Aeterna Zentaris Inc.
Form SUPPL
December 09, 2015
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File No. 333-194080

This prospectus supplement, together with the accompanying short form base shelf prospectus dated March 13, 2014 to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus, constitutes a public offering of these securities only in those jurisdictions where such securities may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offense to claim otherwise.

Information has been incorporated by reference in this prospectus supplement and the short form base shelf prospectus dated March 13, 2014 from documents filed with the United States Securities and Exchange Commission and with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Aeterna Zentaris Inc. at 315 Sigma Drive, Suite 302D, Summerville, South Carolina, USA, 29483, tel. (843) 900-3223 and are also available electronically at www.sec.gov/edgar.shtml or www.sedar.com.*

New Issue

PROSPECTUS SUPPLEMENT NO. 2

(TO SHORT FORM BASE SHELF PROSPECTUS DATED MARCH 13, 2014)

US$16,650,000

3,000,000 Common Shares,

and Warrants to Purchase 2,100,000 Common Shares

Aeterna Zentaris Inc. (we , us or the Company) is hereby offering 3.0 million common shares of our capital (the Common Shares) and warrants to purchase 2.1 million Common Shares (the Warrants), pursuant to this prospectus supplement and the accompanying short form base shelf prospectus dated March 13, 2014. The Warrants will have an exercise price of $7.10 per share, subject to adjustment. They will be exercisable immediately and will expire five years after their date of issuance.

The Common Shares and the Warrants will be issued separately but will be purchased together in this offering. This offering is being conducted pursuant to the Company s effective shelf registration statement on Form F-10 dated March 13, 2014, its corresponding Canadian base shelf prospectus dated March 13, 2014 and an exemption from the *Autorité des marchés financiers* permitting the Company to offer common shares and warrants in the United States (U.S.). See Exemptive Relief Granted by the *Autorité des marchés financiers* on page S-52 of this prospectus supplement. The distribution of the Warrants and the Common Shares issuable upon the exercise of the Warrants is qualified and registered by this prospectus supplement and the accompanying prospectus. The Common Shares and the Warrants will be issued and sold pursuant to an underwriting agreement dated December 9, 2015 between the Company, as issuer, and Maxim Group LLC, as underwriter and sole book-running manager.

Unless otherwise stated, currency amounts in this prospectus supplement are presented in U.S. dollars, or $ or US$.

Our Common Shares are listed on the NASDAQ Capital Market (NASDAQ) under the symbol AEZS and on the Toronto Stock Exchange (TSX) under the symbol AEZ . On December 8, 2015, the last reported sales price of our Common Shares on NASDAQ was $7.10 per share and on TSX was C$9.65 per share.

Investing in our securities involves a high degree of risk. There is no established public trading market for the Warrants, we do not expect a market to develop, and purchasers may not be able to resell the Warrants purchased under this prospectus supplement and the accompanying prospectus. In addition, we do not intend to apply for listing of the Warrants on any national securities exchange or other nationally recognized trading system. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See Risk Factors beginning on page S-13 of this prospectus supplement and the risk factors described in the documents incorporated by reference herein for information that should be considered before investing in our securities.

	Per Common Share	Per Warrant	Total
Public offering price[1]	$ 5.5400	$ 0.0100	$ 5.5500
Underwriting discounts and commissions[2]	$ 0.3878	$ 0.0007	$ 0.3885
Proceeds, before expenses, to us	$ 5.1522	$ 0.0093	$ 5.1615

(1) The proceeds shown exclude proceeds that we may receive upon exercise of the Warrants.

(2) We have agreed to reimburse the underwriter for certain out-of-pocket expenses incurred by it in connection with this offering. See Underwriting beginning on page S-40 for additional information on these arrangements.

Delivery of the Common Shares and Warrants is expected to be made on or about December 14, 2015. We have granted the underwriter an option for a period of 45 days following the date of this prospectus supplement to purchase up to an additional 330 thousand Common Shares and/or Warrants to purchase up to an additional 231 thousand Common Shares, at the public offering

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price, less the underwriting discounts and commissions, set forth above, solely to cover over-allotments, if any. The underwriter s option may be used to purchase Common Shares, or Warrants, or any combination thereof, as determined by the underwriter. If the underwriter exercises this option in full, the total underwriting discounts and commissions payable by us will be approximately $1.3 million, and the total proceeds to us, before expenses, will be approximately $17.2 million. See Underwriting on page S-40 of this prospectus supplement.

This prospectus supplement and accompanying prospectus qualify both the grant of the underwriter s option and the distribution of the additional Common Shares and/or Warrants issuable on exercise of the underwriter s option as well as the Common Shares issuable upon exercise of such additional Warrants. A purchaser who acquires Common Shares and/or Warrants or Common Shares upon exercise of such Warrants; in each case forming part of the underwriter s over-allocation position acquires those securities under this prospectus supplement and the accompanying prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the underwriter s option or secondary market purchases. See Underwriting beginning on page S-40 of this prospectus supplement.

The underwriter, as principal, is conditionally offering the Common Shares and the Warrants, subject to prior sale, when, as and if issued and accepted by it in accordance with the terms and conditions in the underwriting agreement referred to under Underwriting , and subject to the approval of legal matters by its counsel, including other conditions contained in the underwriting agreement, such as the receipt by the underwriter of officer s certificates and legal opinions. Subject to the terms and conditions set forth in the underwriting agreement, the underwriter has agreed to purchase all of the Common Shares and the Warrants sold under the underwriting agreement if any such securities are purchased. The offering price of the Common Shares and the Warrants sold under the underwriting agreement and the exercise price for the Warrants was determined by negotiation between us and the underwriter with reference to the prevailing market price of the Common Shares. **After the initial offering of Common Shares and Warrants pursuant to this prospectus supplement, the public offering price, concession or any other term of the offering may be changed upon public notice of such change. See Underwriting beginning on page S-40 of this prospectus supplement.**

We are a foreign private issuer under the securities laws of the U.S. and are permitted, under a multi-jurisdictional disclosure system (MJDS) adopted in the U.S. and Canada, to prepare this prospectus supplement and the accompanying prospectus in accordance with Canadian regulatory disclosure requirements. You should be aware that such requirements are different from those in the U.S. The financial statements included in or incorporated by reference into this prospectus supplement and the accompanying prospectus have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and thus may not be comparable to financial statements of U.S. companies. Our consolidated financial statements are subject to Canadian generally accepted auditing standards and auditor independence standards, in addition to the standards of the Public Company Accounting Oversight Board (U.S.) and the U.S. Securities and Exchange Commission (SEC) independence standards.

The Common Shares and the Warrants offered hereby are not being offered for sale to the public in Canada under this prospectus supplement. See Exemptive Relief Granted by the Autorité des Marchés Financiers on page S-52 of this prospectus supplement and Underwriting beginning on page S-40 of this prospectus supplement. The acquisition of the securities described herein may subject you to tax consequences both in the U.S. and Canada. See Certain Income Tax Considerations beginning on page S-44 of this prospectus supplement. This prospectus supplement and the accompanying prospectus may not describe these tax consequences fully. You should read the tax discussion in this prospectus supplement and the accompanying prospectus fully and consult with your own tax advisors.

The enforcement of civil liabilities under U.S. federal securities laws may be adversely affected by the fact that we are incorporated under the laws of Canada, a number of our officers and directors and some of the experts named in this prospectus supplement and the accompanying prospectus are residents of Canada or elsewhere outside of the U.S., and a substantial portion of our assets and the assets of such persons are located outside of the U.S.

Certain of our directors reside outside of Canada. Such directors, namely David A. Dodd, Juergen Ernst and Carolyn Egbert, have each appointed Norton Rose Fulbright Canada LLP, at 1 Place Ville Marie, Suite 2500, Montreal, Quebec, Canada, H3B 1R1, as their agent for service of process in Canada.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OF THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Our registered address is located at 1 Place Ville Marie, Suite 2500, Montreal, Quebec, Canada, H3B 1R1, c/o Norton Rose Fulbright Canada LLP, our head office is located at 315 Sigma Drive, Suite 302D, Summerville, South Carolina, USA, 29483, and our telephone number is (843) 900-3223.

Sole Book-Running Manager

Maxim Group LLC

The date of this prospectus supplement is December 9, 2015.

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This prospectus supplement is not an offer to sell or a solicitation of an offer to buy securities in any jurisdiction in which such offer or solicitation is illegal.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of Common Shares and Warrants and supplements information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information about us and the securities we may offer from time to time under our base shelf prospectus and our shelf registration statement.

We have not authorized any dealer, salesperson or other person to give any information or to make any representation other than those contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any related free writing prospectus that we may authorize to be provided to you. You should not rely upon any information or representation not contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any free writing prospectus that we may authorize to be provided to you. If information in this prospectus supplement is inconsistent with the accompanying prospectus or the information incorporated by reference, you should rely on this prospectus supplement. This prospectus supplement, the accompanying prospectus and any related free writing prospectus that we may authorize to be provided to you do not constitute an offer to sell or the solicitation of an offer to buy Common Shares and Warrants, in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus and any related free writing prospectus that we may authorize to be provided to you is accurate on any date other than the date set forth on the front cover of the document or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference regardless of the date of delivery of this prospectus supplement, the accompanying prospectus and any related free writing prospectus that we may authorize to be provided to you or any sale of Common Shares and Warrants. Our business, financial condition, results of operations and prospects may have changed since those dates.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference into this prospectus supplement and the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or

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covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

The financial statements included in or incorporated by reference into this prospectus supplement and the accompanying prospectus have been prepared in accordance with IFRS as issued by the IASB. Our consolidated financial statements are subject to Canadian generally accepted auditing standards and auditor independence standards, in addition to the standards of the Public Company Accounting Oversight Board (U.S.) and the SEC independence standards.

Except as otherwise indicated, all historical share, warrant and option data, including number of securities issued and outstanding and applicable exercise prices, in this prospectus supplement have been retroactively adjusted to reflect and give effect to the Share Consolidation (as defined below).

In this prospectus supplement, unless otherwise indicated, references to we , us , our , Aeterna Zentaris or the Company are to Aeterna Zentaris Inc., a Canadian corporation, and its consolidated subsidiaries, unless it is clear that such terms refer only to Aeterna Zentaris Inc. excluding its subsidiaries.

CURRENCY AND EXCHANGE RATES

The following table sets out the high and low exchange rates for one U.S. dollar expressed in Canadian dollars, for the period indicated and the average of such exchange rates, as well as the exchange rate at the end of such period, in each case, based upon the noon rates as quoted by the Bank of Canada:

	December 2015[1]	Nine-month period ended September 30, 2015	Year ended December 31, 2014	2013	2012
High	1.3593	1.3413	1.1643	1.0697	1.0418
Low	1.3360	1.1728	1.0614	0.9839	0.9710
Rate at end of period	1.3593	1.3394	1.1601	1.0636	0.9949
Average rate per period	1.3432	1.2600	1.1045	1.0299	0.9996

(1) Up to and including December 8, 2015.

On December 8, 2015, the exchange rate for one U.S. dollar expressed in Canadian dollars based upon the noon rate of the Bank of Canada was C$1.3593.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference contain forward-looking statements concerning the business, operations, financial performance and condition of the Company. When used in this prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference, words such as may , will , should , could , expects , plans anticipates , intends , believes , estimates , predicts , potential or continue or the negative of these terms and similar expressions are intend identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements are based on current expectations and are naturally subject to uncertainty and changes in circumstances that may cause actual results to differ materially from those expressed or implied by such forward-looking statements. Such statements, based as they are on the current expectations of management, inherently involve numerous risks and uncertainties, known and unknown, many of which are beyond our control. Such risks include but are not limited to:

- investments in biopharmaceutical companies are generally considered to be speculative;

we may never achieve or maintain operating profitability;

fluctuations in our revenues and expenses may disappoint securities analysts and investors, causing the price of our securities to decline;

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our clinical trials may not yield results which will enable us to obtain regulatory approval for our products and we may suffer setbacks in any of our clinical trials;

we may not be able to successfully complete our clinical trial programs, or such clinical trials could take longer to complete than we project;

we will require significant additional financing, and we may not have access to sufficient capital;

we may cease to continue operating as we do if we are unsuccessful in increasing our revenues and/or raising additional funding;

we may not be able to realize any profit from our commercial operation;

we may not be able to acquire, in-license or otherwise obtain the right to sell other products;

we may breach or fail to maintain a necessary license agreement;

the impact of the stringent ongoing government regulation to which our product candidates are subject;

the impact of restrictions on, or withdrawals of, any product approvals and changes in regulatory requirements;

the impact of healthcare reform measures on the commercial success of our product candidates and on our business prospects or future financial condition;

the impact of healthcare fraud and abuse laws on our ability to market products;

we may not be able to generate significant revenues if our products do not gain market acceptance;

we are pursuing later-stage clinical development projects because we lack the resources to pursue earlier-stage projects, which could have a greater likelihood of success or greater commercial potential;

the failure to achieve our projected development goals in the time-frames we announce and expect;

the impact of any failure on our part to obtain acceptable prices or adequate reimbursement for our products on our ability to generate revenues;

the impact of competition in our targeted markets;

we may not obtain adequate protection for our products through our intellectual property;

we may infringe the intellectual property rights of others;

we may incur liabilities from our involvement in any patent litigation;

we may not obtain trademark registrations in connection with our product candidates;

current and future collaborations for the research and development (R&D) of our product candidates may not provide the benefits we expect;

we may not be able to obtain the ingredients or raw materials that we require at acceptable prices or at all;

the failure to perform satisfactorily by third parties upon which we rely to conduct, supervise and monitor our clinical trials;

the failure to perform satisfactorily by third parties upon which we expect to rely to manufacture and supply products;

our ability to retain or attract key personnel;

we use hazardous materials and are subject to environmental and occupational safety laws;

the impact of securities class action litigation or other litigation on our cash flow, results of operations and financial position;

risks relating to product liability and other claims;

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risks relating to our holding company structure;

it may be difficult for U.S. investors to obtain and enforce judgments against us;

we may not be able to maintain effective internal controls;

there is a reasonable likelihood that we may be a passive foreign investment company for the 2015 taxable year, which could result in adverse tax consequences for U.S. investors;

fluctuations in currency exchange rates;

the impact of legislative actions, new accounting pronouncements and higher insurance costs on our future financial position or results of operations;

security breaches may disrupt our operations and adversely affect our operating results;

the possibility that our Common Shares may be delisted from the stock exchanges on which they currently trade;

our share price is volatile;

we do not intend to pay dividends;

future issuances of securities and hedging activities may depress the price of our securities;

we are permitted to issue blank check preferred shares; and

our business could be negatively affected as a result of the actions of activist shareholders.

More detailed information about these and other factors is included under Risk Factors in this prospectus supplement and the accompanying prospectus as well as in other documents incorporated herein by reference. Many of these factors are beyond our control. Future events may vary substantially from what we currently foresee. You should not place undue reliance on such forward-looking statements. The Company disavows and is under no obligation to update or alter such forward-looking statements whether as a result of new information, future events or otherwise, other than as required by applicable securities legislation.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. The summary may not contain all of the information that you should consider before investing in our securities. You should read this entire prospectus supplement and the accompanying prospectus carefully, including Risk Factors contained in this prospectus supplement and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, before making an investment decision. This prospectus supplement may add to, update or change information in the accompanying prospectus.

Our Business

Generally. We are a specialty biopharmaceutical company engaged in developing and commercializing novel treatments in oncology, endocrinology and women s health. We are engaged in drug development activities and in the promotion of products for others. The focus of our business development efforts is the acquisition of licenses to products that are relevant to our therapeutic areas of focus. We also intend to license out certain commercial rights of internally developed products to licensees in territories where such out-licensing would enable us to ensure development, registration and launch of our product candidates. Our goal is to become a growth oriented specialty biopharmaceutical company by pursuing successful development and commercialization of our product portfolio, achieving successful commercial presence and growth, while consistently delivering value to our shareholders, employees and the medical providers and patients who will benefit from our products.

Drug Development. Our drug development efforts are focused currently on two lead, clinical-stage development compounds: Zoptrex (zoptarelin doxorubicin), which has the potential to become the first U.S. Food and Drug Administration (FDA)-approved medical therapy for advanced, recurrent endometrial cancer, and Macrilen (macimorelin), a novel orally-active ghrelin agonist for use in evaluating adult growth hormone deficiency (AGHD). Zoptrex and Macrilen are currently in Phase 3 clinical trials. Additionally, our Erk inhibitors and luteinizing hormone releasing hormone (LHRH)-Disorazol Z compounds, potential oncology-indication product candidates, are in pre-clinical development.

Zoptrex™ is a complex molecule that combines a synthetic peptide carrier with doxorubicin, a well-known chemotherapy agent. The synthetic peptide carrier is an LHRH agonist, a modified natural hormone with affinity for the LHRH receptor. We believe that the design of the compound allows for the specific binding and selective uptake of the cytotoxic conjugate by LHRH receptor-positive tumors. Potential benefits of this targeted approach include better efficacy with lower incidence and severity of side effects as compared to doxorubicin alone. Zoptrex™ is currently in a pivotal Phase 3 clinical trial in women with advanced, recurrent or metastatic endometrial cancer. In October 2015, we announced that the independent Data and Safety Monitoring Board (DSMB) had recommended that the pivotal Phase 3 ZoptEC (Zoptarelin Doxorubicin in Endometrial Cancer) study continue as planned. The DSMB s decision followed completion of its pre-specified final interim analysis on efficacy and safety at approximately 192 events. A final analysis of the data is expected at approximately 384 events, which we expect to occur by September 2016.

Macrilen (macimorelin acetate) is a novel orally available peptidomimetic ghrelin receptor agonist that stimulates the secretion of growth hormone by binding to the ghrelin receptor (GHSR-1a) and that has potential uses in both endocrinology and oncology indications. Macrilen has been granted orphan-drug designation by the FDA for use in evaluating growth hormone deficiency (GHD). Macrilen™ is currently in a confirmatory Phase 3 clinical trial for use in evaluating AGHD. In November 2015, we announced that the first patient had been enrolled in the confirmatory Phase 3 clinical trial. We expect to complete the confirmatory Phase 3 clinical trial by the end of 2016.

Commercial Operations. Our commercial operations consist of 23 full-time sales representatives, who provide services pursuant to our agreement with a contract sales organization, and a sales-management staff. Our sales representatives are currently promoting three products:

EstroGel®: During the third quarter of 2014, we entered into a promotional services agreement with ASCEND Therapeutics US LLC to detail EstroGel®, a leading non-patch transdermal hormone replacement therapy

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product, in specific agreed upon US territories in exchange for commissions revenue that is based upon incremental sales of the product that are generated over pre-established baselines;

Saizen® (somatropin (rDNA origin) for injection): In May 2015, we entered into a promotional services agreement with EMD Serono to detail Saizen®, a recombinant human growth hormone registered in the U.S. for the treatment of growth hormone deficiency in children and adults, to designated medical professionals across 23 specified U.S. territories. We are paid a commission based on new, eligible patient starts on Saizen® above an agreed upon baseline. In late July 2015, our contract sales force launched the promotion of Saizen®; and

APIFINY®: On December 1, 2015, we announced that we had entered into a co-marketing agreement with Armune BioScience, Inc. (Armune) that will allow us to promote Armune s APIFINY®, the only cancer specific, non-PSA (prostate-specific antigen) blood test for the detection of prostate cancer. We will promote APIFINY® to designated medical professionals in our U.S. territories and we will receive a commission for each test performed resulting from our targeted promotion of the product.

Our sales force will also be available for the ultimate launch of our own potential product candidates (i.e., Macrilen and Zoptrex) in the U.S.

We also continue to pursue opportunities to in-license, acquire, promote or co-promote additional commercial products that are relevant to our therapeutic areas of focus. Our preference is to in-license or acquire additional commercial products because we wish to control all aspects of the commercialization of the products and to record the sales revenue from the products.

Recent Developments

Restructuring

On October 12, 2015, we announced that our board of directors had approved a plan to restructure the finance and accounting operations and to close our Quebec City office (the Restructuring). We have since transferred all functions performed by the five employees in our Quebec City office to other personnel and will be adding new finance and accounting personnel, including a new Chief Financial Officer, in our Charleston, South Carolina, office.

Share Consolidation

On November 17, 2015, we effected a share consolidation (reverse stock split) on a 100-for-1 basis (the Share Consolidation). Our Common Shares commenced trading on a consolidated and adjusted basis on both NASDAQ and TSX on November 20, 2015.

Improvement of our Capital Structure, Warrant Adjustments and Related Events

On November 2, 2015, we announced that the holders (the Participating Holders) of substantially all of our then remaining and outstanding Series B Common Share Purchase Warrants (the Series B Warrants) originally issued in connection with our offering of units for gross proceeds of $37.0 million in March 2015 (the March 2015 Offering) had agreed to exercise all of the approximately 41.2 thousand (or 4.1 million pre-Share Consolidation) Series B Warrants held by them, at a maximum exercise ratio of approximately 33.23 common shares per warrant in accordance with the alternate cashless exercise feature in such Series B Warrants. On November 24, 2015, we announced that all Participating Holders had exercised the Series B Warrants held by them. As of the date hereof, approximately 8.1 thousand Series B Warrants remain outstanding. Such Series B Warrants are not held by a Participating Holder.

In connection with the offering of Common Shares and Warrants under this prospectus supplement, the exercise prices of outstanding warrants issued by us in a previous public offering of units in January 2014, as well as the March 2015 Offering, are required, in accordance with their existing terms, to be adjusted downwards upon the closing of this offering. The exercise price of our Series A Common Share Purchase Warrants (the Series A Warrants) and Series B Warrants issued in connection with the March 2015 Offering, of which there are approximately 455.6 thousand in the aggregate outstanding as of the date of this prospectus supplement, will be adjusted to a price equal to the lower of

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(A) the combined issuance price of the Common Shares and the Warrants under this prospectus supplement, and (B) the volume weighted average price of our Common Shares on NASDAQ as of the trading day immediately following the public announcement of this offering. The exercise price of our warrants that we issued in January 2014, of which only approximately 3.3 thousand remain outstanding as of the date of this prospectus supplement, will be adjusted to a price equal to the difference of (A) the combined issuance price of the Common Shares and the Warrants under this prospectus supplement, minus (B) a pre-defined Black Scholes consideration value of each such warrant as defined and set out in the warrant certificate. We believe that the adjustments we anticipate being required to make to our existing warrants as described above should not have any material adverse effect on our capital structure or our ability to seek additional financing in the future, if required.

Commercial Development

As mentioned above, on December 1, 2015, we announced that we had entered into a co-marketing agreement with Armune allowing us to promote Armune s APIFINY®. We will promote APIFINY® to designated medical professionals in our U.S. territories and we will receive a commission for each test performed resulting from our targeted promotion of the product. The entering into of the co-marketing agreement with Armune for APIFINY® represents another step forward in our commercial development plans.

Regaining NASDAQ Compliance

On December 8, 2015, we announced that we had regained compliance with NASDAQ Marketplace Rule 5450(a)(1) (the Rule), which requires a minimum bid price of $1.00 for continued listing on NASDAQ.

2016 Corporate Objectives

On December 8, 2015, we announced that our board of directors had recently adopted the following objectives for the Company in 2016:

Zoptrex: Completion of the pivotal ZoptEC Phase 3 Clinical Trial The objective is to complete the ZoptEC Phase 3 study of Zoptrex during the third quarter of 2016 and to report top-line results of the study shortly thereafter.

Macrilen: Completion of the confirmatory Phase 3 Clinical Trial The objective is to complete the confirmatory Phase 3 clinical trial of Macrilen during the fourth quarter of 2016 and to report top-line results within eight weeks of completion.

Commercial Operations: Addition of another product to our commercial portfolio The objective is to acquire or in-license at least one product during 2016 and to increase revenues from existing co-promotion arrangements.

Financial Condition: Capital structuring and strengthening The objective is to further strengthen the cash balance, while continuing to reduce burn rate. The board of directors noted that over the past two years, the Company has reduced its staff by over 50%, while significantly reducing its operating burn rate, successfully progressing its commercial focus and running two pivotal Phase 3 programs.

Corporate Information

Aeterna Zentaris Inc. was incorporated on September 12, 1990 under the laws of Canada. Our registered address is located at 1 Place Ville Marie, Suite 2500, Montreal, Quebec, Canada, H3B 1R1, c/o Norton Rose Fulbright Canada LLP, our head office is located at 315 Sigma Drive, Suite 302D, Summerville, South Carolina, USA, 29483, our telephone number is (843) 900-3223 and our website is *www.aezsinc.com*. None of the documents or information found on our website shall be deemed to be included in or incorporated into this prospectus supplement or the accompanying prospectus, unless such document is specifically incorporated herein or therein by reference.

We currently have three wholly owned direct and indirect subsidiaries, Aeterna Zentaris GmbH (AEZS Germany), based in Frankfurt, Germany, Zentaris IVF GmbH, a direct wholly owned subsidiary of AEZS Germany, based in Frankfurt, Germany, and Aeterna Zentaris, Inc., an entity incorporated in the State of Delaware based in Charleston, South Carolina in the U.S.

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THE OFFERING

Issuer:	Aeterna Zentaris Inc.
Securities offered by us:	We are offering 3.0 million Common Shares and Warrants to purchase 2.1 million Common Shares.
Price per Common Share:	$5.54
Price per Warrant:	$0.01
Common Shares outstanding before this offering:	6,925,364 Common Shares (4,924,738 as of September 30, 2015 (as adjusted to give effect to the Share Consolidation)).
Common Shares to be outstanding immediately after this offering:	9,925,364 Common Shares without giving effect to the exercise of any of the Warrants, 12,025,364 Common Shares assuming and after giving effect to the exercise of all the Warrants offered under this prospectus supplement and 12,586,364 Common Shares assuming and after giving effect to the exercise of all the Warrants offered under this prospectus supplement as well as the exercise in full by the underwriter of its underwriter s option.
Underwriter s Option:	We have granted the underwriter an option to purchase up to 330 thousand additional Common Shares and/or Warrants to purchase an additional 231 thousand Common Shares at an exercise price of $7.10, solely to cover over-allotments, if any. This option is exercisable, in whole or in part, for a period of 45 days following the date of this prospectus supplement.
Warrants we are offering:	Warrants to purchase an aggregate of up to 2.1 million Common Shares will be issued in this offering. The Warrants will be exercisable immediately and will expire five years after their date of issuance. They will have an exercise price of $7.10 per Common Share, subject to adjustment. This prospectus supplement also relates to the offering of the Common Shares issuable upon exercise of the Warrants. There is no established public trading market for the Warrants, and we do not expect a market to develop. In addition, we do not intend to apply for listing of the Warrants on any national securities exchange or other nationally recognized trading system.
Use of proceeds:	We intend to use the net proceeds from the sale of the securities under this prospectus supplement to continue to fund our ongoing drug development activities, for the potential addition of commercialized products to our portfolio and for general corporate purposes,

	working capital and to fund our negative cash flow. See Use of Proceeds on page S-35 of this prospectus supplement.
NASDAQ and TSX symbols:	NASDAQ: AEZS; TSX: AEZ

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Risk factors:	An investment in our securities involves a high degree of risk. See Risk Factors beginning on page S-13 of this prospectus supplement as well as the other information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus for a discussion of factors that you should consider carefully before making an investment decision.
Additional information:	The number of our outstanding Common Shares described in this prospectus supplement excludes as of September 30, 2015:

- 7,403 Common Shares issuable upon exercise of warrants that we previously issued in a registered direct offering in April 2010, which had a weighted average exercise price as of September 30, 2015 of $900.00 per Common Share and which expired subsequent to September 30, 2015 but prior to the date of this prospectus supplement;

- 575,376 Common Shares issuable upon exercise of warrants that we previously issued in a registered direct offering in July 2013 and in underwritten public offerings in October 2012 and January 2014, as well as the March 2015 Offering (excluding, however, any Common Shares issuable upon alternate cashless exercise of the Series B Warrants), which had a weighted average exercise price as of September 30, 2015 of $99.00 per Common Share;

- 36,705 Common Shares that underlie outstanding stock options granted under our stock option plan as at September 30, 2015, having a weighted average exercise price of $176.00 per Common Share, and an additional 4,555 Common Shares that underlie outstanding stock options granted under our stock option plan as at September 30, 2015, having a weighted average exercise price of C$1,009.00 per Common Share; and

- an aggregate of 520,117 additional Common Shares available for future grants under our stock option plan, which provides that the maximum number of Common Shares issuable under the plan may equal 11.4% of the issued and outstanding Common Shares at any given time.

The number of our outstanding Common Shares described in this prospectus supplement (with the exception of the references to 6,925,364 Common Shares outstanding as of the date of this prospectus supplement and before this offering) also excludes since September 30, 2015 an aggregate of approximately 2.0 million Common Shares issued upon the alternate cashless exercise of our Series B Warrants**.**

In connection with the offering of Common Shares and Warrants under this prospectus supplement, the exercise prices of outstanding warrants issued by us in a previous public offering of units in January 2014, as well as the March 2015 Offering, are required, in accordance with their existing terms, to be adjusted downwards upon the closing of this offering. The exercise price of our Series A Warrants and Series B Warrants issued in connection with the March 2015 Offering, of which there are approximately 455.6 thousand in the aggregate outstanding as of the date of this prospectus supplement, will be adjusted to a price equal to the lower of (A) the combined issuance price of the Common Shares and the Warrants under this prospectus supplement, and (B) the volume

weighted average price of our Common Shares on NASDAQ as of the trading day immediately

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following the public announcement of this offering. The exercise price of our warrants that we issued in January 2014, of which only approximately 3.3 thousand remain outstanding as of the date of this prospectus supplement, will be adjusted to a price equal to the difference of (A) the combined issuance price of the Common Shares and the Warrants under this prospectus supplement, minus (B) a pre-defined Black Scholes consideration value of each such warrant as defined and set out in the warrant certificate.

Except as otherwise indicated, all historical share, warrant and option data, including number of securities issued and outstanding and applicable exercise prices, in this prospectus supplement have been retroactively adjusted to reflect and give effect to the Share Consolidation. In addition, except as otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriter of its underwriter s option.

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RISK FACTORS

Before making an investment decision, you should carefully consider the risks described in this prospectus supplement, together with all of the other information incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risks described in our most recent Annual Report on Form 20-F and subsequent consolidated financial statements and corresponding management s discussion and analysis filed with the Canadian securities regulatory authorities and our Reports on Form 6-K furnished to the SEC, including our unaudited condensed interim consolidated financial statements and corresponding management s discussion and analysis. The risks mentioned below are presented as of the date of this prospectus supplement and we expect that these will be updated from time to time in our various continuous disclosure documents filed with the Canadian securities regulatory authorities and our periodic and current reports filed with or furnished to the SEC, as applicable, which will be incorporated herein by reference. Please refer to these subsequent reports for additional information relating to the risks associated with investing in our securities.

Our business, financial condition or results of operations could be materially adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. The trading price of our Common Shares and the value of our Warrants could decline due to any of these risks, and you may lose part or all of your investment. This prospectus supplement, the accompanying prospectus and the incorporated documents also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks mentioned below. Forward-looking statements included in this prospectus supplement are based on information available to us on the date hereof, and all forward-looking statements in documents incorporated by reference are based on information available to us as of the date of each such document. The Company disavows and is under no obligation to update or alter such forward-looking statements whether as a result of new information, future events or otherwise, other than as required by applicable securities legislation.

Risks Relating to Us and Our Business

Investments in biopharmaceutical companies are generally considered to be speculative.

The prospects for companies operating in the biopharmaceutical industry are uncertain, given the very nature of the industry, and, accordingly, investments in biopharmaceutical companies should be considered to be speculative assets.

We have a history of operating losses and we may never achieve or maintain operating profitability.

We have incurred, and expect to continue to incur, substantial expenses in our efforts to develop and market products. Consequently, we have incurred operating losses historically and, as disclosed in our unaudited condensed interim consolidated financial statements as at September 30, 2015 and for the three-month and nine-month periods ended September 30, 2015 and 2014, we had a deficit of approximately $261.5 million as at September 30, 2015. Our operating losses have adversely impacted, and will continue to adversely impact, our working capital, total assets, operating cash flow and shareholders equity (deficiency). We do not expect to reach operating profitability in the immediate future, and our operating expenses are likely to continue to represent a significant component of our overall cost profile as we continue our R&D and clinical study programs, seek regulatory approval for our product candidates and carry out commercial activities. Even if we succeed in developing, acquiring or in-licensing new commercial products, we could incur additional operating losses for at least the next several years. If we do not ultimately generate sufficient revenue from commercialized products and achieve or maintain operating profitability, an investment in our Common Shares and Warrants could result in a significant or total loss.

Our revenues and expenses may fluctuate significantly, and any failure to meet financial expectations may disappoint securities analysts or investors and result in a decline in the price of our Common Shares.

We have a history of operating losses. Our revenues and expenses have fluctuated in the past and may continue to do so in the future. These fluctuations could cause our share price to decline. Some of the factors that could cause our revenues and expenses to fluctuate include but are not limited to:

- the inability to complete product development in a timely manner that results in a failure or delay in receiving the required regulatory approvals to commercialize our product candidates;

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the timing of regulatory submissions and approvals;

the timing and willingness of any current or future collaborators to invest the resources necessary to commercialize our product candidates;

the revenue available from royalties derived from our licensees;

the nature and timing of licensing fee revenues;

the outcome of litigation, including the litigation pending against us that is described elsewhere in this prospectus supplement;

changes in foreign currency fluctuations;

the timing of achievement and the receipt of milestone payments from current or future collaborators; and

failure to enter into new or the expiration or termination of current agreements with collaborators.

Due to fluctuations in our revenues and expenses, we believe that period-to-period comparisons of our results of operations are not necessarily indicative of our future performance. It is possible that in some future quarter or quarters, our revenues and expenses will be above or below the expectations of securities analysts or investors. In this case, the price of our Common Shares could fluctuate significantly or decline.

Our clinical trials may not yield results which will enable us to obtain regulatory approval for our products, and a setback in any of our clinical trials would likely cause a drop in the price of our Common Shares.

We will only receive regulatory approval for a product candidate if we can demonstrate in carefully designed and conducted clinical trials, that the product candidate is both safe and effective. We do not know whether our pending or any future clinical trials will demonstrate sufficient safety and efficacy to obtain the requisite regulatory approvals or will result in marketable products. Unfavorable data from those studies could result in the withdrawal of marketing approval for approved products or an extension of the review period for developmental products. Preclinical testing and clinical development are inherently lengthy, complex, expensive and uncertain processes and have a high risk of failure. It typically takes many years to complete testing, and failure can occur at any stage of testing. Results attained in preclinical testing and early clinical studies, or trials, may not be indicative of results that are obtained in later studies. In addition, we have limited experience in conducting and managing the clinical trials necessary to obtain regulatory approval in the U.S., in Canada and abroad and, accordingly, may encounter unforeseen problems and delays in the approval process. Though we may engage a contract research organization (a CRO) with experience in conducting regulatory trials, errors in the conduct, monitoring and/or auditing could invalidate the results from a regulatory perspective.

None of our current product candidates has to date received regulatory approval for their intended commercial sale. We cannot market a pharmaceutical product in any jurisdiction until it has completed rigorous preclinical testing and clinical trials and passed such jurisdiction s extensive regulatory approval process. In general, significant R&D and clinical studies are required to demonstrate the safety and efficacy of our product candidates before we can submit regulatory applications. Even if a product candidate is approved by the applicable regulatory authority, we may not obtain approval for an indication whose market is large enough to recover our investment in that product candidate. In addition, there can be no assurance that we will ever obtain all or any required regulatory approvals for any of our product candidates.

We are currently developing our product candidates based on R&D activities, preclinical testing and clinical trials conducted to date, and we may not be successful in developing or introducing to the market these or any other new products or technology. If we fail to develop and deploy new products successfully and on a timely basis, we may become non-competitive and unable to recover the R&D and other expenses we incur to develop and test new products.

Interim results of preclinical or clinical studies do not necessarily predict their final results, and acceptable results in early studies might not be obtained in later studies. Safety signals detected during clinical studies and preclinical

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animal studies may require us to perform additional studies, which could delay the development of the drug or lead to a decision to discontinue development of the drug. Product candidates in the later stages of clinical development may fail to show the desired safety and efficacy traits despite positive results in initial clinical testing. Results from earlier studies may not be indicative of results from future clinical trials and the risk remains that a pivotal program may generate efficacy data that will be insufficient for the approval of the drug, or may raise safety concerns that may prevent approval of the drug. Interpretation of the prior preclinical and clinical safety and efficacy data of our product candidates may be flawed and there can be no assurance that safety and/or efficacy concerns from the prior data were overlooked or misinterpreted, which in subsequent, larger studies appear and prevent approval of such product candidates.

Furthermore, we may suffer significant setbacks in advanced clinical trials, even after promising results in earlier studies. Based on results at any stage of clinical trials, we may decide to repeat or redesign a trial or discontinue development of one or more of our product candidates. Further, actual results may vary once the final and quality-controlled verification of data and analyses has been completed. If we fail to adequately demonstrate the safety and efficacy of our products under development, we will not be able to obtain the required regulatory approvals to commercialize our product candidates.

A failure in the development of any one of our programs or product candidates could have a negative impact on the development of the others. Setbacks in any phase of the clinical development of our product candidates would have an adverse financial impact (including with respect to any agreements and partnerships that may exist between us and other entities), could jeopardize regulatory approval and would likely cause a drop in the price of our Common Shares.

If we are unable to successfully complete our clinical trial programs, or if such clinical trials take longer to complete than we project, our ability to execute our current business strategy will be adversely affected.

Whether or not and how quickly we complete clinical trials is dependent in part upon the rate at which we are able to engage clinical trial sites and, thereafter, the rate of enrollment of patients, and the rate at which we collect, clean, lock and analyze the clinical trial database. Patient enrollment is a function of many factors, including the design of the protocol, the size of the patient population, the proximity of patients to and availability of clinical sites, the eligibility criteria for the study, the perceived risks and benefits of the drug under study and of the control drug, if any, the efforts to facilitate timely enrollment in clinical trials, the patient referral practices of physicians, the existence of competitive clinical trials, and whether existing or new drugs are approved for the indication we are studying. Certain clinical trials are designed to continue until a pre-determined number of events have occurred to the patients enrolled. Such trials are subject to delays stemming from patient withdrawal and from lower than expected event rates and may also incur increased costs, if enrollment is increased in order to achieve the desired number of events. If we experience delays in identifying and contracting with sites and/or in patient enrollment in our clinical trial programs, we may incur additional costs and delays in our development programs, and may not be able to complete our clinical trials on a cost-effective or timely basis. In addition, conducting multi-national studies adds another level of complexity and risk as we are subject to events affecting countries other than Canada and the U.S. Moreover, negative or inconclusive results from the clinical trials we conduct or adverse medical events could cause us to have to repeat or terminate the clinical trials. Accordingly, we may not be able to complete the clinical trials within an acceptable time-frame, if at all. If we or any third party have difficulty enrolling a sufficient number of patients to conduct our clinical trials as planned, we may need to delay or terminate ongoing clinical trials.

Clinical trials are subject to continuing oversight by governmental regulatory authorities and institutional review boards and must:

- meet the requirements of these authorities;
- meet the requirements for informed consent; and
- meet the requirements for good clinical practices.

We may not be able to comply with these requirements in respect of one or more of our product candidates.

Additionally, we have limited experience in filing a New Drug Application (NDA) or similar application for approval in the U.S. or in any other country for our current product candidates, which may result in a delay in, or the

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rejection of, our filing of an NDA or similar application. During the drug development process, regulatory agencies will typically ask questions of drug sponsors. While we endeavor to answer all such questions in a timely fashion, some questions may not be answered in time to prevent the delay of acceptance of an NDA or the rejection of an NDA.

We have incurred, and expect to continue to incur, substantial expenses, and we have made, and expect to continue to make, substantial financial commitments to establish a commercial operation. There can be no assurance how quickly, if ever, we will realize a profit from our commercial operation.

Our business strategy is to become a specialty biopharmaceutical company with commercial operations to market and sell products that we develop, may acquire or in-license. To that end, our commercial operations consist of 23 full-time sales representatives, who provide services pursuant to our agreement with a contract sales organization, and a sales-management staff, all of whom provide services pursuant to our agreement with a contract sales organization. We have to date incurred, and expect to continue to incur, substantial expenses, and we have made, and expect to continue to make, substantial financial commitments to build out our commercial operations. Establishing a commercial operation is expensive and time-consuming, and there can be no assurance how quickly, if ever, we will realize a profit from our commercial operations. Factors that may inhibit our efforts to realize a profit from our commercial operations, should we be successful in consummating transactions such as acquisitions, in-licensing, promotional or co-promotional arrangements with third parties, include:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel and representatives;
- the inability of our sales personnel to obtain access to or to persuade adequate numbers of physicians to prescribe our products or the products that we in-license or co-promote;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

Our financial viability depends, in part, on our ability to acquire, in-license or otherwise obtain the right to sell other products. If we are unable to do so, our business, financial condition and results of operations may be materially adversely affected.

In connection with our strategy to further transform the Company into a commercially operating specialty biopharmaceutical organization, we may enter into commercial arrangements with third parties, including but not limited to promotion, co-promotion, acquisition or in-licensing agreements, in efforts to establish and expand our commercial revenue base. These business activities entail numerous operational and financial risks, including:

- the difficulty or inability to secure financing to acquire or in-license products;
- the incurrence of substantial debt or dilutive issuances of securities to pay for the acquisition or in-licensing of new products;
- the disruption of our business and diversion of our management s time and attention;
- higher than expected development, acquisition or in-license and integration costs;

exposure to unknown liabilities; and

the difficulty in locating products that are in our targeted therapeutic areas and that are compatible with other products in our portfolio.

We can provide no assurance that we will be able to identify potential product candidates or strategic commercial partners or, if we identify such product candidates or partners, that any related commercial arrangements will be consummated on terms that are favorable to us. To the extent that we are successful in entering into any strategic commercial arrangements, including promotional or co-promotional agreements, or acquisition or in-licensing agreements with third parties, we cannot provide any assurance that any resulting initiatives or activities will be successful. To the extent that any related investments in such arrangements do not yield the expected benefits, our business, financial condition and results of operations may be materially adversely affected.

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We have limited resources to identify and execute the procurement of additional products and to integrate them into our current commercial operations. The failure to successfully integrate the personnel and operations of businesses that we may acquire or of products that we may in-license in the future with our existing operations, business and products could have a material adverse effect on our operations and results. We compete with larger pharmaceutical companies and other competitors in our efforts to acquire, in-license, and/or obtain the right to market new products. Our competitors likely will have access to greater financial resources than us and may have greater expertise in identifying and evaluating new opportunities. Moreover, we may devote resources to potential acquisition, in-licensing, promotion or co-promotion opportunities that are never completed, or we may fail to realize the anticipated benefits of such efforts.

We will require significant additional financing, and we may not have access to sufficient capital.

We will require significant additional capital to fund our commercial operations and may require additional capital to pursue planned clinical trials and regulatory approvals, as well as further R&D and marketing efforts for our product candidates and potential products. We do not anticipate generating significant revenues from operations in the near future, and we currently have no committed sources of capital.

We may attempt to raise additional funds through public or private financings, collaborations with other pharmaceutical companies or from other sources, including, without limitation, through at-the-market offerings and issuances of Common Shares. Additional funding may not be available on terms which are acceptable to us. If adequate funding is not available to us on reasonable terms, we may need to delay, reduce or eliminate one or more of our product development programs or obtain funds on terms less favorable than we would otherwise accept. To the extent that additional capital is raised through the sale of equity securities or securities convertible into or exchangeable or exercisable for equity securities, the issuance of those securities could result in dilution to our shareholders. Moreover, the incurrence of debt financing or the issuance of dividend-paying preferred shares, could result in a substantial portion of our future operating cash flow, if any, being dedicated to the payment of principal and interest on such indebtedness or the payment of dividends on such preferred shares and could impose restrictions on our operations and on our ability to make certain expenditures and/or to incur additional indebtedness. This could render us more vulnerable to competitive pressures and economic downturns.

We anticipate that our existing working capital, including the proceeds from the sale of Common Shares and Warrants under this prospectus supplement and the accompanying prospectus (but excluding proceeds we may receive upon exercise of the Warrants) and anticipated revenues will be sufficient to fund our commercial operations, development programs, clinical trials and other operating expenses for the near future. However, our future capital requirements are substantial and may increase beyond our current expectations depending on many factors, including:

- the duration of, changes to and results of our clinical trials for our various product candidates going forward;
- unexpected delays or developments in seeking regulatory approvals;
- the time and cost involved in preparing, filing, prosecuting, maintaining and enforcing patent claims;
- unexpected developments encountered in implementing our business development and commercialization strategies;
- the potential addition of commercialized products to our portfolio;
- the outcome of litigation, including the litigation pending against us that is described elsewhere in this prospectus supplement; and
- further arrangements, if any, with collaborators.

In addition, global economic and market conditions as well as future developments in the credit and capital markets may make it even more difficult for us to raise additional financing in the future.

If we are unsuccessful in increasing our revenues and/or raising additional funding, we may possibly cease to continue operating as we currently do.

We have had sustained operating losses, deficits and negative cash flows from operating activities over the past several years, and we expect that we will continue to do so for an extended period.

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Although our unaudited condensed interim consolidated financial statements as at September 30, 2015 and for the three-month and nine-month periods ended September 30, 2015 and 2014 were prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations, our ability to continue as a going concern is dependent on the successful execution of our business plan, which will require an increase in revenue and/or additional funding to be provided by potential investors and/or non-traditional sources of financing. Although we stated in our most recent Management s Discussion and Analysis of Financial Condition and Results of Operations that management believed that the Company had, as at September 30, 2015, sufficient liquidity and financial resources to fund planned expenditures and other working capital needs for at least, but not limited to, the 12-month period following such date, there can be no assurance that management will be able to reiterate such belief in the future, particularly in the event that we do not or are unable to raise additional capital, as we do not expect our operations to generate sufficient cash flow to fund our operations.

Additional funding may be in the form of debt or equity or a hybrid instrument depending on our needs, those of investors and market conditions. Depending on the prevailing global economic and credit market conditions, we may not be able to raise additional cash resources through these traditional sources of financing. Although we may also pursue non-traditional sources of financing with third parties, the global equity and credit markets may adversely affect the ability of potential third parties to pursue such transactions with us. Accordingly, as a result of the foregoing, we continue to review traditional sources of financing, such as private and public debt or various equity financing alternatives, as well as other alternatives to enhance shareholder value, including, but not limited to, non-traditional sources of financing, such as strategic alliances with third parties, the sale of assets or licensing of our technology or intellectual property, a combination of operating and related initiatives or a substantial reorganization of our business.

There can be no assurance that we will achieve profitability or positive cash flows or be able to obtain additional funding or that, if obtained, they will be sufficient, or whether any other initiatives will be successful such that we may continue as a going concern. There also could be material uncertainties related to certain adverse conditions and events that could impact our ability to remain a going concern. If the going concern assumptions were deemed no longer appropriate for our consolidated financial statements, adjustments to the carrying value of assets and liabilities, reported expenses and consolidated statement of financial position classifications would be necessary. Such adjustments could be material.

We are and will be subject to stringent ongoing government regulation for our products and our product candidates, even if we obtain regulatory approvals for the latter.

The manufacture, marketing and sale of our products and product candidates are and will be subject to strict and ongoing regulation, even if regulatory authorities approve any of the latter. Compliance with such regulation will be expensive and consume substantial financial and management resources. For example, an approval for a product may be conditioned on our agreement to conduct costly post-marketing follow-up studies to monitor the safety or efficacy of the products. In addition, as a clinical experience with a drug expands after approval because the drug is used by a greater number and more diverse group of patients than during clinical trials, side effects or other problems may be observed after approval that were not observed or anticipated during pre-approval clinical trials. In such a case, a regulatory authority could restrict the indications for which the product may be sold or revoke the product s regulatory approval.

We and our contract manufacturers will be required to comply with applicable current Good Manufacturing Practice regulations for the manufacture of our products. These regulations include requirements relating to quality assurance, as well as the corresponding maintenance of rigorous records and documentation. Manufacturing facilities must be approved before we can use them in the commercial manufacturing of our products and are subject to subsequent periodic inspection by regulatory authorities. In addition, material changes in the methods of manufacturing or changes in the suppliers of raw materials are subject to further regulatory review and approval.

If we, or if any future marketing collaborators or contract manufacturers, fail to comply with applicable regulatory requirements, we may be subject to sanctions including fines, product recalls or seizures and related publicity requirements, injunctions, total or partial suspension of production, civil penalties, suspension or withdrawals of previously granted regulatory approvals, warning or untitled letters, refusal to approve pending applications for

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marketing approval of new products or of supplements to approved applications, import or export bans or restrictions, and criminal prosecution and penalties. Any of these penalties could delay or prevent the promotion, marketing or sale of our products and product candidates.

Even if we receive marketing approval for our product candidates, such product approvals could be subject to restrictions or withdrawals. Regulatory requirements are subject to change.

Regulatory authorities generally approve products for particular indications. If an approval is for a limited indication, this limitation reduces the size of the potential market for that product. Product approvals, once granted, are subject to continual review and periodic inspections by regulatory authorities. Our operations and practices are subject to regulation and scrutiny by the U.S. government, as well as governments of any other countries in which we do business or conduct activities. Later discovery of previously unknown problems or safety issues and/or failure to comply with domestic or foreign laws, knowingly or unknowingly, can result in various adverse consequences, including, among other things, a possible delay in the approval or refusal to approve a product, warning letters, fines, injunctions, civil penalties, recalls or seizures of products, total or partial suspension of production, refusal of the government to renew marketing applications, complete withdrawal of a marketing application, criminal prosecution, withdrawal of an approved product from the market and/or exclusion from government healthcare programs. Such regulatory enforcement could have a direct and negative impact on the product for which approval is granted, but also could have a negative impact on the approval of any pending applications for marketing approval of new drugs or supplements to approved applications.

Because we operate in a highly regulated industry, regulatory authorities could take enforcement action against us in connection with our, or our licensees or collaborators , business and marketing activities for various reasons.

From time to time, new legislation is passed into law that could significantly change the statutory provisions governing the approval, manufacturing, and marketing of products regulated by the FDA and other health authorities. Additionally, regulations and guidance are often revised or reinterpreted by health agencies in ways that may significantly affect our business and our products. It is impossible to predict whether further legislative changes will be enacted, or whether regulations, guidance, or interpretations will change, and what the impact of such changes, if any, may be.

Healthcare reform measures could hinder or prevent the commercial success of our product candidates and adversely affect our business.

The business prospects and financial condition of pharmaceutical and biotechnology companies are affected by the efforts of governmental and third-party payers to contain or reduce the costs of healthcare. In the U.S. and in other jurisdictions there have been, and we expect that there will continue to be, a number of legislative and regulatory proposals aimed at changing the healthcare system, such as proposals relating to the pricing of healthcare products and services in the U.S. or internationally, the reimportation of drugs into the U.S. from other countries (where they are then sold at a lower price), and the amount of reimbursement available from governmental agencies or other third party payers. For example, drug manufacturers are required to have a national rebate agreement with the Department of Health and Human Services in order to obtain state Medicaid coverage, which requires manufacturers to pay a rebate on drugs dispensed to Medicaid patients.

The *Patient Protection and Affordable Care Act* and the *Healthcare and Education Affordability Reconciliation Act of 2010* (collectively, the ACA) may have far-reaching consequences for most healthcare companies, including specialty biopharmaceutical companies like us. For example, if reimbursement for our product candidates is substantially less than we expect, our revenue prospects could be materially and adversely impacted.

Regardless of the impact of the ACA on us, the U.S. government and other governments have shown significant interest in pursuing healthcare reform and reducing healthcare costs. Any government-adopted reform measures could cause significant pressure on the pricing of healthcare products and services, including our product candidates, in the U.S. and internationally, as well as the amount of reimbursement available from governmental agencies and other third-party payors.

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In addition, on September 27, 2007, the *Food and Drug Administration Amendments Act of 2007* was enacted, giving the FDA enhanced post-market authority, including the authority to require post-marketing studies and clinical trials, labeling changes based on new safety information, and compliance with risk evaluations and mitigation strategies approved by the FDA. The FDA s exercise of this authority may result in delays or increased costs during the period of product development, clinical trials and regulatory review and approval, which may also increase costs related to complying with new post-approval regulatory requirements, and increase potential FDA restrictions on the sale or distribution of approved products.

If we market products in a manner that violates healthcare fraud and abuse laws, we may be subject to civil or criminal penalties, including exclusion from participation in government healthcare programs.

As a pharmaceutical company, even though we do not provide healthcare services or receive payments directly from or bill directly to Medicare, Medicaid or other third-party payors for our products, certain federal and state healthcare laws and regulations pertaining to fraud and abuse are and will be applicable to our business. We are subject to healthcare fraud and abuse regulation by both the federal government and the states in which we conduct our business.

The laws that may affect our ability to operate include the federal healthcare program anti-kickback statute, which prohibits, among other things, knowingly and willfully offering, paying, soliciting, or receiving remuneration to induce, or in return for, the purchase, lease, order, or arrangement for the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed healthcare programs. This statute applies to arrangements between pharmaceutical manufacturers and prescribers, purchasers and formulary managers. Although there are a number of statutory exceptions and regulatory safe harbors protecting certain common activities, the exceptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exception or safe harbor.

Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government, or knowingly making, or causing to be made, a false statement to get a false claim paid. Pharmaceutical companies have been prosecuted under these laws for a variety of alleged promotional and marketing activities, such as providing free product to customers with the expectation that the customers would bill federal programs for the product; reporting to pricing services inflated average wholesale prices that were then used by federal programs to set reimbursement rates; engaging in off-label promotion that caused claims to be submitted to Medicaid for non-covered off-label uses; and submitting inflated best price information to the Medicaid Drug Rebate Program.

The *Health Insurance Portability and Accountability Act of 1996* also created prohibitions against healthcare fraud and false statements relating to healthcare matters. The healthcare fraud statute prohibits knowingly and willfully executing a scheme to defraud any healthcare benefit program, including private payors. The false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians. The ACA imposed new requirements on manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children s Health Insurance Program (with certain exceptions) to report annually to the Centers for Medicare and Medicaid Services (CMS) information related to payments or other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, and applicable manufacturers and group purchasing organizations to report annually to CMS ownership and investment interests held by physicians (as defined above) and their immediate family members and payments or other transfers of value to such physician owners and their immediate family members. Manufacturers are required to report such data to the government by the 90th calendar day of each year.

The majority of states also have statutes or regulations similar to these federal laws, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. In

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addition, some states have laws that require pharmaceutical companies to adopt comprehensive compliance programs. For example, under California law, pharmaceutical companies must comply with both the April 2003 Office of Inspector General Compliance Program Guidance for Pharmaceutical Manufacturers and the PhRMA Code on Interactions with Healthcare Professionals, as amended. Certain states also mandate the tracking and reporting of gifts, compensation, and other remuneration paid by us to physicians and other healthcare providers.

Although compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, the risks cannot be entirely eliminated. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management s attention from the operation of our business. Moreover, achieving and sustaining compliance with applicable federal and state laws may prove costly.

Because of the breadth of these laws and the narrowness of the safe harbors, it is possible that some of our business activities could be subject to challenge under one or more of such laws. The ACA also made several important changes to the federal Anti-Kickback Statute, false claims laws, and healthcare fraud statute by weakening the intent requirement under the anti-kickback and healthcare fraud statutes that may make it easier for the government or whistleblowers to charge such fraud and abuse violations. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the ACA provides that the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the false claims statutes. In addition, the ACA increases penalties for fraud and abuse violations. If our past, present or future operations are found to be in violation of any of the laws described above or other similar governmental regulations to which we are subject, we may be subject to significant civil, criminal and administrative penalties, damages, fines, imprisonment, exclusion from government funded health left">

specifically authorized to receive the Voice Initiated Funds Transfer

Instruction,

b.
made by a person purporting to be a Customer, and

c.
made by said person for the purpose of causing the ASSURED or Customer

to sustain a loss or making an improper personal financial gain for such

person or any other person.

In order for coverage to apply under this INSURING CLAUSE, all Voice Initiated

Funds Transfer Instructions must be received and processed in accordance with

the Designated Procedures outlined in the APPLICATION furnished to the

COMPANY.

Uncollectible Items of

10

.
Loss resulting directly from the ASSURED having credited an account of a
Deposit

customer, shareholder or subscriber on the faith of any Items of Deposit which

prove to be uncollectible, provided that the crediting of such account causes:

a.
redemptions or withdrawals to be permitted,

b.
shares to be issued, or

c.
dividends to be paid, from an account of an Investment Company.

In order for coverage to apply under this INSURING CLAUSE, the ASSURED must hold Items of Deposit for the minimum number of days stated in the APPLICATION before permitting any redemptions or withdrawals, issuing any shares or paying any dividends with respect to such Items of Deposit.

Items of Deposit shall not be deemed uncollectible until the ASSURED'S standard collection procedures have failed.

Audit Expense

11

.
Expense incurred by the ASSURED for that part of the cost of audits or examinations required by any governmental regulatory authority or self-regulatory organization to be conducted by such authority, organization or their appointee by reason of the discovery of loss sustained by the ASSURED and covered by this Bond.

General Agreements

Additional Companies Included As Assured

A. If more than one corporation, or Investment Company, or any combination of them is included as the ASSURED herein:

(1) The total liability of the COMPANY under this Bond for loss or losses sustained by any one or more or all of them shall not exceed the limit for which the COMPANY would be liable under this Bond if all such loss were sustained by any one of them.

(2) Only the first named ASSURED shall be deemed to be the sole agent of the others for all purposes under this Bond, including but not limited to the giving or receiving of any notice or proof required to be given and for the purpose of effecting or accepting any amendments to or termination of this Bond. The COMPANY shall furnish each Investment Company with a copy of the Bond and with any amendment thereto, together with a copy of each formal filing of claim by any other named ASSURED and notification of the terms of the settlement of each such claim prior to the execution of such settlement.

(3) The COMPANY shall not be responsible for the proper application of any payment made hereunder to the first named ASSURED.

(4) Knowledge possessed or discovery made by any partner, director, trustee, officer or supervisory employee of any ASSURED shall constitute knowledge or discovery by all the ASSUREDS for the purposes of this Bond.

(5) If the first named ASSURED ceases for any reason to be covered under this Bond, then the ASSURED next named on the APPLICATION shall thereafter be considered as the first named ASSURED for the purposes of this Bond.

Representation Made By Assured

B. The ASSURED represents that all information it has furnished in the APPLICATION for this Bond or otherwise is complete, true and correct. Such APPLICATION and other information constitute part of this Bond.

The ASSURED must promptly notify the COMPANY of any change in any fact or circumstance which materially affects the risk assumed by the COMPANY under this Bond.

Any intentional misrepresentation, omission, concealment or incorrect statement of a material fact, in the APPLICATION or otherwise, shall be grounds for recision of this Bond.

General Agreements (continued)

Additional Offices Or Employees - Consolidation, Merger Or Purchase Or Acquisition Of Assets Or Liabilities - Notice To Company

C. If the ASSURED, other than an Investment Company, while this Bond is in force, merges or consolidates with, or purchases or acquires assets or liabilities of another institution, the ASSURED shall not have the coverage afforded under this Bond for loss which has:

(1) occurred or will occur on premises, or

(2) been caused or will be caused by an employee, or

(3) arisen or will arise out of the assets or liabilities,

of such institution, unless the ASSURED:

a. gives the COMPANY written notice of the proposed consolidation, merger or purchase or acquisition of assets or liabilities prior to the proposed effective date of such action, and

b. obtains the written consent of the COMPANY to extend some or all of the coverage provided by this Bond to such additional exposure, and

c. on obtaining such consent, pays to the COMPANY an additional premium.

Change Of Control - Notice To Company

D. When the ASSURED learns of a change in control (other than in an Investment Company), as set forth in Section 2(a) (9) of the Investment Company Act of 1940, the ASSURED shall within sixty (60) days give written notice to the COMPANY setting forth:

(1) the names of the transferors and transferees (or the names of the beneficial owners if the voting securities are registered in another name),

(2) the total number of voting securities owned by the transferors and the transferees (or the beneficial owners), both immediately before and after the transfer, and

(3) the total number of outstanding voting securities.

Failure to give the required notice shall result in termination of coverage for any loss involving a transferee, to be effective on the date of such change in control.

Court Costs And Attorneys' Fees

E. The COMPANY will indemnify the ASSURED for court costs and reasonable attorneys' fees incurred and paid by the ASSURED in defense, whether or not successful, whether or not fully litigated on the merits and whether or not settled, of any claim, suit or legal proceeding with respect to which the ASSURED would be entitled to recovery under this Bond. However, with respect to INSURING CLAUSE 1., this Section shall only apply in the event that:

(1) an Employee admits to being guilty of Larceny or Embezzlement,

(2) an Employee is adjudicated to be guilty of Larceny or Embezzlement, or

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General Agreements

Court Costs And Attorneys' Fees (continued)	(3)	in the absence of 1 or 2 above, an arbitration panel agrees, after a review of an agreed statement of facts between the COMPANY and the ASSURED, that an Employee would be found guilty of Larceny or Embezzlement if such Employee were prosecuted.

The ASSURED shall promptly give notice to the COMPANY of any such suit or legal proceeding and at the request of the COMPANY shall furnish copies of all pleadings and pertinent papers to the COMPANY. The COMPANY may, at its sole option, elect to conduct the defense of all or part of such legal proceeding. The defense by the COMPANY shall be in the name of the ASSURED through attorneys selected by the COMPANY. The ASSURED shall provide all reasonable information and assistance as required by the COMPANY for such defense.

If the COMPANY declines to defend the ASSURED, no settlement without the prior written consent of the COMPANY nor judgment against the ASSURED shall determine the existence, extent or amount of coverage under this Bond.

If the amount demanded in any such suit or legal proceeding is within the DEDUCTIBLE AMOUNT, if any, the COMPANY shall have no liability for court costs and attorney's fees incurred in defending all or part of such suit or legal proceeding.

If the amount demanded in any such suit or legal proceeding is in excess of the LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS for the applicable INSURING CLAUSE, the COMPANY'S liability for court costs and attorney's fees incurred in defending all or part of such suit or legal proceedings is limited to the proportion of such court costs and attorney's fees incurred that the LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS for the applicable INSURING CLAUSE bears to the total of the amount demanded in such suit or legal proceeding.

If the amount demanded is any such suit or legal proceeding is in excess of the DEDUCTIBLE AMOUNT, if any, but within the LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS for the applicable INSURING CLAUSE, the COMPANY'S liability for court costs and attorney's fees incurred in defending all or part of such suit or legal proceedings shall be limited to the proportion of such court costs or attorney's fees that the amount demanded that would be payable under this Bond after application of the DEDUCTIBLE AMOUNT, bears to the total amount demanded.

Amounts paid by the COMPANY for court costs and attorneys' fees shall be in addition to the LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS.

Conditions and Limitations

Definitions

1. As used in this Bond:

a. Computer System means a computer and all input, output, processing, storage, off-line media libraries, and communication facilities which are connected to the computer and which are under the control and supervision of the operating system(s) or application(s) software used by the ASSURED.

b. Counterfeit means an imitation of an actual valid original which is intended to deceive and be taken as the original.

c. Custodian means the institution designated by an Investment Company to maintain possession and control of its assets.

d. Customer means an individual, corporate, partnership, trust customer, shareholder or subscriber of an Investment Company which has a written agreement with the ASSURED for Voice Initiated Funds Transfer Instruction.

e. Employee means:

(1) an officer of the ASSURED,

(2) a natural person while in the regular service of the ASSURED at any of the ASSURED'S premises and compensated directly by the ASSURED through its payroll system and subject to the United States Internal Revenue Service Form W-2 or equivalent income reporting plans of other countries, and whom the ASSURED has the right to control and direct both as to the result to be accomplished and details and means by which such result is accomplished in the performance of such service,

(3) a guest student pursuing studies or performing duties in any of the ASSURED'S premises,

(4) an attorney retained by the ASSURED and an employee of such attorney while either is performing legal services for the ASSURED,

(5) a natural person provided by an employment contractor to perform employee duties for the ASSURED under the ASSURED'S supervision at any of the ASSURED'S premises,

(6) an employee of an institution merged or consolidated with the ASSURED prior to the effective date of this Bond,

(7) a director or trustee of the ASSURED, but only while performing acts within the scope of the customary and usual duties of any officer or other employee of the ASSURED or while acting as a member of any committee duly elected or appointed to examine or audit or have custody of or access to Property of the ASSURED, or

Conditions and Limitations		
Definitions (continued)	(8)	each natural person, partnership or corporation authorized by written agreement with the ASSURED to perform services as electronic data processor of checks or other accounting records related to such checks but only while such person, partnership or corporation is actually performing such services and not: a. creating, preparing, modifying or maintaining the ASSURED'S computer software or programs, or b. acting as transfer agent or in any other agency capacity in issuing checks, drafts or securities for the ASSURED,
	(9)	any partner, officer or employee of an investment advisor, an underwriter (distributor), a transfer agent or shareholder accounting recordkeeper, or an administrator, for an Investment Company while performing acts coming within the scope of the customary and usual duties of an officer or employee of an Investment Company or acting as a member of any committee duly elected or appointed to examine, audit or have custody of or access to Property of an Investment Company. The term Employee shall not include any partner, officer or employee of a transfer agent, shareholder accounting recordkeeper or administrator: a. which is not an "affiliated person" (as defined in Section 2(a) of the Investment Company Act of 1940) of an Investment Company or of the investment advisor or underwriter (distributor) of such Investment Company, or b. which is a "bank" (as defined in Section 2(a) of the Investment Company Act of 1940). This Bond does not afford coverage in favor of the employers of persons as set forth in e. (4), (5) and (8) above, and upon payment to the ASSURED by the COMPANY resulting directly from Larceny or Embezzlement committed by any of the partners, officers or employees of such employers, whether acting alone or in collusion with others, an assignment of such of the ASSURED'S rights and causes of action as it may have against such employers by reason of such acts so committed shall, to the extent of such payment, be given by the

ASSURED to the COMPANY, and the ASSURED shall execute all
papers necessary to secure to the COMPANY the rights provided for
herein.

Each employer of persons as set forth in e.(4), (5) and (8) above and the partners, officers and other employees of such employers shall collectively be deemed to be one person for all the purposes of this Bond; excepting, however, the fifth paragraph of Section 13.

Independent contractors not specified in e.(4), (5) or (8) above, intermediaries, agents, brokers or other representatives of the same general character shall not be considered Employees.

Conditions and Limitations		
Definitions (continued)	f.	Forgery means the signing of the name of another natural person with the intent to deceive but does not mean a signature which consists in whole or in part of one's own name, with or without authority, in any capacity for any purpose.
	g.	Investment Company means any investment company registered under the Investment Company Act of 1940 and listed under the NAME OF ASSURED on the DECLARATIONS.
	h.	Items of Deposit means one or more checks or drafts drawn upon a financial institution in the United States of America.
	i.	Larceny or Embezzlement means larceny or embezzlement as defined in Section 37 of the Investment Company Act of 1940.
	j.	Property means money, revenue and other stamps; securities; including any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of deposit, certificate of interest or participation in any profit-sharing agreement, collateral trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any interest or instruments commonly known as a security under the Investment Company Act of 1940, any other certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any of the foregoing; bills of exchange; acceptances; checks; withdrawal orders; money orders; travelers' letters of credit; bills of lading; abstracts of title; insurance policies, deeds, mortgages on real estate and/or upon chattels and interests therein; assignments of such policies, deeds or mortgages; other valuable papers, including books of accounts and other records used by the ASSURED in the conduct of its business (but excluding all electronic data processing records); and, all other instruments similar to or in the nature of the foregoing in which the ASSURED acquired an interest at the time of the ASSURED'S consolidation or merger with, or purchase of the principal assets of, a predecessor or which are held by the ASSURED for any purpose or in any capacity and whether so held gratuitously or not and

whether or not the ASSURED is liable therefor.

k. Relative means the spouse of an Employee or partner of the ASSURED and any unmarried child supported wholly by, or living in the home of, such Employee or partner and being related to them by blood, marriage or legal guardianship.

l. Securities, documents or other written instruments means original (including original counterparts) negotiable or non-negotiable instruments, or assignments thereof, which in and of themselves represent an equitable interest, ownership, or debt and which are in the ordinary course of business transferable by delivery of such instruments with any necessary endorsements or assignments.

Conditions and Limitations			
Definitions (continued)		m.	Subsidiary means any organization that, at the inception date of this Bond, is named in the APPLICATION or is created during the BOND PERIOD and of which more than fifty percent (50%) of the outstanding securities or voting rights representing the present right to vote for election of directors is owned or controlled by the ASSURED either directly or through one or more of its subsidiaries.
		n.	Transportation Company means any organization which provides its own or its leased vehicles for transportation or which provides freight forwarding or air express services.
		o.	Voice Initiated Election means any election concerning dividend options available to Investment Company shareholders or subscribers which is requested by voice over the telephone.
		p.	Voice Initiated Redemption means any redemption of shares issued by an Investment Company which is requested by voice over the telephone.
		q.	Voice Initiated Funds Transfer Instruction means any Voice Initiated Redemption or Voice Initiated Election.
		For the purposes of these definitions, the singular includes the plural and the plural includes the singular, unless otherwise indicated.	
General Exclusions - Applicable to All Insuring Clauses	2.	This bond does not directly or indirectly cover:	
		a.	loss not reported to the COMPANY in writing within sixty (60) days after termination of this Bond as an entirety;
		b.	loss due to riot or civil commotion outside the United States of America and Canada, or any loss due to military, naval or usurped power, war or insurrection. This Section 2.b., however, shall not apply to loss which occurs in transit in the circumstances recited in INSURING CLAUSE 3., provided that when such transit was initiated there was no knowledge on the part of

any person acting for the ASSURED of such riot, civil commotion, military, naval or usurped power, war or insurrection;

c. loss resulting from the effects of nuclear fission or fusion or radioactivity;

d. loss of potential income including, but not limited to, interest and dividends not realized by the ASSURED or by any customer of the ASSURED;

e. damages of any type for which the ASSURED is legally liable, except compensatory damages, but not multiples thereof, arising from a loss covered under this Bond;

f. costs, fees and expenses incurred by the ASSURED in establishing the existence of or amount of loss under this Bond, except to the extent covered under INSURING CLAUSE 11.;

g. loss resulting from indirect or consequential loss of any nature;

Conditions and Limitations

General Exclusions - Applicable to All Insuring Clauses (continued)

h. loss resulting from dishonest acts by any member of the Board of Directors or Board of Trustees of the ASSURED who is not an Employee, acting alone or in collusion with others;

i. loss, or that part of any loss, resulting solely from any violation by the ASSURED or by any Employee:

(1) of any law regulating:

a. the issuance, purchase or sale of securities,

b. securities transactions on security or commodity exchanges or the over the counter market,

c. investment companies,

d. investment advisors, or

(2) of any rule or regulation made pursuant to any such law; or

j. loss of confidential information, material or data;

k. loss resulting from voice requests or instructions received over the telephone, provided however, this Section 2.k. shall not apply to INSURING CLAUSE 7. or 9.

Specific Exclusions - Applicable To All Insuring Clauses Except Insuring Clause 1. damage or destruction of Property;

3. This Bond does not directly or indirectly cover:

a. loss caused by an Employee, provided, however, this Section 3.a. shall not apply to loss covered under INSURING CLAUSE 2. or 3. which results directly from misplacement, mysterious unexplainable disappearance, or

b. loss through the surrender of property away from premises of the ASSURED as a result of a threat:

(1) to do bodily harm to any natural person, except loss of Property in transit in the custody of any person acting as messenger of the ASSURED, provided that when such transit was initiated there was no knowledge by the ASSURED of any such threat, and provided further that this Section 3.b. shall not apply to INSURING CLAUSE 7., or

(2) to do damage to the premises or Property of the ASSURED;

c. loss resulting from payments made or withdrawals from any account involving erroneous credits to such account;

d. loss involving Items of Deposit which are not finally paid for any reason provided however, that this Section 3.d. shall not apply to INSURING CLAUSE 10.;

e. loss of property while in the mail;

Conditions and Limitations		
Specific Exclusions - Applicable To All Insuring Clauses Except Insuring Clause 1. (continued)	f.	loss resulting from the failure for any reason of a financial or depository institution, its receiver or other liquidator to pay or deliver funds or other Property to the ASSURED provided further that this Section 3.f. shall not apply to loss of Property resulting directly from robbery, burglary, misplacement, mysterious unexplainable disappearance, damage, destruction or removal from the possession, custody or control of the ASSURED.
	g.	loss of Property while in the custody of a Transportation Company, provided however, that this Section 3.g. shall not apply to INSURING CLAUSE 3.;
	h.	loss resulting from entries or changes made by a natural person with authorized access to a Computer System who acts in good faith on instructions, unless such instructions are given to that person by a software contractor or its partner, officer, or employee authorized by the ASSURED to design, develop, prepare, supply, service, write or implement programs for the ASSURED's Computer System; or
	i.	loss resulting directly or indirectly from the input of data into a Computer System terminal, either on the premises of the customer of the ASSURED or under the control of such a customer, by a customer or other person who had authorized access to the customer's authentication mechanism.
Specific Exclusions - Applicable To All Insuring Clauses Except Insuring Clauses 1., 4., And 5.	4.	This bond does not directly or indirectly cover:
	a.	loss resulting from the complete or partial non-payment of or default on any loan whether such loan was procured in good faith or through trick, artifice, fraud or false pretenses; provided, however, this Section 4.a. shall not apply to INSURING CLAUSE 8.;
	b.	loss resulting from forgery or any alteration;
	c.	loss involving a counterfeit provided, however, this Section 4.c. shall not apply to INSURING CLAUSE 5. or 6.
Limit Of Liability/Non-Reduction And Non-Accumulation Of Liability	5.	At all times prior to termination of this Bond, this Bond shall continue in force for the limit stated in the applicable sections of ITEM 2. of the DECLARATIONS, notwithstanding any previous loss for which the COMPANY may have paid or be liable to pay under this Bond provided, however, that the liability of the COMPANY under this Bond with respect to all loss resulting from:
	a.	any one act of burglary, robbery or hold-up, or attempt thereat, in which no Employee is concerned or implicated, or
	b.	any one unintentional or negligent act on the part of any one person resulting in damage to or destruction or misplacement of Property, or
	c.	all acts, other than those specified in a. above, of any one person, or

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Conditions and Limitations		
Limit Of Liability/Non-Reduction And Non-Accumulation Of Liability (continued)		d. any one casualty or event other than those specified in a., b., or c. above, shall be deemed to be one loss and shall be limited to the applicable LIMIT OF LIABILITY stated in ITEM 2. of the DECLARATIONS of this Bond irrespective of the total amount of such loss or losses and shall not be cumulative in amounts from year to year or from period to period. All acts, as specified in c. above, of any one person which i. directly or indirectly aid in any way wrongful acts of any other person or persons, or ii. permit the continuation of wrongful acts of any other person or persons whether such acts are committed with or without the knowledge of the wrongful acts of the person so aided, and whether such acts are committed with or without the intent to aid such other person, shall be deemed to be one loss with the wrongful acts of all persons so aided.
Discovery	6.	This Bond applies only to loss first discovered by an officer of the ASSURED during the BOND PERIOD. Discovery occurs at the earlier of an officer of the ASSURED being aware of: a. facts which may subsequently result in a loss of a type covered by this Bond, or b. an actual or potential claim in which it is alleged that the ASSURED is liable to a third party, regardless of when the act or acts causing or contributing to such loss occurred, even though the amount of loss does not exceed the applicable DEDUCTIBLE AMOUNT, or the exact amount or details of loss may not then be known.
Notice To Company - Proof - Legal Proceedings Against Company	7.	a. The ASSURED shall give the COMPANY notice thereof at the earliest practicable moment, not to exceed sixty (60) days after discovery of loss, in an amount that is in excess of 50% of the applicable DEDUCTIBLE AMOUNT, as stated in ITEM 2. of the DECLARATIONS. b. The ASSURED shall furnish to the COMPANY proof of loss, duly sworn to, with full particulars within six (6) months after such discovery.

c. Securities listed in a proof of loss shall be identified by certificate or bond numbers, if issued with them.

d. Legal proceedings for the recovery of any loss under this Bond shall not be brought prior to the expiration of sixty (60) days after the proof of loss is filed with the COMPANY or after the expiration of twenty-four (24) months from the discovery of such loss.

e. This Bond affords coverage only in favor of the ASSURED. No claim, suit, action or legal proceedings shall be brought under this Bond by anyone other than the ASSURED.

Conditions and Limitations		
Notice To Company - Proof - Legal Proceedings Against Company (continued)	f.	Proof of loss involving Voice Initiated Funds Transfer Instruction shall include electronic recordings of such instructions.
Deductible Amount	8.	The COMPANY shall not be liable under any INSURING CLAUSES of this Bond on account of loss unless the amount of such loss, after deducting the net amount of all reimbursement and/or recovery obtained or made by the ASSURED, other than from any Bond or policy of insurance issued by an insurance company and covering such loss, or by the COMPANY on account thereof prior to payment by the COMPANY of such loss, shall exceed the DEDUCTIBLE AMOUNT set forth in ITEM 3. of the DECLARATIONS, and then for such excess only, but in no event for more than the applicable LIMITS OF LIABILITY stated in ITEM 2. of the DECLARATIONS. There shall be no deductible applicable to any loss under INSURING CLAUSE 1. sustained by any Investment Company.
Valuation	9.	BOOKS OF ACCOUNT OR OTHER RECORDS The value of any loss of Property consisting of books of account or other records used by the ASSURED in the conduct of its business shall be the amount paid by the ASSURED for blank books, blank pages, or other materials which replace the lost books of account or other records, plus the cost of labor paid by the ASSURED for the actual transcription or copying of data to reproduce such books of account or other records. The value of any loss of Property other than books of account or other records used by the ASSURED in the conduct of its business, for which a claim is made shall be determined by the average market value of such Property on the business day immediately preceding discovery of such loss provided, however, that the value of any Property replaced by the ASSURED with the consent of the COMPANY and prior to the settlement of any claim for such Property shall be the actual market value at the time of replacement. In the case of a loss of interim certificates, warrants, rights or other securities, the production of which is necessary to the exercise of subscription, conversion, redemption or deposit privileges, the value of them shall be the market value of such privileges immediately preceding their expiration if said loss is not discovered until after their expiration. If no market price is quoted for such Property or for such privileges, the value shall be fixed by agreement between the parties. OTHER PROPERTY The value of any loss of Property, other than as stated above, shall be the actual cash value or the cost of repairing or replacing such Property with Property of like quality and value, whichever is less.

Conditions and Limitations (continued)

Securities Settlement

10. In the event of a loss of securities covered under this Bond, the COMPANY may, at its sole discretion, purchase replacement securities, tender the value of the securities in money, or issue its indemnity to effect replacement securities.

The indemnity required from the ASSURED under the terms of this Section against all loss, cost or expense arising from the replacement of securities by the COMPANY'S indemnity shall be:

a. for securities having a value less than or equal to the applicable DEDUCTIBLE AMOUNT - one hundred (100%) percent;

b. for securities having a value in excess of the DEDUCTIBLE AMOUNT but within the applicable LIMIT OF LIABILITY - the percentage that the DEDUCTIBLE AMOUNT bears to the value of the securities;

c. for securities having a value greater than the applicable LIMIT OF LIABILITY - the percentage that the DEDUCTIBLE AMOUNT and portion in excess of the applicable LIMIT OF LIABILITY bears to the value of the securities.

The value referred to in Section 10.a., b., and c. is the value in accordance with Section 9, Valuation, regardless of the value of such securities at the time the loss under the COMPANY'S indemnity is sustained.

The COMPANY is not required to issue its indemnity for any portion of a loss of securities which is not covered by this Bond; however, the COMPANY may do so as a courtesy to the ASSURED and at its sole discretion.

The ASSURED shall pay the proportion of the Company's premium charge for the Company's indemnity as set forth in Section 10.a., b., and c. No portion of the LIMIT OF LIABILITY shall be used as payment of premium for any indemnity purchased by the ASSURED to obtain replacement securities.

Subrogation - Assignment – Recovery

11. In the event of a payment under this Bond, the COMPANY shall be subrogated to all of the ASSURED'S rights of recovery against any person or entity to the extent of such payment. On request, the ASSURED shall deliver to the COMPANY an assignment of the ASSURED'S rights, title and interest and causes of action against any person or entity to the extent of such payment.

Recoveries, whether effected by the COMPANY or by the ASSURED, shall be

applied net of the expense of such recovery in the following order:

a. first, to the satisfaction of the ASSURED'S loss which would otherwise have been paid but for the fact that it is in excess of the applicable LIMIT OF LIABILITY,

b. second, to the COMPANY in satisfaction of amounts paid in settlement of the ASSURED'S claim,

c. third, to the ASSURED in satisfaction of the applicable DEDUCTIBLE AMOUNT, and

Conditions and Limitations		
Subrogation - Assignment – Recovery (continued)		d. fourth, to the ASSURED in satisfaction of any loss suffered by the ASSURED which was not covered under this Bond. Recovery from reinsurance or indemnity of the COMPANY shall not be deemed a recovery under this section.
Cooperation Of Assured	12.	At the COMPANY'S request and at reasonable times and places designated by the COMPANY, the ASSURED shall: a. submit to examination by the COMPANY and subscribe to the same under oath, b. produce for the COMPANY'S examination all pertinent records, and c. cooperate with the COMPANY in all matters pertaining to the loss. The ASSURED shall execute all papers and render assistance to secure to the COMPANY the rights and causes of action provided for under this Bond. The ASSURED shall do nothing after loss to prejudice such rights or causes of action.
Termination	13.	If the Bond is for a sole ASSURED, it shall not be terminated unless written notice shall have been given by the acting party to the affected party and to the Securities and Exchange Commission, Washington, D.C., not less than sixty (60) days prior to the effective date of such termination. If the Bond is for a joint ASSURED, it shall not be terminated unless written notice shall have been given by the acting party to the affected party, and by the COMPANY to all ASSURED Investment Companies and to the Securities and Exchange Commission, Washington, D.C., not less than sixty (60) days prior to the effective date of such termination. This Bond will terminate as to any one ASSURED, other than an Investment Company: a. immediately on the taking over of such ASSURED by a receiver or other liquidator or by State or Federal officials, or b. immediately on the filing of a petition under any State or Federal statute relative to bankruptcy or reorganization of the ASSURED, or assignment for the benefit of creditors of the ASSURED, or c. immediately upon such ASSURED ceasing to exist, whether through merger into another entity, disposition of all of its assets or otherwise.

The COMPANY shall refund the unearned premium computed at short rates in accordance with the standard short rate cancellation tables if terminated by the ASSURED or pro rata if terminated for any other reason.

Conditions and Limitations			
Termination (continued)			If any partner, director, trustee, or officer or supervisory employee of an ASSURED not acting in collusion with an Employee learns of any dishonest act committed by such Employee at any time, whether in the employment of the ASSURED or otherwise, whether or not such act is of the type covered under this Bond, and whether against the ASSURED or any other person or entity, the ASSURED: a. shall immediately remove such Employee from a position that would enable such Employee to cause the ASSURED to suffer a loss covered by this Bond; and b. within forty-eight (48) hours of learning that an Employee has committed any dishonest act, shall notify the COMPANY, of such action and provide full particulars of such dishonest act. The COMPANY may terminate coverage as respects any Employee sixty (60) days after written notice is received by each ASSURED Investment Company and the Securities and Exchange Commission, Washington, D.C. of its desire to terminate this Bond as to such Employee.
Other Insurance	14	.	Coverage under this Bond shall apply only as excess over any valid and collectible insurance, indemnity or suretyship obtained by or on behalf of: a. the ASSURED, b. a Transportation Company, or c. another entity on whose premises the loss occurred or which employed the person causing the loss or engaged the messenger conveying the Property involved.
Conformity		15.	If any limitation within this Bond is prohibited by any law controlling this Bond's construction, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law.
Change or Modification		16.	This Bond or any instrument amending or affecting this Bond may not be changed or modified orally. No change in or modification of this Bond shall be effective except when made by written endorsement to this Bond signed by an authorized representative of the COMPANY. If this Bond is for a sole ASSURED, no change or modification which would adversely affect the rights of the ASSURED shall be effective prior to sixty (60) days after written notice has been furnished to the Securities and Exchange

Commission, Washington, D.C., by the acting party.

Conditions And Limitations	
Change or Modification (continued)	If this Bond is for a joint ASSURED, no charge or modification which would adversely affect the rights of the ASSURED shall be effective prior to sixty (60) days after written notice has been furnished to all insured Investment Companies and to the Securities and Exchange Commission, Washington, D.C., by the COMPANY.

FEDERAL INSURANCE COMPANY

Endorsement No: 1 Bond

Bond Number: 81951478

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

NAME OF ASSURED ENDORSEMENT

It is agreed that the NAME OF ASSURED in the DECLARATIONS is amended to read as follows:

Delaware Group Adviser Funds
Delaware Group Cash Reserve
Delaware Group Equity Funds I
Delaware Group Equity Funds II
Delaware Group Equity Funds III
Delaware Group Equity Funds IV
Delaware Group Equity Funds V
Delaware Group Foundation Funds
Delaware Group Limited-Term Government Funds
Delaware Group Global & International Funds
Delaware Group Government Funds
Delaware Group Income Funds
Delaware VIP Trust
Delaware Group State Tax-Free Income Trust
Delaware Group Tax-Free Fund
Delaware Group Tax-Free Money Fund
Delaware Pooled Trust
Voyageur Insured Funds
Voyageur Intermediate Tax Free Funds
Voyageur Mutual Funds
Voyageur Mutual Funds II
Voyageur Mutual Funds III
Voyageur Tax-Free Funds
Delaware Investments Dividend and Income Fund, Inc.
Delaware Investments Global Dividend and Income Fund, Inc.
Delaware Investments Arizona Municipal Income Fund, Inc.
Delaware Investments Colorado Municipal Income Fund, Inc.
Delaware Investments National Municipal Income Fund
Delaware Investments Minnesota Municipal Income Fund II, Inc.
Delaware Enhanced Global Dividend and Income Fund
and any other fund(s) now existing in the Delaware Investments Family of Funds

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This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.
ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

ICAP Bond
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FEDERAL INSURANCE COMPANY

Endorsement No.: 2 Bond

Bond Number: 81951478

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

TELEFACSIMILE INSTRUCTION FRAUD ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. By adding the following INSURING CLAUSE:

12. Telefacsimile Instruction

Loss resulting directly from the ASSURED having transferred, paid or delivered any funds or other Property or established any credit, debited any account or given any value on the faith of any fraudulent instructions sent by a Customer, financial institution or another office of the ASSURED by Telefacsimile directly to the ASSURED authorizing or acknowledging the transfer, payment or delivery of funds or Property or the establishment of a credit or the debiting of an account or the giving of value by the ASSURED where such Telefacsimile instructions:

a. bear a valid test key exchanged between the ASSURED and a Customer or another financial institution with authority to use such test key for Telefacsimile instructions in the ordinary course of business, but which test key has been wrongfully obtained by a person who was not authorized to initiate, make, validate or authenticate a test key arrangement, and

b. fraudulently purport to have been sent by such Customer or financial institution when such Telefacsimile instructions were transmitted without the knowledge or consent of such Customer or financial institution by a person other than such Customer or financial institution and which bear a Forgery of a signature, provided that the Telefacsimile instruction was verified by a direct call back to an employee of the financial institution, or a person thought by the ASSURED to be the Customer, or an employee of another financial institution.

2. By deleting from Section 1., Definitions, the definition of Customer in its entirety, and substituting the following:

d. Customer means an individual, corporate, partnership, trust customer, shareholder or subscriber of an Investment Company which has a written agreement with the ASSURED for Voice Initiated Funds Transfer Instruction or Telefacsimile Instruction.

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Form 17-02-2367 (Rev. 10-03) Page 1

3. By adding to Section 1., Definitions, the following:

r. Telefacsimile means a system of transmitting written documents by electronic signals over telephone lines to equipment maintained by the ASSURED for the purpose of reproducing a copy of said document. Telefacsimile does not mean electronic communication sent by Telex or similar means of communication, or through an electronic communication system or through an automated clearing house.

4. By adding to Section 3., Specific Exclusions Applicable to All Insuring Clauses Except Insuring Clause 1. the following:

j. loss resulting directly or indirectly from Telefacsimile instructions provided, however, this exclusion shall not apply to this INSURING CLAUSE.

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

FEDERAL INSURANCE COMPANY

Endorsement No.: 3 Bond

Bond Number: 81951478

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

AUTOMATED TELEPHONE TRANSACTION ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. By adding the following INSURING CLAUSE:

13. Automated Telephone System Transaction

Loss resulting directly from the ASSURED having transferred funds on the faith of any Automated Phone System (APS) Transaction, where the request for such APS Transaction is unauthorized or fraudulent and is made with the intent to deceive. In order for coverage to apply under this INSURING CLAUSE the ASSURED shall maintain and follow all APS Designated Procedures. A single failure of the ASSURED to maintain and follow a particular APS Designated Procedure in a particular APS Transaction will not preclude coverage under this INSURING CLAUSE.

2. By adding to Section 1., Definitions, the following:

s. APS Designated Procedures means all of the following procedures:

(1) No APS Transaction shall be executed unless the shareholder or unitholder to whose account such an APS Transaction relates has previously elected to APS Transactions. (Election in Application)

(2) All APS Transactions shall be logged or otherwise recorded and the records shall be retained for at least six (6) months. (Logging) Information contained in the records shall be capable of being retrieved and produced within a reasonable time after retrieval of specific information is requested, at a success rate of no less than 85 percent.

(3) The caller in any request for an APS Transaction, before executing that APS Transaction must enter a personal identification number (PIN), social security number and account number. (Identity Test)

If the caller fails to enter a correct PIN within three (3) attempts, the caller must not be allowed additional attempts during the same telephone call to enter the PIN. The caller may either be instructed to redial a customer service representative or may be immediately connected to such a representative. (Limited attempts to Enter PIN)

ICAP Bond

(4) A written confirmation of any APS Transaction or change of address shall be mailed to the shareholder or unitholder to whose account such transaction relates, at the record address, by the end of the insured's next regular processing cycle, but in no event later than five (5) business days following such APS Transaction. (Written Confirmation)

(5) Access to the equipment which permits the entity receiving the APS Transaction request to process and effect the transaction shall be limited in the following manner: (Access to APS Equipment)

t. APS Election means any election concerning various account features available to the shareholder or unitholder which is made through the Automated Phone System by means of information transmitted by an individual caller through use of a Automated Phone System. These features include account statements, auto exchange, auto asset builder, automatic withdrawal, dividend/capital gain options, dividend sweep, telephone balance consent and change of address.

u. APS Exchange means any exchange of shares or units in a registered account of one fund into shares or units in an account with the same tax identification number and same ownership-type code of another fund in the same complex pursuant to exchange privileges of the two funds, which exchange is requested through the Automated Phone System by means of information transmitted by an individual caller through use of an Automated Phone System.

v. APS Purchase means any purchase of shares or units issued by an Investment Company which is requested through an Automated Phone System.

w. APS Redemption means any redemption of shares or units issued by an Investment Company which it requested through the telephone by means of information transmitted by an individual caller through use of a Automated Phone System.

x. APS Transaction means any APS Purchase, APS Redemption, APS Election or APS Exchange.

y. Automated Phone System means an automated system which receives and converts to executable instructions transmissions through the Automated Phone System through use of a touch-tone keypad or other tone system; and always excluding transmissions from a computer system or part thereof.

3. By adding the following Section after Section 4., Specific Exclusions-Applicable To All Insuring Clauses Except 1., 4., 5.:
Section 4.A Specific Exclusion-Applicable to Insuring Clause 13

This Bond does not directly or indirectly cover under Insuring Clause 13:
Loss resulting from:

a. the redemption of shares or units, where the proceeds of such redemption are made payable to other than:
(1) the shares or units of record,
(2) a person designated to receive redemption proceeds, or
(3) a bank account designated to receive redemption proceeds, or

b. the redemption of shares or units, where the proceeds of such redemption are paid by check mailed to any address, unless such address has either been designated the shareholder or unitholder by voice through an Automated Phone System or in writing, at least thirty (30)

days prior to such redemption, or

c. the redemption of shares or units, where shareholder or unitholder of the ASSURED designated bank account of record.

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.
ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

FEDERAL INSURANCE COMPANY
Endorsement No.: 4 Bond
Bond Number: 81951478

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

STOP PAYMENT ORDER OR REFUSAL TO PAY CHECK ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. By adding the following INSURING CLAUSE:

"14. Stop Payment Order or Refusal to Pay Check

Loss resulting directly from the ASSURED being legally liable to pay compensatory damages for:

a. complying or failing to comply with notice from any customer of the ASSURED or any authorized representative of such customer, to stop payment on any check or draft made or drawn upon or against the ASSURED by such customer or by any authorized representative of such customer, or

b. refusing to pay any check or draft made or drawn upon or against the ASSURED by any customer of the ASSURED or by any authorized representative of such customer."

2. By adding the following Specific Exclusion:

"Section 4.A. Specific Exclusions – Applicable to INSURING CLAUSE 14

This Bond does not directly or indirectly cover:

a. liability assumed by the ASSURED by agreement under any contract, unless such liability would have attached to the ASSURED even in the absence of such agreement,

b. loss arising out of:

(1) libel, slander, wrongful entry, eviction, defamation, false arrest, false imprisonment, malicious prosecution, assault or battery,

(2) sickness, disease, physical bodily harm, mental or emotional distress or anguish, or death of any person, or

(3) discrimination."

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.
ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

ICAP Bond

Form 17-02-2365 (Ed. 10-00)

FEDERAL INSURANCE COMPANY
Endorsement No.: 5 Bond
Bond Number: 81951478

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

UNAUTHORIZED SIGNATURE ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. By adding the following INSURING CLAUSE:

15. Unauthorized Signature

Loss resulting directly from the ASSURED having accepted, paid or cashed any check or Withdrawal Order made or drawn on or against the account of the ASSURED'S customer which bears the signature or endorsement of one other than a person whose name and signature is on file with the ASSURED as a signatory on such account.

It shall be a condition precedent to the ASSURED'S right of recovery under this INSURING CLAUSE that the ASSURED shall have on file signatures of all the persons who are signatories on such account.

2. By adding to Section 1., Definitions, the following:

z. Instruction means a written order to the issuer of an Uncertificated Security requesting that the transfer, pledge or release from pledge of the specified Uncertificated Security be registered.

aa. Uncertificated Security means a share, participation or other interest in property of or an enterprise of the issuer or an obligation of the issuer, which is:

(1) not represented by an instrument and the transfer of which is registered on books maintained for that purpose by or on behalf of the issuer, and

(2) of a type commonly dealt in on securities exchanges or markets, and

(3) either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.

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bb. Withdrawal Order means a non-negotiable instrument, other than an Instruction, signed by a customer of the ASSURED authorizing the ASSURED to debit the customer's account in the amount of funds stated therein.

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

FEDERAL INSURANCE COMPANY

Endorsement No.: 6 Bond

Bond Number: 81951478

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

EXTENDED COMPUTER SYSTEMS ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. By adding the following INSURING CLAUSE:

16. Extended Computer Systems

A. Electronic Data, Electronic Media, Electronic Instruction

Loss resulting directly from:

(1) the fraudulent modification of Electronic Data, Electronic Media or Electronic Instruction being stored within or being run within any system covered under this INSURING CLAUSE,

(2) robbery, burglary, larceny or theft of Electronic Data, Electronic Media or Electronic Instructions,

(3) the acts of a hacker causing damage or destruction of Electronic Data, Electronic Media or Electronic Instruction owned by the ASSURED or for which the ASSURED is legally liable, while stored within a Computer System covered under this INSURING CLAUSE, or

(4) the damage or destruction of Electronic Data, Electronic Media or Electronic Instruction owned by the ASSURED or for which the ASSURED is legally liable while stored within a Computer System covered under INSURING CLAUSE 16, provided such damage or destruction was caused by a computer program or similar instruction which was written or altered to intentionally incorporate a hidden instruction designed to damage or destroy Electronic Data, Electronic Media, or Electronic Instruction in the Computer System in which the computer program or instruction so written or so altered is used.

B. Electronic Communication

Loss resulting directly from the ASSURED having transferred, paid or delivered any funds or property, established any credit, debited any account or given any value on the faith of any electronic communications directed to the ASSURED, which were transmitted or appear to have been transmitted through:

(1) an Electronic Communication System,
(2) an automated clearing house or custodian, or
(3) a Telex, TWX, or similar means of communication,

directly into the ASSURED'S Computer System or Communication Terminal, and fraudulently purport to have been sent by a customer, automated clearing house, custodian, or financial institution, but which communications were either not sent by said customer, automated clearing house, custodian, or financial institution, or were fraudulently modified during physical transit of Electronic Media to the ASSURED or during electronic transmission to the ASSURED'S Computer System or Communication Terminal.

C. Electronic Transmission

Loss resulting directly from a customer of the ASSURED, any automated clearing house, custodian, or financial institution having transferred, paid or delivered any funds or property, established any credit, debited any account or given any value on the faith of any electronic communications, purporting to have been directed by the ASSURED to such customer, automated clearing house, custodian, or financial institution initiating, authorizing, or acknowledging, the transfer, payment, delivery or receipt of funds or property, which communications were transmitted through:

(1) an Electronic Communication System,
(2) an automated clearing house or custodian, or
(3) a Telex, TWX, or similar means of communication,

directly into a Computer System or Communication Terminal of said customer, automated clearing house, custodian, or financial institution, and fraudulently purport to have been directed by the ASSURED, but which communications were either not sent by the ASSURED, or were fraudulently modified during physical transit of Electronic Media from the ASSURED or during electronic transmission from the ASSURED'S Computer System or Communication Terminal, and for which loss the ASSURED is held to be legally liable.

2. By adding to Section 1., Definitions, the following:

cc. Communication Terminal means a teletype, teleprinter or video display terminal, or similar device capable of sending or receiving information electronically. Communication Terminal does not mean a telephone.

dd. Electronic Communication System means electronic communication operations by Fedwire, Clearing House Interbank Payment System (CHIPS), Society of Worldwide International Financial Telecommunication (SWIFT), similar automated interbank communication systems, and Internet access facilities.

ee. Electronic Data means facts or information converted to a form usable in Computer Systems and which is stored on Electronic Media for use by computer programs.

ff. Electronic Instruction means computer programs converted to a form usable in a Computer System to act upon Electronic Data.

gg. Electronic Media means the magnetic tape, magnetic disk, optical disk, or any other bulk media on which data is recorded.

3. By adding the following Section after Section 4., Specific Exclusions-Applicable to All INSURING CLAUSES except 1., 4., and 5.:

Section 4.A. Specific Exclusions-Applicable to INSURING CLAUSE 16

This Bond does not directly or indirectly cover:

a. loss resulting directly or indirectly from Forged, altered or fraudulent negotiable instruments, securities, documents or written instruments used as source documentation in the preparation of Electronic Data;

b. loss of negotiable instruments, securities, documents or written instruments except as converted to Electronic Data and then only in that converted form;

c. loss resulting from mechanical failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, Electronic Media failure or breakdown or any malfunction or error in programming or error or omission in processing;

d. loss resulting directly or indirectly from the input of Electronic Data at an authorized electronic terminal of an Electronic Funds Transfer System or a Customer Communication System by a person who had authorized access from a customer to that customer's authentication mechanism; or

e. liability assumed by the ASSURED by agreement under any contract, unless such liability would have attached to the ASSURED even in the absence of such agreement; or

f. loss resulting directly or indirectly from:

(1) written instruction unless covered under this INSURING CLAUSE; or

(2) instruction by voice over the telephone, unless covered under this INSURING CLAUSE.

4. By adding to Section 9., Valuation, the following:

Electronic Data, Electronic Media, Or Electronic Instruction

In case of loss of, or damage to, Electronic Data, Electronic Media or Electronic Instruction used by
the ASSURED in its business, the COMPANY shall be liable under this Bond only if such items are
actually reproduced form other Electronic Data, Electronic Media or Electronic Instruction of the
same kind or quality and then for not more than the cost of the blank media and/or the cost of labor for
the actual transcription or copying of data which shall have been furnished by the ASSURED in order to
reproduce such Electronic Data, Electronic Media or Electronic Instruction subject to the applicable
SINGLE LOSS LIMIT OF LIABILITY.

However, if such Electronic Data can not be reproduced and said Electronic Data represents
Securities or financial instruments having a value, then the loss will be valued as indicated in the
SECURITIES and OTHER PROPERTY paragraphs of this Section.

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

FEDERAL INSURANCE COMPANY

Endorsement No.: 7 Bond
Bond Number: 81951478

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

NON-CUMULATIVE ENDORSEMENT

It is agreed that in the event of a loss covered under this Bond and also covered under FEDERAL INSURANCE COMPANY'S bond No. 81951477 issued to DELAWARE MANAGEMENT HOLDINGS, INC., the SINGLE LOSS LIMIT OF LIABILITY under this Bond shall be reduced by any payment under bond No. 81951477 and only the remainder, if any, shall be applicable to such loss hereunder.

Name and Address of Assured:
DELAWARE INVESTMENT FAMILY OF FUNDS
2005 MARKET STREET
PHILADELPHIA, PA 19103

Signature of Assured’s Representative

Position/Title

Date

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.
ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

ICAP Bond
Form 17-02-0955 (Rev. 1-97)

FEDERAL INSURANCE COMPANY
Endorsement No.: 8
Bond Number: 81951478 Bond
NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

AMEND DISCOVERY ENDORSEMENT

It is agreed that this Bond is amended by deleting Section 6., Discovery, in its entirety and substituting the following:

6. Discovery

This Bond applies only to loss first discovered by the General Counsel or Risk Management of the ASSURED during the BOND PERIOD. Discovery occurs at the earlier of the General Counsel or Risk Management of the ASSURED being aware of:

a. facts which may subsequently result in a loss of a type covered by this Bond, or

b. an actual or potential claim in which it is alleged that the ASSURED is liable to a third party,

regardless of when the act or acts causing or contributing to such loss occurred, even though the amount of loss does not exceed the applicable DEDUCTIBLE AMOUNT, or the exact amount or details of loss may not then be known.

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

ICAP Bond
Form 17-02-6260 (Ed. 6-04)

FEDERAL INSURANCE COMPANY
Endorsement No.: 9 Bond
Bond Number: 81951478

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

CLAIMS EXPENSE ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. By adding the following INSURING CLAUSE:
   17. Claims Expense
   Reasonable expense incurred by the ASSURED, solely for independent firms or individuals to determine the amount of loss where:
   (1) the loss is covered under the Bond, and
   (2) the loss is in excess of the applicable DEDUCTIBLE AMOUNT.
2. Under General Exclusions-Applicable To All Insuring Clauses, Section 2.f. does not apply to loss covered under this INSURING CLAUSE.

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

ICAP Bond
Form 17-02-6282 (Ed. 11-04)

FEDERAL INSURANCE COMPANY

Endorsement No. 10 Bond

Bond Number:
81951478

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

REVISE ITEM 2. ENDORSEMENT

It is agreed that this Bond is amended by deleting ITEM 2. in its entirety on the DECLARATIONS and substituting the following:

ITEM 2. LIMITS OF LIABILITY-DEDUCTIBLE AMOUNTS:

If "Not Covered" is inserted below opposite any specified INSURING CLAUSE, such INSURING CLAUSE and any other reference to such INSURING CLAUSE in this Bond shall be deemed to be deleted. There shall be no deductible applicable to any loss under INSURING CLAUSE 1 sustained by any Investment Company.

INSURING CLAUSE		SINGLE LOSS LIMIT OF LIABILITY	DEDUCTIBLE AMOUNT
1.	Employee	$ 40,000,000	$ 0
2.	On Premises	$ 40,000,000	$ 50,000
3.	In Transit	$ 40,000,000	$ 50,000
4.	Forgery or Alteration	$ 40,000,000	$ 50,000
5.	Extended Forgery	$ 40,000,000	$ 50,000
6.	Counterfeit Money	$ 40,000,000	$ 50,000
7.	Threats to Person	$ 40,000,000	$ 50,000
8.	Computer System	$ 40,000,000	$ 50,000
9.	Voice Initiated Funds Transfer Instruction	$ 40,000,000	$ 50,000
10.	Uncollectible Items of Deposit	$ 50,000	$ 10,000
11.	Audit Expense	$ 100,000	$ 0
12.	Telefacsimile Instruction Fraud	$ 40,000,000	$ 50,000
13.	Automated Telephone Transaction	$ 40,000,000	$ 50,000
14.	Stop Payment Order or Refusal to Pay Check	$ 40,000,000	$ 50,000
15.	Unauthorized Signature	$ 50,000	$ 10,000
16.	Extended Computer Systems	$ 40,000,000	$ 50,000
17.	Claims Expense	$ 100,000	$ 0

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

ICAP Bond
Form 17-02-1582 (Ed. 5-98) Page 2

FEDERAL INSURANCE COMPANY
Endorsement No.: 11 Bond
Bond Number: 8195147 8

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

AMENDING DEFINITION OF EMPLOYEE-FORMER EMPLOYEES ENDORSEMENT

It is agreed that this Bond is amended by adding to the definition of Employee in Section 1., Definitions, the following:

(10) a natural person who resigns, retires or is terminated from the service of the ASSURED during the BOND PERIOD provided that this applies:

a. for a period of ninety (90) days subsequent to such resignation, retirement or termination but not beyond the date of expiration or termination of the Bond; and

b. if such resignation, retirement or termination has not arisen from or in connection with the discovery by the ASSURED of any actual or alleged dishonest, fraudulent or criminal act(s) of such person.

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

ICAP Bond
Form 17-02-2335 (Ed. 10-00)

ENDORSEMENT/RIDER

Effective date of
this endorsement/rider: October 31, 2015

FEDERAL INSURANCE COMPANY
Endorsement/Rider No. 12
To be attached to and
form a part of Policy No. 81951478

Issued to: DELAWARE INVESTMENT FAMILY OF FUNDS

COMPLIANCE WITH APPLICABLE TRADE SANCTION LAWS

It is agreed that this insurance does not apply to the extent that trade or economic sanctions or other similar laws or regulations prohibit the coverage provided by this insurance.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.
All other terms, conditions and limitations of this Policy shall remain unchanged.

Effective date of
this endorsement/rider: October 31, 2015

ENDORSEMENT/RIDER
FEDERAL INSURANCE COMPANY
Endorsement/Rider No. 13 Bond
To be attached to and
form a part of Bond No.
81951478

Issued to: DELAWARE INVESTMENT FAMILY OF FUNDS

DELETING VALUATION-OTHER PROPERTY AND AMENDING CHANGE OR MODIFICATION ENDORSEMENT

In consideration of the premium charged, it is agreed that this Bond is amended as follows:

1. The paragraph titled Other Property in Section 9, Valuation, is deleted in its entirety.
2. The third paragraph in Section 16, Change or Modification, is deleted in its entirety and replaced
with the following:
If this Bond is for a joint ASSURED, no change or modification which would adversely affect the
rights of the ASSURED shall be effective prior to sixty (60) days after written notice has been furnished to all insured Investment Companies and the Securities and Exchange Commission, Washington, D.C., by the
COMPANY.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.
All other terms, conditions and limitations of this Bond shall remain unchanged.

17-02-2437 (12/2006) rev.

ENDORSEMENT/RIDER

Effective date of
this endorsement/rider: October 31, 2015

FEDERAL INSURANCE COMPANY
Endorsement/Rider No. 14
To be attached to and
form a part of Bond No.81951478

Issued to: DELAWARE INVESTMENT FAMILY OF FUNDS

AMENDED NOTICE ENDORSEMENT

It is agreed Section 7., Notice to Company-Proof-Legal Proceedings Against Company, is amended by deleting in its entirety paragraph a. and substituting the following:

a. The ASSURED shall give the COMPANY notice thereof at the earliest practicable moment, not to exceed ninety (90) days after discovery of loss, in an amount that is in excess of 50% of the applicable DEDUCTIBLE AMOUNT, as stated in ITEM 2. of the DECLARATIONS.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.
All other terms, conditions and limitations of this Bond shall remain unchanged.

14-02-12867 (02/2007) Page 1

ENDORSEMENT/RIDER

Effective date of
this endorsement/rider: October 31, 2015

FEDERAL INSURANCE COMPANY
Endorsement/Rider No. 15
To be attached to and
form a part of Bond No. 81951478

Issued to: DELAWARE INVESTMENT FAMILY OF FUNDS

AUTOMATIC INCREASE IN LIMITS ENDORSEMENT

In consideration of the premium charged, it is agreed that GENERAL AGREEMENTS, Section C. Additional Offices Or Employees-Consolidation, Merger Or Purchase Or Acquisition Of Assets Or Liabilities-Notice To Company, is amended by adding the following subsection:

Automatic Increase in Limits for Investment Companies

If an increase in bonding limits is required pursuant to rule 17g-1 of the Investment Company Act of 1940 ("the Act"), due to:

(i) the creation of a new Investment Company, other than by consolidation or merger with, or purchase or acquisition of assets or liabilities of, another institution; or

(ii) an increase in asset size of current Investment Companies covered under this Bond,

then the minimum required increase in limits shall take place automatically without payment of additional premium for the remainder of the BOND PERIOD.

The title and any headings in this endorsement/rider are solely for convenience and form no part of the terms and conditions of coverage.

All other terms, conditions and limitations of this Bond shall remain unchanged.

FEDERAL INSURANCE COMPANY
Endorsement No.: 16 Bond
Bond Number: 81951478

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

AUTOMATIC ACQUISITION PERCENTAGE THRESHOLD ENDORSEMENT

It is agreed that this Bond is amended by deleting in its entirety General Agreement C., Additional Offices or Employees-Consolidation, Merger or Purchase or Acquisition of Assets or Liabilities-Notice To Company, and substituting the following:

C. Additional Offices or Employees-Consolidation, Merger or Purchase or Acquisition Of Assets or Liabilities-Notice to Company

If the ASSURED, other than an Investment Company, while this Bond is in force, merges or consolidates with, or purchases or acquires assets or liabilities of another institution, the ASSURED shall not have the coverage afforded under this Bond for loss which has:

(1) occurred or will occur on premises,
(2) been caused or will be caused by an employee, or
(3) arisen or will arise out of the assets or liabilities,

of such institution, unless the ASSURED:

a. gives the COMPANY written notice of the proposed consolidation, merger or purchase or acquisition of assets or liabilities prior to the proposed effective date of such action, and
b. obtains the written consent of the COMPANY to extend some or all of the coverage provided by this Bond to such additional exposure, and
c. on obtaining such consent, pays to the COMPANY an additional premium.

Notwithstanding anything stated above to the contrary, the COMPANY hereby agrees to provide coverage which shall be effective on the date of acquisition under this Bond for those acquired institutions in which the ASSURED owns greater than fifty percent (50%) of the voting stock or voting rights either directly or through one or more of its subsidiaries for the remainder of the BOND PERIOD, with no additional premium, provided the acquired institution meets all of the following conditions:

i. the assets shall not exceed twenty five percent (25%) of the ASSURED'S assets,
ii. there shall be neither any paid nor pending Bond claim for the three (3) year period prior to the date of acquisition, and
iii. the ASSURED is not aware of any disciplinary action or proceeding by State or Federal officials involving the acquired institution as of the date of acquisition.

The COMPANY further agrees that as respects any acquisition that involves a State or Federal regulatory assisted acquisition or assumption of assets and/or liabilities, coverage shall be provided under this Bond for the remainder of the BOND PERIOD as long as conditions i. and ii. above are met. As respects such acquisition or assumption of assets and/or liabilities, coverage applies only to a Single Loss fully sustained by the ASSURED on or after the date of such acquisition or assumption. All of the circumstances, conditions or acts causing or contributing to a Single Loss must occur on or after the date of such acquisition or assumption for coverage to apply regardless of the time such loss is discovered by the ASSURED.

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Date: November 3, 2015

FEDERAL INSURANCE COMPANY
Endorsement No.: 17 Bond
Bond Number: 81951478

NAME OF ASSURED: DELAWARE INVESTMENT FAMILY OF FUNDS

CO-SURETY ENDORSEMENT

It is agreed that this Bond is amended as follows:

1. By adding to Section 1., Definitions, the following:

"hh. Controlling Company means FEDERAL INSURANCE COMPANY.

ii. Company means, unless otherwise specified, each insurance company, including the Controlling Company, executing this Endorsement.

jj. Companies means, unless otherwise specified, all of the insurance companies, including the Controlling Company, executing this Endorsement."

2. By adding to Section 5., Limit of Liability/Non-Reduction and Non-Accumulation of Liability, the following:

"Each COMPANY shall be liable only for such proportion of any Single Loss as the LIMIT OF LIABILITY underwritten by such Company, as specified in this Endorsement, bears to the LIMIT OF LIABILITY as stated in ITEM 2. of the DECLARATIONS, but in no event shall any Company be liable for an amount greater than that underwritten by it."

3. By adding to Section 7., Notice To Company-Proof-Legal Proceedings Against Company, the following:

"g. In the absence of a request from any Company to pay premiums directly to it, premiums for this Bond may be paid to the Controlling Company for the account of all Companies.

h. In the absence of a request from any Company that notice of claim and proof of loss be given to or filed directly with it, the ASSURED giving such notice to and the filing of such proof with the Controlling Company shall be deemed to be in compliance with the conditions of this Bond for the giving of notice of loss and the filing of proof of loss, if given and filed in accordance with said conditions."

4. By adding to Section 13., Termination, the following:

"The Controlling Company may give notice in accordance with the terms of this Bond terminating the

Bond as an entirety or as to any Employee or ASSURED, and any notice so given shall terminate the liability of all Companies as an entirety or as to such Employee or ASSURED, as the case may be.

Any Company other than the Controlling Company may give notice in accordance with the terms of this Bond, terminating the entire liability of such other Company under this Bond or as to any person or entity.

In the absence of a request from any Company that notice of termination by the ASSURED of this Bond in its entirety may be given to or filed directly with it, the giving of such notice in accordance with the terms of this Bond to the Controlling Company shall terminate the liability of all Companies as an entirety. The ASSURED may terminate the entire liability of any Company, under this Bond by giving notice of such termination to that Company and by sending a copy of such notice to the Controlling Company.

In the event of the termination of this Bond as an entirety, no Company shall be liable to the ASSURED for a greater proportion of any return premium due the ASSURED than the LIMIT OF LIABILITY underwritten by that Company bears to the LIMIT OF LIABILITY as stated in ITEM 2. of the DECLARATIONS.

In the event of the termination of this Bond as to any Company, such Company alone shall be liable to the ASSURED for any return premium due the ASSURED on account of such termination. The termination of the attached Bond as to any Company other than the Controlling Company shall not terminate or otherwise affect the liability of the other Companies under this Bond."

5. By adding the following Section:

"Section 17. Controlling Company

The execution by the Controlling Company of the DECLARATIONS, Endorsements 1-16, shall constitute execution by all the Companies signing this Endorsement.

In the event this Bond is modified during the BOND PERIOD, the Controlling Company shall notify the Companies or their respective representatives, in writing, of such change. Each Company shall be deemed to agree to such modification, unless such Company notifies the Controlling Company or the Controlling Company's representative in writing, that they do not agree to such modification. If a Company fails to object to a modification within fifteen (15) days of receipt of notice from the Controlling Company, such Company shall be deemed to agree to such modification."

This Endorsement applies to loss discovered after 12:01 a.m. on October 31, 2015.

ALL OTHER TERMS AND CONDITIONS OF THIS BOND REMAIN UNCHANGED.

Underwritten for a SINGLE LOSS
LIMIT OF LIABILITY of $25,000,000

FEDERAL INSURANCE COMPANY
Controlling Company
CHUBB & SON
A division of Federal Insurance Company
Manager

Date: November 3, 2015

POLICYHOLDER
DISCLOSURE NOTICE OF
TERRORISM INSURANCE COVERAGE
(for policies with no terrorism exclusion or sublimit)

You are hereby notified that, under the Terrorism Risk Insurance Act (the "Act"), effective December 26, 2007, this policy makes available to you insurance for losses arising out of certain acts of terrorism. Terrorism is defined as any act certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that the insurance provided by your policy for losses caused by acts of terrorism is partially reimbursed by the United States under the formula set forth in the Act. Under this formula, the United States pays 85% of covered terrorism losses that exceed the statutorily established deductible to be paid by the insurance company providing the coverage.

However, if aggregate insured losses attributable to terrorist acts certified under the Act exceed $100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds $100 billion.

10-02-1281 (Ed. 1/2003)

If aggregate insured losses attributable to terrorist acts certified under the Act exceed $100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

The portion of your policy's annual premium that is attributable to insurance for such acts of terrorism is: $ -0-.

If you have any questions about this notice, please contact your agent or broker.

10-02-1281 (Ed. 1/2003)

IMPORTANT NOTICE TO POLICYHOLDERS

All of the members of the Chubb Group of Insurance companies doing business in the United States (hereinafter “Chubb”) distribute their products through licensed insurance brokers and agents (“producers”). Detailed information regarding the types of compensation paid by Chubb to producers on US insurance transactions is available under the Producer Compensation link located at the bottom of the page at www.chubb.com, or by calling 1-866-588-9478. Additional information may be available from your producer.

Thank you for choosing Chubb.

10-02-1295 (ed. 6/2007)

Important Notice:

The SEC Requires Proof of Your Fidelity Insurance Policy

Your company is now required to file an electronic copy of your fidelity insurance coverage (Chubb's ICAP Bond policy) to the Securities and Exchange Commission (SEC), according to rules adopted by the SEC on June 12, 2006.

Chubb is in the process of providing your agent/broker with an electronic copy of your insurance policy as well as instructions on how to submit this proof of fidelity insurance coverage to the SEC. You can expect to receive this information from your agent/broker shortly.

The electronic copy of your policy is provided by Chubb solely as a convenience and does not affect the terms and conditions of coverage as set forth in the paper policy you receive by mail. The terms and conditions of the policy mailed to you, which are the same as those set forth in the electronic copy, constitute the entire agreement between your company and Chubb.

If you have any questions, please contact your agent or broker.

Form 14-02-12160 (ed. 7/2006)

SECOND AMENDED & RESTATED
JOINT INSURANCE AGREEMENT

THIS SECOND AMENDED AND RESTATED JOINT INSURANCE AGREEMENT, dated as of June 30, 2016, is by and among the funds comprising the Delaware Investments Family of Funds (listed on Attachment I hereto) (the "Funds"). This agreement amends and restates in its entirety the Amended & Restated Joint Insurance Agreement, dated as of December 21, 2015 by and among the Funds.

BACKGROUND

THIS AGREEMENT is entered into with the following background:

A. Section 17(g) of the Investment Company Act of 1940 (the "Act") authorizes the Securities and Exchange Commission ("SEC") to require that the officers and employees of registered management investment companies be bonded against larceny and embezzlement, and the SEC has promulgated Rule 17g-1 requiring such coverage in specified minimum amounts.

B. The Funds have obtained and maintain the bonds and policies of insurance providing coverage against larceny and embezzlement by their officers and employees set forth in Attachment I hereto (the “Joint Bonds”).

C. The Board of Trustees/Directors of each Fund, by vote of a majority of its members including a majority of those members of the Board of each Fund who are not "interested persons" as defined by Section 2 (a) (19) of the Act, has given due consideration to all factors relevant to the amount, type, form, coverage and apportionment of recoveries and premiums on the Joint Bonds and has approved the form, term and amount of the Joint Bonds, the portion of the premiums payable by each Fund, and the manner in which recovery

on the Joint Bonds ("Joint Bond Proceeds"), if any, shall be shared by and among the parties hereto as hereinafter set forth.

NOW, THEREFORE, IT IS HEREBY AGREED by and among the parties hereto as follows:

1. ALLOCATION OF PROCEEDS

a. In the event a single party suffers a loss or losses covered under the Joint Bonds, the party suffering such loss or losses shall be entitled to be indemnified up to the full amount of the Joint Bond Proceeds.

b. If more than one party is damaged in a single loss for which Joint Bond Proceeds are received, each such party shall receive that portion of the Joint Bond Proceeds which represents the loss sustained by that party, unless the recovery is inadequate to indemnify fully each such party. If the recovery is inadequate to indemnify fully each such party sustaining a loss, the Joint Bond Proceeds shall be allocated among such parties as follows:

(1) Each party sustaining a loss shall be allocated an amount equal to the lesser of its actual loss or the minimum amount of bond coverage then allocated to such party in accordance with Rule 17g-1. Any party not fully indemnified for its insurable losses as a result of this allocation is hereafter referred to as an "Unindemnified Party".

(2) The remaining portion of the Joint Bond Proceeds, if any, shall be allocated to each Unindemnified Party in the same proportion as such party's allocation of minimum bond coverage (in accordance with Rule 17g-1) bears to the aggregate of the minimum bond coverage amounts for all

Unindemnified Parties, provided that no party shall receive Joint Bond Proceeds in excess of its actual insurable losses.

2. ALLOCATION OF PREMIUMS

a. The premiums payable with respect to the Joint Bonds shall be allocated to each of the parties hereto on an annual basis (and, in the event any increased or additional premium is required to be paid during the year, as of the date such increased or additional premium is due) in the same proportion as each party's minimum amount of bond coverage as then reflected on Attachment II hereto shall bear to the total of such minimum coverage.

3. BOND COVERAGE REQUIREMENTS AND CHANGES

a. Each party hereto has determined that the minimum amount of fidelity bond coverage deemed appropriate to be maintained by it as of the date of this Agreement is as set forth opposite its name in Attachment II hereto. Each of the Funds represents and warrants to each of the other parties hereto that the minimum amount of coverage required of it under Rule 17g-1(d)(1) as of the date hereof is not more than the amount reflected opposite its name in Attachment II hereto. Each of the Funds further agrees that it will promptly take such steps as may be necessary, from time to time, to increase its minimum coverage as set forth in Attachment II hereto (and, if necessary, the face amount of the Joint Bonds) so that its minimum coverage as therein set forth shall at no time be less than the minimum coverage required of it under Rule 17g-1(d)(1).

b. The parties hereto may, from time to time hereafter, agree to modify Attachment II hereto to reflect changes in allocation of premium and coverage. All references in this Agreement to "Attachment II" shall be to such Attachment as amended as of the relevant date on which premiums are to be allocated or losses are sustained.

4. ADDITION OF NEW FUNDS AND OTHER ENTITIES

The parties to this Agreement contemplate that additional funds or other related entities permitted by Rule 17g-1 ("Additional Entities") may be added to Delaware Investments from time to time after the date of this Agreement. In the event an Additional Entity is organized, such Entity may be included as an additional party to this Agreement if the Board of Trustees/Directors of each of the Funds (including an Additional Fund if it is being added) approve such addition and establish a revised minimum allocation of bond coverage. The inclusion of an Additional Entity as a party to this Agreement shall be evidenced by such Entity's execution of the Addendum to this Agreement and all references herein to the "Funds" shall include any such Additional Entities.

5. TERM OF AGREEMENT

This Agreement shall apply to the present fidelity bond coverage and any renewals or replacements thereof and shall continue until terminated by any party hereto upon the giving of not less than sixty days written notice to the other parties.

6. DISPUTES

Any dispute arising under this Agreement shall be submitted to arbitration in the City of Philadelphia, Pennsylvania under the Rules of the American Arbitration Association, and the decision rendered therein shall be final and binding upon the parties hereto.

7. GOVERNING LAW

This Agreement shall be governed by, and construed in accordance with the laws of the Commonwealth of Pennsylvania, to the extent not inconsistent with applicable provisions of the Act and the rules and regulations promulgated thereunder by the SEC.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have caused this Agreement to be executed by a duly authorized officer or representative as of the date first written above.

DELAWARE INVESTMENTS FAMILY OF
FUNDS on behalf of those Funds listed
on Attachment I

By: /s/Shawn Lytle
Shawn Lytle
President

ATTACHMENT I TO JOINT INSURANCE
AGREEMENT DATED AS OF JUNE 30, 2016
DELAWARE INVESTMENTS® FAMILY OF FUNDS

Delaware Group® Adviser Funds
Delaware Diversified Income Fund
Delaware Global Real Estate Opportunities Fund
Delaware U.S. Growth Fund

Delaware Group® Cash Reserve
Delaware Investments Ultrashort Fund
(formerly, Delaware Cash Reserve® Fund)

Delaware Group® Equity Funds I
Delaware Mid Cap Value Fund

Delaware Group® Equity Funds II
Delaware Value® Fund

Delaware Group® Equity Funds IV
Delaware Healthcare Fund
Delaware Smid Cap Growth Fund
Delaware Small Cap Growth Fund
Delaware Group® Equity Funds V
Delaware Wealth Builder Fund
(formerly, Delaware Dividend Income Fund)
Delaware Small Cap Core Fund
Delaware Small Cap Value Fund

Delaware Group® Foundation Funds
(Delaware Foundation Funds®)
Delaware Foundation® Conservative Allocation Fund
Delaware Foundation® Growth Allocation Fund
Delaware Foundation® Moderate Allocation Fund

Delaware Group® Global & International Funds
Delaware Emerging Markets Fund
Delaware Focus Global Growth Fund
Delaware Global Value Fund
Delaware International Value Equity Fund
Delaware Asia Select Fund
(formerly, Delaware Macquarie Asia Select Fund)

Delaware Group® Government Fund
Delaware Core Plus Bond Fund
Delaware Emerging Markets Debt Fund

Delaware Group® Income Funds
Delaware Corporate Bond Fund
Delaware Diversified Floating Rate Fund
Delaware Extended Duration Bond Fund
Delaware High-Yield Opportunities Fund

Delaware Group® Limited-Term Government Funds
Delaware Limited-Term Diversified Income Fund

Delaware Group® State Tax-Free Income Trust
Delaware Tax-Free Pennsylvania Fund

Delaware Group® Tax-Free Fund
Delaware Tax-Free USA Fund
Delaware Tax-Free USA Intermediate Fund

Delaware Pooled® Trust
The Core Plus Fixed Income Portfolio
The Emerging Markets Portfolio
The Emerging Markets Portfolio II
The Focus Smid-Cap Growth Equity Portfolio
The High-Yield Bond Portfolio
The Labor Select International Equity Portfolio
The Large-Cap Growth Equity Portfolio
The Large-Cap Value Equity Portfolio
The Real Estate Investment Trust Portfolio
(also known as Delaware REIT Fund)
The Select 20 Portfolio

Delaware VIP® Trust
Delaware VIP® Diversified Income Series
Delaware VIP® Emerging Markets Series
Delaware VIP® High Yield Series
Delaware VIP® International Value Equity Series
Delaware VIP® Limited-Term Diversified Income Series
Delaware VIP® REIT Series
Delaware VIP® Small Cap Value Series
Delaware VIP® Smid Cap Growth Series
Delaware VIP® U.S. Growth Series
Delaware VIP® Value Series

Voyageur Insured Funds
Delaware Tax-Free Arizona Fund

Voyageur Intermediate Tax Free Funds
Delaware Tax-Free Minnesota Intermediate Fund

Voyageur Mutual Funds
Delaware Minnesota High-Yield Municipal Bond Fund
Delaware National High-Yield Municipal Bond Fund
Delaware Tax-Free California Fund
Delaware Tax-Free Idaho Fund
Delaware Tax-Free New York Fund

Voyageur Mutual Funds II
Delaware Tax-Free Colorado Fund

Voyageur Mutual Funds III
Delaware Select Growth Fund

Voyageur Tax Free Funds
Delaware Tax-Free Minnesota Fund

Delaware Enhanced Global Dividend and Income Fund

Delaware Investments Dividend and Income Fund, Inc.

Delaware Investments Colorado Municipal Income Fund, Inc.

Delaware Investments Minnesota Municipal Income Fund II, Inc.

Delaware Investments National Municipal Income Fund

ATTACHMENT II TO JOINT INSURNACE
AGREEMENT DATED AS OF JUNE 30, 2016
DELAWARE INVESTMENTS® FAMILY OF FUNDS

FUND	Minimum Amount of Fidelity Bond Coverage (000's)
Delaware Group® Adviser Funds Delaware Diversified Income Fund Delaware Global Real Estate Opportunities Fund Delaware U.S. Growth Fund	2,500
Delaware Group® Cash Reserve Delaware Investments Ultrashort fund (formerly, Delaware Cash Reserve® Fund)	600
Delaware Group® Equity Funds I Delaware Mid Cap Value Fund	150
Delaware Group® Equity Funds II Delaware Value® Fund	2,500
Delaware Group® Equity Funds IV Delaware Healthcare Fund Delaware Smid Cap Growth Fund Delaware Small Cap Growth Fund	1,500
Delaware Group® Equity Funds V Delaware Investments Wealth Builder Fund (formerly, Delaware Dividend Income Fund) Delaware Small Cap Core Fund Delaware Small Cap Value Fund	2,500
Delaware Group® Foundation Funds (Delaware Foundation Funds®) Delaware Foundation® Conservative Allocation Fund Delaware Foundation® Growth Allocation Fund Delaware Foundation® Moderate Allocation Fund	750
Delaware Group® Global & International Funds Delaware Emerging Markets Fund Delaware Focus Global Growth Fund Delaware Global Value Fund Delaware International Value Equity Fund Delaware Asia Select Fund (formerly, Delaware Macquarie Asia Select Fund)	1,500
Delaware Group® Government Fund Delaware Core Plus Bond Fund Delaware Emerging Markets Debt Fund	600

FUND	Minimum Amount of Fidelity Bond Coverage (000's)
Delaware Group® Income Funds Delaware Corporate Bond Fund Delaware Diversified Floating Rate Fund Delaware Extended Duration Bond Fund Delaware High-Yield Opportunities Fund	1,900
Delaware Group® Limited-Term Government Funds Delaware Limited-Term Diversified Income Fund	1,250
Delaware Group® State Tax-Free Income Trust Delaware Tax-Free Pennsylvania Fund	750
Delaware Group® Tax-Free Fund Delaware Tax-Free USA Fund Delaware Tax-Free USA Intermediate Fund	1,250
Delaware Pooled® Trust The Core Plus Fixed Income Portfolio The Emerging Markets Portfolio The Emerging Markets Portfolio II The Focus Smid-Cap Growth Equity Portfolio The High-Yield Bond Portfolio The Labor Select International Equity Portfolio The Large-Cap Growth Equity Portfolio The Large-Cap Value Equity Portfolio The Real Estate Investment Trust Portfolio (also known as Delaware REIT Fund) The Select 20 Portfolio	1,500
Delaware VIP® Trust Delaware VIP® Diversified Income Series Delaware VIP® Emerging Markets Series Delaware VIP® High Yield Series Delaware VIP® International Value Equity Series Delaware VIP® Limited-Term Diversified Income Series Delaware VIP® REIT Series Delaware VIP® Small Cap Value Series Delaware VIP® Smid Cap Growth Series Delaware VIP® U.S. Growth Series Delaware VIP® Value Series	2,500
Voyageur Insured Funds Delaware Tax-Free Arizona Fund	450
Voyageur Intermediate Tax Free Funds Delaware Tax-Free Minnesota Intermediate Fund	525
Voyageur Mutual Funds Delaware Minnesota High-Yield Municipal Bond Fund Delaware National High-Yield Municipal Bond Fund Delaware Tax-Free California Fund Delaware Tax-Free Idaho Fund Delaware Tax-Free New York Fund	1,250

Voyageur Mutual Funds II Delaware Tax-Free Colorado Fund	600
Voyageur Mutual Funds III Delaware Select Growth Fund	1,000
Voyageur Tax Free Funds Delaware Tax-Free Minnesota Fund	900
Delaware Enhanced Global Dividend and Income Fund	600
Delaware Investments Dividend and Income Fund, Inc.	450
Delaware Investments Colorado Municipal Income Fund, Inc.	400
Delaware Investments Minnesota Municipal Income Fund II, Inc.	600
Delaware Investments National Municipal Income Fund	400