New Constructs®

ROBO-ANALYST FUND RATING

01/28/2021
NAV as of 01/26/2021: $44.94

DFCIX

Very Unattractive Rating

Delaware Group Equity Funds IV: Delaware Smid Cap Growth Fund

- Predictive Ratings are based on the aggregation of our models for the fund's holdings, all of the fund's expenses, & the fund's overall rank.
- Stock-picking (Portfolio Management) and fund expenses (Total Annual Costs) drive fund performance.
- **Get the HBS & MIT Sloan paper that shows our research measures and predicts earnings more accurately.**

Investment Recommendation

- We strongly recommend investors avoid DFCIX.
- Despite strong past performance, we expect the fund to significantly underperform the market on a total return basis.
- DFCIX's Portfolio Management rating does not justify its high Total Annual Costs.

Fund Rankings

- 1st percentile of the 7000+ equity funds we cover.
- 362 out of 363 Mid Cap Growth funds.
- All 12 ETFs in the same category rank better.
- See rankings for all US equity funds on our fund screener.

Portfolio Management Rating Details

- DFCIX receives our Unattractive Portfolio Management rating because its aggregate holdings are expected to underperform the aggregate holdings of IWP.
- IWP, DFCIX's benchmark, receives our Unattractive rating.
- Our fund analytics are based on aggregating our models and ratings for each fund's holdings.
- Our top-ranked stock ratings leverage key data from the financial footnotes for unrivaled research quality.

Portfolio Management Rating Breakdown

Quality of Earnings Components: Ratings & Values

Neutral	Economic vs Reported EPS	Neutral EE
Very Unattractive	Return on Invested Capital (ROIC)	-1%

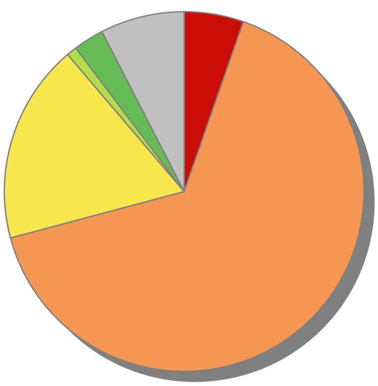
Valuation Components: Ratings & Values

Unattractive	Free Cash Flow Yield	-2%
Very Unattractive	Price to Economic Book Value Ratio	3.9
Very Unattractive	Growth Appreciation Period	81 year(s)

Fund Asset Allocation: Rating & Value

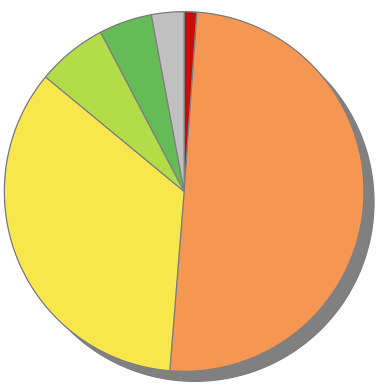
Very Attractive	Cash Allocation	0% cash

Stock and Cash Rating Allocations vs Benchmark - iShares Trust: iShares Russell Mid-Cap Growth ETF (IWP)



DFCIX Allocations		IWP Allocations
5%	Very Unattractive	1%
66%	Unattractive	50%
18%	Neutral	35%
1%	Attractive	6%
3%	Very Attractive	5%
8%	Unrated	3%
0%	Cash	--

Holdings as of 11/30/20.
Ratings as of 01/27/2021.



Active Management Commentary

- DFCIX allocates 71% of its value to Unattractive-or-worse-rated stocks while IWP allocates 51%.
- DFCIX allocates 4% of its value to Attractive-or-better-rated stocks while IWP allocates 11%.
- Investors should expect funds with higher Total Annual Costs to allocate more value to Attractive and Very Attractive Stocks and less to Unattractive and Very Unattractive stocks than alternative funds with lower costs.
- Active portfolio management of DFCIX does not add value versus its ETF benchmark IWP.

Return - Annual

Year to Date	1.6%
1 Year	83.9%
3 Year	33.9%
5 Year	30.4%
Inception	15.4%

Top 5 Holdings

Yeti Holdings Inc	YETI
Trade Desk Inc	TTD
Progyny Inc	PGNY
Planet Fitness Inc	PLNT
Exact Sciences Corp	EXAS

Key Mutual Fund Statistics

Net Assets(mm)	$4,922.80	Category	Mid Cap Growth
NAV	$44.94	Mgmt Co	Delaware Management Company
Benchmark	IWP	Manager	W. Alexander Ely
# of Holdings	41	Tenure	2016
Initial Min	$1,000	Inception	03/27/1986

Total Annual Costs Rating and Ranking

Rating	Total Annual Costs	Fund Universe % Rank	Category Rank
Unattractive	3.68%	5%	345 of 363

This rating reflects all expenses, loads, fees, and transaction costs in a single value that is comparable across all funds.

Reported Costs vs Benchmark: as of 07/29/2020

	DFCIX	Benchmark: IWP
Front-End Load	5.75%	--
Expense Ratio	1.10%	0.24%
Back-End Load	0.00%	--
Redemption Fee	0.00%	--

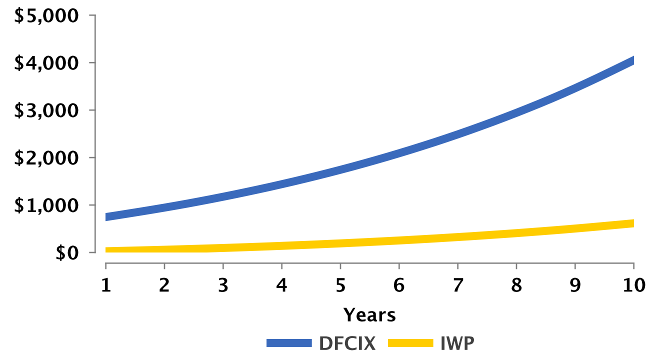
Total Annual Costs Breakdown

	Annualized Values	
All Cost Types	**DFCIX**	**Benchmark: IWP**
Front-End Load	2.19%	--
Expense Ratio	1.25%	0.26%
Back-End Load	0.00%	--
Redemption Fee	0.00%	--
Transaction Costs	0.24%	--
Total Annual Costs	3.68%	0.26%

- To justify its higher Total Annual Costs, DFCIX must outperform its ETF benchmark before all costs by 3.41% annually over 3 years or 1.86% annually over 10 years.
- This analysis assumes a 3-year holding period, the average for all funds.
- Transaction costs are estimated using the fund's annual portfolio turnover ratio of 113%.

Accumulated Total Costs vs Benchmark

Accumulated Total Costs represent the dollar value of costs investors incur during a 10-yr holding period. Assumes a $10,000 investment and a 10% annual return for the fund and its benchmark.



- 3-year Accumulated Total Costs are $1,174.76 for DFCIX and $95.60 for IWP. 10-year Accumulated Total Costs are $4,051.19 for DFCIX and $615.82 for IWP.

Data from Lipper, a Thomson Reuters Company, and New Constructs, LLC.

Overview of Our Predictive Mutual Fund Rating System

New Constructs' Predictive Fund Ratings enable smarter investing by assessing the key drivers of future fund performance. We start by analyzing every fund holding based on New Constructs' stock ratings, which are regularly featured as among the best by Barron's. Next, we measure and rank the all-in costs of investing in a fund. Finally, we rank the fund compared to all other funds to identify the best and worst funds in the market.

Intuitively, there are two drivers of future fund performance.
1) New stock-picking (Portfolio Management Rating) and
2) Fund expenses (Total Annual Costs Rating) drive investment performance

The figure below details the criteria that drive our Predictive Rating system for funds. The drivers of our predictive rating system are Portfolio Management and Total Annual Costs. The Portfolio Management Rating is the same as our Stock Rating except that we incorporate Asset Allocation in the Portfolio Management Rating. The Total Annual Costs Rating captures the all-in cost of being in a fund over a 3-year holding period, the average period for all mutual fund investors.

Predictive Rating	Portfolio Management Rating						Total Annual Costs Rating
	Quality of Earnings		Valuation			Asset Allocation	
	Economic vs Reported EPS	Return on Invested Capital (ROIC)	FCF Yield	Price-to-EBV Ratio	Growth Appreciation Period (yrs)	Cash %	
Very Unattractive	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50	> 20%	> 4%
Unattractive	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50	8% < 20%	2% < 4%
Neutral	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20	2.5% < 8%	1% < 2%
Attractive	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10	1% < 2.5%	0.5% < 1%
Very Attractive	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3	< 1%	< 0.5%

Footnotes adjustments matter. We are the ONLY source.

We provide ratings, models, reports & screeners on U.S. 3,000 stocks, 700 ETFs and 7000 mutual funds.

HBS & MIT Sloan research reveals that:

- **Markets are inefficiently assessing earnings because no one reads the footnotes.**
- **Corporate managers hide gains/losses in footnotes to manage earnings.**
- **Our technology brings the material footnotes data to market for the first time ever.**

Combining human expertise with NLP/ML/AI technologies (featured by Harvard Business School), we shine a light in the dark corners (e.g. footnotes) of hundreds of thousands of financial filings to unearth critical details.

The HBS & MIT Sloan paper, Core Earnings: New Data and Evidence, shows how our superior data drives uniquely comprehensive and independent debt and equity research.

This paper compares our analytics on a mega cap company to other major providers. The Appendix details exactly how we stack up.

Learn more.

Quotes from HBS & MIT Sloan professors on our research:

Get better research:

"...the NC dataset provides a novel opportunity to study the properties of non-operating items disclosed in 10-Ks, and to examine the extent to which the market impounds their implications." - page 20

Pick better stocks:

"Trading strategies that exploit cross-sectional differences in firms' transitory earnings produce abnormal returns of 7-to-10% per year." - abstract

Avoid losses from using other firms' data:

"...many of the income-statement-relevant quantitative disclosures collected by NC do not appear to be easily identifiable in Compustat..." - page 14

Build better models:

"Core Earnings [calculated using New Constructs' novel dataset] provides predictive power for various measures of one-year-ahead performance...that is incremental to their current-period counterparts." - page 4

Exploit market inefficiencies:

"These results ... suggest that the adjustments made by analysts and Compustat to better capture core earnings are incomplete. Moreover, the non-core items identified by NC produce a measure of core earnings that is incremental to alternative measures of operating performance in predicting an array of future income measures." - page 26

Fulfill fiduciary duties:

"An appropriate measure of accounting performance for purposes of forecasting future performance requires detailed analysis of all quantitative performance disclosures detailed in the annual report, including those reported only in the footnotes and in the MD&A." - page 33-34

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