
Delaware VIP[®] Trust

Delaware VIP Small Cap Value Series

Semiannual Report

June 30, 2011

Delaware
Investments[®]

A member of Macquarie Group



MACQUARIE

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Unless otherwise noted, views expressed herein are current as of June 30, 2011, and subject to change.

The Series is not Federal Deposit Insurance Corporation (FDIC) insured and is not guaranteed. It is possible to lose the principal amount invested.

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Delaware VIP® Trust — Delaware VIP Small Cap Value Series Disclosure of Series Expenses

For the Six Month Period from January 1, 2011 to June 30, 2011

As a shareholder of the Series, you incur ongoing costs, including management fees; distribution and/or service (12b-1) fees; and other Series expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Series and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire six month period from January 1, 2011 to June 30, 2011.

Actual Expenses

The first section of the table shown, “Actual Series Return,” provides information about actual account values and actual expenses. You may use the information in this section of the table, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during the period.

Hypothetical Example for Comparison Purposes

The second section of the table shown, “Hypothetical 5% Return,” provides information about hypothetical account values and hypothetical expenses based on the Series’ actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Series’ actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Series and other funds. To do so, compare the 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. As a shareholder of the Series, you do not incur any transaction costs, such as sales charges (loads), redemption fees or exchange fees, but shareholders of other funds may incur such costs. Also, the fees related to the variable annuity investment or the deferred sales charge that could apply have not been included. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. The Series’ actual expenses shown in the table reflect fee waivers in effect for Service class shares. The expenses shown in the table assume reinvestment of all dividends and distributions.

Expense Analysis of an Investment of \$1,000

	Beginning Account Value 1/1/11	Ending Account Value 6/30/11	Annualized Expense Ratios	Expenses Paid During Period 1/1/11 to 6/30/11*
Actual Series Return				
Standard Class	\$1,000.00	\$1,053.30	0.82%	\$4.17
Service Class	1,000.00	1,052.00	1.07%	5.44
Hypothetical 5% Return (5% return before expenses)				
Standard Class	\$1,000.00	\$1,020.73	0.82%	\$4.11
Service Class	1,000.00	1,019.49	1.07%	5.36

*“Expenses Paid During Period” are equal to the Series’ annualized expense ratio, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

Delaware VIP® Trust — Delaware VIP Small Cap Value Series Security Type/Sector Allocation and Top 10 Equity Holdings

As of June 30, 2011

Sector designations may be different than the sector designations presented in other Series materials. The sector designations may represent the investment manager's internal sector classifications, which may result in the sector designations for one series being different than another series' sector designations.

Security Type/Sector	Percentage of Net Assets
Common Stock	98.17%
Basic Industry	11.73%
Business Services	1.80%
Capital Spending	9.04%
Consumer Cyclical	2.41%
Consumer Services	15.32%
Consumer Staples	0.90%
Energy	6.41%
Financial Services	19.76%
Healthcare	7.47%
Real Estate	3.57%
Technology	13.38%
Transportation	3.51%
Utilities	2.87%
Short-Term Investments	2.04%
Securities Lending Collateral	8.03%
Total Value of Securities	108.24%
Obligation to Return Securities Lending Collateral	(8.16%)
Other Liabilities Net of Receivables and Other Assets	(0.08%)
Total Net Assets	100.00%

Holdings are for informational purposes only and are subject to change at any time. They are not a recommendation to buy, sell, or hold any security.

Top 10 Equity Holdings	Percentage of Net Assets
Whiting Petroleum	3.11%
Albemarle	3.07%
Gardner Denver	2.61%
Cytec Industries	2.30%
FMC	2.05%
El Paso Electric	1.97%
East West Bancorp	1.89%
Cooper	1.78%
Alexander & Baldwin	1.70%
Infinity Property & Casualty	1.70%

Delaware VIP® Trust — Delaware VIP Small Cap Value Series

Statement of Net Assets

June 30, 2011 (Unaudited)

	Number of Shares	Value		Number of Shares	Value
COMMON STOCK-98.17%			COMMON STOCK (continued)		
Basic Industry-11.73%			Energy-6.41%		
Albemarle	400,900	\$ 27,742,280	†Forest Oil	564,000	\$ 15,064,440
Cytec Industries	363,800	20,805,722	*Southwest Gas.....	381,100	14,714,271
*†Ferro.....	743,300	9,989,952	†Whiting Petroleum.....	494,400	28,136,304
FMC	215,000	18,494,300			<u>57,915,015</u>
*Glatfelter	292,900	4,504,802	Financial Services-19.76%		
*Kaiser Aluminum.....	140,500	7,674,110	Bank of Hawaii.....	281,100	13,076,772
†Thompson Creek Metals.....	605,900	6,046,882	Berkley (W.R.)	232,443	7,540,451
Valspar.....	298,600	10,767,516	Boston Private Financial Holdings.....	666,200	4,383,596
		<u>106,025,564</u>	Community Bank System.....	371,500	9,209,485
Business Services-1.80%			CVB Financial	296,500	2,742,625
Brink's.....	218,200	6,508,906	East West Bancorp.....	846,536	17,108,492
United Stationers.....	226,600	8,028,438	First Financial Bancorp.....	439,400	7,333,586
*Viad.....	76,400	1,702,956	First Midwest Bancorp.....	369,100	4,536,239
		<u>16,240,300</u>	Hancock Holding.....	347,000	10,750,060
Capital Spending-9.04%			@Harleysville Group.....	350,100	10,912,617
Actuant Class A.....	462,700	12,414,241	@Independent Bank.....	364,800	9,576,000
*†Altra Holdings.....	361,900	8,681,981	@Infinity Property & Casualty	280,500	15,332,130
Chicago Bridge & Iron	341,000	13,264,900	@NBT Bancorp.....	552,600	12,229,038
*Gardner Denver	280,500	23,576,024	Platinum Underwriters Holdings	457,700	15,213,948
Regal Beloit	188,100	12,559,437	S&T Bancorp.....	188,900	3,511,651
†United Rentals	283,579	7,202,907	@Selective Insurance Group.....	765,100	12,448,177
Wabtec.....	61,241	4,024,759	*StanCorp Financial Group	119,600	5,045,924
		<u>81,724,249</u>	Sterling Bancshares.....	592,100	4,831,536
Consumer Cyclical-2.41%			Univest Corporation of Pennsylvania ..	65,800	1,028,454
*Autoliv	100,000	7,845,000	Validus Holdings	237,921	7,363,655
*Knoll	309,900	6,219,693	@Wesbanco	221,400	4,352,724
MDC Holdings.....	314,000	7,736,960			<u>178,527,160</u>
		<u>21,801,653</u>	Healthcare-7.47%		
Consumer Services-15.32%			Cooper	202,500	16,046,100
*†Big Lots.....	279,300	9,258,795	Hill-Rom Holdings	205,000	9,438,200
Brinker International	265,000	6,481,900	*Owens & Minor	226,650	7,817,159
Cato Class A	318,400	9,169,920	*Service Corp. International	1,225,800	14,317,344
CEC Entertainment.....	183,500	7,360,185	*Teleflex.....	118,800	7,253,928
†Cheesecake Factory.....	233,300	7,318,621	*Universal Health Services Class B.....	244,600	12,604,238
*†Children's Place Retail Stores.....	138,000	6,139,620			<u>67,476,969</u>
†Collective Brands	355,200	5,217,888	Real Estate-3.57%		
Finish Line Class A.....	390,600	8,358,840	*Brandywine Realty Trust	538,933	6,246,233
†Genesco.....	204,600	10,659,660	Education Realty Trust.....	408,700	3,502,559
†Jack in the Box.....	328,000	7,471,840	*Government Properties Income Trust...	197,500	5,336,450
Men's Wearhouse.....	275,600	9,287,720	Highwoods Properties	233,500	7,735,855
*Meredith	206,800	6,437,684	Washington Real Estate		
*Movado Group	131,709	2,253,541	Investment Trust	289,700	9,421,044
PETsMART.....	272,300	12,354,250			<u>32,242,141</u>
*Rent-A-Center	196,400	6,001,984	Technology-13.38%		
*Stage Stores.....	426,325	7,162,260	*Black Box.....	179,802	5,622,409
*†Warnaco Group.....	153,400	8,015,150	†Brocade Communications Systems.....	1,117,900	7,221,634
*Wolverine World Wide.....	227,050	9,479,338	*†Checkpoint Systems.....	428,000	7,652,640
		<u>138,429,196</u>	†Cirrus Logic.....	510,100	8,110,590
Consumer Staples-0.90%			†Compuware.....	1,076,100	10,502,736
*Ruddick.....	186,400	8,115,856	†Electronics for Imaging.....	330,000	5,682,600
		<u>8,115,856</u>	*†ON Semiconductor	762,500	7,983,375
			*†Parametric Technology.....	647,700	14,851,761
			†Premiere Global Services.....	821,550	6,555,969

Delaware VIP® Small Cap Value Series
Statement of Net Assets (continued)

TOTAL VALUE OF SECURITIES-108.24% (cost \$744,039,076)	\$978,056,951 [▲]
OBLIGATION TO RETURN SECURITIES LENDING COLLATERAL**-(8.16%)	(73,692,839)
OTHER LIABILITIES NET OF RECEIVABLES AND OTHER ASSETS-(0.08%)	(740,630)
NET ASSETS APPLICABLE TO 26,991,976 SHARES OUTSTANDING-100.00%	<u>\$903,623,482</u>
NET ASSET VALUE-DELAWARE VIP SMALL CAP VALUE SERIES STANDARD CLASS (\$280,177,648 / 8,360,311 Shares)	<u>\$33.51</u>
NET ASSET VALUE-DELAWARE VIP SMALL CAP VALUE SERIES SERVICE CLASS (\$623,445,834 / 18,631,665 Shares)	<u>\$33.46</u>
COMPONENTS OF NET ASSETS AT JUNE 30, 2011:	
Shares of beneficial interest (unlimited authorization-no par)	\$623,164,077
Undistributed net investment income	1,552,045
Accumulated net realized gain on investments	44,889,485
Net unrealized appreciation of investments	<u>234,017,875</u>
Total net assets	<u>\$903,623,482</u>

*Fully or partially on loan.

†Non income producing security.

@Illiquid security. At June 30, 2011, the aggregate amount of illiquid securities was \$69,050,896 which represented 7.64% of the Series' net assets. See Note 9 in "Notes to Financial Statements."

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

**See Note 8 in "Notes to Financial Statements."

▲Includes \$73,042,520 of securities loaned.

See accompanying notes, which are an integral part of the financial statements.

**Delaware VIP® Trust —
Delaware VIP Small Cap Value Series
Statement of Operations**

Six Months Ended June 30, 2011 (Unaudited)

INVESTMENT INCOME:	
Dividends.....	\$ 5,363,111
Securities lending income.....	35,352
Interest.....	3,917
Foreign tax withheld.....	(218)
	<u>5,402,162</u>
EXPENSES:	
Management fees.....	3,306,494
Distribution expenses – Service Class.....	920,155
Accounting and administration expenses.....	178,717
Reports and statements to shareholders.....	87,885
Dividend disbursing and transfer agent fees and expenses.....	53,963
Legal fees.....	34,461
Audit and tax.....	26,077
Trustees’ fees.....	23,788
Insurance fees.....	9,657
Custodian fees.....	5,709
Consulting fees.....	5,658
Dues and services.....	3,070
Trustees’ expenses.....	1,824
Pricing fees.....	325
Registration fees.....	249
	<u>4,658,032</u>
Less waiver of distribution expenses – Service Class.....	(153,359)
Less expense paid indirectly.....	(1)
Total operating expenses.....	<u>4,504,672</u>
NET INVESTMENT INCOME.....	<u>897,490</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	
Net realized gain on investments.....	51,785,446
Net change in unrealized appreciation/depreciation of investments.....	<u>(5,227,823)</u>
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS.....	<u>46,557,623</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	<u>\$47,455,113</u>

See accompanying notes, which are an integral part of the financial statements.

**Delaware VIP Trust —
Delaware VIP Small Cap Value Series
Statements of Changes in Net Assets**

	Six Months Ended 6/30/11 (Unaudited)	Year Ended 12/31/10
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS:		
Net investment income.....	\$ 897,490	\$ 3,197,785
Net realized gain on investments.....	51,785,446	74,989,017
Net change in unrealized appreciation/ depreciation of investments.....	<u>(5,227,823)</u>	<u>149,600,052</u>
Net increase in net assets resulting from operations.....	<u>47,455,113</u>	<u>227,786,854</u>
DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income:		
Standard Class.....	(1,398,884)	(1,955,999)
Service Class.....	<u>(1,698,312)</u>	<u>(2,370,846)</u>
	<u>(3,097,196)</u>	<u>(4,326,845)</u>
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold:		
Standard Class.....	21,886,704	53,329,974
Service Class.....	55,998,432	77,008,973
Net asset value of shares issued upon reinvestment of dividends and distributions:		
Standard Class.....	1,398,884	1,591,355
Service Class.....	<u>1,698,312</u>	<u>2,370,846</u>
	<u>80,982,332</u>	<u>134,301,148</u>
Cost of shares repurchased:		
Standard Class.....	(75,359,538)	(99,228,967)
Service Class.....	<u>(57,173,693)</u>	<u>(96,746,297)</u>
	<u>(132,533,231)</u>	<u>(195,975,264)</u>
Decrease in net assets derived from capital share transactions.....	<u>(51,550,899)</u>	<u>(61,674,116)</u>
NET INCREASE (DECREASE) IN NET ASSETS.....	<u>(7,192,982)</u>	<u>161,785,893</u>
NET ASSETS:		
Beginning of period.....	<u>910,816,464</u>	<u>749,030,571</u>
End of period (including undistributed net investment income of \$1,552,045 and \$3,751,751, respectively).....	<u>\$ 903,623,482</u>	<u>\$ 910,816,464</u>

See accompanying notes, which are an integral part of the financial statements.

Delaware VIP® Trust — Delaware VIP Small Cap Value Series Financial Highlights

Selected data for each share of the Series outstanding throughout each period were as follows:

	Delaware VIP Small Cap Value Series Standard Class					
	Six Months Ended 6/30/11 ¹ (Unaudited)	12/31/10	12/31/09	Year Ended		
		12/31/10	12/31/09	12/31/08	12/31/07	12/31/06
Net asset value, beginning of period	\$ 31.960	\$ 24.310	\$ 18.630	\$ 28.650	\$ 33.420	\$ 30.830
Income (loss) from investment operations:						
Net investment income ²	0.060	0.149	0.160	0.190	0.194	0.146
Net realized and unrealized gain (loss) on investments and foreign currencies	1.648	7.673	5.712	(8.248)	(2.127)	4.703
Total from investment operations	<u>1.708</u>	<u>7.822</u>	<u>5.872</u>	<u>(8.058)</u>	<u>(1.933)</u>	<u>4.849</u>
Less dividends and distributions from:						
Net investment income	(0.158)	(0.172)	(0.192)	(0.201)	(0.168)	(0.082)
Net realized gain on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1.761)</u>	<u>(2.669)</u>	<u>(2.177)</u>
Total dividends and distributions	<u>(0.158)</u>	<u>(0.172)</u>	<u>(0.192)</u>	<u>(1.962)</u>	<u>(2.837)</u>	<u>(2.259)</u>
Net asset value, end of period	<u>\$ 33.510</u>	<u>\$ 31.960</u>	<u>\$ 24.310</u>	<u>\$ 18.630</u>	<u>\$ 28.650</u>	<u>\$ 33.420</u>
Total return ³	5.33%	32.27%	31.83%	(29.88%)	(6.62%)	16.19%
Ratios and supplemental data:						
Net assets, end of period (000 omitted)	\$280,177	\$316,960	\$279,723	\$241,427	\$353,412	\$502,801
Ratio of expenses to average net assets	0.82%	0.83%	0.85%	0.85%	0.81%	0.84%
Ratio of net investment income to average net assets	0.37%	0.56%	0.82%	0.78%	0.61%	0.46%
Portfolio turnover	8%	10%	19%	29%	27%	36%

¹Ratios have been annualized and total return and portfolio turnover have not been annualized.

²The average shares outstanding method has been applied for per share information.

³Total investment return is based on the change in net asset value of a share during the period and assumes reinvestment of dividends and distributions at net asset value.

See accompanying notes, which are an integral part of the financial statements.

Delaware VIP® Small Cap Value Series Financial Highlights (continued)

Selected data for each share of the Series outstanding throughout each period were as follows:

	Delaware VIP Small Cap Value Series Service Class					
	Six Months Ended 6/30/11 ¹ (Unaudited)	12/31/10	12/31/09	Year Ended		
		12/31/10	12/31/09	12/31/08	12/31/07	12/31/06
Net asset value, beginning of period	\$ 31.890	\$ 24.280	\$ 18.590	\$ 28.570	\$ 33.330	\$ 30.760
Income (loss) from investment operations:						
Net investment income ²	0.019	0.082	0.111	0.129	0.115	0.066
Net realized and unrealized gain (loss) on investments and foreign currencies	1.642	7.651	5.709	(8.226)	(2.117)	4.689
Total from investment operations	<u>1.661</u>	<u>7.733</u>	<u>5.820</u>	<u>(8.097)</u>	<u>(2.002)</u>	<u>4.755</u>
Less dividends and distributions from:						
Net investment income	(0.091)	(0.123)	(0.130)	(0.122)	(0.089)	(0.008)
Net realized gain on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1.761)</u>	<u>(2.669)</u>	<u>(2.177)</u>
Total dividends and distributions	<u>(0.091)</u>	<u>(0.123)</u>	<u>(0.130)</u>	<u>(1.883)</u>	<u>(2.758)</u>	<u>(2.185)</u>
Net asset value, end of period	<u>\$ 33.460</u>	<u>\$ 31.890</u>	<u>\$ 24.280</u>	<u>\$ 18.590</u>	<u>\$ 28.570</u>	<u>\$ 33.330</u>
Total return ³	5.20%	31.92%	31.56%	(30.07%)	(6.84%)	15.89%
Ratios and supplemental data:						
Net assets, end of period (000 omitted)	\$623,446	\$593,856	\$469,308	\$413,442	\$626,060	\$682,181
Ratio of expenses to average net assets	1.07%	1.08%	1.10%	1.10%	1.06%	1.09%
Ratio of expenses to average net assets prior to fees waived and expense paid indirectly	1.12%	1.13%	1.15%	1.15%	1.11%	1.14%
Ratio of net investment income to average net assets	0.12%	0.31%	0.57%	0.53%	0.36%	0.21%
Ratio of net investment income to average net assets prior to fees waived and expense paid indirectly	0.07%	0.26%	0.52%	0.48%	0.31%	0.16%
Portfolio turnover	8%	10%	19%	29%	27%	36%

¹Ratios have been annualized and total return and portfolio turnover have not been annualized.

²The average shares outstanding method has been applied for per share information.

³Total investment return is based on the change in net asset value of a share during the period and assumes reinvestment of dividends and distributions at net asset value. Total investment return during all of the periods shown reflects a waiver by the distributor. Performance would have been lower had the waiver not been in effect.

See accompanying notes, which are an integral part of the financial statements.

Delaware VIP® Trust — Delaware VIP Small Cap Value Series

Notes to Financial Statements

June 30, 2011 (Unaudited)

Delaware VIP Trust (Trust) is organized as a Delaware statutory trust and offers 10 series: 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 and Delaware VIP Value Series. These financial statements and the related notes pertain to Delaware VIP Small Cap Value Series (Series). The Trust is an open-end investment company. The Series is considered diversified under the Investment Company Act of 1940, as amended, and offers Standard Class and Service Class shares. The Standard Class shares do not carry a 12b-1 fee and the Service Class shares carry a 12b-1 fee. The shares of the Series are sold only to separate accounts of life insurance companies.

The investment objective of the Series is to seek capital appreciation.

1. Significant Accounting Policies

The following accounting policies are in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and are consistently followed by the Series.

Security Valuation—Equity securities, except those traded on the Nasdaq Stock Market, Inc. (Nasdaq) are valued at the last quoted sales price as of the time of the regular close of the New York Stock Exchange (NYSE) on the valuation date. Securities traded on the Nasdaq are valued in accordance with the Nasdaq Official Closing Price, which may not be the last sales price. If on a particular day an equity security does not trade, then the mean between the bid and ask prices will be used. Short-term debt securities are valued at market value. U.S. government and agency securities are valued at the mean between the bid and ask prices. Investment company securities are valued at net asset value per share. Generally, other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Series' Board of Trustees (Board). In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures or suspension of trading in a security. The Series may use fair value pricing more frequently for securities traded primarily in non-U.S. markets because, among other things, most foreign markets close well before the Series values its securities, generally as of 4:00 p.m. Eastern time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, government actions or pronouncements, aftermarket trading, or news events may have occurred in the interim. To account for this, the Series may frequently value foreign securities using fair value prices based on third-party vendor modeling tools (international fair value pricing).

Federal Income Taxes—No provision for federal income taxes has been made as the Series intends to continue to qualify for federal income tax purposes as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and make the requisite distributions to shareholders. The Series evaluates tax positions taken or expected to be taken in the course of preparing the Series' tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Management has analyzed the Series' tax positions taken on federal income tax returns for all open tax years (December 31, 2007–December 31, 2010), and has concluded that no provision for federal income tax is required in the Series' financial statements.

Class Accounting—Investment income, common expenses and realized and unrealized gain (loss) on investments are allocated to the classes of the Series on the basis of daily net assets of each class. Distribution expenses relating to a specific class are charged directly to that class.

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

Other—Expenses directly attributable to the Series are charged directly to the Series. Other expenses common to various funds within the Delaware Investments® Family of Funds are generally allocated amongst such funds on the basis of average net assets. Management fees and some other expenses are paid monthly. Security transactions are recorded on the date the securities are purchased or sold (trade date) for financial reporting purposes. Costs used in calculating realized gains and losses on the sale of investment securities are those of the specific securities sold. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Distributions received from investments in real estate investment trusts are recorded as dividend income on the ex-dividend date, subject to reclassification upon notice of the character of such distribution by the issuer. Foreign dividends are also recorded on the ex-dividend date or as soon after the ex-dividend date that the Series is aware of such dividends, net of all non-rebatable tax withholdings. Withholding taxes on foreign dividends have been recorded in accordance with the Series' understanding of the applicable country's tax rules and rates. The Series declares and pays dividends from net investment income and distributions from net realized gain on investments, if any, following the close of the fiscal year. The Series may distribute income dividends and capital gains more frequently, if necessary for tax purposes. Dividends and distributions, if any, are recorded on the ex-dividend date.

Subject to seeking best execution, the Series may direct certain security trades to brokers who have agreed to rebate a portion of the related brokerage commission to the Series in cash. In general, best execution refers to many factors, including the price paid or received for a security, the commission charged, the promptness and reliability of execution, the confidentiality and placement accorded the order, and other factors affecting the overall benefit obtained by the Series on the transaction. There were no commission rebates during the six months ended June 30, 2011.

The Series may receive earnings credits from its custodian when positive cash balances are maintained, which are used to offset custody fees. There were no earnings credits for the six months ended June 30, 2011.

The Series receives earnings credits from its transfer agent when positive cash balances are maintained, which are used to offset transfer agent fees. The expense paid under this arrangement is included in dividend disbursing and transfer agent fees and expenses on the Statement of Operations with the corresponding expense offset shown as "expense paid indirectly." For the six months ended June 30, 2011, the Series earned \$1 under this agreement.

Delaware VIP® Small Cap Value Series Notes to Financial Statements (continued)

2. Investment Management, Administration Agreements and Other Transactions with Affiliates

In accordance with the terms of its investment management agreement, the Series pays Delaware Management Company (DMC), a series of Delaware Management Business Trust and the investment manager, an annual fee which is calculated daily at the rate of 0.75% on the first \$500 million of average daily net assets of the Series, 0.70% on the next \$500 million, 0.65% on the next \$1.5 billion, and 0.60% on average daily net assets in excess of \$2.5 billion.

Delaware Service Company, Inc. (DSC), an affiliate of DMC, provides fund accounting and financial administration oversight services to the Series. For these services, the Series pays DSC fees based on the aggregate daily net assets of the Delaware Investments® Family of Funds at the following annual rate: 0.0050% of the first \$30 billion; 0.0045% of the next \$10 billion; 0.0040% of the next \$10 billion; and 0.0025% of aggregate average daily net assets in excess of \$50 billion. The fees payable to DSC under the service agreement described above are allocated among all funds in the Delaware Investments Family of Funds on a relative net asset value basis. For the six months ended June 30, 2011, the Series was charged \$22,491 for these services.

DSC also provides dividend disbursing and transfer agency services. The Series pays DSC a monthly asset-based fee for these services.

Pursuant to a distribution agreement and distribution plan, the Series pays Delaware Distributors, L.P. (DDL), the distributor and an affiliate of DMC, an annual distribution and service fee not to exceed 0.30% of the average daily net assets of the Service Class shares. DDL has contracted to waive distribution and service fees through April 30, 2012 in order to prevent distribution and service fees of the Service Class shares from exceeding 0.25% of average daily net assets. Standard Class shares pay no distribution and service expenses.

At June 30, 2011, the Series had liabilities payable to affiliates as follows:

<u>Investment Management Fee Payable to DMC</u>	<u>Dividend Disbursing, Transfer Agent and Fund Accounting Oversight Fees and Other Expenses Payable to DSC</u>	<u>Distribution Fee Payable to DDL</u>	<u>Other Expenses Payable to DMC and Affiliates*</u>
\$524,292	\$8,951	\$124,138	\$9,180

*DMC, as part of its administrative services, pays operating expenses on behalf of the Series and is reimbursed on a periodic basis. Expenses include items such as printing of shareholder reports, fees for audit, legal and tax services, custodian fees and trustees' fees.

As provided in the investment management agreement, the Series bears the cost of certain legal and tax services, including internal legal and tax services provided to the Series by DMC and/or its affiliates' employees. For the six months ended June 30, 2011, the Series was charged \$15,190 for internal legal and tax services provided by DMC and/or its affiliates' employees.

Trustees' fees include expenses accrued by the Series for each Trustee's retainer and meeting fees. Certain officers of DMC, DSC and DDL are officers and/or Trustees of the Trust. These officers and Trustees are paid no compensation by the Series.

3. Investments

For the six months ended June 30, 2011, the Series made purchases and sales of investment securities other than short-term investments as follows:

Purchases	\$ 67,972,652
Sales	112,738,762

At June 30, 2011, the cost of investments for federal income tax purposes has been estimated since final tax characteristics cannot be determined until fiscal year end. At June 30, 2011, the cost of investments and unrealized appreciation (depreciation) for the Series were as follows:

<u>Cost of Investments</u>	<u>Aggregate Unrealized Appreciation</u>	<u>Aggregate Unrealized Depreciation</u>	<u>Net Unrealized Appreciation</u>
\$744,136,686	\$285,400,468	\$(51,480,203)	\$233,920,265

U.S. GAAP defines fair value as the price that the Series would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. A three level hierarchy for fair value measurements has been established based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources

Delaware VIP® Small Cap Value Series Notes to Financial Statements (continued)

3. Investments (continued)

independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The Series' investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three level hierarchy of inputs is summarized below.

- Level 1 – inputs are quoted prices in active markets for identical investments (e.g., equity securities, open-end investment companies, futures contracts, options contracts)
 Level 2 – other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs) (e.g., debt securities, government securities, swap contracts, foreign currency exchange contracts, foreign securities utilizing international fair value pricing)
 Level 3 – inputs are significant unobservable inputs (including the Series' own assumptions used to determine the fair value of investments) (e.g., broker-quoted securities, fair valued securities)

The following table summarizes the valuation of the Series' investments by fair value hierarchy levels as of June 30, 2011:

	Level 1	Level 2	Total
Common Stock	\$ 887,089,865	\$ –	\$ 887,089,865
Securities Lending Collateral.....	–	72,560,922	72,560,922
Short-Term Investments	–	18,406,164	18,406,164
Total.....	<u>\$ 887,089,865</u>	<u>\$ 90,967,086</u>	<u>\$ 978,056,951</u>

The value of Level 3 investments was zero at the beginning and end of the period and there was no change in unrealized appreciation/depreciation.

During the six months ended June 30, 2011, there were no transfers between Level 1 investments, Level 2 investments or Level 3 investments that had a material impact to the Series.

4. Dividend and Distribution Information

Income and long-term capital gain distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. Additionally, distributions from net gains on foreign currency transactions and net short-term gains on sales of investment securities are treated as ordinary income for federal income tax purposes. The tax character of dividends and distributions paid during the six months ended June 30, 2011 and the year ended December 31, 2010 was as follows:

	Six Months Ended 6/30/11*	Year Ended 12/31/10
Ordinary income.....	\$ 3,097,196	\$ 4,326,845

*Tax information for the period ended June 30, 2011 is an estimate and the tax character of dividends and distributions may be redesignated at fiscal year end.

5. Components of Net Assets on a Tax Basis

The components of net assets are estimated since final tax characteristics cannot be determined until fiscal year end. As of June 30, 2011, the estimated components of net assets on a tax basis were as follows:

Shares of beneficial interest	\$ 623,164,077
Undistributed ordinary income	4,352,024
Realized gains 1/1/11–6/30/11	48,313,984
Capital loss carryforwards as of 12/31/10	(6,126,868)
Unrealized appreciation of investments	233,920,265
Net assets	<u>\$ 903,623,482</u>

The differences between book basis and tax basis components of net assets are primarily attributable to tax deferral of losses on wash sales.

For federal income tax purposes, capital loss carryforwards may be carried forward and applied against future capital gains. Capital loss carryforwards remaining at December 31, 2010 will expire as follows: \$6,126,868 expires in 2017.

For the six months ended June 30, 2011, the Series had capital gains of \$48,313,984, which may reduce the capital loss carryforwards.

Delaware VIP® Small Cap Value Series Notes to Financial Statements (continued)

6. Capital Shares

Transactions in capital shares were as follows:

	<u>Six Months Ended 6/30/11</u>	<u>Year Ended 12/31/10</u>
Shares sold:		
Standard Class.....	656,500	1,930,322
Service Class.....	1,689,588	2,832,172
Shares issued upon reinvestment of dividends and distributions:		
Standard Class.....	40,760	56,371
Service Class.....	49,528	84,013
	<u>2,436,376</u>	<u>4,902,878</u>
Shares repurchased:		
Standard Class.....	(2,253,059)	(3,574,787)
Service Class.....	(1,727,768)	(3,625,382)
	<u>(3,980,827)</u>	<u>(7,200,169)</u>
Net decrease.....	<u>(1,544,451)</u>	<u>(2,297,291)</u>

7. Line of Credit

The Series, along with certain other funds in the Delaware Investments® Family of Funds (Participants), was a participant in a \$35,000,000 revolving line of credit with The Bank of New York Mellon (BNY Mellon) to be used for temporary or emergency purposes as an additional source of liquidity to fund redemptions of investor shares. Under the agreement, the Participants were charged an annual commitment fee, which was allocated across the Participants on the basis of each Participant's allocation of the entire facility. The Participants were permitted to borrow up to a maximum of one third of their net assets under the agreement. The agreement expired on November 16, 2010.

The Series, along with the other Participants, entered into an agreement for a \$100,000,000 revolving line of credit. The agreement, as amended on August 1, 2011, is to be used as described above and operates in substantially the same manner. The agreement as amended expires on November 15, 2011. The Series had no amounts outstanding as of June 30, 2011 or at any time during the period then ended.

8. Securities Lending

The Series, along with other funds in the Delaware Investments® Family of Funds, may lend its securities pursuant to a security lending agreement (Lending Agreement) with BNY Mellon. With respect to each loan, if on any business day the aggregate market value of securities collateral plus cash collateral held is less than the aggregate market value of the securities which are the subject of such loan, the borrower will be notified to provide additional collateral by the end of the following business day which, together with the collateral already held, will be not less than the applicable collateral requirements for such security loan. If the aggregate market value of securities collateral and cash collateral held with respect to a security loan exceeds the applicable collateral requirement, upon the request of the borrower BNY Mellon must return enough collateral to the borrower by the end of the following business day to reduce the value of the remaining collateral to the applicable collateral requirement for such security loan. As a result of the foregoing, the value of the collateral held with respect to a loaned security may be temporarily more or less than the value of the security on loan.

Cash collateral received is generally invested in the Delaware Investments Collateral Fund No. 1 (Collective Trust) established by BNY Mellon for the purpose of investment on behalf of funds managed by DMC that participate in BNY Mellon's securities lending program. The Collective Trust may invest in U.S. government securities and high quality corporate debt, asset-backed and other money market securities and in repurchase agreements collateralized by such securities, provided that the Collective Trust will generally have a dollar-weighted average portfolio maturity of 60 days or less. The Collective Trust seeks to maintain a net asset value per unit of \$1.00, but there can be no assurance that it will always be able to do so. The Series may incur investment losses as a result of investing securities lending collateral in the Collective Trust or another collateral investment pool. This could occur if an investment in a collateral investment pool defaulted or if it were necessary to liquidate assets in the collateral investment pool to meet returns on outstanding security loans at a time when the collateral investment pool's net asset value per unit was less than \$1.00. Under those circumstances, the Series may not receive an amount from the collateral investment pool that is equal in amount to the collateral the Series would be required to return to the borrower of the securities and the Series would be required to make up this shortfall. Effective April 20, 2009, BNY Mellon transferred the assets of the Series' previous collateral investment pool other than cash and assets with a maturity of one business day or less to the BNY Mellon SL DBT II Liquidating Fund (Liquidating Fund), effectively bifurcating the previous collateral investment pool. The Series' exposure to the Liquidating Fund is expected to decrease as the Liquidating Fund's assets mature or are sold. In October 2008, BNY Mellon transferred certain distressed securities from the previous collateral investment pool into the Mellon GSL Reinvestment Trust II. The Series can also accept U.S. government securities and letters of credit (non-cash collateral) in connection with securities loans. In the event of default or bankruptcy by the lending agent, realization and/or retention of the collateral may be subject to legal proceedings. In the event the borrower fails to return loaned securities and the collateral received is insufficient to cover the value of the loaned securities and provided such collateral shortfall is not the result of investment losses, the lending agent has agreed to pay the amount of the shortfall to the Series or, at the discretion of the lending agent, replace the loaned securities. The Series continues to record dividends or interest, as applicable, on the securities loaned and is subject to change in value of the securities loaned that may occur during the term of the loan. The Series has the right under the Lending Agreement to recover the securities from the borrower on demand. With respect to security loans collateralized by non-cash collateral, the Series receives loan premiums paid by the borrower. With respect to security loans collateralized by cash collateral, the earnings from the collateral investments are shared among the Series, the security lending agent and the borrower. The Series records security lending income net of allocations to the security lending agent and the borrower.

Delaware VIP® Small Cap Value Series Notes to Financial Statements (continued)

8. Securities Lending (continued)

At June 30, 2011, the value of the securities on loan was \$73,042,520, for which cash collateral was received and invested in accordance with the Lending Agreement. At June 30, 2011, the value of invested collateral was \$72,560,922. These investments are presented on the Statement of Net Assets under the caption "Securities Lending Collateral."

9. Credit and Market Risk

The Series invests a significant portion of its assets in small companies and may be subject to certain risks associated with ownership of securities of such companies. Investments in small-sized companies may be more volatile than investments in larger companies for a number of reasons, which include limited financial resources or a dependence on narrow product lines.

The Series may invest up to 10% of its net assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair the Series from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so. While maintaining oversight, the Series' Board has delegated to DMC the day-to-day functions of determining whether individual securities are liquid for purposes of the Series' limitation on investments in illiquid securities. Securities eligible for resale pursuant to Rule 144A, which are determined to be liquid, are not subject to the Series' 10% limit on investments in illiquid securities. As of June 30, 2011, there were no Rule 144A securities. Illiquid securities have been identified on the Statement of Net Assets.

10. Contractual Obligations

The Series enters into contracts in the normal course of business that contain a variety of indemnifications. The Series' maximum exposure under these arrangements is unknown. However, the Series has not had prior claims or losses pursuant to these contracts. Management has reviewed the Series' existing contracts and expects the risk of loss to be remote.

11. Subsequent Events

Management has determined that no material events or transactions occurred subsequent to June 30, 2011 that would require recognition or disclosure in the Series' financial statements.

The Series files its complete schedule of portfolio holdings with the Securities and Exchange Commission (Commission) for the first and third quarters of each fiscal year on Form N-Q. The Series' Forms N-Q, as well as a description of the policies and procedures that the Series uses to determine how to vote proxies (if any) relating to portfolio securities are available without charge (i) upon request, by calling 800 523-1918; and (ii) on the Commission's website at www.sec.gov. In addition, a description of the policies and procedures that the Series uses to determine how to vote proxies (if any) relating to portfolio securities is available without charge on the Delaware Investments® Funds' website at www.delawareinvestments.com. The Series' Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling 800 SEC-0330. Information (if any) regarding how the Series voted proxies relating to portfolio securities during the most recently disclosed 12-month period ended June 30 is available without charge (i) through the Delaware Investments Funds' website at www.delawareinvestments.com; and (ii) on the Commission's website at www.sec.gov.

Delaware VIP® Trust — Delaware VIP Small Cap Value Series Other Series Information

Change in Independent Registered Public Accounting Firm

Due to independence matters under the Securities and Exchange Commission's auditor independence rules relating to the January 4, 2010 acquisition of Delaware Investments (including DMC, DDLP and DSC) by Macquarie Group, Ernst & Young LLP (E&Y) has resigned as the independent registered public accounting firm for Delaware VIP Trust (the Trust) effective May 20, 2010. At a meeting held on May 20, 2010, the Board of Trustees of the Trust, upon recommendation of the Audit Committee, selected PricewaterhouseCoopers LLP (PwC) to serve as the independent registered public accounting firm for the Trust for the fiscal year ending December 31, 2010. During the fiscal years ended December 31, 2009 and 2008, E&Y's audit reports on the financial statements of the Trust did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles. In addition, there were no disagreements between the Trust and E&Y on accounting principles, financial statements disclosures or audit scope, which, if not resolved to the satisfaction of E&Y, would have caused them to make reference to the disagreement in their reports. Neither the Trust nor anyone on its behalf has consulted with PwC at any time prior to their selection with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Trust's financial statements.