |
| Level 3 Communications       |         |           |
| 8.875% 6/1/19                | 80,000  | 88,600    |
| Level 3 Financing            |         |           |
| 144A 6.125% 1/15/21 #        | 5,000   | 5,300     |
| 7.00% 6/1/20 *               | 195,000 | 213,525   |

6 NQ-DDF [2/14] 4/14 (12348)

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(Unaudited)

|                                       | Principal<br>Amount <sup>o</sup> | Value<br>(U.S. \$) |
|---------------------------------------|----------------------------------|--------------------|
| <b>Corporate Bonds</b> (continued)    |                                  |                    |
| Communications (continued)            |                                  |                    |
| Sprint                                |                                  |                    |
| 144A 7.125% 6/15/24 #                 | 230,000                          | \$ 242,075         |
| 144A 7.25% 9/15/21 #                  | 190,000                          | 208,763            |
| 144A 7.875% 9/15/23 #                 | 125,000                          | 138,750            |
| Sprint Capital 6.90% 5/1/19           | 125,000                          | 138,125            |
| T-Mobile USA                          |                                  |                    |
| 6.125% 1/15/22                        | 55,000                           | 58,300             |
| 6.25% 4/1/21                          | 85,000                           | 90,950             |
| 6.50% 1/15/24                         | 35,000                           | 37,188             |
| 6.731% 4/28/22                        | 60,000                           | 65,025             |
| Wind Acquisition Finance              |                                  |                    |
| 144A 11.75% 7/15/17 #                 | 100,000                          | 106,000            |
| Windstream                            |                                  |                    |
| 7.50% 6/1/22                          | 105,000                          | 111,825            |
| 7.75% 10/1/21                         | 115,000                          | 124,775            |
| Zayo Group 10.125% 7/1/20             | 227,000                          | 264,171            |
|                                       |                                  | 3,047,610          |
| Consumer Cyclical 2.43%               |                                  |                    |
| BI-LO 144A PIK 8.625%                 |                                  |                    |
| 9/15/18 #                             | 130,000                          | 136,175            |
| Burlington Coat Factory<br>Warehouse  |                                  |                    |
| 10.00% 2/15/19                        | 115,000                          | 128,513            |
| Chinos Intermediate Holdings          |                                  |                    |
| 144A PIK 7.75%                        |                                  |                    |
| 5/1/19 #*                             | 95,000                           | 99,513             |
| Dave & Buster s<br>Entertainment 144A |                                  |                    |
| 10.004% 2/15/16 #^                    | 245,000                          | 204,575            |
| DBP Holding 144A                      |                                  |                    |
| 7.75% 10/15/20 #                      | 235,000                          | 229,713            |
| Landry s 144A                         |                                  |                    |
| 9.375% 5/1/20 #                       | 220,000                          | 243,100            |
| Michaels Stores 144A                  |                                  |                    |
| 5.875% 12/15/20 #                     | 145,000                          | 147,175            |
| Pantry 8.375% 8/1/20                  | 195,000                          | 211,575            |
| Party City Holdings                   |                                  |                    |
| 8.875% 8/1/20                         | 210,000                          | 235,200            |
| PF Chang s China Bistro 144A          |                                  |                    |
| 10.25% 6/30/20 #                      | 195,000                          | 211,088            |
| Quiksilver 144A                       |                                  |                    |
| 7.875% 8/1/18 #                       | 210,000                          | 229,950            |
| Rite Aid 6.75% 6/15/21 *              | 115,000                          | 127,075            |
| Roundy s Supermarkets 144A            |                                  |                    |
| 10.25% 12/15/20 #*                    | 70,000                           | 74,900             |
| Tempur-Pedic International            |                                  |                    |
| 6.875% 12/15/20                       | 140,000                          | 154,000            |
|                                       |                                  | 2,432,552          |
| Consumer Non-Cyclical 0.65%           |                                  |                    |
| Crestview DS Merger Sub II            |                                  |                    |
| 144A 10.00% 9/1/21 #                  | 125,000                          | 138,750            |

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|                                     |  |         |         |
|-------------------------------------|--|---------|---------|
| JBS USA 144A                        |  |         |         |
| 8.25% 2/1/20 #                      |  | 165,000 | 181,500 |
| Smithfield Foods                    |  |         |         |
| 6.625% 8/15/22                      |  | 135,000 | 146,475 |
| Spectrum Brands                     |  |         |         |
| 6.375% 11/15/20                     |  | 35,000  | 38,325  |
| 6.625% 11/15/22                     |  | 135,000 | 147,825 |
|                                     |  |         | 652,875 |
| Energy 4.50%                        |  |         |         |
| Calumet Specialty Products Partners |  |         |         |
| 7.625% 1/15/22                      |  | 105,000 | 111,956 |
| 9.375% 5/1/19                       |  | 180,000 | 199,800 |
| Chaparral Energy                    |  |         |         |
| 7.625% 11/15/22                     |  | 90,000  | 98,100  |
| 8.25% 9/1/21                        |  | 105,000 | 115,500 |
| CHC Helicopter                      |  |         |         |
| 9.375% 6/1/21 *                     |  | 100,000 | 106,125 |
| Chesapeake Energy                   |  |         |         |
| 6.125% 2/15/21                      |  | 26,000  | 28,860  |
| 6.625% 8/15/20                      |  | 145,000 | 166,388 |
| Comstock Resources                  |  |         |         |
| 7.75% 4/1/19                        |  | 176,000 | 189,200 |
| Drill Rigs Holdings 144A            |  |         |         |
| 6.50% 10/1/17 #                     |  | 195,000 | 205,725 |
| Exterran Partners                   |  |         |         |
| 6.00% 4/1/21                        |  | 195,000 | 194,025 |
| Genesis Energy                      |  |         |         |
| 5.75% 2/15/21                       |  | 215,000 | 221,988 |
| Halcon Resources                    |  |         |         |
| 8.875% 5/15/21                      |  | 50,000  | 51,125  |
| 144A 9.75% 7/15/20 #                |  | 205,000 | 216,531 |
| Hercules Offshore                   |  |         |         |
| 144A 7.50% 10/1/21 #                |  | 95,000  | 100,938 |
| 144A 8.75% 7/15/21 #                |  | 55,000  | 61,600  |
| Key Energy Services                 |  |         |         |
| 6.75% 3/1/21                        |  | 190,000 | 199,975 |
| Laredo Petroleum                    |  |         |         |
| 144A 5.625% 1/15/22 #               |  | 85,000  | 86,594  |
| 7.375% 5/1/22                       |  | 45,000  | 50,175  |

(continues) NQ-DDF [2/14] 4/14 (12348) 7

## Schedule of investments (Unaudited)

Delaware Investments® Dividend and Income Fund, Inc.

|                                    | Principal<br>Amount <sup>o</sup> | Value<br>(U.S. \$) |
|------------------------------------|----------------------------------|--------------------|
| <b>Corporate Bonds</b> (continued) |                                  |                    |
| Energy (continued)                 |                                  |                    |
| Linn Energy                        |                                  |                    |
| 6.50% 5/15/19                      | 17,000                           | \$ 17,808          |
| 8.625% 4/15/20                     | 41,000                           | 44,895             |
| Midstates Petroleum                |                                  |                    |
| 9.25% 6/1/21                       | 235,000                          | 249,688            |
| Murphy Oil U.S.A. 144A             |                                  |                    |
| 6.00% 8/15/23 #                    | 140,000                          | 143,150            |
| Northern Blizzard Resources        |                                  |                    |
| 144A 7.25% 2/1/22 #                | 190,000                          | 194,038            |
| Northern Oil & Gas                 |                                  |                    |
| 8.00% 6/1/20                       | 175,000                          | 187,250            |
| NuStar Logistics                   |                                  |                    |
| 6.75% 2/1/21                       | 115,000                          | 123,625            |
| Oasis Petroleum 144A               |                                  |                    |
| 6.875% 3/15/22 #                   | 135,000                          | 147,150            |
| Offshore Group Investment          |                                  |                    |
| 7.125% 4/1/23                      | 90,000                           | 92,475             |
| PDC Energy 7.75% 10/15/22          | 185,000                          | 203,038            |
| Regency Energy Partners            |                                  |                    |
| 5.875% 3/1/22                      | 150,000                          | 156,375            |
| Samson Investment 144A             |                                  |                    |
| 10.75% 2/15/20 #                   | 141,000                          | 157,391            |
| SandRidge Energy                   |                                  |                    |
| 7.50% 3/15/21                      | 60,000                           | 63,750             |
| 8.125% 10/15/22                    | 188,000                          | 203,040            |
| 8.75% 1/15/20                      | 25,000                           | 27,188             |
| Ultra Petroleum 144A               |                                  |                    |
| 5.75% 12/15/18 #                   | 80,000                           | 84,000             |
|                                    |                                  | 4,499,466          |
| Financials – 0.22%                 |                                  |                    |
| Nuveen Investments 144A            |                                  |                    |
| 9.50% 10/15/20 #*                  | 205,000                          | 219,863            |
|                                    |                                  | 219,863            |
| Healthcare – 2.83%                 |                                  |                    |
| Air Medical Group Holdings         |                                  |                    |
| 9.25% 11/1/18                      | 109,000                          | 118,810            |
| Biomet 6.50% 10/1/20               | 285,000                          | 305,306            |
| Community Health Systems           |                                  |                    |
| 6.875% 2/1/22                      | 135,000                          | 143,859            |
| 7.125% 7/15/20                     | 50,000                           | 54,688             |
| 8.00% 11/15/19                     | 124,000                          | 138,384            |
| Healthcare Technology              |                                  |                    |
| Intermediate 144A PIK              |                                  |                    |
| 7.375% 9/1/18 #                    | 185,000                          | 192,400            |
| Immunocor 11.125% 8/15/19          | 155,000                          | 175,538            |
| Kinetic Concepts                   |                                  |                    |
| 10.50% 11/1/18                     | 124,000                          | 143,995            |
| 12.50% 11/1/19 *                   | 85,000                           | 98,600             |



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|   |                              |                              |
|---|------------------------------|------------------------------|
| MPH Intermediate Holding 2<br>144A PIK 8.375%<br>8/1/18 #   | 90,000                       | 94,163                       |
| Par Pharmaceutical<br>7.375% 10/15/20   | 380,000                      | 413,250                      |
| Radnet Management<br>10.375% 4/1/18 *   | 118,000                      | 118,295                      |
| Salix Pharmaceuticals 144A<br>6.00% 1/15/21 #   | 225,000                      | 241,313                      |
| Tenet Healthcare<br>144A 6.00% 10/1/20 #<br>8.125% 4/1/22   | 85,000<br>115,000            | 91,534<br>129,088            |
| Truven Health Analytics<br>10.625% 6/1/20   | 70,000                       | 79,625                       |
| Valeant Pharmaceuticals<br>International<br>144A 5.625% 12/1/21 #<br>144A 6.375% 10/15/20 #<br>144A 7.00% 10/1/20 # | 130,000<br>105,000<br>35,000 | 138,288<br>115,238<br>38,369 |
|   |                              | 2,830,743                    |
| <b>Insurance – 1.07%</b>  |                              |                              |
| American International Group<br>8.175% 5/15/58  | 170,000                      | 219,776                      |
| Hockey Merger Sub 2 144A<br>7.875% 10/1/21 #  | 140,000                      | 148,050                      |
| Liberty Mutual Group 144A<br>7.00% 3/15/37 #  | 190,000                      | 199,025                      |
| Onex USI Aquisition 144A<br>7.75% 1/15/21 #   | 190,000                      | 198,550                      |
| XL Group 6.50% 12/29/49   | 305,000                      | 302,331                      |
|   |                              | 1,067,732                    |
| <b>Media – 2.96%</b>  |                              |                              |
| CCO Holdings<br>5.25% 9/30/22   | 195,000                      | 195,488                      |
| Cequel Communications<br>Holdings I 144A<br>6.375% 9/15/20 #  | 145,000                      | 154,063                      |
| Clear Channel Worldwide<br>Holdings 7.625% 3/15/20  | 225,000                      | 244,590                      |
| Columbus International 144A<br>11.50% 11/20/14 #  | 130,000                      | 138,125                      |

8 NQ-DDF [2/14] 4/14 (12348)

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(Unaudited)

|  | Principal<br>Amount <sup>o</sup> | Value<br>(U.S. \$) |
|--|----------------------------------|--------------------|
| <b>Corporate Bonds</b> (continued)                         |                                  |                    |
| Media (continued)  |                                  |                    |
| CSC Holdings<br>6.75% 11/15/21                             | 190,000                          | \$ 215,175         |
| DISH DBS 5.00% 3/15/23                                     | 105,000                          | 104,475            |
| Gray Television<br>7.50% 10/1/20                           | 180,000                          | 197,100            |
| MDC Partners 144A<br>6.75% 4/1/20 #                        | 185,000                          | 198,413            |
| Nara Cable Funding 144A<br>8.875% 12/1/18 #                | 200,000                          | 218,500            |
| ONO Finance II 144A<br>10.875% 7/15/19 #                   | 234,000                          | 259,740            |
| RCN Telecom Services 144A<br>8.50% 8/15/20 #               | 100,000                          | 105,500            |
| Univision Communications<br>144A 8.50% 5/15/21 #           | 310,000                          | 346,038            |
| UPCB Finance VI 144A<br>6.875% 1/15/22 #                   | 150,000                          | 164,813            |
| Virgin Media Finance 144A<br>6.375% 4/15/23 #              | 200,000                          | 212,500            |
| VTR Finance 144A<br>6.875% 1/15/24 #                       | 200,000                          | 205,292            |
|  |                                  | 2,959,812          |
| Services – 2.54%   |                                  |                    |
| Algeco Scotsman Global<br>Finance<br>144A 8.50% 10/15/18 # | 165,000                          | 180,675            |
| 144A 10.75% 10/15/19 #                                     | 280,000                          | 309,400            |
| Avis Budget Car Rental<br>5.50% 4/1/23                     | 105,000                          | 106,575            |
| Carlson Wagonlit 144A<br>6.875% 6/15/19 #                  | 200,000                          | 215,000            |
| Covanta Holding<br>5.875% 3/1/24                           | 120,000                          | 122,993            |
| Darling Escrow 144A<br>5.375% 1/15/22 #                    | 70,000                           | 71,925             |
| H&E Equipment Services<br>7.00% 9/1/22                     | 170,000                          | 187,850            |
| M/I Homes<br>8.625% 11/15/18                               | 85,000                           | 92,331             |
| Mattamy Group 144A<br>6.50% 11/15/20 #                     | 190,000                          | 192,850            |
| MGM Resorts International<br>6.75% 10/1/20                 | 55,000                           | 60,913             |
| 7.75% 3/15/22  | 90,000                           | 103,725            |
| 11.375% 3/1/18   | 145,000                          | 188,863            |
| PHH<br>6.375% 8/15/21                                      | 75,000                           | 76,125             |
| 7.375% 9/1/19  | 100,000                          | 109,500            |
| Pinnacle Entertainment<br>7.75% 4/1/22 *                   | 60,000                           | 65,700             |
| 8.75% 5/15/20  | 30,000                           | 33,150             |
| PNK Finance 144A   |                                  |                    |

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|                              |         |           |
|------------------------------|---------|-----------|
| 6.375% 8/1/21 #              | 85,000  | 89,250    |
| Seven Seas Cruises           |         |           |
| 9.125% 5/15/19               | 185,000 | 205,350   |
| Taylor Morrison Communities  |         |           |
| 144A 5.625% 3/1/24 #         | 35,000  | 35,000    |
| Watco 144A                   |         |           |
| 6.375% 4/1/23 #              | 90,000  | 91,350    |
|                              |         | 2,538,525 |
| Technology – 1.98%           |         |           |
| Advanced Micro Devices       |         |           |
| 144A 6.75% 3/1/19 #          | 130,000 | 130,975   |
| BMC Software Finance 144A    |         |           |
| 8.125% 7/15/21 #             | 210,000 | 221,813   |
| First Data                   |         |           |
| 144A 11.25% 1/15/21 #        | 230,000 | 262,775   |
| 144A 11.75% 8/15/21          | 265,000 | 284,875   |
| First Data Holdings 144A PIK |         |           |
| 14.50% 9/24/19 #*            | 110,000 | 110,000   |
| Freescall Semiconductor      |         |           |
| 144A 6.00% 1/15/22 #         | 90,000  | 95,738    |
| 10.75% 8/1/20                | 15,000  | 17,513    |
| j2 Global 8.00% 8/1/20       | 185,000 | 202,113   |
| Micron Technology 144A       |         |           |
| 5.875% 2/15/22 #             | 200,000 | 209,500   |
| NCR Escrow                   |         |           |
| 144A 5.875% 12/15/21 #       | 50,000  | 53,750    |
| 144A 6.375% 12/15/23 #       | 165,000 | 177,375   |
| Viasystems 144A              |         |           |
| 7.875% 5/1/19 #              | 195,000 | 210,356   |
|                              |         | 1,976,783 |
| Utilities – 0.75%            |         |           |
| AES                          |         |           |
| 7.375% 7/1/21                | 133,000 | 151,953   |
| 8.00% 6/1/20                 | 43,000  | 50,740    |
| AES Gener 144A               |         |           |
| 8.375% 12/18/73 #            | 200,000 | 212,500   |
| Calpine                      |         |           |
| 144A 5.875% 1/15/24 #        | 40,000  | 41,200    |
| 144A 6.00% 1/15/22 #         | 180,000 | 191,700   |

(continues) NQ-DDF [2/14] 4/14 (12348) 9

## Schedule of investments (Unaudited)

Delaware Investments® Dividend and Income Fund, Inc.

|  | Principal<br>Amount <sup>o</sup> | Value<br>(U.S. \$) |
|--|----------------------------------|--------------------|
| <b>Corporate Bonds</b> (continued)                           |                                  |                    |
| Utilities (continued)  |                                  |                    |
| Elwood Energy<br>8.159% 7/5/26                               | 99,153                           | \$ 107,581         |
|  |                                  | 755,674            |
| <b>Total Corporate Bonds</b><br>(cost \$29,349,103)          |                                  | <b>31,331,811</b>  |
| <b>Senior Secured Loans – 4.99%«</b>                         |                                  |                    |
| Accelent 1st Lien<br>4.50% 2/21/21                           | 230,000                          | 230,863            |
| Akorn Tranche B<br>4.50% 11/13/20                            | 180,000                          | 181,800            |
| Applied Systems 1st Lien<br>4.25% 1/15/21                    | 136,000                          | 137,088            |
| Applied Systems 2nd Lien<br>7.50% 1/15/22                    | 137,000                          | 140,425            |
| Azure Midstream Tranche B<br>6.50% 10/21/18                  | 150,000                          | 151,875            |
| BJ's Wholesale Club 2nd Lien<br>8.50% 3/31/20                | 100,000                          | 102,917            |
| BJ's Wholesale Club Tranche B<br>1st Lien 4.50% 9/26/19      | 95,000                           | 95,730             |
| BMC Software 1st Lien<br>5.00% 8/9/20                        | 54,000                           | 54,243             |
| Borgata Tranche B 1st Lien<br>6.75% 8/15/18                  | 190,000                          | 192,217            |
| Citycenter Holdings Tranche B<br>5.00% 10/9/20               | 190,000                          | 192,205            |
| Clear Channel Communi-<br>cations Tranche D<br>6.75% 1/30/19 | 315,000                          | 309,853            |
| Community Health Systems<br>Tranche D 4.25% 1/27/21          | 110,000                          | 111,126            |
| Drillships Financing Holding<br>Tranche B1<br>6.00% 2/17/21  | 199,774                          | 204,228            |
| Gentiva Health Services<br>Tranche B<br>6.50% 10/10/19       | 190,000                          | 192,138            |
| Gray Television<br>4.75% 10/11/19                            | 204,000                          | 205,721            |
| Hostess Brands 1st Lien<br>6.75% 3/12/20                     | 200,000                          | 208,250            |
| Hudson's Bay 2nd Lien<br>8.25% 10/7/21                       | 50,000                           | 51,708             |
| Ikaria 5.00% 2/4/22  | 206,000                          | 207,700            |
| Ineos U.S. Finance<br>4.00% 5/4/18                           | 179,544                          | 179,320            |
| Kinetic Concepts Tranche E1<br>4.00% 5/8/18                  | 185,000                          | 185,879            |

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|  |         |                  |
|--|---------|------------------|
| LTS Buyer 2nd Lien<br>8.00% 3/15/21                              | 28,463  | 29,032           |
| Moxie Liberty Tranche B<br>7.50% 8/21/20                         | 105,000 | 107,363          |
| Moxie Patriot (Panda Power<br>Fund) Tranche B1<br>6.75% 12/18/20 | 100,000 | 103,000          |
| Neiman Marcus Group<br>5.00% 10/18/20                            | 199,500 | 202,049          |
| Nuveen Investments 2nd Lien<br>6.50% 2/28/19                     | 100,000 | 99,417           |
| Otter Products Tranche B<br>5.25% 4/29/19                        | 209,557 | 210,343          |
| Panda Temple Power II<br>Tranche B 1st Lien<br>7.25% 3/28/19     | 105,000 | 107,858          |
| Patheon 4.25% 1/23/21  | 215,000 | 214,597          |
| Polymer Group Tranche B<br>5.25% 12/13/19                        | 165,000 | 166,547          |
| Rite Aid 2nd Lien<br>5.75% 8/3/20                                | 97,000  | 99,449           |
| Samson Investment 2nd Lien<br>5.00% 9/25/18                      | 205,000 | 207,101          |
| Vantage Drilling Tranche B 1st<br>Lien 5.75% 3/28/19             | 110,000 | 111,650          |
| <b>Total Senior Secured Loans</b><br>(cost \$4,953,595)          |         | <b>4,993,692</b> |

10 NQ-DDF [2/14] 4/14 (12348)

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|  | Number<br>of<br>Shares                  |                            |
|--|---|----------------------------|
| <b>Limited Partnership 1.32%</b>   |   |                            |
| Brookfield Infrastructure Partners *   | 10,300                                  | 385,220                    |
| Lehigh Gas Partners *  | 34,800                                  | 933,684                    |
| <b>Total Limited Partnership</b><br>(cost \$977,829)   |   | <b>1,318,904</b>           |
| <b>Preferred Stock 0.81%</b>   |   |                            |
| Ally Financial 144A 7.00% #  | 400                                     | 396,338                    |
| GMAC Capital Trust I<br>8.125%   | 8,000                                   | 217,200                    |
| Regions Financial 6.375%   | 8,000                                   | 190,800                    |
| <b>Total Preferred Stock</b><br>(cost \$792,170)   |   | <b>804,338</b>             |
|  | <b>Principal<br/>Amount<sup>o</sup></b> | <b>Value<br/>(U.S. \$)</b> |
| <b>Short-Term Investments 1.28%</b>  |   |                            |
| <b>Repurchase Agreements 1.03%</b>   |   |                            |
| Bank of America Merrill Lynch<br>0.01%, dated 2/28/14, to<br>be repurchased on 3/3/14,<br>repurchase price \$268,498<br>(collateralized by U.S.<br>government obligations<br>0.625% - 1.75% 2/15/17<br>- 5/15/22; market value<br>\$273,868) | 268,498                                 | 268,498                    |
| Bank of Montreal<br>0.04%, dated 2/28/14, to<br>be repurchased on 3/3/14,<br>repurchase price \$44,750<br>(collateralized by U.S.<br>government obligations<br>0.00% - 0.25% 8/21/14 -<br>1/31/16; market value<br>\$45,645)                 | 44,750                                  | 44,750                     |
| BNP Paribas<br>0.05%, dated 2/28/14, to<br>be repurchased on 3/3/14,<br>repurchase price \$714,755<br>(collateralized by U.S.<br>government obligations<br>1.375% - 2.375%<br>9/30/14 - 1/31/21; market<br>value \$729,129)                  | 714,752                                 | 714,752                    |
|  |   | 1,028,000                  |
| <b>U.S. Treasury Obligation 0.25%≠</b>   |   |                            |
| U.S. Treasury Bill<br>0.065% 4/24/14   | 251,217                                 | 251,200                    |
|  |   | 251,200                    |

|   |           |                       |
|---|-----------|-----------------------|
| <b>Total Short-Term Investments</b><br>(cost \$1,279,192)         |           | <b>1,279,200</b>      |
| <b>Total Value of Securities</b>                                  |           |                       |
| <b>Before Securities Lending</b>                                  |           |                       |
| <b>Collateral 129.27%</b><br>(cost \$104,380,732)                 |           | <b>129,296,506</b>    |
| <b>Securities Lending Collateral** 3.96%</b>                      |           |                       |
| Investment Company  |           |                       |
| Delaware Investments  |           |                       |
| Collateral Fund No.1  | 3,965,808 | 3,965,808             |
| <b>Total Securities Lending</b>                                   |           |                       |
| <b>Collateral (cost \$3,965,808)</b>                              |           | <b>3,965,808</b>      |
| <b>Total Value of Securities 133.23%</b><br>(cost \$108,346,540)  |           | <b>133,262,314n</b>   |
| <b>Obligation to Return Securities Lending Collateral (3.96%)</b> |           | <b>(3,965,808)</b>    |
| <b>Borrowing Under Line of Credit (28.22%)</b>                    |           | <b>(28,225,000)</b>   |
| <b>Liabilities Net of Receivables and Other Assets (1.05%)</b>    |           | <b>(1,047,415)</b>    |
| <b>Net Assets 100.00%</b>   |           | <b>\$ 100,024,091</b> |

(continues)

NQ-DDF [2/14] 4/14 (12348) 11

## Schedule of investments (Unaudited)

### Delaware Investments® Dividend and Income Fund, Inc.

#Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At Feb. 28, 2014, the aggregate value of Rule 144A securities was \$20,633,932, which represents 20.63% of the Fund's net assets. See Note 7 in Notes.

\*Fully or partially on loan.

\*\*See Note 6 in Notes for additional information on securities lending collateral.

@Illiquid security. At Feb. 28, 2014, the aggregate value of illiquid securities was \$89,795, which represented 0.09% of the Fund's net assets. See Note 7 in Notes.

100% of the income received was in the form of additional par.

100% of the income received was in the form of cash.

=Security is being fair valued in accordance with the Fund's fair valuation policy. At Feb. 28, 2014, the aggregate value of fair valued securities was \$0, which represents 0.00% of the Fund's net assets. See Note 1 in Notes.

≠The rate shown is the effective yield at the time of purchase.

nIncludes \$4,325,757 of securities loaned.

°Principal amount shown is stated in U.S. dollars unless noted that the security is denominated in another currency.

Non income producing security.

Variable rate security. The rate shown is the rate as of Feb. 28, 2014. Interest rates reset periodically.

^Zero coupon security. The rate shown is the yield at the time of purchase.

«Senior secured loans generally pay interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates are generally: (i) the prime rate offered by one or more U.S. banks, (ii) the lending rate offered by one or more European banks such as the London Inter-Bank Offered Rate (LIBOR), and (iii) the certificate of deposit rate. Senior secured loans may be subject to restrictions on resale. Stated rate in effect at Feb. 28, 2014.

Step coupon bond. Coupon increases or decreases periodically based on a predetermined schedule. Stated rate in effect at Feb. 28, 2014.

#### Summary of abbreviations:

ADR – American Depositary Receipt

PIK – Pay-in-kind

REIT – Real Estate Investment Trust

12 NQ-DDF [2/14] 4/14 (12348)

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# Notes

**Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc.**  
February 28, 2014 (Unaudited)

## 1. Significant Accounting Policies

The following accounting policies are in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and are consistently followed by Delaware Investments<sup>®</sup> Dividend and Income Fund, Inc. (Fund). This report covers the period of time since the Fund's last fiscal year end.

**Security Valuation** Equity securities and Exchange-Traded Funds (ETFs), except those traded on the Nasdaq Stock Market, Inc. (Nasdaq), are valued at the last quoted sales price as of the time of the regular close of the New York Stock Exchange (NYSE) on the valuation date. Securities and ETFs traded on the Nasdaq are valued in accordance with the Nasdaq Official Closing Price, which may not be the last sales price. If, on a particular day, an equity security or ETF does not trade, then the mean between the bid and ask prices will be used, which approximates fair value. Securities listed on a foreign exchange are normally valued at the last quoted sales price on the valuation date. Debt securities are valued based upon valuations provided by an independent pricing service or broker and reviewed by management. To the extent current market prices are not available, the pricing service may take into account developments related to the specific security, as well as transactions in comparable securities. Valuations for fixed income securities utilize matrix systems, which reflect such factors as security prices, yields, maturities, and ratings, and are supplemented by dealer and exchange quotations. U.S. government and agency securities are valued at the mean between the bid and ask prices, which approximates fair value. Investment company securities are valued at net asset value per share, as reported by the underlying investment company. Foreign currency exchange contracts are valued at the mean between the bid and ask prices, which approximates fair value. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available. Exchange-traded options are valued at the last reported sale price or, if no sales are reported, at the mean between the last reported bid and ask prices, which approximates fair value. Generally, other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Fund's Board of Directors (Board). In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures or suspension of trading in a security. The Fund may use fair value pricing more frequently for securities traded primarily in non-U.S. markets because, among other things, most foreign markets close well before the Fund values its securities, generally as of 4:00 p.m. Eastern time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, government actions or pronouncements, aftermarket trading, or news events may have occurred in the interim. To account for this, the Fund may frequently value foreign securities using fair value prices based on third-party vendor modeling tools (international fair value pricing).

**Federal & Foreign Income Taxes** No provision for federal income taxes has been made as the Fund intends to continue to qualify for federal income tax purposes as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and make the requisite distributions to shareholders. The Fund evaluates tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Management has analyzed the Fund's tax positions taken for all open federal income tax years (Nov. 30, 2010 – Nov. 30, 2013), and has concluded that no provision for federal income tax is required in the Fund's financial statements. In regard to foreign taxes only, the Fund has open tax years in certain foreign countries it invests in that may date back to the inception of the Fund.

**Repurchase Agreements** The Fund may purchase certain U.S. government securities subject to the counterparty's agreement to repurchase them at an agreed upon date and price. The counterparty will be required on a daily basis to maintain the value of the collateral subject to the agreement at not less than the repurchase price (including accrued interest). The agreements are conditioned upon the collateral being deposited under the Federal Reserve book-entry system with the Fund's custodian or a third-party sub-custodian. In the event of default or bankruptcy by the other party to the agreement, retention of the collateral may be subject to legal proceedings. All open repurchase agreements as of the date of this report were entered into on Feb. 28, 2014.

**Distributions** The Fund has implemented a managed distribution policy. Under the policy, the Fund is managed with a goal of generating as much of the distribution as possible from net investment income and short-term capital gains. The balance of the distribution will then come from long-term capital gains to the extent permitted, and if necessary, a return of capital. Even though the Fund may realize current year capital gains, such gains may be offset, in whole or in part, by the Fund's capital loss carryovers

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from prior years. For federal income tax purposes, the effect of such capital loss carryovers may be to convert (to the extent of such current year gains) what would otherwise be returns of capital into distributions taxable as ordinary income. This tax effect can occur during times of extended market volatility. Under the Regulated Investment Company Modernization Act of 2010 (Act), this tax effect attributable to the Fund's capital loss carryovers (the conversion of returns of capital into distributions taxable as ordinary income) no longer applies to net capital losses of the Fund arising in Fund tax years beginning after the date of enactment.

(continues)

13

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(Unaudited)

**1. Significant Accounting Policies (continued)**

**Foreign Currency Transactions** Transactions denominated in foreign currencies are recorded at the prevailing exchange rates on the valuation date in accordance with the Fund's prospectus. The value of all assets and liabilities denominated in foreign currencies is translated daily into U.S. dollars at the exchange rate of such currencies against the U.S. dollar. Transaction gains or losses resulting from changes in exchange rates during the reporting period or upon settlement of the foreign currency transaction are reported in operations for the current period. The Fund generally bifurcates that portion of realized gains and losses on investments in debt securities which is due to changes in foreign exchange rates from that which is due to changes in market prices of debt securities. For foreign equity securities, these changes are included in net realized and unrealized gain or loss on investments. The Fund reports certain foreign currency related transactions as components of realized gains (losses) for financial reporting purposes, whereas such components are treated as ordinary income (loss) for federal income tax purposes.

**Use of Estimates** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the fair value of investments, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

**Other** Expenses directly attributable to the Fund are charged directly to the Fund. Other expenses common to various funds within the Delaware Investments® Family of Funds are generally allocated among such funds on the basis of average net assets. Management fees and some other expenses are paid monthly. Security transactions are recorded on the date the securities are purchased or sold (trade date) for financial reporting purposes. Costs used in calculating realized gains and losses on the sale of investment securities are those of the specific securities sold. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Discounts and premiums on debt securities are amortized to interest income over the lives of the respective securities using the effective interest method. Distributions received from investments in Real Estate Investment Trusts (REITs) are recorded as dividend income on ex-dividend date, subject to reclassification upon notice of the character of such distributions by the issuer. Foreign dividends are also recorded on the ex-dividend date or as soon after the ex-dividend date that the Fund is aware of such dividends, net of all tax withholdings, a portion of which may be reclaimable. Withholding taxes on and reclaims on foreign dividends have been recorded in accordance with the Fund's understanding of the applicable country's tax rules and rates.

**2. Investments**

At Feb. 28, 2014, the cost of investments for federal income tax purposes has been estimated since final tax characteristics cannot be determined until fiscal year end. At Feb. 28, 2014, the cost of investments and unrealized appreciation (depreciation) for the Fund was as follows:

|                                   |                |
|-----------------------------------|----------------|
| Cost of Investments               | \$ 108,616,182 |
| Aggregate unrealized appreciation | \$ 26,033,928  |
| Aggregate unrealized depreciation | (1,387,796)    |
| Net unrealized appreciation       | \$ 24,646,132  |

For federal income tax purposes, at November 30, 2013, capital loss carryforwards of \$14,059,841 may be carried forward and applied against future capital gains. Capital loss carryforwards will expire as follows: \$2,884,205 expires in 2016 and \$11,215,636 expires in 2017.

On December 22, 2010, the Act was enacted, which changed various technical rules governing the tax treatment of regulated investment companies. The changes were generally effective for taxable years beginning after the date of enactment. Under the Act, the Fund is permitted to carry forward capital losses incurred in taxable years beginning after the date of enactment for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered all short-term as permitted under previous regulation.



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(Unaudited)

U.S. GAAP defines fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. A three-level hierarchy for fair value measurements has been established based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The Fund's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-level hierarchy of inputs is summarized below.

Level 1 –inputs are quoted prices in active markets for identical investments (e.g., equity securities, open-end investment companies, futures contracts, exchange-traded options contracts)

Level 2 –other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs) (e.g., debt securities, government securities, swap contracts, foreign currency exchange contracts, foreign securities utilizing international fair value pricing, broker-quoted securities, fair valued securities)

Level 3 –inputs are significant unobservable inputs (including the Fund's own assumptions used to determine the fair value of investments) (e.g., broker-quoted securities, fair valued securities)

Level 3 investments are valued using significant unobservable inputs. The Fund may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Valuations may also be based upon current market prices of securities that are comparable in coupon, rating, maturity and industry. The derived value of a Level 3 investment may not represent the value which is received upon disposition and this could impact the results of operations.

The following table summarizes the valuation of the Fund's investments by fair value hierarchy levels as of Feb. 28, 2014:

|  | Level 1              | Level 2              | Level 3          | Total                 |
|--|----------------------|----------------------|------------------|-----------------------|
| Common Stock                             | \$ 77,182,410        | \$                   | \$               | \$ 77,182,410         |
| Convertible Preferred Stock <sup>1</sup> | 1,777,620            | 1,452,974            | 89,795           | 3,320,389             |
| Corporate Debt                           |                      | 40,397,573           |                  | 40,397,573            |
| Senior Secured Loans                     |                      | 4,993,692            |                  | 4,993,692             |
| Limited Partnership                      | 1,318,904            |                      |                  | 1,318,904             |
| Preferred Stock <sup>1</sup>             | 408,000              | 396,338              |                  | 804,338               |
| Short-Term Investments                   |                      | 1,279,200            |                  | 1,279,200             |
| Securities Lending Collateral            |                      | 3,965,808            |                  | 3,965,808             |
| <b>Total</b>                             | <b>\$ 80,686,934</b> | <b>\$ 52,485,585</b> | <b>\$ 89,795</b> | <b>\$ 133,262,314</b> |

The securities that have been deemed worthless on the schedule of investments are considered to be Level 3 securities in this table.

<sup>1</sup> Security type is valued across multiple levels. The amounts attributed to Level 1 investments, Level 2 investments and Level 3 investments represent the following percentages of the total market value of security type. Level 1 investments represent exchange-traded investments, Level 2 investments represent investments with observable inputs, while Level 3 investments represent investments without observable inputs.

|                             | Level 1 | Level 2 | Level 3 | Total   |
|-----------------------------|---------|---------|---------|---------|
| Convertible Preferred Stock | 53.54%  | 43.76%  | 2.70%   | 100.00% |

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|                 |        |        |   |         |
|-----------------|--------|--------|---|---------|
| Preferred Stock | 50.72% | 49.28% | — | 100.00% |
|-----------------|--------|--------|---|---------|

(continues)

15

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(Unaudited)

**2. Investments (continued)**

During the period ended Feb. 28, 2014, there were no transfers between Level 1 investments, Level 2 investments or Level 3 investments that had a significant impact to the Fund. This does not include transfers between Level 1 investments and Level 2 investments due to the Fund utilizing international fair value pricing during the period. In accordance with the Fair Valuation Procedures described in Note 1, international fair value pricing of securities in the Fund occurs when market volatility exceeds an established rolling threshold. If the threshold is exceeded on a given date, then prices of international securities (those that traded on exchanges that close at a different time than the time that the Fund's Net Asset Value is determined) will be established using a separate pricing feed from a third party vendor designed to establish a price for each such security as of the time that the Fund's Net Asset Value is determined. Further, international fair value pricing uses other observable market-based inputs in place of the closing exchange price due to the events occurring after the close of the exchange or market on which the investment is principally traded, causing a change in classification between levels. The Fund's policy is to recognize transfers at the beginning of the period.

A reconciliation of Level 3 investments is presented when the Fund has a significant amount of Level 3 investments at the beginning, interim or end of the period in relation to net assets. Management has determined not to provide additional disclosure on Level 3 inputs under ASU No. 2011-04 since the Level 3 investments are not considered significant to the Fund's net assets at the end of the period.

**3. Line of Credit**

For the period ended Feb. 28, 2014, the Fund borrowed a portion of the money available to it pursuant to a \$30,000,000 Credit Agreement with The Bank of New York Mellon (BNY Mellon) that expires on Nov. 7, 2014. Depending on market conditions, the amount borrowed by the Fund pursuant to the Credit Agreement may be reduced or possibly increased in the future.

At Feb. 28, 2014, the par value of loans outstanding was \$28,225,000 at a variable interest rate of 1.02%. During the period ended Feb. 28, 2014, the average daily balance of loans outstanding was \$28,225,000 at a weighted average interest rate of approximately 1.04%. Interest on borrowing is based on a variable short-term rate plus an applicable margin. The commitment fee is computed at a rate of 0.15% per annum on the unused balance. The loan is collateralized by the Fund's portfolio.

**4. Unfunded Commitments**

The Fund may invest in floating rate loans. In connection with these investments, the Fund may also enter into unfunded corporate loan commitments (commitments). Commitments may obligate the Fund to furnish temporary financing to a borrower until permanent financing can be arranged. In connection with these commitments, the Fund earns a commitment fee, typically set as a percentage of the commitment amount.

As of Feb. 28, 2014, the Fund had the following unfunded loan commitments:

|                            |            |
|----------------------------|------------|
| Borrower                   |            |
| Entegris Bridge Loan       | \$ 145,000 |
| Ortho-Clinical Bridge Loan | 310,000    |

**5. Derivatives**

U.S. GAAP requires disclosures that enable investors to understand: 1) how and why an entity uses derivatives; 2) how they are accounted for; and 3) how they affect an entity's results of operations and financial position.

**Foreign Currency Exchange Contracts** The Fund may enter into foreign currency exchange contracts and foreign cross currency exchange contracts as a way of managing foreign exchange rate risk. The Fund may enter into these contracts to fix the U.S. dollar value of a security that it has agreed to buy or sell for the period between the date the trade was entered into and the date the security is delivered and paid for. The Fund may also use these contracts to hedge the U.S. dollar value of securities it already owns that are denominated in foreign currencies. The change in value is recorded as an unrealized gain or loss. When the

contract is closed, a realized gain or loss is recorded equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.



(Unaudited)

The use of foreign currency exchange contracts and foreign cross currency exchange contracts does not eliminate fluctuations in the underlying prices of the securities, but does establish a rate of exchange that can be achieved in the future. Although foreign currency exchange contracts limit the risk of loss due to an unfavorable change in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency change favorably. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. The Fund's maximum risk of loss from counterparty credit risk is the value of its currency exchanged with the counterparty. The risk is generally mitigated by having a netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty. No foreign currency exchange contracts were outstanding at Feb. 28, 2014.

**Options Contracts** During the period ended Feb. 28, 2014, the Fund entered into options contracts in the normal course of pursuing its investment objective. The Fund may buy or write options contracts for any number of reasons, including without limitation: to manage the Fund's exposure to changes in securities prices and foreign currencies; to earn income; as an efficient means of adjusting the Fund's overall exposure to certain markets; to protect the value of portfolio securities; and as a cash management tool. The Fund may buy or write call or put options on securities, futures, swaps, swaptions, financial indices, and foreign currencies. When the Fund buys an option, a premium is paid and an asset is recorded and adjusted on a daily basis to reflect the current market value of the options purchased. When the Fund writes an option, a premium is received and a liability is recorded and adjusted on a daily basis to reflect the current market value of the options written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is treated as realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Fund has a realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. When writing options, the Fund is subject to minimal counterparty risk because the counterparty is only obligated to pay premiums and does not bear the market risk of an unfavorable market change. No options contracts were outstanding at Feb. 28, 2014.

## 6. Securities Lending

The Fund, along with other funds in the Delaware Investments® Family of Funds, may lend its securities pursuant to a security lending agreement (Lending Agreement) with BNY Mellon. At the time a security is loaned, the borrower must post collateral equal to the required percentage of the market value of the loaned security, including any accrued interest. The required percentage is: (i) 102% with respect to U.S. securities and foreign securities that are denominated and payable in U.S. dollars; and (ii) 105% with respect to foreign securities. With respect to each loan, if on any business day the aggregate market value of securities collateral plus cash collateral held is less than the aggregate market value of the securities which are the subject of such loan, the borrower will be notified to provide additional collateral by the end of the following business day which, together with the collateral already held, will be not less than the applicable initial collateral requirements for such security loan. If the aggregate market value of securities collateral and cash collateral held with respect to a security loan exceeds the applicable initial collateral requirement, upon request of the borrower, BNY Mellon must return enough collateral to the borrower by the end of the following business day to reduce the value of the remaining collateral to the applicable initial collateral requirement for such security loan. As a result of the foregoing, the value of the collateral held with respect to a loaned security on any particular day may be more or less than the value of the security on loan.

Cash collateral received is generally invested in the Delaware Investments Collateral Fund No. 1 (Collective Trust) established by BNY Mellon for the purpose of investment on behalf of funds managed by Delaware Management Company (DMC), a series of Delaware Management Business Trust, that participate in BNY Mellon's securities lending program. The Collective Trust may invest in U.S. government securities and high quality corporate debt, asset-backed and other money market securities and in repurchase agreements collateralized by such securities, provided that the Collective Trust will generally have a dollar-weighted average portfolio maturity of 60 days or less. The Fund can also accept U.S. government securities and letters of credit (non-cash collateral) in connection with securities loans. In the event of default or bankruptcy by the lending agent, realization and/or retention of the collateral may be subject to legal proceedings. In the event the borrower fails to return loaned securities and the collateral received is insufficient to cover the value of the loaned securities and provided such collateral shortfall is not the result of investment losses, the lending agent has agreed to pay the amount of the shortfall to the Fund or, at the discretion of the lending agent, replace the loaned securities. The Fund continues to record dividends or interest, as applicable, on the securities loaned and is subject to changes in value of the securities loaned that may occur during the term of the loan. The Fund has the right under the Lending Agreement to recover the securities from the borrower on demand. With respect to security loans collateralized by non-cash collateral, the Fund receives loan premiums paid by the borrower. With respect to security loans collateralized by cash

collateral, the earnings from the collateral investments are shared among the Fund, the security lending agent and the borrower. The Fund records security lending income net of allocations to the security lending agent and the borrower.

(continues)

17

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(Unaudited)

## 6. Securities Lending (continued)

The Collective Trust used for the investment of cash collateral received from borrowers of securities seeks to maintain a net asset value per unit of \$1.00, but there can be no assurance that it will always be able to do so. The Fund may incur investment losses as a result of investing securities lending collateral in the Collective Trust or another collateral investment pool. This could occur if an investment in a collateral investment pool defaulted or if it were necessary to liquidate assets in the collateral investment pool to meet returns on outstanding security loans at a time when the collateral investment pool's net asset value per unit was less than \$1.00. Under those circumstances, the Fund may not receive an amount from the collateral investment pool that is equal in amount to the collateral the Fund would be required to return to the borrower of the securities and the Fund would be required to make up for this shortfall.

At Feb. 28, 2014, the value of securities on loan was \$4,325,757, for which the Fund received collateral, comprised of non-cash collateral (U.S. government securities) valued at \$695,448, and cash collateral of \$3,965,808. At Feb. 28, 2014, the value of invested collateral was \$3,965,808. Investments purchased with cash collateral are presented on the schedule of investments under the caption Securities Lending Collateral.

## 7. Credit and Market Risk

The Fund borrows through its line of credit for purposes of leveraging. Leveraging may result in higher degrees of volatility because the Fund's net asset value could be subject to fluctuations in short-term interest rates and changes in market value of portfolio securities attributable to the leverage.

The Fund invests a portion of its assets in high yield fixed income securities, which are securities rated BB or lower by Standard & Poor's Rating and Ba or lower by Moody's Investors Service, or similarly rated by another nationally recognized statistical rating organization. Investments in these higher yielding securities are generally accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities.

The Fund invests in REITs and is subject to the risks associated with that industry. If the Fund holds real estate directly as a result of defaults or receives rental income directly from real estate holdings, its tax status as a regulated investment company may be jeopardized. There were no direct real estate holdings during the period ended Feb. 28, 2014. The Fund's REIT holdings are also affected by interest rate changes, particularly if the REITs it holds use floating rate debt to finance their ongoing operations.

The Fund invests in certain obligations that may have liquidity protection to ensure that the receipt of payments due on the underlying security is timely. Such protection may be provided through guarantees, insurance policies or letters of credit obtained by the issuer or sponsor through third parties, through various means of structuring the transaction or through a combination of such approaches. The Fund will not pay any additional fees for such credit support, although the existence of credit support may increase the price of a security.

The Fund may invest up to 10% of its net assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair the Fund from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so. While maintaining oversight, the Fund's Board has delegated to DMC the day-to-day functions of determining whether individual securities are liquid for purposes of the Fund's limitation on investments in illiquid securities. Securities eligible for resale pursuant to Rule 144A, which are determined to be liquid, are not subject to the Fund's 10% limit on investments in illiquid securities. Rule 144A and illiquid securities have been identified on the schedule of investments.

## 8. Subsequent Events

Management has determined that no material events or transactions occurred subsequent to Feb. 28, 2014 that would require recognition or disclosure in the Fund's schedule of investments.

**Item 2. Controls and Procedures.**

The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures within 90 days of the filing of this report and have concluded that they are effective in providing reasonable assurance that the information required to be disclosed by the registrant in its reports or statements filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

There were no significant changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits.**

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)), exactly as set forth below:

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