

# Delaware Large Cap Value Equity (SMA) strategy

Product summary | March 31, 2023



## Investment process

Our investment process consists of three activities that are conducted simultaneously and designed to reinforce each other.

## Opportunity screen

Proprietary multifactor screen identifies a universe of approximately 400 securities for further consideration, based on valuation and quality factors.

## Fundamental research

The primary driver of stock selection is in-depth fundamental research conducted by the investment team. Ultimately, the team develops price targets for potential investments through a combination of financial statement analysis, proprietary valuation work, and direct contact with company management.

## Macroeconomic overlay

Used to develop sector allocation, this part of the investment process seeks to identify long-term trends and themes that could emerge and cause a sector's price performance to move in either direction. For diversification, the portfolio maintains exposure to all economic sectors.

Portfolio characteristics (supplemental)	Russell 1000 Value Index	
	Strategy	Russell 1000 Value Index
Median market capitalization (\$ billions)	\$55.3	\$11.7
Weighted average market capitalization (\$ billions)	\$103.9	\$154.9
Price-to-cash flow	9.8x	9.6x
Price to earnings (FY1)	13.6x	14.6x
Dividend yield	2.4%	2.3%

Applicable characteristics are weighted average.

Top 5 holdings (supplemental)	
Company	% Portfolio
TJX Companies Inc	4.18
Merck & Co., Inc.	4.16
Broadcom Inc.	4.13
DuPont de Nemours, Inc.	3.89
Hologic, Inc.	3.61

Holdings based by issuer.

Information shown is based on a model portfolio that is designed and maintained to reflect characteristics of the strategy, does not represent an actual account, and was current as of the date indicated. Holdings shown are for informational purposes only, and do not constitute a recommendation to buy, hold, or sell securities. Actual portfolio characteristics, holdings and percentage allocation in individual client portfolios may vary and are subject to change.

### Investing involves risks, including the possible loss of principal.

Because the strategy expects to hold a relatively concentrated portfolio of a limited number of securities, the strategy's risk is increased because each investment has a greater effect on the strategy's overall performance than would be the case for a more diversified strategy. Diversification may not protect against market risk.

IBOR risk is the risk that changes related to the use of the London interbank offered rate (LIBOR) or similar rates (such as EONIA) could have adverse impacts on financial instruments that reference these rates. The abandonment of these rates and transition to alternative rates could affect the value and liquidity of instruments that reference them and could affect investment strategy performance.

The disruptions caused by natural disasters, pandemics, or similar events could prevent the Fund from executing advantageous investment decisions in a timely manner and could negatively impact the Fund's ability to achieve its investment objective and the value of the Fund's investments.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. Index performance returns do not reflect any management fees, transaction costs, or expenses. Indices are unmanaged, and one cannot invest directly in an index.

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## Investment philosophy

We believe stock prices are influenced by human emotion and crowd psychology. We seek to capitalize on discrepancies between estimated intrinsic value and price, typically buying at times of excessive pessimism and selling at times of undue optimism. We attempt to develop relatively concentrated portfolios that reflect our deep conviction.

## Distinguishing characteristics

- Team-based decision making
- Disciplined multifactor screening process
- Relatively concentrated, low-turnover portfolio
- Mandated diversification across all economic sectors

## Benchmark: Russell 1000® Value Index

### Investment personnel

**Nikhil G. Lalvani, CFA** | Senior Portfolio Manager, Team Leader

**Kristen E. Bartholdson** | Senior Portfolio Manager

**Robert A. Vogel Jr., CFA** | Senior Portfolio Manager

**Erin Ksenak** | Portfolio Manager

**Vincent D. Celentano, CFA** | Associate Portfolio Manager

**Damon J. Andres, CFA** | Associate Portfolio Manager

**Joseph J. Heidt, CFA** | Equity Analyst

**Carl D. Rice, CFA** | Investment Specialist

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# Delaware Large Cap Value Equity (SMA) strategy

Trailing period returns ended March 31, 2023	Annualized					
	1Q 2023	YTD	1 year	3 year	5 year	10 year
Delaware Large Cap Value Equity (SMA) composite ("pure" gross of fees)	-3.48	-3.48	-6.39	16.14	6.63	9.47
Delaware Large Cap Value Equity (SMA) composite (net of fees)	-4.21	-4.21	-9.18	12.74	3.49	6.27
Russell 1000 Value Index	1.01	1.01	-5.91	17.93	7.50	9.13

## Composite performance and statistics

Period end	Composite return "pure" gross-of-fees (%)	Composite return net-of-fees (%)	Russell 1000® Value Index return (%)	Composite internal dispersion (%)	3-year annualized standard deviation (%)		As of December 31st			
					Composite	Russell 1000 Value Index	Number of portfolios	Composite assets (\$mm)	SMA portfolios (%)	Total firm assets (\$mm)
2021	22.9	19.3	25.2	0.4	18.6	19.3	793	473	100	501,794
2020	0.4	-2.5	2.8	1.0	19.1	19.9	1,442	930	100	249,478
2019	20.2	16.7	26.5	0.7	11.6	12.0	1,797	1,233	100	258,422
2018	-2.0	-4.9	-8.3	0.4	10.6	11.0	1,618	977	100	234,263
2017	14.1	10.7	13.7	0.5	10.1	10.3	1,557	1,047	100	251,743
2016	15.6	12.2	17.3	0.9	10.5	10.9	1,737	976	100	172,360
2015	0.0	-3.0	-3.8	0.7	10.3	10.8	2,260	1,286	100	171,424
2014	14.8	11.5	13.5	0.4	8.0	9.3	1,696	1,080	100	190,825
2013	34.3	30.6	32.5	0.4	10.5	12.9	1,227	668	100	191,724
2012	15.3	12.0	17.5	0.5	13.2	15.7	1,012	424	100	183,245

Macquarie Asset Management (MAM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MAM has been independently verified for the periods from January 1, 2017 through December 31, 2020. The verification reports are available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

As part of an internal corporate restructure, on April 3, 2017, the firm was redefined to reflect our global rebranding as Macquarie Investment Management (MIM). MIM now incorporates the previously independent firms, including Macquarie Investment Management Business Trust (MIMBT), Macquarie Investment Management Global Limited (MIMGL), Macquarie Capital Investment Management Limited (MCIM), Macquarie Funds Management Hong Kong Limited (MFMHKL), Macquarie Investment Management Australia Limited (MIMAL), Macquarie Investment Management Austria Kapitalanlage AG and Macquarie Investment Management Korea. On June 29, 2018, ValueInvest Asset Management S.A. was acquired by Macquarie Investment Management, renamed to Macquarie Investment Management Europe S.A., and is now part of MIM. On April 9, 2021, Macquarie Investment Management Korea was sold and is no longer part of MIM. On April 30, 2021, Ivy Investment Management Company was acquired by Macquarie Investment Management and is now part of MIM. Effective December 31, 2021 the firm was redefined to include Macquarie Infrastructure and Real Assets. Additionally, the firm name was changed from Macquarie Investment Management (MIM) to Macquarie Asset Management (MAM) related to global rebranding in 2021.

Macquarie Asset Management (MAM) is a global asset manager with offices in the United States, Europe, Asia, and Australia. Our conviction-based, long-term approach guides us in managing assets on behalf of institutional and individual investors worldwide, across fixed income, equities, listed real estate, listed infrastructure, infrastructure, renewables, agriculture,

private credit via public and private funds, hedge funds and multi-asset solutions.

In connection with the redefinition, firm assets prior to 2017 were not restated.

Prior to April 3, 2017, the firm was defined as Delaware Investments. Delaware Investments has been independently verified for the periods January 1, 1992 through December 31, 2016. The verification reports are available upon request. Verification does not ensure the accuracy of any specific GIPS Report.

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The Large Cap Value Equity SMA Composite ("Composite") seeks to provide maximum long-term total return, consistent with reasonable risk, through investments in stocks that have the potential for capital appreciation. The composite creation and inception date is September 1, 1994. In September 2004, responsibility for the Large Cap Value Equity SMA investment management was assumed by a new team. The Composite includes all discretionary SMA (wrap) accounts, managed in this strategy.

Performance results are shown as total returns, net of dividend withholding taxes, assume reinvestment of dividends and capital gains, are presented before and after the deduction of the maximum annual SMA/wrap fee, and are calculated in US dollars. The investment advisory fees are disclosed in Part 2A of Macquarie Investment Management Business Trust's Form ADV. The SMA fee may include but may not be limited to trading costs, portfolio management, custody, and other administrative fees. "Pure" gross-of-fees returns are supplemental to net returns. "Pure" gross returns for all time periods presented do not reflect the deduction of the SMA fee. Net returns are calculated by subtracting the highest applicable SMA (wrap) fee (currently 3.00% annually, or 0.25% monthly) on a monthly basis from the "pure" gross composite monthly return. Actual fee schedule may vary. Policies

for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. A list of composite and limited distribution pooled fund descriptions and a list of broad distribution pooled funds are available upon request. **The performance quoted represents past performance and does not predict future returns.**

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

The three-year annualized standard deviation measures the variability of the composite pure gross returns and the benchmark over the preceding 36-month period. This measure is not required to be presented for annual periods ended prior to 2011 or when 36 monthly composite returns are not yet available.

The benchmark for the composite is the Russell 1000 Value Index. The Russell 1000 Value Index measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth value. For comparison purposes, the index is fully invested and includes the reinvestment of income. Index returns do not reflect management fees, transaction costs, or expenses. Indices are unmanaged, and one cannot invest directly in an index. Benchmark returns are not covered by the report of independent verifiers. Benchmark information contained herein has been obtained from third-party sources believed to be reliable, but we cannot guarantee its accuracy or completeness. All third-party marks cited are the property of their respective owners.

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