

Delaware Investments National Municipal Income Fund  
Form N-Q  
August 27, 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:	811-07410
Exact name of registrant as specified in charter:	Delaware Investments <sup>®</sup> National Municipal Income Fund
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	David F. Connor, Esq. 2005 Market Street Philadelphia, PA 19103
Registrant's telephone number, including area code:	(800) 523-1918
Date of fiscal year end:	March 31
Date of reporting period:	June 30, 2014

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## Item 1. Schedule of Investments.

## Schedule of investments

Delaware Investments<sup>®</sup> National Municipal Income Fund  
June 30, 2014 (Unaudited)

	Principal Amount <sup>o</sup>	Value (U.S. \$)
<b>Municipal Bonds 146.01%</b>		
Corporate-Backed Revenue Bonds 16.67%		
Buckeye, Ohio Tobacco		
Settlement Financing Authority		
Asset-Backed -2		
Series A-2 5.875% 6/1/47	500,000	\$ 396,215
Series A-2 6.50% 6/1/47	430,000	368,523
City of Valparaiso, Indiana		
(Pratt Paper Project)		
7.00% 1/1/44 (AMT)	240,000	268,253
Gaston County Industrial		
Facilities & Pollution Control Financing Authority (Exempt Facilities-National Gypsum Project)		
5.75% 8/1/35 (AMT)	290,000	290,046
Gloucester County Pollution		
Control Financing Authority (Keystone Urban Renewal)		
5.00% 12/1/24 (AMT)	125,000	138,144
Golden State, California		
Tobacco Securitization Corporation Settlement Revenue (Asset-Backed Senior Notes) Series A-1		
5.75% 6/1/47	1,000,000	797,350
Harris County, Texas Industrial		
Development Corporation Solid Waste Disposal Revenue (Deer Park Refining Project)		
5.00% 2/1/23	150,000	163,059
Illinois Railsplitter Tobacco		
Settlement Authority		
6.25% 6/1/24	500,000	551,665
Louisiana Local Government		
Environmental Facilities & Community Development Authority (Westlake Chemical)		
Series A 6.50% 8/1/29	645,000	741,073
Series A-1 6.50% 11/1/35	255,000	293,586
Maryland Economic		
Development Corporation Facilities Revenue (CNX Marine Terminals)		

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M-S-R Energy Authority,	5.75% 9/1/25	600,000	656,526
California Gas			
Series C 7.00% 11/1/34		1,000,000	1,356,850
New Jersey Economic			
Development Authority			
(Continental Airlines			
Project)			
New Jersey Economic	5.625% 11/15/30 (AMT)	225,000	241,130
Development Authority			
Special Facility Revenue			
(Continental Airlines			
Project)			
Ohio State Air Quality	5.25% 9/15/29 (AMT)	500,000	519,495
Development Authority			
Revenue			
(First Energy Generation)			
Series A 5.70% 8/1/20		260,000	300,186
Pima County, Arizona			
Industrial Development			
Authority Pollution Control			
Revenue			
(Tucson Electric Power San			
Juan) 5.75% 9/1/29		250,000	254,055
Salt Verde Financial, Arizona			
Gas Revenue Senior Note			
5.00% 12/1/37		900,000	992,385
St. John the Baptist Parish,			
Louisiana			
(Marathon Oil) Series A			
5.125% 6/1/37		500,000	524,330
Suffolk County, New York			
Tobacco Asset			
Securitization			
Series B 5.00% 6/1/32		750,000	785,663
Tobacco Settlement Financing			
Corporation, Louisiana			
Asset-Backed Note			
Series A 5.25% 5/15/35		460,000	489,146
Tobacco Settlement Financing			
Corporation, New Jersey			
Series 1A 5.00% 6/1/41		500,000	374,690
Town of Shoals, Indiana			
(National Gypsum Project)			
7.25% 11/1/43 (AMT)		310,000	339,447
			10,841,817
Education Revenue Bonds 29.03%			
Bowling Green, Ohio Student			
Housing Revenue			
(CFP I State University			
Project) 6.00% 6/1/45		260,000	272,693

(continues) NQ- OV9 [6/14] 8/14 (13017) 1



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Massachusetts State Health &			
	Educational Facilities		
	Authority Revenue		
	(Harvard University)		
	Series A 5.00% 12/15/29	600,000	695,628
Monroe County, New York			
	Industrial Development		
	Revenue		
	(Nazareth College		
	Rochester Project)		
	5.50% 10/1/41	495,000	532,758
Montgomery County,			
	Pennsylvania Higher		
	Education & Health		
	Authority Revenue		
	(Arcadia University)		
	5.25% 4/1/30	550,000	573,639
New Hope Cultural Education			
	Facilities, Texas		
	(Chief-Collegiate Housing-		
	Tarleton St.)		
	5.00% 4/1/34	1,000,000	1,054,460
New Jersey Economic			
	Development Authority		
	Revenue		
	(MSU Student Housing		
	Project) 5.875% 6/1/42	450,000	492,701
New York City, New York Trust			
	For Cultural Resources		
	(Whitney Museum of		
	American Art)		
	5.00% 7/1/31	500,000	541,015
New York State Dormitory			
	Authority		
	(Columbia University)		
	5.00% 10/1/41	600,000	664,518
	(Touro College & University		
	System) Series A		
	5.50% 1/1/39	390,000	427,557
Oregon State Facilities			
	Authority Revenue		
	(Concordia University		
	Project) Series A 144A		
	6.125% 9/1/30 #	135,000	142,391
Pennsylvania State Higher			
	Educational Facilities		
	Authority Revenue		
	(Edinboro University		
	Foundation) 5.80% 7/1/30	400,000	421,544

2 NQ- OV9 [6/14] 8/14 (13017)

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(Unaudited)

		Principal Amount °	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)			
Education Revenue Bonds (continued)			
	Pennsylvania State Higher		
	Educational Facilities		
	Authority Revenue		
	(University Properties - East		
	Stroudsburg University)		
	5.25% 7/1/19	510,000	\$ 565,065
	Philadelphia Authority for		
	Industrial Development		
	(First Philadelphia		
	Preparatory College)		
	7.25% 6/15/43	370,000	387,886
	Phoenix, Arizona Industrial		
	Development Authority		
	Revenue		
	(Eagle College Preparatory		
	Project) Series A		
	5.00% 7/1/43	500,000	442,895
	(Rowan University Project)		
	5.00% 6/1/42	1,000,000	1,048,920
	Pima County, Arizona		
	Industrial Development		
	Authority Education		
	Revenue		
	(Edkey Charter School		
	Project) Series REF		
	6.00% 7/1/48	500,000	484,290
	Private Colleges & Universities		
	Authority Revenue, Georgia		
	(Mercer University Project)		
	Series A 5.00% 10/1/32	135,000	140,527
	Series C 5.25% 10/1/23	600,000	678,456
	Swarthmore Borough		
	Authority, Pennsylvania		
	(Swarthmore College		
	Project) 5.00% 9/15/32	490,000	559,634
	Troy, New York Capital		
	Resource Revenue		
	(Rensselaer Polytechnic)		
	Series A 5.125% 9/1/40	600,000	644,520
	University of Arizona		
	Series A 5.00% 6/1/39	500,000	548,115
	University of California		
	Series AI 5.00% 5/15/32	1,000,000	1,141,810
	Wyoming Community		
	Development Authority		
	Student Housing Revenue		
	(CHF-Wyoming LLC)		
	6.50% 7/1/43	250,000	273,300
			18,883,002
	Electric Revenue Bonds 3.50%		
	Jea Electric System Revenue		
	Series A 5.00% 10/1/33	1,000,000	1,114,710

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Western Minnesota Municipal

Power Agency

Series A 5.00% 1/1/30

1,000,000

1,161,160

2,275,870

Healthcare Revenue Bonds 21.71%

Arizona Health Facilities

Authority Revenue  
(Catholic Healthcare West)  
Series D 5.00% 7/1/28

500,000

532,020

Brevard County, Florida

Health Facilities Authority  
Revenue  
(Health First Project)  
7.00% 4/1/39

350,000

404,841

Butler County, Pennsylvania

Hospital Authority Revenue  
(Butler Health System  
Project) 7.125% 7/1/29

450,000

531,738

Colorado Health Facilities

Authority Revenue  
(Healthcare Facilities -  
American Baptist)  
8.00% 8/1/43

330,000

384,641

Duluth, Minnesota Economic

Development Authority  
Revenue  
(St. Luke's Hospital  
Authority Obligation  
Group) 5.75% 6/15/32

400,000

429,944

Hawaii Pacific Health Special

Purpose Revenue  
Series A 5.50% 7/1/40

300,000

323,637

Illinois Finance Authority

Revenue  
(Silver Cross & Medical  
Centers) 7.00% 8/15/44

950,000

1,066,793

Koyukuk, Alaska Revenue

(Tanana Chiefs Conference  
Health Care Facility Project)  
7.75% 10/1/41

300,000

329,679

Louisiana Public Facilities

Authority Revenue  
(Ochsner Clinic Foundation  
Project) 6.50% 5/15/37

105,000

121,731

(continues) NQ- OV9 [6/14] 8/14 (13017) 3

## Schedule of investments

Delaware Investments® National Municipal Income Fund (Unaudited)

	Principal Amount°	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Healthcare Revenue Bonds (continued)		
Lycoming County,		
Pennsylvania Authority Health System Revenue (Susquehanna Health System Project) Series A 5.50% 7/1/28	500,000	\$ 534,400
Maine Health & Higher Educational Facilities Authority Revenue (Maine General Medical Center) 6.75% 7/1/41	300,000	329,769
Maricopa County, Arizona		
Industrial Development Authority Health Facilities Revenue (Catholic Healthcare West) Series A 6.00% 7/1/39	500,000	559,100
Monroe County, Pennsylvania		
Hospital Authority Revenue (Pocono Medical Center) Series A 5.00% 1/1/41	500,000	518,670
Montgomery County,		
Pennsylvania Industrial Development Authority Revenue (Mortgage - Whitmarsh Continuing Care) 6.25% 2/1/35	675,000	682,351
New Hampshire Health and Education Facilities Authority Revenue (Dartmouth - Hitchcock Medical Center) 6.00% 8/1/38	300,000	334,953
New Jersey Economic Development Authority (Lion Gates Project) 5.00% 1/1/34	500,000	502,255
New Jersey Health Care Facilities Financing Authority Revenue (Barnabas Health) Series A 5.00% 7/1/22 (St. Peters University Hospital) 6.25% 7/1/35	650,000	753,922
	300,000	323,580
New Mexico Hospital Equipment Loan Council Revenue		



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	(Presbyterian Healthcare)		
	5.00% 8/1/39	500,000	526,905
New York State Dormitory	Authority Revenue Non State Supported Debt (Orange Regional Medical Center) 6.25% 12/1/37	500,000	522,670
Orange County, Florida Health	Facilities Authority Revenue (Mayflower Retirement Center) 5.00% 6/1/32	400,000	422,964
	5.00% 6/1/36	250,000	263,583
	5.125% 6/1/42	750,000	792,180
Oregon State Facilities	Authority Revenue (Peacehealth Project) Series A 5.00% 11/15/29	500,000	563,925
Palm Beach County Health	Facilities Authority, Florida (Sinai Residences Boca Raton Project) 7.25% 6/1/34	20,000	22,144
	7.50% 6/1/49	105,000	116,472
State of Ohio	(Cleveland Clinic Health) Series A 5.50% 1/1/39	300,000	334,380
University of Medical Center,	Tuscon, Arizona Hospital Revenue 6.50% 7/1/39	500,000	581,620
West Virginia Hospital Finance	Authority Revenue (Highland Hospital Obligation Group) 9.125% 10/1/41	500,000	529,055
Yavapai County, Arizona	Industrial Development Authority Revenue (Yavapai Regional Medical Center) Series A 5.00% 8/1/28	720,000	785,261
			14,125,183
Housing Revenue Bonds 2.61%			
California Municipal Finance	Authority Mobile Home Park Revenue (Caritas Project) Series A 5.50% 8/15/47	750,000	799,725
	Series A 6.40% 8/15/45	430,000	473,890

4 NQ- OV9 [6/14] 8/14 (13017)

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(Unaudited)

	Principal Amount <sup>o</sup>	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Housing Revenue Bonds (continued)		
City of Williston, Nevada		
(Eagle Crest Apartments Project) 7.75% 9/1/38	255,000	\$ 264,950
Florida Housing Finance		
Homeowner Mortgage Revenue Series 2 5.90% 7/1/29 (AMT) (NATL-RE)	155,000	156,076
		1,694,641
Lease Revenue Bonds 10.67%		
California State Public Works		
Board Lease Revenue (Various Capital Projects) Series A 5.00% 4/1/37	1,000,000	1,088,630
Idaho State Building Authority		
Revenue (Health & Welfare Project) Series A 5.00% 9/1/24 (State Police) Series I 5.00% 9/1/23	135,000	160,221
	760,000	898,062
Minnesota State General		
Revenue Appropriations Series B 5.00% 3/1/29	2,000,000	2,299,480
New Jersey Economic		
Development Authority (School Facilities Construction) Series EE 5.00% 9/1/18	100,000	113,822
New York City, New York		
Industrial Development Agency (Senior Trips) Series A 5.00% 7/1/28 (AMT)	250,000	267,507
Pima County, Arizona		
Industrial Development Authority Metro Police Facility Revenue (Nevada Project) Series A 5.25% 7/1/31 Series A 5.375% 7/1/39	500,000	529,360
	500,000	527,990
Public Finance Authority,		
Wisconsin Airport Facilities Revenue (AFCO Investors II Portfolio) 5.75% 10/1/31	500,000	487,410
San Jose, California Financing		
Authority Revenue (Civic Center Project) Series A 5.00% 6/1/28	500,000	571,640
		6,944,122
Local General Obligation Bonds 1.73%		

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City of New York, New York				
	Series A-1 5.25% 8/15/21		250,000	289,827
	Series I-1 5.375% 4/1/36		250,000	285,327
Gila County, Arizona Unified				
	School District No. 10			
	(Payson School			
	Improvement Project of			
	2006) Series A			
	5.25% 7/1/27 (AMBAC)		500,000	552,610
				1,127,764
Special Tax Revenue Bonds 19.70%				
Anne Arundel County,				
	Maryland Special			
	Obligation Revenue			
	(National Business Park -			
	North Project)			
	6.10% 7/1/40		200,000	213,606
Brooklyn Arena Local				
	Development, New York			
	Pilot Revenue			
	(Barclays Center Project)			
	6.25% 7/15/40		940,000	1,044,669
	6.50% 7/15/30		300,000	341,091
California State Economic				
	Recovery			
	Series A 5.25% 7/1/21		260,000	310,078
California Statewide				
	Communities Development			
	Authority Revenue			
	(Statewide Inland Regional			
	Center Project)			
	5.375% 12/1/37		500,000	517,950
Guam Government Business				
	Privilege Tax Revenue			
	Series A 5.00% 1/1/22		775,000	894,474
	Series B-1 5.00% 1/1/42		540,000	559,294
Massachusetts Bay				
	Transportation Authority			
	Senior			
	Series A 5.25% 7/1/29		200,000	249,500

(continues) NQ- OV9 [6/14] 8/14 (13017) 5

## Schedule of investments

## Delaware Investments® National Municipal Income Fund (Unaudited)

	Principal Amount <sup>o</sup>	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Special Tax Revenue Bonds (continued)		
Miami-Dade County, Florida		
Special Obligation (Capital Appreciation & Income) Series B 5.00% 10/1/35 (NATL-RE)	1,000,000	\$ 1,040,740
Mosaic District, Virginia		
Community Development Authority Revenue Series A 6.875% 3/1/36	520,000	597,860
New Jersey Economic		
Development Authority Revenue 5.00% 6/15/28	200,000	215,990
5.00% 6/15/29 (School Facilities Construction) Series AA 5.50% 12/15/29	800,000	858,848
900,000	996,597	
New Jersey Transportation		
Trust Fund Series A 5.00% 6/15/42 Series AA 5.00% 6/15/44	110,000	116,165
340,000	360,777	
New York City, New York		
Industrial Development Agency Civic Facility Revenue (YMCA of Greater New York Project) 5.00% 8/1/36	595,000	604,568
New York State Dormitory		
Authority Series A 5.00% 3/15/33 (State Personal Income Tax Revenue-Education) Series A 5.00% 3/15/38	1,000,000	1,126,500
570,000	639,227	
Northampton County,		
Pennsylvania Industrial Development Authority Revenue (Route 33 Project) 7.00% 7/1/32	230,000	246,861
Peoria, Arizona Municipal		
Development Authority Sales Tax & Excise Shared Revenue (Senior Lien & Subordinate Lien) 5.00% 1/1/18	1,085,000	1,235,034
Regional Transportation		
District, Colorado Tax Revenue		

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	(Denver Transit Partners)		
	6.00% 1/15/41	500,000	554,320
Wyandotte County, Kansas	City, Kansas Unified Government Special Obligation Revenue (Capital Appreciation) Sales Tax Subordinate Lien		
	6.07% 6/1/21 ^	130,000	90,459
			12,814,608
State General Obligation Bonds	3.88%		
California State Various	Purposes		
	5.00% 10/1/41	440,000	482,372
	5.25% 11/1/40	320,000	359,584
	6.00% 4/1/38	105,000	123,818
State of New York	Series A 5.00% 2/15/39	300,000	336,042
State of Oregon	Series K 5.00% 5/1/22	1,000,000	1,219,710
			2,521,526
Transportation Revenue Bonds	29.25%		
Bay Area, California Toll	Authority Revenue (San Francisco Bay Area)		
	5.00% 4/1/27	750,000	884,430
Bay Area, California Toll	Authority Toll Bridge Revenue (San Francisco Bay Area)		
	Series F1 5.00% 4/1/34	1,000,000	1,110,220
Central Texas Regional	Mobility Authority Revenue Senior Lien 6.00% 1/1/41	520,000	580,923
Chicago Transit Authority	5.25% 12/1/49	180,000	196,695
City of Atlanta, Georgia	Department of Aviation Series B 5.00% 1/1/29	1,000,000	1,148,700
City of Chicago, Illinois	O Hare International Airport Revenue (General-Senior Lien)		
	Series D 5.25% 1/1/34	1,000,000	1,114,120

6 NQ- OV9 [6/14] 8/14 (13017)

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(Unaudited)

	Principal Amount °	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Transportation Revenue Bonds (continued)		
Maryland State Economic		
Development Revenue (Transportation Facilities Project) Series A 5.75% 6/1/35	255,000	\$ 271,529
Metropolitan Transit Authority of Harris County, Texas Series A 5.00% 11/1/24	500,000	584,015
Metropolitan Transportation Authority, New York Series A 5.00% 11/15/41	500,000	538,420
Metropolitan Washington Airports Authority Revenue (Dulles Metrorail and Capital) 5.00% 10/1/53	800,000	830,888
Metropolitan Washington D.C. Airports Authority Dulles Toll Road Revenue (First Senior Lien) Series A 5.25% 10/1/44	245,000	264,115
New Jersey State Turnpike Authority Revenue Series A 5.00% 1/1/27	1,000,000	1,140,210
New York Liberty Development Revenue (1 World Trade Center Port Authority Construction) 5.00% 12/15/41	500,000	544,230
North Texas Tollway Authority Special Projects System Series A 5.00% 9/1/20	250,000	297,765
Pennsylvania Turnpike Commission Series A-1 5.00% 12/1/43	500,000	538,930
Pennsylvania Turnpike Commission Subordinate (Special Motor License Foundation) 5.00% 12/1/22 Series B 5.00% 12/1/41	500,000 500,000	574,895 538,295
Port Authority of Allegheny County, Pennsylvania 5.75% 3/1/29	900,000	1,029,546
Port Authority of New York & New Jersey Special Project (JFK International Air Terminal) 6.00% 12/1/42 6.50% 12/1/28	230,000 500,000	262,938 534,220
St. Louis, Missouri Airport Revenue		

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	(Lambert St. Louis International)		
	5.00% 7/1/32 (AMT)	1,000,000	1,044,560
	Series A-1 6.625% 7/1/34	325,000	373,653
State of Oregon Department			
	of Transportation		
	Series A 5.00% 11/15/26	1,000,000	1,211,140
Texas Private Activity Bond			
	Surface Transportation		
	Corporate Senior Lien		
	Revenue		
	(LBJ Infrastructure)		
	7.00% 6/30/40	285,000	339,583
	7.50% 6/30/33	665,000	818,349
	(Mobility Partners)		
	7.50% 12/31/31	500,000	609,335
	(NTE Mobility Partners)		
	6.75% 6/30/43 (AMT)	225,000	269,221
	6.875% 12/31/39	1,000,000	1,173,530
	7.00% 12/31/38	165,000	201,962
			19,026,417
Water & Sewer Revenue Bonds 7.26%			
Atlanta, Georgia Water &			
	Wastewater Revenue		
	Series A 6.25% 11/1/39	950,000	1,109,723
California Pollution Control			
	Financing Authority Water		
	Revenue		
	144A		
	5.00% 11/21/45 (AMT)#	800,000	821,760
Los Angeles, California			
	Wastewater System		
	Revenue		
	Series A 5.00% 6/1/27	500,000	591,080
Phoenix, Arizona Civic			
	Improvement Wastewater		
	Systems Revenue		
	(Junior Lien) Series A		
	5.00% 7/1/39	900,000	1,013,103
San Francisco, California City			
	& County Public Utilities		
	Commission Water		
	Revenue		
	Series F 5.00% 11/1/27	500,000	589,805

(continues) NQ- OV9 [6/14] 8/14 (13017) 7

## Schedule of investments

Delaware Investments® National Municipal Income Fund (Unaudited)

	Principal Amount <sup>o</sup>	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Water & Sewer Revenue Bonds (continued)		
Texas State		
Series C 5.00% 8/1/22	500,000	\$ 600,590
		4,726,061
<b>Total Municipal Bonds</b> (cost \$88,968,629)		<b>94,981,011</b>
	o	
<b>Short-Term Investment 0.38%</b>		
Variable Rate Demand Note 0.38% <sup>▫</sup>		
New Jersey Health Care Facilities Financing Authority Series B (Virtua Health) 0.02% 7/1/43 (LOC- JPMorgan Chase Bank N.A.)	250,000	250,000
<b>Total Short-Term Investment</b> (cost \$250,000)		<b>250,000</b>
<b>Total Value of Securities 146.39%</b> (cost \$89,218,629)		<b>\$ 95,231,011</b>
<b>Liquidation Value of</b>		
<b>Preferred Stock (46.12%)</b>		<b>(30,000,000)</b>
<b>Liabilities Net of</b>		
<b>Receivables and Other Assets (0.27%)</b>		<b>(177,773)</b>
<b>Net Assets 100.00%</b>		<b>\$ 65,053,238</b>

# Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At June 30, 2014, the aggregate value of Rule 144A securities was \$964,151, which represents 1.48% of the Fund's net assets. See Note 4 in Notes.

▫ Tax-exempt obligations that contain a floating or variable interest rate adjustment formula and an unconditional right of demand to receive payment of the unpaid principal balance plus accrued interest upon a short notice period (generally up to 30 days) prior to specified dates either from the issuer or by drawing on a bank letter of credit, a guarantee or insurance issued with respect to such instrument. The rate shown is the rate as of June 30, 2014.

<sup>o</sup> Principal amount shown is stated in U.S. dollars unless noted that the security is denominated in another currency.

<sup>^</sup> Zero coupon security. The rate shown is the yield at the time of purchase.

### Summary of abbreviations:

AMBAC Insured by AMBAC Assurance Corporation

AMT Subject to Alternative Minimum Tax

NATL-RE Insured by National Public Finance Guarantee Corporation

8 NQ- OV9 [6/14] 8/14 (13017)



# Notes

Delaware Investments<sup>®</sup> National Municipal Income Fund  
June 30, 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 National Municipal Income Fund (Fund). This report covers the period of time since the Fund's last fiscal year end.

**Security Valuation** 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. 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 Trustees (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.

**Federal 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 (March 31, 2011 - March 31, 2014), and has concluded that no provision for federal income tax is required in the Fund's financial statements.

**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<sup>®</sup> 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. 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. The Fund declares and pays dividends from net investment income monthly and distributions from net realized gain on investments, if any, annually. The Fund may distribute more frequently, if necessary for tax purposes. Dividends and distributions, if any, are recorded on the ex-dividend date.

## 2. Investments

At June 30, 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 June 30, 2014, the cost of investments and unrealized appreciation (depreciation) for the Fund were as follows:

Cost of investments	\$ 89,242,134
Aggregate unrealized appreciation	\$ 6,151,716
Aggregate unrealized depreciation	(162,839)
Net unrealized appreciation	\$ 5,988,877

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For federal income tax purposes, capital loss carryforwards may be carried forward and applied against future capital gains. Capital loss carryforwards remaining at March 31, 2014 will expire as follows: \$407,888 expires in 2018.

(continues) NQ- OV9 [6/14] 8/14 (13017) 9

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## Notes

June 30, 2014 (Unaudited)

### 2. Investments (continued)

On Dec. 22, 2010, the Regulated Investment Company Modernization Act of 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.

Losses that will be carried forward under the Act are as follows:

	Loss carryforward character	
	Short-term	Long-term
	\$1,516,439	\$492,271

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. (Examples: 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. (Examples: 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** Significant unobservable inputs, including the Fund's own assumptions used to determine the fair value of investments. (Examples: 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 June 30, 2014:

	Level 2
Municipal Bonds	\$94,981,011
Short-Term Investments	250,000

Total	\$95,231,011
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During the period ended June 30, 2014, there were no transfers between Level 1 investments, Level 2 investments, or Level 3 investments that had a material impact to the Fund. The Fund's policy is to recognize transfers between levels at the beginning of the reporting period.

### 3. Preferred Stock

On March 15, 2012, the Fund issued \$30,000,000 Series 2017 Variable Rate MuniFund Term Preferred (VMTP) Shares, with \$100,000 liquidation value per share in a privately negotiated offering. Proceeds from the issuance of VMTP Shares, net of offering expenses, were invested in accordance with the Fund's investment objective. The VMTP Shares were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933.

10 NQ- OV9 [6/14] 8/14 (13017)

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(Unaudited)

The Fund is obligated to redeem its VMTP Shares on April 1, 2017, unless earlier redeemed or repurchased by the Fund. VMTP Shares are subject to optional and mandatory redemption in certain circumstances. The VMTP Shares may be redeemed at the option of the Fund, at par after April 1, 2014. The Fund may be obligated to redeem certain of the VMTP Shares if the Fund fails to maintain certain asset coverage and leverage ratio requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends. Dividends on the VMTP Shares (which are treated as interest payments for financial reporting purposes) are set weekly, subject to adjustments in certain circumstances. The VMTP Shares are treated as equity for tax and reporting purposes.

The Fund uses leverage because its managers believe that, over time, leveraging may provide opportunities for additional income and total return for common shareholders. However, the use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by a fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage; accordingly, the use of structural leverage may hurt the Fund's overall performance.

Leverage may also cause the Fund to incur certain costs. In the event that the Fund is unable to meet certain criteria (including, but not limited to, maintaining certain ratings with Fitch Ratings and Moody's Investors Service (Moody's), funding dividend payments, or funding redemptions), the Fund will pay additional fees with respect to the leverage.

#### **4. Geographic, Credit, and Market Risk**

The Fund concentrates its investments in securities issued by municipalities, and may be subject to geographic concentration risk. In addition, the Fund has the flexibility to invest in issuers in Puerto Rico, the Virgin Islands, and Guam whose bonds are also free of individual state income taxes. The value of the Fund's investments may be adversely affected by new legislation within the states, regional or local economic conditions, and differing levels of supply and demand for municipal bonds. Many municipalities insure repayment for their obligations. Although bond insurance reduces the risk of loss due to default by an issuer, such bonds remain subject to the risk that value may fluctuate for other reasons and there is no assurance that the insurance company will meet its obligations. A real or perceived decline in creditworthiness of a bond insurer can have an adverse impact on the value of insured bonds held in the Fund. At June 30, 2014, 2.69% of the Fund's net assets were insured by bond insurers. These securities have been identified in the schedule of investments.

The Fund invests a portion of its assets in high yield fixed income securities, which are securities rated BB lower or by Standard & Poor's (S&P) and/or Ba or lower by Moody's, 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 may invest in advanced refunded bonds, escrow secured bonds or defeased bonds. Under current federal tax laws and regulations, state and local government borrowers are permitted to refinance outstanding bonds by issuing new bonds. The issuer refinances the outstanding debt to either reduce interest costs or to remove or alter restrictive covenants imposed by the bonds being refinanced. A refunding transaction where the municipal securities are being refunded within 90 days from the issuance of the refunding issue is known as a current refunding. Advance refunded bonds are bonds in which the refunded bond issue remains outstanding for more than 90 days following the issuance of the refunding issue. In an advance refunding, the issuer will use the proceeds of a new bond issue to purchase high-grade interest bearing debt securities which are then deposited in an irrevocable escrow account held by an escrow agent to secure all future payments of principal and interest and bond premium of the advance refunded bond. Bonds are escrowed to maturity when the proceeds of the refunding issue are deposited in an escrow account for investment sufficient to pay all of the principal and interest on the original interest payment and maturity dates.

Bonds are considered pre-refunded when the refunding issue's proceeds are escrowed only until a permitted call date or dates on the refunded issue with the refunded issue being redeemed at the time, including any required premium. Bonds become defeased when the rights and interests of the bondholders and of their lien on the pledged revenues or other security under the terms of the bond contract are substituted with an alternative source of revenues (the escrow securities) sufficient to meet payments of principal and interest to maturity or to the first call dates. Escrowed secured bonds will often receive a rating of AAA from Moody's, S&P, and/or Fitch Ratings due to the strong credit quality of the escrow securities and the irrevocable nature of the escrow deposit agreement.



## Notes

June 30, 2014 (Unaudited)

### **4. Geographic, Credit, and Market Risk (continued)**

The Fund invests in certain obligations that may have liquidity protection designed 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 from third parties, through various means of structuring the transactions, 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 15% 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 Delaware Management Company, a series of Delaware Management Business Trust, 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 15% limit on investments in illiquid securities. As of June 30, 2014, no securities have been determined to be illiquid under the Fund's Liquidity Procedures. Rule 144A securities have been identified on the schedule of investments.

### **5. Subsequent Events**

Management has determined that no material events or transactions occurred subsequent to June 30, 2014 that would require recognition or disclosure in the Fund's schedule of investments.

12 NQ- OV9 [6/14] 8/14 (13017)

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**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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