FIRM BROCHURE
(Part 2A of Form ADV)

ITEM 1: COVER PAGE

Ivy Investment Management Company
6300 Lamar Avenue
Overland Park, KS 66202
Phone: 913-236-1415

www.institutional.ivyinvestments.com

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This brochure provides information about the qualifications and business practices of Ivy Investment Management Company. If you have any questions about the contents of this brochure, please contact us at: 913-236-1415, or by email at: IMCompliance@ivyinvestments.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC"), or by any state securities authority or any non-U.S. regulatory authority.

Ivy Investment Management Company ("Ivy") is a registered investment adviser with the SEC; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Ivy Investment Management Company is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

This Brochure replaces the one previously provided to you. We revised and expanded certain information in this Brochure to help you better understand our firm and the investment management services we offer, the business issues we face, the risks associated with the investment styles we offer, and our efforts to ensure clients are treated fairly. Although we have made revisions throughout the brochure, material updates have been made to the following sections:

- *Item 4 – Advisory Business* has been updated to reflect changes to Ivy's assets under management.
- *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* has been revised to provide updated information concerning each style's investment process and risks.
- *Item 10 – Other Financial Industry Activities and Affiliations* has been updated to disclose a merger agreement between Ivy's parent company and Macquarie Asset Management.
- *Item 12 – Brokerage Practices* has been updated to describe the soft dollar services that Ivy used during its last fiscal year.

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ITEM 4: ADVISORY BUSINESS

Firm Description

Ivy Investment Management Company ("Ivy") has been registered as an investment adviser since 2002. Ivy is a wholly owned, direct subsidiary of Waddell & Reed Financial, Inc. ("WDR"). WDR is a publicly traded (NYSE:WDR) national financial services firm and is one of the oldest mutual fund complexes in the United States. WDR, either directly or through its investment management subsidiaries, has provided continuous investment management services for over 80 years.

Ivy acts as investment adviser for a variety of clients, including registered investment companies (distributed through affiliated and unaffiliated distribution channels), institutional and other private investors and provides sub-advisory services to unaffiliated U.S. mutual funds.

Through all market cycles, Ivy remains dedicated to the following investment principles:

- Rigorous fundamental research – an enduring investment culture that dedicates itself to analyzing companies on its own rather than relying exclusively on widely available research produced by others.
- Collaboration and accountability – a balance of collaboration and individual accountability, which ensures the sharing and analysis of investment ideas among investment professionals while empowering portfolio managers to shape their portfolios individually.
- Growth and protection of investors' assets – a sound approach that seeks to capture asset appreciation when market conditions are favorable and, especially, strives to manage risk during difficult periods.

These three principles shape Ivy's investment philosophy and approach to asset management. Through bull and bear markets, Ivy's investment professionals have not strayed from Ivy's time tested investment process centered on fundamental research.

Types of Advisory Services

Ivy provides discretionary investment advisory and management services to:

- U.S. open-end registered investment companies ("U.S. Mutual Funds"), each of which is affiliated with Ivy and registered with the SEC pursuant to the Investment Company Act of 1940;
- A U.S. closed-end registered investment company ("U.S. Closed-end Fund"), which is affiliated with Ivy and registered with the SEC pursuant to the Investment Company Act of 1940;
- Third-party (unaffiliated) U.S. Mutual Funds (in each instance, Ivy serves as a sub-adviser to the relevant fund);
- Collective Investment Trusts, for each of which Ivy serves as adviser to the relevant fund;
- A privately placed commingled or pooled investment vehicle ("Private Fund"), sponsored and managed by Ivy and organized as a domestic limited liability company;
- Separately managed accounts for both affiliated and unaffiliated clients; and

In addition to the discretionary advisory services noted above, Ivy provides non-discretionary advice in the form of model portfolios.

U.S. Mutual Funds, U.S. Closed-end Funds, Sub-Advised Funds, Collective Investment Trusts, and our Private Fund, are collectively referred to in this document as "Pooled Accounts".

Separately managed (i.e., private client or institutional) accounts are managed in accordance with each client's investment objectives, strategies, restrictions and guidelines, as communicated to Ivy by the client. The Pooled Accounts are managed in accordance with each Pooled Account's investment objectives, strategies and restrictions and are not tailored to the individualized needs of any particular interest-holder in the applicable fund (each, an "Investor"). Therefore, Investors should consider whether the applicable Pooled Account meets their investment objectives and risk tolerance prior to investing. Information about each of the Pooled Accounts can be found in each fund's relevant registration statement, offering memorandum, prospectus, statement of additional information or similar disclosure and governing documents (collectively, the "offering documents").

Each Pooled Account is itself a "client" of Ivy. Investors in Pooled Accounts are not considered Ivy's advisory clients by virtue of their investment into one of the Pooled Accounts. However, an Investor may be a client of Ivy to the extent they have entered into an investment management agreement with Ivy for investment advisory services separate and apart from their investment in one of the Pooled Accounts. With respect to any Pooled Account, this Brochure is qualified in its entirety by the relevant Pooled Account's offering documents.

Ivy's services include, but are not limited to, active portfolio management; issuance of quarterly reports on client investments; periodic written material on investments, the economy and other issues deemed relevant to client accounts; and periodic personal visits or virtual meetings as agreed to by Ivy and the client or Investor. Ivy buys and sells securities through registered broker-dealers that are unaffiliated with Ivy. Ivy does not sponsor or administer any wrap fee programs, however, it does provide model portfolios to third-party wrap program sponsors and other financial services firms.

Assets Under Management
As of 12/31/2020, the amount of client assets managed by Ivy on a discretionary and non-discretionary basis was as follows:

Type of Account	Assets Under Management
Discretionary	$ 75,282,911,865
Non-Discretionary	0
Total:	**$ 75,282,911,865**

ITEM 5: FEES AND COMPENSATION

Ivy generally charges clients asset-based investment management fees for the investment advisory services it provides. Ivy's fee schedules vary from product to product based on a variety of factors, including but not limited to the portfolio manager, strategy, investment vehicle, degree of servicing required, market-place conditions and other factors Ivy deems relevant. The fees applicable to each Pooled Account managed by Ivy are outlined in each Pooled Account's offering documents. In addition, Ivy's current institutional fee schedules generally range from 35-75 bps on an annual basis for domestic equity investment strategies,

60-85 bps for global and international equity strategies, 55 bps for global asset allocation strategies and 25-55 bps for fixed-income strategies. Ivy may also earn a performance fee from certain clients based on the performance achieved by an account, provided the client is a "Qualified Client" as defined under the Advisers Act. See Item 6 – "Performance-Based Fees and Side-by-Side Management" for more information about performance based fees.

Ivy's investment management fees are typically calculated as a percentage of the market value of an account's assets under management in accordance with its contractual agreements. Fee breakpoints are available for certain strategies and product types. In certain instances, Ivy calculates the fee rate applicable to a client based on the assets held across multiple accounts managed by Ivy for the client. Clients that became Ivy clients prior to the date of this Brochure may have different fee arrangements from those described above. Each such fee arrangement is outlined in either the applicable offering documents or investment management agreement entered into between Ivy and the client. To the extent Ivy engages a sub-adviser to assist in the management of a client account, Ivy will pay the sub-adviser a portion of the investment management fee that the client pays to Ivy.

Ivy may, in its sole discretion, charge lower management fees or waive account minimums based on certain criteria including product type, investment strategy, client type, client domicile, services provided, the client's historical relationship with the firm, number of related investment accounts, account composition or size, anticipated future earning capacity, current and anticipated future assets under management, marketplace considerations, early adoption of an investment strategy or investment in a particular vehicle, client's operational or investment limitations or restrictions and other factors Ivy deems relevant. In appropriate circumstances, Ivy may waive or reduce all or a portion of the fees charged to particular clients in its sole and absolute discretion. Fees may be waived or reduced for accounts held by or on behalf of Ivy and its employees, principals, shareholders or affiliates. Assets from related accounts in similar Pooled Accounts may be aggregated for fee calculation purposes.

Ivy is limited in its ability to negotiate fees, in part, due to historic client contracts, which, in some cases, may require Ivy to charge the same fee schedule to similarly-situated clients. Ivy generally considers separately managed account clients to be similarly-situated if they are domiciled in the same country, are invested in the same investment vehicle managed as a component of the same investment strategy, are of the same client type and have a similar account size, among other factors.

Fee Billing

As a general matter, advisory fees for clients other than affiliated and Third-party U.S. Mutual Funds are billed quarterly, in arrears. Advisory fees for affiliated U.S. Mutual Funds are calculated and paid daily. Sub-advisory fees for Third-party U.S. Mutual Funds are calculated daily, but generally paid monthly. Invoices for advisory fees are payable upon receipt. Fees are ordinarily based on the level of total assets under management within the relevant account(s), including allocations to cash, on the appropriate valuation day.

Fee calculation methods are dictated by the client's investment management agreement and/or the relevant offering documents. Most commonly, the quarterly fee is calculated by applying the annual fee rate to the average assets and dividing by four. The average value of assets for each quarter is generally determined

by adding the market value of the assets, as determined by Ivy in accordance with commercially reasonable practices, at the beginning of the first day of the quarter and the market value of the assets at the end of the last day of each month during the quarter and dividing by four. Calculations are based on market value, which includes realized and unrealized gains and losses. Upon agreement, the aggregated assets of a client managed by Ivy may be used to determine any fee breakpoints. Fees will then be applied on a pro-rata basis to the various client accounts. If assets are managed for a partial period due to account inception or termination, or if significant contributions or withdrawals are made to or from an account, the fee for such period will be equitably prorated. For this purpose, a significant contribution or withdrawal is generally defined as 15% or more of the account's current market value.

If a client requests that Ivy automatically deduct investment management fees from its account(s), Ivy will bill the client's custodian directly.

In addition, where Ivy provides model portfolios for use in wrap fee programs sponsored by unaffiliated investment advisers or other types of financial services firms, the applicable fees are negotiated with each particular institution.

Other Fees

The advisory fees described above do not include brokerage commissions, transaction fees and other related costs and expenses which shall be incurred by the client. Clients incur certain charges imposed by third parties such as custodial fees and mutual fund fee expenses. Clients incur brokerage commissions and other execution costs charged by the custodian or executing broker-dealer in connection with transactions for client accounts. Please see Item 12 – "Brokerage Practices" in this Brochure for additional important information about the brokerage and transaction practices of Ivy.

Except as otherwise agreed in the relevant investment management agreement, each account bears (and the fees described above do not include) custodial charges; brokerage fees, commissions and related costs and expenses; taxes, duties and other governmental charges; transfer fees, registration fees and other expenses associated with the purchase, holding or sale of assets; costs and charges associated with making deposits in connection with foreign exchange transactions; withholding taxes payable and required to be withheld by issuers, their agents and others; audit, administrative and other expenses associated with regulator or tax compliance or investment operations; as well as such other expenses as may be set forth in the account's relevant offering documents and/or the applicable investment management agreement. Such fees, expenses, costs and charges will reduce the assets held in, and the returns experienced by, an account.

The charges, fees and commissions incurred as a result of transactions made in a client's account are exclusive of and in addition to the fees charged by Ivy and are paid out of the assets in the account.

Cash balances in certain institutional separate accounts may be invested in unaffiliated short-term investment funds ("STIF") designated by the client or its custodian. Since current information about STIF holdings is generally not available, Ivy does not attempt to assess the quality of the underlying assets of a STIF selected by a client or its custodian. Ivy does not provide any advisory fee credit for client assets invested in a STIF, which means that such assets will typically bear not only their proportionate share of the expenses of the STIF, but also management fees charged by Ivy.

A client should review the fees charged by any third party together with the fees charged by Ivy to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Neither Ivy nor any of its advisory personnel receive compensation for the sale of securities or other investment products purchased for a client's account.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

In certain instances, Ivy offers a fee alternative in the form of specifically negotiated performance fee arrangements. Performance-based fees are negotiated in compliance with Rule 205-3 of the Advisers Act and are charged only to "Qualified Clients" as defined in that rule. Performance-based fees typically consist of a base management fee plus an adjustment based on investment performance compared to an established benchmark index or compared to rankings of similar funds over a specified period of time.

The ability to earn incentive compensation creates the potential for conflicts of interest including that, where Ivy charges a performance fee, it may have a financial incentive to make riskier or more speculative investments for accounts paying such fees. Moreover, because Ivy manages various accounts that have different fee arrangements (including circumstances where some accounts pay only asset-based management fees while other accounts may be subject to both asset-based management fees and performance based fees); that may also have similar investment styles or otherwise compete for investment opportunities; that have differing abilities to engage in similar investment strategies; or where Ivy, its personnel or affiliates have differing personal or proprietary interests, Ivy may have an incentive to favor certain accounts over others that may be less lucrative for Ivy. Ivy has adopted policies and procedures with respect to, among other things, the allocation of investment and trading opportunities, which Ivy believes are reasonably designed to mitigate these and other conflicts associated with such "side-by-side" management.

ITEM 7: TYPES OF CLIENTS

Description

Ivy provides or may provide investment management services for a variety of clients, including:

- Open-end mutual funds which are distributed by affiliates of Ivy;
- Closed-end mutual funds;
- Public and private institutional clients, including government entities, pension plans, Taft-Hartley plans, corporations (both affiliated and unaffiliated), charitable organizations (foundations, endowments, etc.) and insurance companies;
- High net worth individuals;
- Third-party U.S. open-end mutual funds;
- UCITS (Undertakings for Collective Investments in Transferable Securities);
- Commodity subsidiaries;
- Collective Investment Trusts; and

- A Private Fund in the form of a privately placed commingled or pooled investment vehicle organized as a U.S. limited liability company.

Ivy may also provide non-discretionary advice in the form of model portfolios that are offered through third-party investment advisers and/or other types of financial services firms for use with their clients.

To help the U.S. government fight the funding of terrorism, and money laundering activities, Ivy seeks to obtain, verify, and record information that identifies each client who retains Ivy to manage its account or who invests in a fund managed by Ivy. In this regard, when a client or investor seeks to open an account, Ivy may ask for the name, address, tax/employer identification number (or any other registration number issued in the jurisdiction of location or incorporation) and other reasonably required information that will allow Ivy to identify the client. Ivy may ask for information and documentation regarding source of funds to be invested. Ivy also reserves the right to ask for more information regarding the individuals who are beneficial owners of, or exercise control over, the client account. Ivy may ask for the names of such beneficial owners and may also ask for addresses, dates of birth, and other information that will allow Ivy to identify such beneficial owners. Ivy may also request such other information as may be necessary to comply with applicable law. Furthermore, Ivy may verify any of the aforementioned information using third-party sources and may share that information as required by applicable law or in connection with the execution of trades on behalf of that client or investor. In certain circumstances, Ivy may rely on its client's or investor's broker-dealer, administrator, transfer agent, custodian or placement agent to obtain, verify and record the required information.

Account Minimums

For new accounts, Ivy generally requires the following account minimums:

ACCOUNT	ASSET MINIMUM
EQUITY	
Core	$10 Million
Small Cap Growth	$10 Million
Small Cap Core	$10 Million
Mid Cap Growth	$10 Million
Mid Cap Income	$10 Million
Large Cap Growth	$10 Million
Large Cap Growth - Focused	$10 Million
Large Cap Value	$10 Million
Large Cap Value - Focused	$10 Million
Multi-Cap	$10 Million
International Core	$10 Million
Emerging Markets	$10 Million
Energy	$10 Million
Science & Technology	$10 Million
FIXED-INCOME	

Investment Grade Bond	$10 Million
High Income	$10 Million
GLOBAL ASSET ALLOCATION	
Asset Strategy	$25 Million

Ivy may consider accounts below the minimum assets shown under certain circumstances.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Strategies

The investment strategy for a specific separate account client is based upon the objectives stated by the client during consultations. Each client executes investment guidelines that document their objectives and their desired investment strategy. The client may change these objectives at any time.

For Pooled Accounts, please refer to their respective offering documents for a detailed discussion of the investment strategy and material risks associated with each particular Pooled Account.

Asset Strategy Style

Ivy seeks to achieve an objective of total return by allocating the portfolio's assets among different asset classes of varying correlation around the globe. Ivy begins its investment process by investing a portion of the strategy's assets in global equity securities that Ivy believes can outperform the strategy's benchmark index, the MSCI ACWI Index, over a full market cycle (the "Equity Sleeve"). Ivy then invests the remaining assets in various additional asset classes, including global fixed-income securities, U.S. Treasury instruments, precious metals, commodities and cash (the "Diversifying Sleeve"), which seek to provide returns to the strategy while having less correlation to the Equity Sleeve. Ivy may allocate an account's investments among these different asset classes in different proportions at different times, but generally seeks to invest 50% - 80% of total assets (with a long-term target of approximately 65%) in the Equity Sleeve and 20% – 50% of an account's total assets (with a long-term target of approximately 35%) in the Diversifying Sleeve.

In selecting securities for an account, Ivy primarily emphasizes a bottom-up (researching individual issuers) approach and seeks to find relative value across the asset classes noted above. Part of Ivy's investment process also includes a top-down (assessing the market and economic environment) analysis.

With respect to the Equity Sleeve, Ivy seeks what it believes are well-positioned companies with a strong and/or growing sustainable competitive advantage in attractive industries across the globe which Ivy believes can exceed current earnings estimates. Ivy looks for companies that are taking market share within their industries, which results in high levels of cash flow, as well as stable to improving margins and returns. Ivy generally focuses on companies that are growing, innovating, improving margins, returning capital through dividend growth or share buybacks and/or offering what Ivy believes to be sustainable high free cash flow.

Within the Equity Sleeve, the strategy has the flexibility to invest in both growth and value companies. Although the strategy primarily invests in securities issued by large-capitalization companies (typically, companies with market capitalizations of at least $10 billion at the time of acquisition), it may invest in securities issued by companies of any size. The Equity Sleeve typically holds a limited number of stocks (generally 50 to 70).

Within the Diversifying Sleeve, the strategy has the flexibility to invest in a wide range of assets that, in Ivy's view, present attractive risk-adjusted returns as compared to the Equity Sleeve, and/or reduce the strategy's overall risk profile because such assets have less correlation to the assets within the Equity Sleeve. Diversifying assets are comprised of global fixed-income instruments, including investment grade and high yield bonds, as well as emerging market, corporate and sovereign bonds and bank loans. Such fixed-income instruments may include a significant amount, up to 35% of an account's total assets, in high-yield/high-risk bonds, or junk bonds, which include bonds rated BB+ or below by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), or comparably rated by another nationally recognized statistical rating organization ("NRSRO") or, if unrated, determined by Ivy to be of comparable quality. When selecting these instruments, Ivy focuses heavily on free cash flow and an issuer's ability to delever itself through the credit cycle. The strategy also can invest in government securities issued by the U.S. Treasury (such as Treasury bills, notes or bonds), obligations issued or guaranteed as to principal and interest (but not as to market value) by the U.S. government, its agencies or instrumentalities, and mortgage-backed securities issued or guaranteed by government agencies or government-sponsored enterprises, as well as Treasury inflation-protected securities ("TIPS"), and cash.

Within each of the Equity Sleeve and the Diversifying Sleeve, an account may invest in U.S. and foreign securities. The Equity Sleeve of the strategy generally will invest at least 30% of its assets, and may invest up to 75% in foreign securities and in securities denominated in currencies other than the U.S. dollar, including issuers located in and/or generating revenue from emerging markets. Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, accounts managed in this strategy may have indirect exposure to various foreign markets through investments in these companies, even if the account is not invested directly in such markets.

Ivy may allocate the portfolio's investments among the different types of assets noted above in different proportions at different times (keeping in mind the general percentages noted above) and may exercise a flexible strategy in the selecting investments. Ivy does not intend to concentrate in any geographical region or industry sector; however, it is not limited by investment style or by the issuer's location or industry sector.

Subject to diversification limits, an Asset Strategy account may invest up to 10% of its total assets in precious metals. While some accounts can directly hold gold bullion and other commodities, in other cases, Ivy may gain exposure to commodities, including precious metals, derivatives and commodity-linked instruments by investing in a subsidiary corporation of a client, typically organized in the Cayman Islands. Should an account invest in a subsidiary corporation, the investment would be expected to provide exposure to investment returns from commodities, derivatives and commodity-linked instruments within the limits of applicable federal tax requirements. The subsidiary corporation is subject to the same general investment

policies and restrictions as the relevant account and Ivy will be subject to the same investment restrictions and operational guidelines that apply to the management of the client account.

Generally, in determining whether to sell a security within the Equity Sleeve, Ivy considers many factors, which may include a deterioration in a company's fundamentals caused by global-specific factors such as geo-political landscape changes, regulatory or currency changes, or increased competition, as well as company-specific factors, such as reduced pricing power, diminished market opportunity, or increased competition. Ivy also may sell a security if the price of the security reaches what Ivy believes is fair value, to reduce the account's holdings in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash. Within the Diversifying Sleeve, Ivy generally sells assets when, in Ivy's view, such assets no longer have the ability to provide equity-like returns or no longer provide the desired portfolio diversification.

Style Specific Risks

Commodities Risk. Commodity trading, including trading in precious metals, generally is considered speculative because of the significant potential for investment loss. Among the factors that could affect the value of investments in commodities are resource availability, commodity price volatility, speculation in the commodities markets, cyclical economic conditions, sudden political events and adverse international monetary policies. Markets for commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising. Also, an account may pay more to store and accurately value its commodity holdings than it does with its other portfolio investments.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Holdings Risk. To the extent that an account's Equity Sleeve tends to be invested in a relatively limited number of stocks, the appreciation or depreciation of any one security held by an account may have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Loan Risk. In addition to the risks typically associated with fixed-income securities, loans carry other risks, including the risk of insolvency of the lending bank or other intermediary. The risks associated with loans are similar to the risks of low-rated debt securities or "junk" bonds since loans typically are below investment grade. Loans may be unsecured or not fully collateralized, may be subject to restrictions on resale, may be difficult to value, sometimes trade infrequently on the secondary market and generally are subject to extended settlement periods. Any of these factors may impair an account's ability to sell or realize

promptly the full value of its loans in the event of a need to liquidate such loans. Accordingly, loans that have been sold may not be immediately available to meet redemptions. Extended trade settlement periods may result in cash not being immediately available to an account. As a result, the account may have to sell other investments or engage in borrowing transactions to raise cash to meet its obligations. Interests in secured loans have the benefit of collateral and, typically, of restrictive covenants limiting the ability of the borrower to further encumber its assets. There is a risk that the value of the collateral securing a loan in which an account has an interest may decline and that the collateral may not be sufficient to cover the amount owed on the loan. In the event the borrower defaults, an account's access to the collateral may be limited or delayed by bankruptcy and other insolvency laws. These risks could cause the account to lose income or principal on a particular investment, which could affect the account's returns. In addition, loans also are subject to the risk that a court could subordinate the loan to presently existing or future indebtedness or take other action detrimental to the holders of the loan. Further, in the event of a default, second or lower lien secured loans will generally be paid only if the value of the collateral exceeds the amount of the borrower's obligations to the senior secured lenders, and the remaining collateral may not be sufficient to cover the full amount owed on the loan in which an account has an interest. Loans made to finance highly leveraged companies or to finance corporate acquisitions or other transactions may be especially vulnerable to adverse changes in economic or market conditions.

With loan assignments, as an assignee, an account normally will succeed to all rights and obligations of its assignor with respect to the portion of the loan that is being assigned. However, the rights and obligations acquired by the purchaser of a loan assignment may differ from, and be more limited than, those held by the original lenders or the assignor. With loan participations, an account may not be able to control the exercise of any remedies that the lender would have under the loan and likely would not have any rights against the borrower directly, so that delays and expense may be greater than those that would be involved if an account could enforce its rights directly against the borrower.

Low-Rated Securities Risk. In general, low-rated debt securities (commonly referred to as "high yield" or "junk" bonds) offer higher yields due to the increased risk that the issuer will be unable to meet its obligations on interest or principal payments at the time called for by the debt instrument. For this reason, these securities are considered speculative and could significantly weaken the account's returns. In adverse economic or other circumstances, issuers of these low-rated securities and obligations are more likely to have difficulty making principal and interest payments than issuers of higher-rated securities and obligations. In addition, these low-rated securities and obligations may fluctuate more widely in price and yield than higher-rated securities and obligations and may fall in price during times when the economy is weak or is expected to become weak. Issuers of securities that are in default or have defaulted may fail to resume principal or interest payments, in which case the account may lose its entire investment. The creditworthiness of issuers of low-rated securities may be more complex to analyze than that of issuers of investment-grade debt securities.

Subsidiary Corporation Risk. By investing in a subsidiary corporation, an account in the Asset Strategy style may be exposed to the risks associated with the subsidiary corporation's investments. The subsidiary corporation is not registered under the Investment Company Act of 1940, as amended (the "1940 Act"), and is not subject to all of the investor protections of the 1940 Act. Thus, as investors in the subsidiary corporation, Ivy's clients would not have all of the protections offered to investors in registered investment companies. However, because a subsidiary corporation will be managed by Ivy, it is unlikely that the

subsidiary corporation would take action contrary to the interests of Ivy's clients. In addition, changes in the laws of the United States or the foreign country in which the subsidiary corporation is organized could result in the inability of the subsidiary corporation and the style to operate as intended and could negatively affect investors.

Value Stock Risk. Value stocks are stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and, in the opinion of Ivy, undervalued. The value of a security believed by Ivy to be undervalued may never reach what is believed to be its full value; such security's value may decrease or such security may be appropriately priced.

Mortgage-Backed and Asset-Backed Securities Risk. Mortgage-backed and asset-backed securities are subject to prepayment risk and extension risk. When interest rates decline, unscheduled prepayments can be expected to accelerate, shortening the average lives of such securities, and an account may be required to reinvest the proceeds of the prepayments at the lower interest rates then available. Unscheduled prepayments also would limit the potential for capital appreciation on mortgage-backed and asset-backed securities, thereby reducing the account's income. Conversely, when interest rates rise, the values of mortgage-backed and asset-backed securities generally fall. Rising interest rates typically result in decreased prepayments and longer average lives of such securities. This could cause the value of such securities to be more volatile or decline more than other fixed-income securities, and may magnify the effect of the rate increase on the price of such securities. Certain mortgage-backed securities are U.S. government securities. See U.S. Government Securities Risk for the risks of these types of securities. For non-U.S. government securities, there is the risk that payments on a security will not be made when due, or the value of such security will decline, because the security is not issued or guaranteed as to principal or interest by the U.S. government or by agencies or authorities controlled or supervised by and acting as instrumentalities of the U.S. government or supported by the right of the issuer to borrow from the U.S. government.

U.S. Government Securities Risk. Certain U.S. government securities, such as U.S. Treasury ("Treasury") securities and securities issued by the Government National Mortgage Association ("Ginnie Mae"), are backed by the full faith and credit of the U.S. government. Other U.S. government securities, such as securities issued by the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal Home Loan Banks ("FHLB"), are not backed by the full faith and credit of the U.S. government and, instead, may be supported only by the credit of the issuer or by the right of the issuer to borrow from the Treasury.

Core Equity Style

Ivy seeks to achieve an objective of capital growth and appreciation by investing primarily in common stocks of large-capitalization companies. The strategy seeks to invest in companies that Ivy believes are high-quality, have sustainable competitive advantages accompanied by financial strength and earnings stability, and have leading positions in their industries. Large-capitalization companies typically are companies with market capitalizations of at least $10 billion at the time of acquisition. The strategy invests in securities that have the potential for capital appreciation, or that Ivy expects to resist market decline.

Although the strategy primarily invests in securities issued by large-capitalization companies, it may invest in securities issued by companies of any size. The strategy may invest in securities of companies across the valuation spectrum, including securities issued by growth and value companies.

Ivy believes that long-term earnings potential relative to market expectations is an important component for stock performance. Ivy balances a top-down (assessing the market environment) approach with a bottom-up (researching individual issuers) analysis when selecting securities for this strategy, and seeks to exploit what it believes to be catalysts for multi-year earnings growth in companies that it believes have strong or strengthening competitive advantages. Earnings catalysts are diversified across both thematic and company-specific projections.

From a top-down perspective, Ivy seeks to identify current trends or themes which indicate specific industries that have the potential to experience multi-year growth. Ivy considers various thematic catalysts in its analysis, including major macro-economic and political forces, cyclical inflections, changes in consumer behavior and technology shifts. Once a trend or theme is identified, Ivy seeks to invest in what it believes are dominant companies that will benefit from these trends or themes, including companies that Ivy believes have long-term earnings potential that exceeds market expectations.

Through its bottom-up stock selection, Ivy searches for companies for which it believes market expectations are too low with regard to the ability of the companies to grow their businesses. In selecting securities for the strategy, Ivy may consider whether a company has new products to introduce, has undergone cost restructuring or a management change, or has improved its execution, among other factors. This strategy typically holds a limited number of stocks (generally 40 to 50).

Ivy attempts to select securities that it believes have growth possibilities by looking at many factors, which may include a company's: projected long-term earnings power compared to market expectations over a multi-year horizon, competitive position in the global economy, history of improving sales and profits, management strength, ESG characteristics, established brand, leadership position in its industry, stock price value, potential earnings catalyst, dividend payment history, anticipated future dividend yield, and prospects for capital return in the form of dividends and stock buy backs.

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, this strategy may have indirect exposure to various foreign markets through investments in these companies, even if the strategy is not invested directly in such markets.

Generally, in determining whether to sell a security, Ivy uses the same type of analysis that it uses in buying securities. Among other factors, Ivy considers whether, in its opinion, the security has fully appreciated according to Ivy's forecast, has ceased to offer the prospect of significant growth potential, has had its competitive barriers diminished, has seen its earnings catalyst lose its impact, or has performed below Ivy's expectations regarding the company's long-term earnings potential. Ivy also may sell a security to reduce an account's holding in that security, if that issuer's competitive advantage has diminished, or if the strategy's portfolio managers lose conviction in a previously identified trend or theme, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Catalyst Risk. Investing in companies in anticipation of a catalyst carries the risk that certain of such catalysts may not happen or the market may react differently than expected to such catalysts, in which case an account may experience losses.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Holdings Risk. To the extent that an account tends to be invested in a relatively limited number of stocks, the appreciation or depreciation of any one security held by an account may have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Individual sectors may be more volatile, and may perform differently, than the broader market. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Information Technology Sector Risk. Investment risks associated with investing in the information technology sector, in addition to other risks, include the intense competition to which information technology companies may be subject; the dramatic and often unpredictable changes in growth rates and competition for qualified personnel among information technology companies; effects on profitability from being heavily dependent on patent and intellectual property rights and the loss or impairment of those rights; obsolescence of existing technology; general economic conditions; and government regulation.

Theme Risk. Because this investment strategy incorporates the identification of themes, an account's performance may suffer if Ivy does not correctly identify such themes or if a theme develops in an unanticipated way.

Value Stock Risk. Value stocks are stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and, in the opinion of Ivy, undervalued. The value of a security believed by Ivy to be undervalued may never reach what is believed to be its full value; such security's value may decrease or such security may be appropriately priced.

Large Cap Growth Style

Ivy seeks to achieve its objective of capital growth by investing primarily in a portfolio of common stocks issued by large-capitalization, growth-oriented companies that Ivy believes have a competitively advantaged business model, thereby eluding competition, and have the ability to sustain growth over the long term beyond investors' expectations. Large-capitalization companies typically are companies with market capitalizations of at least $10 billion at the time of acquisition. Growth-oriented companies are those whose earnings Ivy believes are likely to grow faster than the economy. The strategy is non-diversified, meaning that it may invest a significant portion of its total assets in a limited number of issuers.

In selecting securities for an account, Ivy begins its investment process by screening large-capitalization companies based on profitability (capital returns and margin) and growth (sales and earnings), while simultaneously utilizing fundamental analysis to assess any unique business attributes that validate those financial characteristics. Ivy uses a bottom-up (researching individual issuers) strategy in selecting securities for an account. Ivy seeks to invest in companies that it believes possess a structural competitive advantage or durable market leadership position. Ivy looks for companies which serve large addressable markets with a demonstrated ability to sustain unit growth and high profitability. Ivy also seeks to invest in companies that it believes have improving growth prospects or improving levels of profitability and returns.

A competitively advantaged business model can be defined by such factors as brand loyalty, proprietary technology, cost structure, scale, exclusive access to data, or distribution advantages. Other factors considered include strength of management; ESG characteristics; level of competitive intensity; return of capital; strong balance sheets and cash flows; the threat of substitute products; and the interaction and bargaining power between a company, its customers, suppliers, and competitors. Ivy's process for selecting stocks is based primarily on fundamental research but does utilize quantitative analysis during the screening process.

From a quantitative standpoint, Ivy concentrates on the level of profitability, capital intensity, cash flow and capital allocation measures, as well as earnings growth rates and valuations. Ivy's fundamental research effort tries to identify those companies that it believes possess a sustainable competitive advantage, an important characteristic which typically enables a company to generate above-average levels o profitability and the ability to sustain growth over the long-term. An account typically holds a limited number of stocks (generally 40 to 60).

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, the strategy may have indirect exposure to various foreign markets through investments in these companies, even if the strategy is not invested directly in such markets.

In general, Ivy may sell a security when, in Ivy's opinion, a company experiences deterioration in its growth and/or profitability characteristics, or a fundamental breakdown of its sustainable competitive advantages. Ivy also may sell a security if it believes that the security no longer presents sufficient appreciation potential; this may be caused by, or be an effect of, changes in the industry or sector of the issuer, loss by the company of its competitive position, poor execution by management, the threat of technological disruption and/or poor use of resources. Ivy also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Holdings Risk. To the extent that an account tends to be invested in a relatively limited number of stocks, the appreciation or depreciation of any one security held by an account may have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Non-Diversification Risk. This is a "non-diversified" strategy. Compared with "diversified" strategies, the portfolio may invest a greater percentage of its assets in the securities of an issuer. Thus, an account may hold fewer securities than other accounts. A decline in the value of those investments would cause the account's overall value to decline to a greater degree than if the account held a more diversified portfolio.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Individual sectors may be more volatile, and may perform differently, than the broader market. Companies

in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Information Technology Sector Risk. Investment risks associated with investing in the information technology sector, in addition to other risks, include the intense competition to which information technology companies may be subject; the dramatic and often unpredictable changes in growth rates and competition for qualified personnel among information technology companies; effects on profitability from being heavily dependent on patent and intellectual property rights and the loss or impairment of those rights; obsolescence of existing technology; general economic conditions; and government regulation.

Focused Large Cap Growth Style

Ivy's seeks to achieve its objective by investing primarily in a portfolio of common stocks issued by large-capitalization, growth-oriented companies with above-average levels of profitability and that Ivy believes have the ability to sustain growth over the long term. Although Ivy primarily invests in securities issued by large-capitalization companies (defined as companies with market capitalizations of at least $10 billion at the time of acquisition), it may invest in securities issued by companies of any size. Growth-oriented companies are those whose earnings Ivy believes are likely to grow faster than the economy.

The strategy is non-diversified, meaning that it may invest a significant portion of its total assets in a limited number of issuers. For example, an account typically holds a limited number of stocks (generally 15 to 25).

Ivy primarily utilizes a bottom-up (researching individual issuers) strategy in selecting securities for an account and seeks to invest for in companies that it believes possess, or have the potential to achieve, dominant market positions and/or structural competitive advantages. Ivy believes that these characteristics can help to mitigate competition and lead to more resilient and sustainable revenue and earnings growth.

Ivy begins its investment process by screening large-capitalization companies based on their profitability, and then attempts to focus on companies operating in large, growing, addressable markets (generally, the total potential markets for their goods and services) whose competitive market position Ivy believes will allow them to grow faster than the general economy. The key factors Ivy typically analyzes consist of: a company's brand equity, proprietary technology, economies of scale, barriers to entry, strength of management, level of competitive intensity, return of capital in the form of higher dividends or share repurchases, strong balance sheets and cash flows, the threat of substitute products, and the interaction and bargaining power between a company, its customers, suppliers and competitors.

Upon completion of the investment process described above, Ivy selects what it believes are the most competitive and attractive 15 to 25 companies for inclusion in the portfolio. Ivy's intent is to concentrate a portfolio in securities that Ivy believes have the potential to be held over a longer-term investment horizon (ideally three to four years) compared to those securities that Ivy believes would be more appropriate to be held in a more diversified growth portfolio and not for a similar length of time.

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, an account may have indirect exposure to various foreign markets through investments in these companies, even if the account is not invested directly in such markets.

In general, Ivy may sell a security when, in Ivy's opinion, a company experiences deterioration in its growth and/or profitability characteristics, or a fundamental breakdown of its sustainable competitive advantages. Ivy also may sell a security if it believes that the security no longer presents sufficient appreciation potential; this may be caused by, or be an effect of, changes in the industry or sector of the issuer, loss by the company of its competitive position, poor execution by management, the threat of technological disruption and/or poor use of resources. Ivy also may sell a security to reduce a portfolio's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Holdings Risk. To the extent that an account tends to be invested in a relatively limited number of stocks, the appreciation or depreciation of any one security held by an account may have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Non-Diversification Risk. This is a "non-diversified" strategy. Compared with "diversified" strategies, the portfolio may invest a greater percentage of its assets in the securities of an issuer. Thus, an account may hold fewer securities than other accounts. A decline in the value of those investments would cause the account's overall value to decline to a greater degree than if the account held a more diversified portfolio.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Individual sectors may be more volatile, and may perform differently, than the broader market. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Information Technology Sector Risk. Investment risks associated with investing in the information technology sector, in addition to other risks, include the intense competition to which information technology companies may be subject; the dramatic and often unpredictable changes in growth rates and competition for qualified personnel among information technology companies; effects on profitability from being heavily dependent on patent and intellectual property rights and the loss or impairment of those rights; obsolescence of existing technology; general economic conditions; and government regulation.

Large Cap Value Style

Ivy seeks to provide capital appreciation by investing in the common stocks of primarily large-capitalization companies that Ivy believes are undervalued, trading at a significant discount relative to the intrinsic value of the company as estimated by Ivy and/or are out of favor in the financial markets but have a favorable outlook for capital appreciation. Although the strategy primarily invests in securities issued by large-capitalization companies (typically, companies with market capitalizations of at least $10 billion at the time of acquisition), it may invest in securities issued by companies of any size.

To identify securities for the strategy, Ivy primarily utilizes fundamental, bottom-up (researching individual issuers) research while considering top-down (assessing the market environment) and quantitative analyses. Ivy primarily determines the estimated intrinsic value of companies based on cash flow generation, but Ivy may consider other valuation factors such as price to earnings and price to book value. Ivy also considers other operational factors of a company, including, among others, growth potential, changes in share count, and changes in working capital. This style emphasizes companies that Ivy believes have clearly identifiable catalysts that will help the companies achieve their estimated intrinsic values. The strategy typically holds a limited number of stocks (generally 30 to 45).

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, the strategy may have indirect exposure to various foreign markets through investments in these companies, even if the strategy is not invested directly in such markets.

Ivy typically will sell a stock when, in Ivy's opinion, it reaches an acceptable price, its fundamental characteristics have changed or it has performed below Ivy's expectations. Ivy also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities, or to raise cash.

Style Specific Risks

Value Stock Risk. Value stocks are stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and, in the opinion of Ivy, undervalued. The value of a security believed by Ivy to be undervalued may never

reach what is believed to be its full value, such security's value may decrease, or such security may be appropriately priced.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Holdings Risk. To the extent that an account tends to be invested in a relatively limited number of stocks, the appreciation or depreciation of any one security held by an account may have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Catalyst Risk. Investing in companies in anticipation of a catalyst carries the risk that certain of such catalysts may not happen or the market may react differently than expected to such catalysts, in which case the account may experience losses.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Individual sectors may be more volatile, and may perform differently, than the broader market. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Financials Sector Risk. Investment risks associated with investing in securities in the financials sector, in addition to other risks, include extensive governmental regulation and/or nationalization that affects the scope of their activities, the prices they can charge and the amount of capital they must maintain; adverse effects from increases in interest rates; effects on profitability by loan losses, which usually increase in economic downturns; the severe competition to which banks, insurance, and financial services companies may be subject; and increased interindustry consolidation and competition in the financials sector. The impact of more stringent capital requirements, recent or future regulation on any individual financial company or recent or future regulation on the financials economic sector as a whole cannot be predicted.

Focused Large Cap Value Style

Ivy seeks to achieve capital appreciation with a secondary objective of providing current income by investing primarily in the common stocks of companies that Ivy believes offer a high yield and that possess quality, valuation and growth potential characteristics. The strategy seeks to invest in companies that meet all three of these criteria. Ivy begins its investment process by placing the approximately 700 largest dividend-paying common stocks into quintiles, and limits its investment selection to companies located within the second quintile, ranked in terms of dividend yield. Ivy next ranks those companies based on return on invested capital (quality), high free cash flow yield (valuation), low dividend payout ratio (growth potential), and total yield (cash returned to shareholders via dividends plus share buybacks). Following this initial screening process, Ivy selects those companies that it believes have the most favorable outlook for capital appreciation, taking into account one or more of the various factors noted below. Although the strategy primarily invests in securities issued by large-capitalization companies (typically, companies with market capitalizations of at least $10 billion at the time of acquisition), it may invest in securities issued by companies of any size.

To identify securities for the strategy, Ivy primarily utilizes fundamental, bottom-up (researching individual issuers) research, while considering top-down (assessing the market environment) and quantitative analyses. Following the screening process noted above, in general, in selecting securities for the strategy, Ivy evaluates market risk, interest rate trends and the economic climate. It then considers numerous factors in its analyses of individual issuers and their stocks, which may include: estimated intrinsic value of the company using various valuation metrics; historical earnings growth; future expected earnings growth; the company's position in its industry; industry conditions; competitive strategy; management capabilities; free cash flow potential; asset growth; changes in share count; changes in working capital; and internal or external catalysts for change.

The strategy is non-diversified, meaning that it may invest a significant portion of its total assets in a limited number of issuers. For example, an account typically holds a limited number of stocks (generally 25).

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, an account may have indirect exposure to various foreign markets through investments in these companies, even if the account is not invested directly in such markets.

Ivy typically will sell a stock when, in Ivy's opinion, it reaches an acceptable price, its fundamental characteristics have changed or it has performed below Ivy's expectations. Ivy also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Holdings Risk. To the extent that an account tends to be invested in a relatively limited number of stocks, the appreciation or depreciation of any one security held by an account may have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Mid-Size Company Risk. Securities of mid-capitalization companies may be more vulnerable to adverse developments than those of larger companies due to such companies' limited product lines, limited markets and financial resources and dependence upon a relatively small management group. Securities of mid-capitalization companies may be more volatile and less liquid than the securities of larger companies, and may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns.

Non-Diversification Risk. This is a "non-diversified" strategy. Compared with "diversified" strategies, the portfolio may invest a greater percentage of its assets in the securities of an issuer. Thus, an account may hold fewer securities than other accounts. A decline in the value of those investments would cause the account's overall value to decline to a greater degree than if the account held a more diversified portfolio.

Portfolio Turnover Risk. Frequent buying and selling of investments involve higher costs to an account and may affect the account's performance over time. High rates of portfolio turnover may result in the realization of net short-term capital gains. Factors that can lead to short-term trading include market volatility, a significant positive or negative development concerning a security, an attempt to maintain the strategy's market capitalization target, and the need to sell a security to meet redemption activity.

Value Stock Risk. Value stocks are stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and, in the opinion of Ivy, undervalued. The value of a security believed by Ivy to be undervalued may never reach what is believed to be its full value; such security's value may decrease or such security may be appropriately priced.

Mid Cap Growth Style

Ivy seeks to achieve capital growth by investing primarily in common stocks of mid-capitalization companies that Ivy believes are high quality and/or offer above-average growth potential. Mid-cap companies typically are companies with market capitalizations within the range of companies in the Russell Mid Cap Growth Index at the time of acquisition.

In selecting securities for an account, Ivy primarily emphasizes a bottom-up (researching individual issuers) approach and focuses on companies it believes have the potential for strong growth, increasing profitability, stable and sustainable revenue and earnings streams, attractive valuations and sound capital structures. Ivy may look at a number of factors in its consideration of a company, such as: new or innovative products or services, adaptive or creative management, strong financial and operational capabilities to sustain multi-year growth, stable and consistent revenue, earnings, and cash flow, strong balance sheet, market potential, and profit potential. Part of Ivy's investment process also includes a review of the macroeconomic environment, with a focus on factors such as interest rates, inflation, consumer confidence and corporate spending.

Generally, in determining whether to sell a security, Ivy considers many factors, including what it believes to be excessive valuation given company growth prospects, deterioration of fundamentals, weak cash flow to support shareholder returns, and unexpected and poorly explained management changes. Ivy also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks
Mid-Size Company Risk. Securities of mid-capitalization companies may be more vulnerable to adverse developments than those of larger companies due to such companies' limited product lines, limited markets and financial resources and dependence upon a relatively small management group. Securities of mid-capitalization companies may be more volatile and less liquid than the securities of larger companies, and may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may not perform as well as value stocks or the stock market in general.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Individual sectors may be more volatile, and may perform differently, than the broader market. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Information Technology Sector Risk. Investment risks associated with investing in the information technology sector, in addition to other risks, include the intense competition to which information technology companies may be subject; the dramatic and often unpredictable changes in growth rates and competition for qualified personnel among information technology companies; effects on profitability from being heavily dependent on patent and intellectual property rights and the loss or impairment of those rights; obsolescence of existing technology; general economic conditions; and government regulation.

Mid Cap Income Style

Ivy seeks to achieve its objective to provide total return by investing primarily in a diversified portfolio of income-producing common stocks of mid-capitalization companies that Ivy believes demonstrate favorable

prospects for total return. Mid-cap companies typically are companies with market capitalizations within the range of companies in the Russell Midcap Index at the time of acquisition. The strategy focuses primarily on mid-capitalization companies that Ivy believes have the ability to sustain, and potentially increase, dividends while providing capital appreciation over the long-term. The strategy also may invest, to a lesser extent, in companies that pay other types of income to shareholders, including return of capital.

In selecting securities for an account, Ivy primarily emphasizes a bottom-up (researching individual issuers) approach and may look at a number of factors in its consideration of a company, such as: competitive and sustainable dividend yield; potential growth in dividends; strong financial and operational capabilities; stable and consistent revenue, earnings, and cash flow; a sound balance sheet; market potential; profit potential and a proven track record of, or the potential for, returning capital to shareholders. Part of Ivy's investment process also includes a review of the macroeconomic environment, with a focus on factors such as interest rates, inflation, consumer confidence and corporate spending.

This strategy typically holds a limited number of stocks (generally 35 to 50). The strategy will emphasize investments in dividend-paying and other income-producing securities to seek to provide a steady return. This strategy's portfolio holdings generally will be of approximate equal weight, but Ivy may adjust the weighting depending upon market conditions, for investment opportunities, or when Ivy adds or divests certain positions. Ivy intends to re-balance an account's portfolio holdings at least quarterly in an effort to maintain an approximate equal weighting.

Generally, in determining whether to sell a security, Ivy uses the same type of analysis that it uses in buying securities of that type. For example, Ivy may sell a security if it believes the security is no longer able to pay a dividend in the future, no longer offers attractive current income prospects or significant growth potential or if there have been changes in economic or market factors in general or with respect to a particular industry or sector, changes in the market trends or other factors affecting an individual security. Ivy also may sell a security to rebalance the portfolio, to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Mid-Size Company Risk. Securities of mid-capitalization companies may be more vulnerable to adverse developments than those of larger companies due to such companies' limited product lines, limited markets and financial resources and dependence upon a relatively small management group. Securities of mid-capitalization companies may be more volatile and less liquid than the securities of larger companies, and may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns.

Dividend-Paying Stock Risk. Dividend-paying stocks may fall out of favor with investors and underperform non-dividend paying stocks and the market as a whole over any period of time. In addition, there is no guarantee that the companies in which the strategy invests will declare dividends in the future or that dividends, if declared, will remain at current levels or increase over time. The amount of any dividend a company may pay may fluctuate significantly. In addition, the value of dividend-paying common stocks can decline when interest rates rise as other investments become more attractive to investors. This risk may be greater due to the current period of historically low interest rates.

Holdings Risk. To the extent that an account tends to be invested in a relatively limited number of stocks, the appreciation or depreciation of any one security held by an account may have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Small Cap Growth Style

Ivy seeks to achieve capital growth by investing in common stocks of small-capitalization companies. For purposes of this style, small-capitalization companies typically are companies with market capitalizations within the range of companies in the Russell 2000 Growth Index at the time of acquisition.

This strategy emphasizes smaller companies positioned in new or emerging industries where Ivy believes there is opportunity for higher growth than in established companies or industries. The strategy's investments in equity securities may include common stocks that are offered in initial public offerings ("IPOs").

Ivy utilizes a bottom-up (researching individual issuers) stock picking process that considers quality of management and superior financial characteristics (e.g., return on assets, return on equity, operating margin) in its search for companies, thereby focusing on what it believes are higher quality companies with sustainable growth prospects. Ivy seeks companies that it believes exhibit successful and scalable business models by having one or more of the following characteristics: serving markets that are growing at rates substantially in excess of the average industry and/or the general economy; a company that is a leader in its industry and that possesses an identifiable competitive advantage; that features strong and effective management; that demonstrates a strong commitment to shareholders; that is serving a large and/or fast-growing market opportunity; that is experiencing upward margin momentum, a growth in earnings, growth in revenue and sales and/or positive cash flows; that is increasing market share and/or creating increasing barriers to entry either through technological advancement, marketing, distribution or some other innovative means; or that emphasizes organic growth. Ivy believes that such companies generally have a replicable business model that allows for sustained growth.

Generally, in determining whether to sell a security, Ivy uses the same type of analysis that it uses in buying securities. For example, Ivy may sell a security if it believes that the stock no longer offers significant growth potential, which may be due to a change in the business or management of the company or a change in the industry or sector of the company. Ivy also may sell a security to reduce an account's holding in that security, if its analysis reveals evidence of a meaningful deterioration in operating trends, if it anticipates a decrease in the company's ability to grow, if it loses confidence in the management of the company and/or the company's founder departs, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may not perform as well as value stocks or the stock market in general.

Health Care Sector Risk. Investment risks associated with investing in securities in the health care sector, in addition to other risks, include heavy dependence on patent protection, with profitability

affected by the expiration of patents; expenses and losses from extensive litigation based on product liability and similar claims; competitive forces that may make it difficult to raise prices and, in fact, may result in price discounting; the potentially long and costly process for obtaining new product approval by the U.S. Food and Drug Administration ("FDA"); the difficulty health care providers may have obtaining staff to deliver services; susceptibility to product obsolescence; and thin capitalization and limited product lines, markets, financial resources or personnel.

Initial Public Offering ("IPO") Risk. Any positive effect of investments in IPOs may not be sustainable because of a number of factors. Namely, an account may not be able to buy shares in some IPOs, or may be able to buy only a small number of shares. Also, the performance of IPOs generally is volatile, and is dependent on market psychology and economic conditions. To the extent that IPOs have a significant positive impact on an account's performance, this may not be able to be replicated in the future. The relative performance impact of IPOs also is likely to decline as the account grows.

Small Company Risk. Securities of small capitalization companies are subject to greater price volatility, lower trading volume and less liquidity due to, among other things, such companies' small size, limited product lines, limited access to financing sources and limited management depth. In addition, the frequency and volume of trading of such securities may be less than is typical of larger companies, making them subject to wider price fluctuations and such securities may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns. In some cases, there could be difficulties in selling securities of small capitalization companies at the desired time.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Individual sectors may be more volatile, and may perform differently, than the broader market. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Information Technology Sector Risk. Investment risks associated with investing in the information technology sector, in addition to other risks, include the intense competition to which information technology companies may be subject; the dramatic and often unpredictable changes in growth rates and competition for qualified personnel among information technology companies; effects on profitability from being heavily dependent on patent and intellectual property rights and the loss or impairment of those rights; obsolescence of existing technology; general economic conditions; and government regulation.

Small Cap Core Style

Ivy seeks to achieve its objective to provide capital appreciation by investing primarily in various types of equity securities of small-capitalization companies that Ivy believes have the greatest potential for capital appreciation. Small-capitalization companies typically are companies with market capitalizations within the range of companies in the Russell 2000 Index at the time of acquisition.

This strategy seeks to invest in small-capitalization companies that Ivy believes are undervalued relative to their potential for capital appreciation. In selecting securities for this strategy, Ivy has the flexibility to

invest in growth or value companies, or both, and primarily utilizes fundamental, bottom-up (researching individual issuers) research while considering top-down (assessing the market and economic environment) and quantitative analyses. In assessing investment opportunities, Ivy seeks stocks that it believes exhibit relative strength and positive identifiable catalysts, while striving to avoid stocks with low liquidity. Ivy seeks companies that are showing stable or positively trending fundamentals and that possess one or more of the following attributes: improving or consistently strong reported metrics (favorable margins), capital discipline (favorable return on invested capital), a sustainable competitive advantage, seasoned management with appropriate incentives and a stable capital structure. In addition, Ivy attempts to diversify this strategy's holdings among sectors, as well as among growth and value companies, in an effort to manage risk and to limit excess volatility. This strategy typically holds a limited number of stocks (generally 40 to 60).

Ivy typically will sell a stock when, in Ivy's opinion, it reaches an acceptable price relative to its estimated potential value, its fundamental factors have changed or Ivy has changed its estimated value due to business performance that is below Ivy's expectations. Ivy also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Catalyst Risk. Investing in companies in anticipation of a catalyst carries the risk that certain of such catalysts may not happen or the market may react differently than expected to such catalysts, in which case an account may experience losses.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may not perform as well as value stocks or the stock market in general.

Holdings Risk. To the extent that an account tends to be invested in a relatively limited number of stocks, the appreciation or depreciation of any one security held by an account may have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Portfolio Turnover Risk. Frequent buying and selling of investments involve higher costs to an account and may affect the account's performance over time. High rates of portfolio turnover may result in the realization of net short-term capital gains. Factors that can lead to short-term trading include market volatility, a significant positive or negative development concerning a security, an attempt to maintain the strategy's market capitalization target, and the need to sell a security to meet redemption activity.

Small Company Risk. Securities of small capitalization companies are subject to greater price volatility, lower trading volume and less liquidity due to, among other things, such companies' small size, limited product lines, limited access to financing sources and limited management depth. In addition, the frequency and volume of trading of such securities may be less than is typical of larger companies, making them subject to wider price fluctuations and such securities may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns. In some cases, there could be difficulties in selling securities of small capitalization companies at the desired time.

Value Stock Risk. Value stocks are stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and, in the opinion of Ivy, undervalued. The value of a security believed by Ivy to be undervalued may never reach what is believed to be its full value; such security's value may decrease or such security may be appropriately priced.

Multi-Cap Equity Style

Ivy seeks to achieve an objective of capital growth and appreciation by investing primarily in a diversified portfolio of common stocks of U.S. companies that Ivy considers to be high quality growth companies with an attractive long-term investment potential, the risks of which are, in Ivy's opinion, consistent with the strategy's objective. The strategy invests primarily in growth-oriented companies. A stock has growth potential if, in Ivy's opinion, the revenue, earnings and/or cash flow of the company are likely to grow meaningfully faster than the economy. The strategy may invest in companies of any size, and of any industry, but Ivy will generally emphasize large-capitalization companies (typically, companies with capitalizations of at least $10 billion at the time of acquisition).

In selecting securities, Ivy begins its investment process by screening companies having a market capitalization within the Russell 3000 Growth Index based on market capitalization, liquidity and acceptable internal financial leverage requirements, and then primarily utilizes a bottom-up (researching individual issuers) strategy in selecting securities for the strategy. Ivy seeks companies that are growing faster than the market and the overall economy, whose capital requirements are generated organically, and that have a history or potential for industry leading profitability.

Position sizes are determined primarily by company-specific factors. These factors include the issuer's top-line growth, margin structure, return profile, cash flow generation, capital structure, capital intensity, sustainable competitive position, management competency and valuation. Other items considered include the total addressable market, sector and industry growth rates, and the variability and duration of the market's growth. The security's contribution to the overall risk profile of the strategy is also evaluated. This strategy typically holds a limited number of stocks (generally 35 to 50).

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, this strategy may have indirect exposure to various foreign markets through investments in these companies, even if the strategy is not invested directly in such markets.

Generally, in determining whether to sell a security, Ivy considers many factors, which may include management execution issues, valuation exceeding acceptable price level, changes in economic or market factors in general or with respect to a particular industry or sector; changes in the market trends or other factors affecting an individual security; and changes in the relative market performance or its belief in the appreciation possibilities offered by individual securities. Ivy also may sell a security due to changes in its competitive landscape, to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may not perform as well as value stocks or the stock market in general.

Holdings Risk. To the extent that an account tends to be invested in a relatively limited number of stocks, the appreciation or depreciation of any one security held by an account may have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Mid-Size Company Risk. Securities of mid-capitalization companies may be more vulnerable to adverse developments than those of larger companies due to such companies' limited product lines, limited markets and financial resources and dependence upon a relatively small management group. Securities of mid-capitalization companies may be more volatile and less liquid than the securities of larger companies, and may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns.

Small Company Risk. Securities of small capitalization companies are subject to greater price volatility, lower trading volume and less liquidity due to, among other things, such companies' small size, limited product lines, limited access to financing sources and limited management depth. In addition, the frequency and volume of trading of such securities may be less than is typical of larger companies, making them subject to wider price fluctuations and such securities may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns. In some cases, there could be difficulties in selling securities of small capitalization companies at the desired time.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Individual sectors may be more volatile, and may perform differently, than the broader market. Companies in the same economic sector may be similarly affected by economic or market events, making the account

more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Information Technology Sector Risk. Investment risks associated with investing in the information technology sector, in addition to other risks, include the intense competition to which information technology companies may be subject; the dramatic and often unpredictable changes in growth rates and competition for qualified personnel among information technology companies; effects on profitability from being heavily dependent on patent and intellectual property rights and the loss or impairment of those rights; obsolescence of existing technology; general economic conditions; and government regulation.

Consumer Discretionary Sector Risk. The strategy currently invests a significant portion of its assets in the consumer discretionary sector, and therefore an account's performance could be negatively impacted by events affecting this sector. The consumer discretionary sector includes companies in industries such as consumer services, household durables, leisure products, textiles, apparel and luxury goods, hotels, restaurants, retailing, e-commerce, and automobiles. Many companies in the consumer discretionary sector manufacture products and provide discretionary services directly to the consumer. As such, the success of these companies is tied closely to the performance of the overall domestic and global economy, interest rates, competition and consumer confidence. Success depends heavily on disposable household income levels, as well as consumer preferences and tastes, social trends and marketing campaigns. Companies in the consumer discretionary sector may be subject to severe competition, which may have an adverse impact on their respective profitability. Changes in demographics and consumer propensity to spend can also affect the demand for, and success of, consumer products and services in the marketplace.

International Core Equity Style

Ivy seeks to achieve capital growth and appreciation by investing in equity securities of companies primarily located in, or principally traded in developed European and Asian/Pacific Basin markets. In seeking to enhance potential return, this strategy also may invest in issuers located or doing business in emerging market countries, which generally will include the more developed of the emerging market countries. The strategy also may invest in depositary receipts of foreign issuers.

Ivy believes that there are often dislocations and valuation discrepancies in the international financial markets and, therefore, it seeks to find and invest in what it believes are mispriced countries, sectors, currencies and, ultimately, stocks with attractive valuations relative to their potential and to their global peer group. Ivy uses a disciplined approach while looking for investment opportunities around the world, preferring what it believes are cash-generating and reasonably valued companies that are exposed to global investment themes which Ivy believes will yield above-average returns. Ivy combines a top-down (assessing the market environment), macro approach with a bottom-up (researching individual issuers) stock selection process, and uses a combination of country analysis, sector and industry dynamics and individual stock selection.

As noted, Ivy begins its investment process by establishing a top-down global macro view which is built by constantly assessing developments in global gross domestic product, business and product cycles,

foreign exchanges, relative valuations and politics around the world. It then overlays its long-term investment themes on top of the macro view in an effort to identify companies, sectors, countries and currencies that Ivy believes will benefit under its macro view. Ivy next follows a bottom-up approach to its stock selection and evaluates individual companies based on various factors, including: free cash flow, sales growth, financial leverage, and return on invested capital along with various valuation metrics. Ivy uses various data and screening services as part of its stock selection process, primarily to assess return on invested capital and relative valuation.

Although the strategy primarily invests in securities issued by large-capitalization companies (typically, companies with capitalizations of at least $10 billion at the time of acquisition), it may invest in securities issued by companies of any size. The strategy may invest up to 100% of its total assets in foreign securities. In an effort to manage foreign currency exposure the strategy may use forward contracts to either increase or decrease exposure to a given currency.

Generally, in determining whether to sell a security, Ivy uses the same type of analysis that it uses in buying securities of that type. For example, Ivy may sell a security if it had a change in its top-down view, if it believes the security no longer offers significant return potential, if there exists political or economic instability in the issuer's country, if it believes the security is showing signs of deteriorating fundamentals, if there is weak cash flow to support shareholder returns, and/or if there is a change in Ivy's macroeconomic perspective. Ivy also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

A similar strategy to the one described above is also offered in a model portfolio format, which utilizes American Depositary Receipts ("ADR") and U.S. listed equity securities issued by companies primarily located in developed European and Asian/Pacific Basin markets. The model strategy may also invest in ADRs and U.S. listed shares of issuers located or doing business in emerging market countries, which generally will include the more developed of the emerging market countries. Liquidity for some ADRs may be low, which may affect bid/ask spreads, and while a rare occurrence, the bank offering the ADR may decide to terminate the ADR program of a particular issuer for any number of reasons, including lack of interest. This could result in a requirement that the position be liquidated.

Style Specific Risks

Derivatives Risk. The use of derivatives presents several risks, including the risk that these instruments may change in value in a manner that adversely affects an accounts net asset value. Derivatives can be highly complex, can create investment leverage, may perform in unanticipated ways and may be highly volatile, and an account could lose more than the amount it invests. Derivatives may be difficult to value and, depending on the instrument, may at times be highly illiquid, and an account may not be able to close out or sell a derivative position at a particular time or at an anticipated price. Moreover, some derivatives are more sensitive to interest rate changes and market price fluctuations than others. To the extent the judgment of Ivy as to certain anticipated price movements is incorrect, the risk of loss may be greater than if the derivative technique(s) had not been used. When used for hedging, the change in value of the derivative also may not correlate perfectly with the security or other risk being hedged. Suitable derivatives may not be available in all circumstances, and there can be no assurance that an account will

use derivatives to reduce exposure to other risks when that might be beneficial. Derivatives also may be subject to counterparty credit risk, which includes the risk that an account may sustain a loss as a result of the insolvency or bankruptcy of, or other non-compliance with the terms in the agreement for the derivatives documentation by, another party to the transaction. When an account uses derivatives, it will provide margin or collateral bilaterally and/or segregate cash or other liquid assets in a manner that satisfies contractual undertakings and regulatory requirements. The need to provide margin or collateral and/or segregate assets could limit an account's ability to pursue other opportunities as they arise. Ongoing changes to regulation of the derivatives markets and potential changes in the regulation of funds using derivatives instruments could change an account's opportunities to pursue its investment strategies.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Regional Focus Risk. Focusing on a particular geographical region or country involves increased currency, political, regulatory and other risks. To the extent an account invests a significant portion of its assets in a particular geographical region or country, economic, political, social and environmental conditions in that region or country will have a greater effect on the account's performance than they would in a more geographically diversified equity fund and the account's performance may be more volatile than the performance of a more geographically diversified account. See *Market Risk* below.

Theme Risk. Because this investment strategy incorporates the identification of themes, an account's performance may suffer if Ivy does not correctly identify such themes or if a theme develops in an unanticipated way.

Value Stock Risk. Value stocks are stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and, in the opinion of Ivy, undervalued. The value of a security believed by Ivy to be undervalued may never reach what is believed to be its full value, such security's value may decrease, or such security may be appropriately priced.

Emerging Markets Equity Style

Ivy seeks to achieve its objective to provide growth of capital by investing in equity securities, primarily common stock, of companies (i) from countries considered to be emerging market countries or (ii) that are economically linked to emerging market countries. Emerging market countries include, but are not limited to, those considered to be developing by the International Monetary Fund, the World Bank, the International Finance Corporation or one of the leading global investment banks. Ivy has broad discretion to identify other countries that it considers to qualify as emerging market countries. The majority of these countries are likely to be located in Asia, Latin America, the Middle East, Central and Eastern Europe, and Africa.

The strategy may invest in companies of any size and market capitalization and in companies in any industry. The issuer of a security or other investment generally is deemed to be economically linked to a particular country if: (a) the security or other investment is issued or guaranteed by the government of that country or any of its agencies, authorities or instrumentalities; (b) the issuer is organized under the laws of, and maintains a principal office in, that country; (c) the issuer has its principal securities trading market in that country; (d) the issuer derives 50% or more of its total revenues from goods sold or services performed in that country; (e) the issuer has 50% or more of its assets in that country; or (f) the issuer is included in an index which is representative of that country.

This strategy may invest up to 100% of its total assets in foreign securities and may invest in depositary receipts of foreign issuers. This strategy also may invest up to 20% of its net assets in companies that are not located in, or economically linked to, emerging market countries: (1) if this strategy's portfolio managers believe that the performance of a company or its industry will be influenced by opportunities in the emerging markets; (2) to maintain exposure to industry segments where the portfolio managers believe there are not satisfactory investment opportunities in emerging market countries; and/or (3) if the portfolio managers believe there is the potential for benefit to the strategy.

Ivy utilizes a top-down (assessing the market environment) approach of worldwide analysis in an effort to identify what it believes are the best emerging market countries and sectors for growth, and balances the top-down analysis with a bottom-up (researching individual issuers) stock selection process in an effort to identify stocks that it believes may outperform that market over a one- to three-year time period and are best positioned to maximize their competitive advantage. From a top-down standpoint, Ivy seeks to identify current trends or themes which indicate specific industries that have the potential to experience multi-year growth. In addition, Ivy performs fundamental research on each country and sector to determine its desirability, focusing on factors such as growth momentum, liquidity in the market, systematic changes, demographics, economic/business cycle, political climate, inflation and foreign exchange rates, fiscal and central bank policies, demographics, oil-price sensitivity and any additional factors that could impact the region or sector.

Once Ivy has identified these countries and sectors, it then applies a bottom-up analysis to identify specific companies that meet its criteria for investment. Stock selection focuses on what Ivy feels are companies with impressive corporate management in sectors that Ivy believes are best positioned for the current market environment. Key factors considered by Ivy include whether the company possesses attractive long-term earnings growth potential, a strong debt/equity ratio, positive catalysts for change, strong management, competitive advantage, superior products, healthy balance sheets and/or good corporate governance. The strategy may invest in "A-Shares" of certain Chinese companies through various "connect programs" with local stock exchanges in China.

In determining whether to sell a security, Ivy generally considers whether the security has failed to meet its growth expectations, whether its valuation has exceeded its target, whether there has been a change in political regime, or whether it has lost confidence in management. Ivy also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Capital Repatriation Risk. Capital repatriation involves the transfer of corporate money or property from a foreign country back to its home country. The repatriation of capital with regard to investments made in certain securities or countries may be restricted during certain times from the date of such investments or even indefinitely. If Ivy is unable to repatriate capital from its investments, in whole or in part, this may have an adverse effect on the cash flows and/or performance of the portfolio.

China Investment Risk. Connect Programs are subject to quota limitations, and an investor cannot purchase and sell the same security on the same trading day, which may restrict the portfolio's ability to invest in China A-shares through the Connect Programs and to enter into or exit trades on a timely basis. Only certain China A-shares are eligible to be accessed through the Connect Programs. Such securities may lose their eligibility at any time, in which case they could be sold, but could no longer be purchased through the Connect Programs. Because the Connect Programs are relatively new, the actual effect on the market for trading China A-shares with the introduction of large numbers of foreign investors is unknown.

Investments in China A-shares may not be covered by the securities investor protection programs of a participating exchange and, without the protection of such programs, will be subject to the risk of default by the broker. Because of the way in which China A-shares are held in a Connect Program, the portfolio may not be able to exercise the rights of a shareholder and may be limited in its ability to pursue claims against the issuer of a security. In addition, because all trades of eligible China A-shares must be settled in Renminbi ("RMB"), the Chinese currency, investors must have timely access to a reliable supply of offshore RMB, which cannot be guaranteed.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Mid-Size Company Risk. Securities of mid-capitalization companies may be more vulnerable to adverse developments than those of larger companies due to such companies' limited product lines, limited markets and financial resources and dependence upon a relatively small management group. Securities of mid-capitalization companies may be more volatile and less liquid than the securities of larger companies, and may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns.

Regional Focus Risk. Focusing on a particular geographical region or country involves increased currency, political, regulatory and other risks. To the extent an account invests a significant portion of its

assets in a particular geographical region or country, economic, political, social and environmental conditions in that region or country will have a greater effect on the account's performance than they would in a more geographically diversified equity fund and the account's performance may be more volatile than the performance of a more geographically diversified account. See *Market Risk* below.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Individual sectors may be more volatile, and may perform differently, than the broader market. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Consumer Discretionary Sector Risk. The strategy currently invests a significant portion of its assets in the consumer discretionary sector, and therefore an account's performance could be negatively impacted by events affecting this sector. The consumer discretionary sector includes companies in industries such as consumer services, household durables, leisure products, textiles, apparel and luxury goods, hotels, restaurants, retailing, e-commerce, and automobiles. Many companies in the consumer discretionary sector manufacture products and provide discretionary services directly to the consumer. As such, the success of these companies is tied closely to the performance of the overall domestic and global economy, interest rates, competition and consumer confidence. Success depends heavily on disposable household income levels, as well as consumer preferences and tastes, social trends and marketing campaigns. Companies in the consumer discretionary sector may be subject to severe competition, which may have an adverse impact on their respective profitability. Changes in demographics and consumer propensity to spend can also affect the demand for, and success of, consumer products and services in the marketplace.

Small Company Risk. Securities of small capitalization companies are subject to greater price volatility, lower trading volume and less liquidity due to, among other things, such companies' small size, limited product lines, limited access to financing sources and limited management depth. In addition, the frequency and volume of trading of such securities may be less than is typical of larger companies, making them subject to wider price fluctuations and such securities may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns. In some cases, there could be difficulties in selling securities of small capitalization companies at the desired time.

Energy Style

Ivy seeks to achieve capital growth and appreciation by investing, under normal circumstances, at least 80% of its net assets in securities of companies within the energy sector, which includes all aspects of the energy industry, such as exploration, discovery, production, distribution or infrastructure of energy and/or alternative energy sources.

These companies may include, but are not limited to, oil companies, oil and gas drilling, equipment and services companies, oil and gas exploration and production companies, oil and gas storage and transportation companies, natural gas pipeline companies, refinery companies, energy conservation companies, coal, transporters, utilities, alternative energy companies and innovative energy technology companies. An account also may invest in companies that are not within the energy sector that are engaged

in the development of products and services to enhance energy efficiency for the users of those products and services.

This strategy is non-diversified, meaning that it may invest a significant portion of its total assets in a limited number of issuers.

After conducting a top-down (assessing the market environment) market analysis of the energy industry and geopolitical issues and then identifying trends and sectors, Ivy uses a research-oriented, bottom-up (researching individual issuers) investment approach when selecting securities for an account, focusing on company fundamentals and growth prospects. The strategy invests in a blend of value and growth companies across the capitalization spectrum, which may include companies that are offered in initial public offerings ("IPOs"), and emphasizes companies that Ivy believes are strongly managed and can generate above average capital growth and appreciation. While Ivy typically seeks to invest a majority of an account's assets in U.S. securities, an account may invest up to 100% of its total assets in foreign securities. An account typically holds a limited number of stocks (generally 30 to 50).

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, an account may have indirect exposure to various foreign markets through investments in these companies, potentially including companies domiciled or traded or doing business in emerging markets, even if the account is not invested directly in such markets.

Generally, in determining whether to sell a security, Ivy uses the same type of analysis that it uses in buying securities to determine whether the security has ceased to offer significant growth potential, has sufficiently exceeded its target price, has become overvalued and/or whether the prospects of the issuer have deteriorated. Ivy also will consider the effect of commodity price trends on certain holdings, poor capital management or whether a company has experienced a change or deterioration in its fundamentals, its valuation or its competitive advantage. Ivy also may sell a security to take advantage of what it believes are more attractive investment opportunities, to reduce the account's holding in that security or to raise cash.

Style Specific Risks

Concentration Risk. To the extent that an account concentrates its investments in the energy related industry, the account's performance may be more susceptible to a single economic, regulatory or technological occurrence than an account that does not concentrate its investments in this industry. Securities of companies within specific industries or sectors of the economy may periodically perform differently than the overall market. In addition, the account's performance may be more volatile than an investment in a portfolio of broad market securities and may underperform the market as a whole, due to the relatively limited number of issuers of energy-related securities.

Energy Sector Risk. Investment risks associated with investing in energy securities, in addition to other risks, include price fluctuation caused by real and perceived inflationary trends and political developments, the cost assumed in complying with environmental safety regulations, demand of energy fuels, energy conservation, the success of exploration projects, and tax and other governmental regulations.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Foreign Securities Risk. Investing in foreign securities involves a number of economic, financial, legal, and political considerations that are not associated with the U.S. markets and that could affect an account's performance unfavorably, depending upon the prevailing conditions at any given time. Among these potential risks are: greater price volatility; comparatively weak supervision and regulation of securities exchanges, brokers and issuers; higher brokerage costs; social, political or economic instability; fluctuations in foreign currency exchange rates and related conversion costs or currency redenomination; nationalization or expropriation of assets; adverse foreign tax consequences; different and/or less stringent financial reporting standards; and settlement, custodial or other operational delays. The risks may be exacerbated in connection with investments in emerging markets. World markets or those in a particular region, all may react in similar fashion to important economic or political developments. In addition, key information about the issuer, the markets or the local government or economy may be unavailable, incomplete or inaccurate. Securities of issuers traded on exchanges may be suspended, either by the issuers themselves, by an exchange or by governmental authorities. The likelihood of such suspensions may be higher for securities of issuers in emerging markets than in more developed markets. In the event that an account holds material positions in such suspended securities, the account's ability to liquidate its positions or provide liquidity to investors may be compromised and the account could incur significant losses.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Holdings Risk. To the extent that an account tends to be invested in a relatively limited number of stocks, the appreciation or depreciation of any one security held by an account may have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Initial Public Offering ("IPO") Risk. Any positive effect of investments in IPOs may not be sustainable because of a number of factors. Namely, an account may not be able to buy shares in some IPOs, or may be able to buy only a small number of shares. Also, the performance of IPOs generally is volatile, and is dependent on market psychology and economic conditions. To the extent that IPOs have a significant positive impact on an account's performance, this may not be able to be replicated in the future. The relative performance impact of IPOs also is likely to decline as the account grows.

Non-Diversification Risk. This is a "non-diversified" strategy. Compared with "diversified" strategies, the portfolio may invest a greater percentage of its assets in the securities of an issuer. Thus, an account may hold fewer securities than other accounts. A decline in the value of those investments would cause the account's overall value to decline to a greater degree than if the account held a more diversified portfolio.

Value Stock Risk. Value stocks are stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and, in the opinion of Ivy, undervalued. The value of a security believed by Ivy to be undervalued may never reach what is believed to be its full value, such security's value may decrease, or such security may be appropriately priced.

Science & Technology Style

Ivy seeks to achieve its objective to provide growth of capital by investing primarily in the equity securities of science and technology companies around the globe. Such companies may include companies that, in the opinion of Ivy, derive a competitive advantage by the application of scientific or technological developments or discoveries to grow their business or increase their competitive advantage (applied science and technology companies). Science and technology companies are companies whose products, processes or services, in the opinion of Ivy, are being, or are expected to be, significantly benefited by the use or commercial application of scientific or technological developments or discoveries. This strategy also may invest in companies that utilize science and/or technology as an agent of change to significantly enhance their business opportunities (applied science and technology companies). An account may invest in securities issued by companies of any size, and may invest without limitation in foreign securities, including securities of issuers within emerging markets.

This strategy is non-diversified, meaning that it may invest a significant portion of its total assets in a limited number of issuers.

Ivy typically emphasizes growth potential in selecting stocks; that is, Ivy seeks companies in which earnings are likely to grow faster than the economy. Ivy aims to identify strong secular trends within industries and then applies a largely bottom-up (researching individual issuers) stock selection process by considering a number of factors in selecting securities for this strategy. These may include but are not limited to a company's growth potential, earnings potential, quality of management, valuation, financial statements, industry position/market size potential and applicable economic and market conditions, as well as whether a company's products and services have high barriers to entry. This strategy typically holds a limited number of stocks (generally 35 to 60).

Many of the companies in which this strategy may invest have diverse operations, with products or services in foreign markets. Therefore, this strategy may have indirect exposure to various foreign markets through investments in these companies, even if this strategy is not invested directly in such markets.

Generally, in determining whether to sell a security, Ivy uses the same type of analysis that it uses in buying securities in order to determine whether the security has ceased to offer significant growth potential, has become overvalued and/or whether the company prospects of the issuer have deteriorated due to a change in management, change in strategy and/or a change in its financial characteristics. Ivy also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities, when a security's valuation reaches Ivy's fair value targets or to raise cash.

Style Specific Risks

Concentration Risk. To the extent that an account concentrates its investments in the science and technology related industry, the account's performance may be more susceptible to a single economic, regulatory or technological occurrence than an account that does not concentrate its investments in this industry. Securities of companies within specific industries or sectors of the economy may periodically perform differently than the overall market. In addition, the account's performance may be more volatile than an investment in a portfolio of broad market securities and may underperform the market as a whole, due to the relatively limited number of issuers of science and technology related securities.

Information Technology Sector Risk. Investment risks associated with investing in the information technology sector, in addition to other risks, include the intense competition to which information technology companies may be subject; the dramatic and often unpredictable changes in growth rates and competition for qualified personnel among information technology companies; effects on profitability from being heavily dependent on patent and intellectual property rights and the loss or impairment of those rights; obsolescence of existing technology; general economic conditions; and government regulation.

Science and Technology Industry Risk. Investment risks associated with investing in science and technology securities, in addition to other risks, include: operating in rapidly changing fields, abrupt or erratic market movements, limited product lines, markets or financial resources, management that is dependent on a limited number of people, short product cycles, aggressive pricing of products and services, new market entrants and obsolescence of existing technology. In addition, these securities may be impacted by commodity and energy prices, which can be volatile, and may increase the volatility of these securities.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Holdings Risk. To the extent that an account tends to be invested in a relatively limited number of stocks, the appreciation or depreciation of any one security held by an account may have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Mid-Size Company Risk. Securities of mid-capitalization companies may be more vulnerable to adverse developments than those of larger companies due to such companies' limited product lines, limited markets and financial resources and dependence upon a relatively small management group. Securities of mid-capitalization companies may be more volatile and less liquid than the securities of larger companies, and

may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns.

Non-Diversification Risk. This is a "non-diversified" strategy. Compared with "diversified" strategies, the portfolio may invest a greater percentage of its assets in the securities of an issuer. Thus, an account may hold fewer securities than other accounts. A decline in the value of those investments would cause the account's overall value to decline to a greater degree than if the account held a more diversified portfolio.

Small Company Risk. Securities of small capitalization companies are subject to greater price volatility, lower trading volume and less liquidity due to, among other things, such companies' small size, limited product lines, limited access to financing sources and limited management depth. In addition, the frequency and volume of trading of such securities may be less than is typical of larger companies, making them subject to wider price fluctuations and such securities may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns. In some cases, there could be difficulties in selling securities of small capitalization companies at the desired time.

Investment Grade Bond Style

Ivy seeks to maximize total return by generally investing in investment grade, U.S. dollar-denominated, debt securities of primarily U.S. issuers, U.S. government securities, corporate debt securities, and when allowed, mortgage-backed securities including collateralized mortgage obligations ("CMO"). The strategy seeks to identify relative value opportunities between these sectors of the fixed-income market. The strategy primarily invests in bonds with limited-term maturities.

Investment grade debt securities include bonds rated BBB- or higher by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), or comparably rated by another nationally recognized statistical rating organization ("NRSRO").

Ivy may look at a number of factors in selecting securities for the strategy, beginning with a top-down (assessing the market environment) review of the broad economic and financial trends in the U.S. and world markets. This process aids in the determination of economic fundamentals, which leads to sector allocation.

Within a sector, Ivy typically considers the security's current coupon, the maturity of the security, the relative value of the security based on historical yield information, the creditworthiness of the particular issuer (if not backed by the full faith and credit of the Treasury), and prepayment risks for mortgage-backed securities and other debt securities with call provisions.

Generally, in determining whether to sell a security, Ivy uses the same type of analysis that it uses in buying securities, including review of the security's valuation and the issuer's creditworthiness. Ivy also may sell a security to take advantage of what it believes are more attractive investment opportunities, to reduce an account's holding in that security or to raise cash.

Style Specific Risks

Extension Risk. A rise in interest rates could cause borrowers to pay back the principal on certain debt securities, such as mortgage-backed or asset-backed securities, more slowly than expected, thus lengthening the average life of such securities. This could cause the value of such securities to be more volatile or to

decline more than other fixed-income securities, and may magnify the effect of the rate increase on the price of such securities.

Fixed-Income Market Risk. The prices of an account's fixed-income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers. Generally, an account's fixed-income securities will decrease in value if interest rates rise and vice versa. In a low interest rate environment, risks associated with rising rates are heightened. Rising interest rates tend to decrease liquidity, increase trading costs and increase volatility, all of which may make portfolio management more difficult and costly to an account. In the case of foreign securities, price fluctuations will reflect international economic and political events, as well as changes in currency valuations relative to the U.S. dollar. Other factors may materially and adversely affect the market price and yield of such fixed-income securities, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy and domestic or worldwide economic conditions. In addition, certain events, such as natural disasters, terrorist attacks, war, regional or global instability and other geopolitical events, have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Income Risk. An account may experience a decline in its income due to falling interest rates, earnings declines or income decline within a security.

Reinvestment Risk. A decline in interest rates may cause issuers to prepay higher-yielding securities held by an account, resulting in an account reinvesting in securities with lower yields, which may cause a decline in its income.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Individual sectors may be more volatile, and may perform differently, than the broader market. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Mortgage-Backed and Asset-Backed Securities Risk. Mortgage-backed and asset-backed securities are subject to prepayment risk and extension risk. When interest rates decline, unscheduled prepayments can be expected to accelerate, shortening the average lives of such securities, and an account may be required to reinvest the proceeds of the prepayments at the lower interest rates then available. Unscheduled prepayments also would limit the potential for capital appreciation on mortgage-backed and asset-backed securities, thereby reducing the account's income. Conversely, when interest rates rise, the values of mortgage-backed and asset-backed securities generally fall. Rising interest rates typically result in decreased prepayments and longer average lives of such securities. This could cause the value of such securities to be more volatile or decline more than other fixed-income securities, and may magnify the effect of the rate increase on the price of such securities. Certain mortgage-backed securities are U.S. government securities. See U.S. Government Securities Risk for the risks of these types of securities. For non-U.S. government securities, there is the risk that payments on a security will not be made when due, or the value of such security will decline, because the security is not issued or guaranteed as to principal or

interest by the U.S. government or by agencies or authorities controlled or supervised by and acting as instrumentalities of the U.S. government or supported by the right of the issuer to borrow from the U.S. government.

U.S. Government Securities Risk. Certain U.S. government securities, such as U.S. Treasury ("Treasury") securities and securities issued by the Government National Mortgage Association ("Ginnie Mae"), are backed by the full faith and credit of the U.S. government. Other U.S. government securities, such as securities issued by the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal Home Loan Banks ("FHLB"), are not backed by the full faith and credit of the U.S. government and, instead, may be supported only by the credit of the issuer or by the right of the issuer to borrow from the Treasury.

High Income Style

Ivy seeks to achieve its objective to provide total return through a combination of high current income and capital appreciation by investing primarily in a diversified portfolio of high-yield, high-risk, fixed-income securities, including secured and unsecured loan assignments, loan participations and other loan instruments ("loans"), of U.S. and foreign issuers, the risks of which are, in the judgment of Ivy, consistent with the strategy's objective. Ivy invests primarily in lower-quality debt securities, which include debt securities rated BBB+ or lower by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), or comparably rated by another nationally recognized statistical rating organization ("NRSRO") or, if unrated, determined by Ivy to be of comparable quality. The strategy may invest up to 100% of its total assets in non-investment-grade debt securities, commonly called "high-yield" or "junk" bonds, which include debt securities rated BB+ or lower by S&P, or comparably rated by another NRSRO or, if unrated, determined by Ivy to be of comparable quality. The strategy may invest in fixed-income securities of any maturity.

Ivy may invest up to 100% of its total assets in foreign securities that are denominated in U.S. dollars or foreign currencies. Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, an account may have indirect exposure to various foreign markets through investments in these companies, even if the account is not invested directly in such markets.

The strategy may invest in restricted securities.

Although Ivy considers credit ratings in selecting investments, Ivy bases its investment decisions for a particular instrument primarily on its own credit analysis and not on a NRSRO's credit rating. In selecting securities, Ivy may conduct an initial screening of issuers based on characteristics such as yield, performance, maturity and relative value across and within sectors. Following its initial screening, Ivy may look at a number of factors beginning with a primarily bottom-up (researching individual issuers) analysis that includes extensive modeling and talking with a company's management team, industry consultants and sell-side research to help formulate opinions, and progressing to consideration of the current economic environment, the direction and level of interest rates and inflation, and industry fundamentals and trends in the general economy. Other factors considered include a company's financial strength, growth of operating cash flows, strength of management, borrowing requirements, improving credit metrics, potential to improve credit standing, responsiveness to changes in interest rates and business conditions, strength of

business model, competitive advantage and capital structure and future capital needs. Initial position sizes are determined based on factors that include size of issue, rating, duration, coupon, call-ability, exposure to a specific industry and leverage.

Ivy attempts to optimize the strategy's risk/reward by investing in the debt portion of the capital structure that Ivy believes to be most attractive, which may include secured and/or unsecured loans, floating rate notes and/or secured and/or unsecured high-yield bonds. For example, if Ivy believes that market conditions are favorable for a particular type of fixed-income instrument, such as high-yield bonds, most or all of the fixed-income instruments in which the strategy invests may be high-yield bonds. Similarly, if Ivy believes that market conditions are favorable for loans, most or all of the fixed-income instruments in which the strategy invests may be loans, including second-lien loans which typically are lower in the capital structure and less liquid than first-lien loans.

Generally, in determining whether to sell a security, Ivy considers the dynamics of an industry and/or company change or anticipated change, a change in strategy by a company, a deterioration of the company's financial model, credit quality or credit standing, and/or a change in management's consideration of its creditors. Ivy also may sell a security if, in Ivy's opinion, the price of the security has risen to fully reflect the company's improved creditworthiness and other investments with greater potential exist. Ivy also may sell a security to take advantage of what it believes are more attractive investment opportunities, to reduce an account's holding in that security or to raise cash.

Style Specific Risks

Extension Risk. A rise in interest rates could cause borrowers to pay back the principal on certain debt securities, such as mortgage-backed or asset-backed securities, more slowly than expected, thus lengthening the average life of such securities. This could cause the value of such securities to be more volatile or to decline more than other fixed-income securities, and may magnify the effect of the rate increase on the price of such securities.

Income Risk. An account may experience a decline in its income due to falling interest rates, earnings declines or income decline within a security.

Loan Risk. In addition to the risks typically associated with fixed-income securities, loans carry other risks, including the risk of insolvency of the lending bank or other intermediary. The risks associated with loans are similar to the risks of low-rated debt securities or "junk" bonds since loans typically are below investment grade. Loans may be unsecured or not fully collateralized, may be subject to restrictions on resale, may be difficult to value, sometimes trade infrequently on the secondary market and generally are subject to extended settlement periods. Any of these factors may impair an account's ability to sell or realize promptly the full value of its loans in the event of a need to liquidate such loans. Accordingly, loans that have been sold may not be immediately available to meet redemptions. Extended trade settlement periods may result in cash not being immediately available to an account. As a result, the account may have to sell other investments or engage in borrowing transactions to raise cash to meet its obligations. Interests in secured loans have the benefit of collateral and, typically, of restrictive covenants limiting the ability of the borrower to further encumber its assets. There is a risk that the value of the collateral securing a loan in

which an account has an interest may decline and that the collateral may not be sufficient to cover the amount owed on the loan. In the event the borrower defaults, an account's access to the collateral may be limited or delayed by bankruptcy and other insolvency laws. These risks could cause the account to lose income or principal on a particular investment, which could affect the account's returns. In addition, loans also are subject to the risk that a court could subordinate the loan to presently existing or future indebtedness or take other action detrimental to the holders of the loan. Further, in the event of a default, second or lower lien secured loans will generally be paid only if the value of the collateral exceeds the amount of the borrower's obligations to the senior secured lenders, and the remaining collateral may not be sufficient to cover the full amount owed on the loan in which an account has an interest. Loans made to finance highly leveraged companies or to finance corporate acquisitions or other transactions may be especially vulnerable to adverse changes in economic or market conditions.

With loan assignments, as an assignee, an account normally will succeed to all rights and obligations of its assignor with respect to the portion of the loan that is being assigned. However, the rights and obligations acquired by the purchaser of a loan assignment may differ from, and be more limited than, those held by the original lenders or the assignor. With loan participations, an account may not be able to control the exercise of any remedies that the lender would have under the loan and likely would not have any rights against the borrower directly, so that delays and expense may be greater than those that would be involved if an account could enforce its rights directly against the borrower.

Low-Rated Securities Risk. In general, low-rated debt securities (commonly referred to as "high yield" or "junk" bonds) offer higher yields due to the increased risk that the issuer will be unable to meet its obligations on interest or principal payments at the time called for by the debt instrument. For this reason, these securities are considered speculative and could significantly weaken the account's returns. In adverse economic or other circumstances, issuers of these low-rated securities and obligations are more likely to have difficulty making principal and interest payments than issuers of higher-rated securities and obligations. In addition, these low-rated securities and obligations may fluctuate more widely in price and yield than higher-rated securities and obligations and may fall in price during times when the economy is weak or is expected to become weak. Issuers of securities that are in default or have defaulted may fail to resume principal or interest payments, in which case the account may lose its entire investment. The creditworthiness of issuers of low-rated securities may be more complex to analyze than that of issuers of investment-grade debt securities.

Reinvestment Risk. A decline in interest rates may cause issuers to prepay higher-yielding securities held by an account, resulting in an account reinvesting in securities with lower yields, which may cause a decline in its income.

Fixed-Income Market Risk. The prices of an account's fixed-income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers. Generally, an account's fixed-income securities will decrease in value if interest rates rise and vice versa. In a low interest rate environment, risks associated with rising rates are heightened. Rising interest rates tend to decrease liquidity, increase trading costs and increase volatility, all of which may make portfolio management more difficult and costly to an account. In the case of foreign securities, price fluctuations will reflect international economic and political events, as well as changes in currency valuations relative to the U.S. dollar. Other factors may materially and adversely affect the market price

and yield of such fixed-income securities, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy and domestic or worldwide economic conditions. In addition, certain events, such as natural disasters, terrorist attacks, war, regional or global instability and other geopolitical events, have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Foreign Currency Risk. Foreign securities may be denominated in foreign currencies. The value of an account's investments, as measured in U.S. dollars, may be unfavorably affected by changes in foreign currency exchange rates and exchange control regulations. Currency markets generally are not as regulated as securities markets.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Foreign Securities Risk. Investing in foreign securities involves a number of economic, financial, legal, and political considerations that are not associated with the U.S. markets and that could affect an account's performance unfavorably, depending upon the prevailing conditions at any given time. Among these potential risks are: greater price volatility; comparatively weak supervision and regulation of securities exchanges, brokers and issuers; higher brokerage costs; social, political or economic instability; fluctuations in foreign currency exchange rates and related conversion costs or currency redenomination; nationalization or expropriation of assets; adverse foreign tax consequences; different and/or less stringent financial reporting standards; and settlement, custodial or other operational delays. The risks may be exacerbated in connection with investments in emerging markets. World markets or those in a particular region, all may react in similar fashion to important economic or political developments. In addition, key information about the issuer, the markets or the local government or economy may be unavailable, incomplete or inaccurate. Securities of issuers traded on exchanges may be suspended, either by the issuers themselves, by an exchange or by governmental authorities. The likelihood of such suspensions may be higher for securities of issuers in emerging markets than in more developed markets. In the event that an account holds material positions in such suspended securities, the account's ability to liquidate its positions or provide liquidity to investors may be compromised and the account could incur significant losses.

Restricted Securities Risk. Restricted securities are subject to legal or contractual restrictions on resale, and there can be no assurance of a ready market for resale. These securities include private placements or other unregistered securities, such as "Rule 144A Securities", which are securities that may be sold only to qualified institutional buyers pursuant to the Securities Act of 1933, as amended ("1933 Act"). Privately placed securities, Rule 144A securities and other restricted securities may have the effect of increasing the level of an account's illiquidity to the extent the account finds it difficult to sell these securities when Ivy believes it is desirable to do so, especially under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, and the prices realized could be less than those originally paid or less than the fair market value. At times, the illiquidity

of the market, as well as the lack of publicly available information regarding these securities also may make it difficult to determine the fair market value of such securities.

Risk of Loss

Generally, investing in securities involves a significant risk of loss. Ivy's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. While risk is inherent in any investment, certain of the investments made and strategies used by Ivy may entail enhanced risks which cannot be easily mitigated, including, in addition to others noted, counterparty risk (i.e., the risk that the relevant counterparty will be unable to meet its obligations), liquidity risk, volatility risk and selection risks. These risks may be particularly increased for strategies which utilize derivatives, are concentrated in a particular sector or type of instrument, or issuer which involves emerging markets. Clients should be aware that there may be a loss or depreciation to the value of the client's account, which clients should be prepared to bear. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made. Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk and consequently, the value of the client's account may at any time be worth more or less than the amount invested.

All investment styles have certain risks that are borne by the client. Ivy's investment approach constantly keeps the risk of loss in mind. In addition to the style-specific risks identified above, clients may face the following investment risks:

General Risks-All Styles

Company Risk. A company may be more volatile or perform worse than the overall market due to specific factors, such as adverse changes to its business or investor perceptions about the company.

Liquidity Risk. Liquidity generally is related to the market trading volume for a particular security. Securities that have relatively less liquidity may trade at a discount from comparable, more liquid investments, and may be subject to wider fluctuations in market value. Such securities may be more difficult to dispose of at their recorded values and are subject to increased spreads and volatility. Also, an account may not be able to dispose of illiquid, or relatively less liquid, securities when that would be beneficial at a favorable time or price. Certain investments that generally were liquid when an account purchases them may become relatively less liquid, or even deemed illiquid, sometimes abruptly.

Management Risk. Account performance is primarily dependent on Ivy's skill in evaluating and managing an account's portfolio. There can be no guarantee that its decisions will produce the desired results, and an account may not perform as well as other similarly managed accounts.

Market Risk. Markets can be volatile, and stock prices change daily, sometime rapidly or unpredictably. As a result, the account's holdings can decline in response to adverse issuer, political, regulatory, market or economic developments or conditions that may cause a broad market decline. Different parts of the market, including different sectors and different types of securities, can react differently to these developments. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. During a general downturn in the financial markets, multiple asset classes may decline in value.

When markets perform well, there can be no assurance that specific investments held by an account will rise in value. At times, an account may hold a relatively high percentage of its assets in stocks of a particular market sector, which would subject the account to proportionately higher exposure to the risks of that sector. Additionally, global economies and financial markets are becoming increasingly interconnected, meaning that conditions in one country or region may adversely affect issuers in another country or region, which in turn may adversely affect securities held by an account. In addition, certain events, such as pandemics, natural disasters, terrorist attacks, war, regional or global instability and other geopolitical events, have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Cybersecurity Risks
Ivy or its affiliates, as well as unaffiliated service providers, may be prone to operational and information security risks resulting from, among other problems, human errors, systems and technology disruptions or failures, or breaches in cybersecurity. The occurrence of any of these problems could result in a loss of information, regulatory scrutiny, reputational damage and other consequences, any of which could have a material adverse effect on Ivy or the accounts it manages. A breach in cybersecurity may be either an intentional or unintentional event that allows an unauthorized party to gain access to account assets, customer data or proprietary information or causes Ivy or its service providers to suffer data corruption or lose operational functionality. A breach in cybersecurity may include, among other events, stealing or corrupting customer data or funds, denial of service attacks on websites that prohibit access to electronic systems by customers or employees, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity breaches affecting Ivy or its vendors may also cause the release of private account information or confidential business information, impede trading, subject Ivy, its clients or service providers to regulatory fines or financial losses and/or cause reputational damage. Ivy also may incur additional costs for cybersecurity risk management purposes. Similar types of cybersecurity risks also are present for issues or securities in which the accounts may invest, which could result in material adverse consequences for such issuers, and may cause the investments in such companies to lose value. In addition, adverse consequences could result from cybersecurity incidents affecting counterparties with which an account engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions and other parties.

Pandemic Risk – is the risk that pandemics and other illness-related geopolitical events may increase short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Pandemics may adversely affect individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of the Funds' investments.

Risks Specific to Styles That Invest in Foreign Securities
Depositary Receipts Risk. Investments in depositary receipts (including American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts) generally are subject to the same risks of investing in the foreign securities that they evidence or into which they may be converted.

Emerging Market Risk. Investments in countries with emerging economies or securities markets may carry greater risk than investments in more developed countries. Political and economic structures in many such countries may be undergoing significant evolution and rapid development and such countries may lack the social, political and economic stability characteristics of more developed countries. Investments in securities issued in these countries may be more volatile and less liquid than securities issued in more developed countries. Emerging markets are more susceptible to capital controls, governmental interference, local taxes being imposed on international investments, restrictions on gaining access to sales proceeds, and less efficient trading markets.

Foreign Currency Exchange Transactions and Forward Foreign Currency Contracts Risk. An account may use foreign currency exchange transactions and forward foreign currency contracts to hedge certain market risks (such as interest rates, currency exchange rates and broad or specific market movement). These investment techniques involve a number of risks, including the possibility of default by the counterparty to the transaction and, to the extent Ivy's judgment as to certain market movements is incorrect, the risk of losses that are greater than if the investment technique had not been used.

Foreign Currency Risk. Foreign securities may be denominated in foreign currencies. The value of an account's investments, as measured in U.S. dollars, may be unfavorably affected by changes in foreign currency exchange rates and exchange control regulations. Currency markets generally are not as regulated as securities markets.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Foreign Securities Risk. Investing in foreign securities involves a number of economic, financial, legal, and political considerations that are not associated with the U.S. markets and that could affect an account's performance unfavorably, depending upon the prevailing conditions at any given time. Among these potential risks are: greater price volatility; comparatively weak supervision and regulation of securities exchanges, brokers and issuers; higher brokerage costs; social, political or economic instability; fluctuations in foreign currency exchange rates and related conversion costs or currency redenomination; nationalization or expropriation of assets; adverse foreign tax consequences; different and/or less stringent financial reporting standards; and settlement, custodial or other operational delays. The risks may be exacerbated in connection with investments in emerging markets. World markets or those in a particular region, all may react in similar fashion to important economic or political developments. In addition, key information about the issuer, the markets or the local government or economy may be unavailable, incomplete or inaccurate. Securities of issuers traded on exchanges may be suspended, either by the issuers themselves, by an exchange or by governmental authorities. The likelihood of such suspensions may be higher for securities of issuers in emerging markets than in more developed markets. In the event that an account holds material

positions in such suspended securities, the account's ability to liquidate its positions or provide liquidity to investors may be compromised and the account could incur significant losses.

Risks Specific to Styles That Invest in Fixed-Income Securities

Credit Risk. An issuer of a fixed-income obligation may not make payments on the obligation when due or may default on its obligation. There also is the risk that an issuer could suffer adverse changes in its financial condition that could lower the credit quality of a security. This could lead to greater volatility in the price of the security, could affect the security's liquidity, and could make it more difficult to sell. A downgrade or default affecting any of the account's securities could affect the account's performance. In general, the longer the maturity and the lower the credit quality of a bond, the more sensitive it is to credit risk.

Interest Rate Risk. A rise in interest rates may cause a decline in the value of an account's securities, especially securities with longer maturities. Typically, the longer the maturity or duration of a debt security, the greater the effect a change in interest rates could have on the security's price. Thus, the sensitivity of the account's debt securities to interest rate risk will increase with any increase in the duration of those securities. A decline in interest rates may cause an account to experience a decline in its income. Interest rates in the U.S. recently have been at, and remain near, historic lows, which may increase the account's exposure to risks associated with rising rates. An account may be subject to heightened interest rate risk as a result of a rise or anticipated rise in interest rates. In addition, a general rise in rates may result in decreased liquidity and increased volatility in the fixed-income markets generally.

ITEM 9: DISCIPLINARY INFORMATION

Legal and Disciplinary

There are currently no legal or disciplinary events that Ivy believes are material to a client's or prospective client's evaluation of Ivy's advisory business or the integrity of Ivy's management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Ivy is a wholly owned, direct subsidiary of Waddell & Reed Financial, Inc. ("WDR"). WDR is engaged, through its subsidiaries, primarily in the business of providing investment management and advisory services, investment product underwriting and distribution and shareholder services administration to funds managed by Ivy.

U.S. Mutual Funds for which Ivy serves as investment adviser are underwritten and distributed through its affiliate, Ivy Distributors Inc. ("IDI"). IDI is a registered broker-dealer with the SEC and files Form BD describing its ownership, business and staff. IDI may have agreements with unaffiliated distributors of the affiliated funds, which provide for IDI to pay fees to such distributors based on a percentage of assets and/or a fixed amount per shareholder account. IDI makes payments to such distributors from its own resources and from amounts reimbursed by Ivy out of Ivy's net income.

Waddell & Reed, Inc. ("WRI") is also affiliated with Ivy. WRI is registered as a broker-dealer and as an investment adviser with the SEC and files Forms BD and ADV describing its ownership, business and staff.

WRI provides wealth management services, primarily to retail clients, and independent financial advisors associated with WRI provide financial planning and advisory services to their clients. Another subsidiary, Waddell & Reed Services Company, provides transfer agency and accounting services to funds managed by Ivy.

On December 2, 2020, Macquarie Asset Management ("MAM") signed a merger agreement with WDR ("Merger Agreement") pursuant to which MAM will acquire all of the outstanding shares of WDR for $25 per share, which totals approximately $1.7 billion. As part of this overall transaction, MAM simultaneously entered into a stock and asset purchase agreement ("Stock and Asset Purchase Agreement") with LPL Financial ("LPL") under which LPL will acquire the WDR wealth management business for approximately $300 million immediately upon the closing of the Merger Agreement.

The Transaction contemplated by the Merger Agreement is expected to close in mid-2021 (the "Closing"), with the Stock and Asset Purchase Agreement closing immediately thereafter.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics and Personal Trading

Ivy's Code of Ethics is designed to comply with Rules 204A-1 of the Adviser's Act and 17j-1 of the Investment Company Act. All officers and employees of Ivy, collectively referred to as Supervised Persons, must comply with the standards of business conduct set forth in the Code of Ethics (the "Code") and with applicable federal securities laws. Those officers and employees who have access to information concerning security transactions on behalf of client accounts must also comply with additional provisions. It is Ivy's policy to monitor, and forbid in certain circumstances, any individual associated with Ivy or with certain affiliates from purchasing or selling securities if there are current open orders for client accounts.

A basic tenet of the Code is that officers and employees must adhere to the highest principles of conduct in the discharge of their duties with respect to client accounts. Ivy values its adherence to the highest standards of integrity and ethical business conduct in ensuring the fair treatment of clients. As such, the Code requires Supervised Persons to comply with stated standards of business conduct, including compliance with Ivy's policies and procedures, relevant fiduciary duties owed by an investment adviser to its clients and applicable legal standards. All employees are expected to avoid situations in which their personal interests may conflict with their professional duties and to disclose any such conflicts to Ivy's Investment Management Compliance Department ("IM Compliance"). All employees are also expected to report to IM Compliance any violations of the Code which come to their attention.

The Code sets forth Supervised Persons' obligations with dealing in covered securities for their own accounts. Supervised Persons must seek pre-approval for personal transactions in certain securities, including private placements. Subject to certain exceptions, no such clearance will be granted if there is a pending open order for the security on the trading desk. Also subject to certain exceptions, portfolio managers are restricted from trading a security seven days before and after trading that same security in an

account managed by that portfolio manager. The Code also restricts short-term trading in certain securities and participation in initial public offerings.

The Code includes various requirements designed to ensure that personal trading activity is properly disclosed. Upon becoming a Supervised Person and on an annual basis thereafter, all Supervised Persons are required to certify that they have disclosed all personal brokerage accounts and covered securities in which they have a beneficial interest. IM Compliance reviews various reports on a periodic basis to monitor personal trading by Supervised Persons and may request additional information from Supervised Persons in order to ensure proper administration of the Code's personal trading rules. Ivy's policies and the Code also include ethical restraints relating to clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading. Any person covered by the Code who fails to observe the Code and other relevant compliance policies may experience serious sanctions, including dismissal and personal liability.

You may request a copy of Ivy's Code of Ethics and Insider Trading Policy by contacting the Chief Compliance Officer at 913-236-1415 or via email at IMCompliance@ivyinvestments.com.

Participation or Interest in Client Transactions

Ivy advises numerous client accounts. Ivy may give advice and take action with respect to any accounts it manages, or for its own account, the account of an affiliate, or a Supervised Person or Access Person (as those terms are defined by the Advisers Act and rules thereunder), that may differ from actions taken by Ivy on behalf of other accounts. Ivy is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that Ivy, its affiliates or their respective Supervised Persons and Access Persons may buy or sell for its or their own account or for any other account that Ivy manages. Ivy is also not obligated to refrain from investing in securities held in the accounts that it manages, except to the extent that such investments violate policies and procedures applicable to, or adopted by, Ivy. Additionally, Ivy personnel may invest in Pooled Accounts which, in turn, may invest in securities held in other discretionary accounts managed by Ivy.

Ivy or its affiliates may invest assets in various investment vehicles for the purpose of providing seed capital to facilitate the launch of new investment products. Ivy's primary objective when seeding new strategies is to support product development, not to generate investment returns or acquire exposures to certain investments for Ivy and its affiliates. Seed investments are typically hedged by Ivy or its affiliates using a variety of techniques (e.g., using Ivy's or its affiliates' own capital to purchase index futures) in an effort to reduce the market risk of such seed investments. Although some market risk will remain, gains and losses realized on Ivy's seed capital investments should be mostly offset by the change in the market value of these derivative investments, less any transactions costs. When Ivy withdrawals seed capital it will seek to do so in a manner that does not cause harm to existing investors.

Ivy also manages various "Incubator Accounts" that are funded by Ivy or its affiliates for the purpose of establishing performance track records that may later be used to market investment styles or products to third party investors.

Supervised Persons may buy, sell and hold for their own or their family members' accounts securities that may be bought, sold or held for clients. Due to the objectives and timing of these transactions, positions taken by Supervised Persons may be the same or different than those taken on behalf of Ivy's clients. Ivy has implemented policies and procedures relating to personal securities transactions and prohibitions against insider trading that are designed to identify and prevent or mitigate any conflicts of interest arising from such instances. These policies and procedures, including Ivy's Code, are intended to avoid conflicts of interest with clients and to resolve or mitigate such conflicts appropriately, if they do occur.

Political Activities

Ivy maintains policies and procedures which generally limit the amount of contributions Ivy or its employees can contribute to political candidates or elected officials. Employees must obtain approval from IM Compliance before making personal political contributions above de minimis thresholds and before engaging in political activities.

ITEM 12: BROKERAGE PRACTICES

Selecting Brokerage Firms

Ivy's overriding consideration in routing orders for execution is to seek to maximize client profits (or minimize losses) through a combination of controlling transaction and securities costs and seeking the most effective uses of brokers' research and execution capabilities. Ivy utilizes broker-dealers whose research services, execution abilities or other legitimate and appropriate services are particularly helpful to Ivy in seeking favorable investment results for clients. As part of this determination, Ivy recognizes that some brokerage firms are better at executing some types of orders than others. Thus, it may be in the best interest of clients to utilize a broker whose commission rates are not the lowest but whose abilities may result in lower overall transactions costs or more favorable results.

Ivy generally negotiates and sets ranges for commission rates with broker-dealers, when appropriate. However, Ivy will not select broker-dealers solely on the basis of "posted" commission schedules nor always seek in advance competitive bidding for the most favorable rate applicable to a particular transaction. Although Ivy generally seeks competitive commission rates, it will not necessarily pay the lowest available commission or commission equivalent. Ivy believes that paying fair and reasonable commissions to broker-dealers in return for quality execution services and useful research benefits its clients. Moreover, transactions that involve specialized services on the part of the broker-dealer or involve more complex trade execution will usually result in higher commissions or other compensation to the broker-dealer than would be the case absent such services for more routine transactions. Specialized services vary by trade, but often include assistance in the execution of a trade.

In Ivy's view, the reasonableness of commissions is based on market conditions and Ivy's opinion of the broker's overall ability to provide quality execution and useful research. In making the determination as to which broker to use for client transactions, Ivy may also take into account professional services, competitive commission rates, useful research and other permissible services which will help Ivy in providing investment advisory services to its clients. Recognizing the value of these factors, Ivy may select a broker who provides such services and may cause a client to pay a commission in excess of that which another

broker, which offers no research services and minimal transaction assistance (i.e., "execution-only" service) might have charged for effecting the same transaction.

Among fixed-income broker-dealers that meet our requirements for research and execution capabilities, Ivy will use minimum cost broker-dealers to the fullest extent possible for fixed-income transactions. Due to the nature of fixed-income trades, Ivy may not seek bids from at least two broker-dealers if it believes doing so is not beneficial to the trade.

Over-the-counter ("OTC") derivative arrangements are entered into with a bank or broker-dealer acting as principal counterparty. These OTC arrangements are entered into on behalf of Ivy's clients with only a small number of approved counterparties. Ivy cannot guarantee that these OTC counterparties will be able to meet their financial obligations. However, Ivy seeks to mitigate this risk by entering into bilateral credit support arrangements with counterparties, which require the posting of collateral to cover losses that could result from counterparty failure. Ivy regularly monitors the financial wellbeing of the counterparties that it uses.

Best Execution

Ivy regularly evaluates the placement of trades with brokerage firms and the reasonableness of commissions paid. Ivy makes a good faith determination that the amount of commission paid is reasonable in relation to the value of the research and brokerage services rendered, and relative to market norms when viewed in terms of either a specific transaction or Ivy's overall responsibilities to its clients. However, the extent to which commission rates or net prices charged by brokers reflect the value of these services often cannot be readily determined.

Investment and Brokerage Decisions and Review

Investment and brokerage decisions for accounts, to the extent such discretion has been granted to Ivy, are made by Ivy's portfolio managers and traders. In placing trades with brokerage firms for accounts to which Ivy has been granted trading discretion, Ivy seeks to determine each client's trading requirements; evaluate market liquidity of each security and take appropriate steps to mitigate excessive market impact; and maintain confidentiality of client and proprietary information related to trading decisions.

On a periodic basis, Ivy reviews its trading practices and results including the quality of executions received, and commissions paid, by discretionary accounts. Among the items considered in this review are: a broker-dealer's trading history, administrative quality and responsiveness; examinations of failed trades and the broker-dealer's response thereto; conflicts of interest; commission rates; and execution costs. Ivy's goal when evaluating its efforts to seek best execution is to exercise reasonable, good faith judgment to select broker-dealers that will consistently provide quality execution.

Selection Criteria for Trade Execution

In selecting a broker-dealer to execute a trade, Ivy may consider a wide variety of factors, including:

- Ivy's knowledge of negotiated commission rates and spreads currently available and the competitiveness and reasonableness of rates offered;
- the nature of the security being traded;
- the size and type of transaction;

- the nature and character of the markets for the security to be purchased or sold;
- the desired timing of the trade and the broker-dealer's ability to meet Ivy's required or requested speed of execution;
- the activity existing and expected in the market for the particular security;
- the broker-dealer's access to markets and quotation sources;
- the broker-dealer's ability to execute orders with minimal market impact;
- the ability of the broker-dealer to locate sources of liquidity and to effect transactions when a large block of securities is involved or where liquidity is limited;
- confidentiality;
- the execution, clearance and settlement capabilities and history as well as the reputation and perceived soundness of considered broker-dealers;
- Ivy's knowledge of actual or apparent operational or regulatory problems of any broker-dealer;
- the broker-dealer's execution services rendered on a continuing basis and in other transactions;
- Ivy's perception of the financial condition of the broker-dealer;
- the broker-dealer's ability to accommodate Ivy's needs with respect to one or more trades - including its ability and willingness to maintain quality execution in unusual or volatile market conditions; and
- the broker-dealer's market access.

When buying or selling securities in dealer markets, Ivy may, subject to its duty to seek best execution, deal directly with market makers either on a commission basis or on a "net" basis, without paying the market maker any commission, commission-equivalent or mark-up/mark-down, other than the spread. Net trades mean that the market maker profits from the difference between the price paid or received by Ivy and the price received or paid by the market maker in trades with other broker-dealers or customers.

The brokers used by Ivy may execute trades on an agency basis as well as trading a security on a principal basis from their own inventory. The transaction may thus be subject to a mark-up or mark-down in addition to any commission or commission-equivalent paid to the broker. Ivy uses a broker in these instances only when consistent with its duty to seek best execution for client transactions. The use of a broker in this manner may benefit clients by providing anonymity in connection with a transaction or because the broker may, in certain cases, have greater expertise or capability in connection with both accessing the market and executing a transaction.

In appropriate circumstances, Ivy may also use an Electronic Communications Network ("ECN") or Alternative Trading System ("ATS") to effect trades when, in Ivy's judgment, the use of an ECN or ATS may result in equally or more favorable overall execution quality as well as anonymity for a transaction. Ivy may trade in this manner when it believes that any commissions paid to the ECN or ATS still results in equal or better qualitative execution than might have otherwise been obtained by trading "net" with a market maker.

Unless inconsistent with the Ivy's duty to seek best execution, Ivy may direct a broker to execute a trade and "step out" a transaction for a client account in favor of another broker that provides brokerage or research related services to Ivy as described above. The broker-dealer to whom the trade is stepped out

may clear, settle and receive commissions for the portion of the transaction sent to it. Ivy may also use step out transactions in fulfilling a client-directed brokerage arrangement to allow for an order to be aggregated or for regulatory or other purposes.

In some cases, Ivy may engage in a transaction not involving a public market or for which only a single avenue for execution is available (e.g., where securities may be purchased or redeemed only through the issuer or the issuer's specified agent). Similarly, certain of the markets in which Ivy trades on behalf of client accounts are "emerging markets" where there is limited or no choice of brokers, where commission rates (or commission equivalents) may be fixed or heavily regulated or where there may not be the same level of transparency as to execution costs and quality, as is the case in more developed markets such as the U.S., Canada or European Union countries. In those cases, Ivy may be limited in its ability to negotiate costs or terms but will seek, as practicable and consistent with relevant market regulations and conventions, to obtain the most favorable terms reasonably available under the circumstances and to minimize costs, consistent with achieving the desired investment objective and seeking an acceptable quality of execution. Where there is a lack of choice or transparency as to execution related costs and expenses, Ivy may focus primarily on securities prices and certainty of execution in determining how to execute a trade and in examining its efforts to seek best execution in the relevant market. In such cases, Ivy may, in its discretion, limit additional purchases, dispose of existing holdings or refrain from exercising certain rights, as it deems appropriate.

Soft Dollars

When selecting broker-dealers to execute client portfolio transactions, Ivy may consider the value of eligible brokerage and research products and services (each a "soft dollar service") provided by broker-dealers, as long as such consideration does not jeopardize Ivy's ability to seek best execution. Broker-dealers typically provide a bundle of services, including research and execution of transactions. When appropriate under its discretionary authority and consistent with its duty to seek best execution, Ivy directs brokerage transactions for client accounts to broker-dealers who provide Ivy with useful soft dollar services.

Soft dollar services may be proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third party (created by a third party but paid for and provided to Ivy by the broker-dealer). The brokerage commissions used to acquire soft dollar services in these arrangements are commonly referred to as "soft dollars". Ivy may use soft dollars to acquire either type of research; however, Ivy will not enter into any agreement or understanding with a broker-dealer that would obligate Ivy to direct a specific amount of brokerage business to that broker-dealer in return for a soft dollar service. Nonetheless, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain soft dollar services and the applicable cash equivalent. Ivy may use soft dollars to acquire soft dollar services that are also available for cash where consistent with applicable law.

Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, provides a "safe harbor" which allows an investment adviser to pay for eligible soft dollar services with commission dollars generated by client securities transactions. Ivy has entered into certain arrangements whereby it receives brokerage and research products and services with "soft dollars" in accordance with Section 28(e). When an adviser pays more than the lowest available commission in recognition of the receipt of soft dollar services, the adviser

is said to be "paying up." Under SEC interpretations, soft dollars may be used for, among other things, eligible soft dollar services which assist Ivy in meeting its clients' investment objectives and Ivy's relevant responsibilities to its client accounts. The receipt of soft dollar services in exchange for "soft dollars" benefits Ivy by, among other things, allowing Ivy, at no cost to it, to supplement its own research, analysis and execution facilities, to receive the views and information of individuals and research staffs at other securities firms and those of issuer personnel and to gain access to persons having special expertise on certain companies, industries, economic areas and market factors. This may relieve Ivy of expenses that it might otherwise bear in obtaining the same or comparable services on its own.

In determining whether to pay up for a relevant execution, Ivy evaluates whether the soft dollar service(s) provided by the broker-dealer:

- consist of advice, analyses or reports containing substantive content with respect to appropriate subject matters, as set forth in section 28(e) and related SEC interpretations thereof, or (ii) are sufficiently related to the effectuation, clearance or settlement of a transaction and are provided and/or used during the time period commencing when Ivy communicates with the relevant broker-dealer for the purpose of transmitting an order for execution and concluding when the funds or securities are delivered or credited to the client account or the accountholder's agent;
- provide lawful and appropriate assistance to Ivy in carrying out its relevant responsibilities to client accounts; and
- are acquired for an amount of soft dollars that is reasonable in relation to the value of the soft dollar service(s) provided.

These determinations are based primarily on the professional opinions of Ivy's investment and trading personnel. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions paid by other investors of comparable size and type. Ivy may select broker-dealers based on its assessment of their ability to provide quality execution and its belief that the research, information and other soft dollar services provided by such broker-dealers may benefit clients. It is often not possible to place, with precision, a dollar value on the quality of executions or on the soft dollar services Ivy receives from broker-dealers effecting transactions in portfolio securities. Accordingly, as discussed above, broker-dealers selected by Ivy may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers may have charged for effecting similar transactions when Ivy determines, in good faith, that such amounts are reasonable in relation to the value of the soft dollar services, or executions, provided by those broker-dealers, viewed either in terms of a particular transaction or Ivy's overall duty to its clients.

Ivy utilized soft dollars to pay for a variety of eligible research and brokerage services during its last fiscal year, including: research reports, market data, participation at investment research seminars and conferences, meetings and discussions with sell-side research analysts and company executives.

Soft dollar services, including research, are not always utilized by Ivy, in whole or in part, for the specific account that generated the soft dollars and Ivy does not usually attempt to allocate the relative costs or benefits of research or other soft dollar services among accounts because it believes that, in the aggregate, the soft dollar services it receives benefit clients by assisting Ivy in fulfilling its overall duty to its clients.

For example, fixed-income funds and accounts normally do not generate soft dollars to pay for products. Therefore, where services used to manage fixed-income accounts are paid for using soft dollars, the soft dollars have been generated entirely by equity accounts. In other words, the fixed-income accounts may receive the benefit of the services even though they have been paid for by soft dollars generated by equity accounts. In this connection, it should be noted that the value of many soft dollar services including, particularly, research cannot be measured precisely and commissions paid for such services cannot always be allocated to clients in direct proportion to the value of the item to each client.

Ivy may also use soft dollars to pay for a portion of certain "mixed use" services (i.e., services which provide both eligible and non-eligible benefits or encompass multiple functionalities some of which are not eligible for the safe harbor). Although the allocation between soft dollars and cash is not always capable of precise calculation, Ivy makes a good faith effort to allocate payment for such services appropriately by paying cash for that portion of the cost of the soft dollar service which is attributable to a use or functionality which is not, itself, eligible under the safe harbor. Records of such allocations and payments are maintained.

Ivy does not generate soft dollar credit from client-directed brokerage transactions, which are described in more detail below. However, in an effort to achieve best execution, trades for such accounts may be combined or aggregated with fund trades that do generate soft dollar credit and, therefore, the accounts may pay the commission rates applicable to such trades.

Commission Sharing Arrangements

Consistent with its duty to seek best execution, Ivy has entered into commission sharing arrangements ("CSAs") whereby Ivy may cause client accounts to effect transactions through a specified broker-dealer and request that the broker-dealer allocate a pre-negotiated portion of the commissions paid on those transactions to a pool of commission credits that are then used to pay for soft dollar services selected by Ivy. The broker-dealer, as part of this service, provides a trade management platform that allows Ivy to better manage the portion of commissions attributable to execution and the portion attributable to soft dollar services. The use of CSAs enables Ivy to consolidate payments for research using accumulated client commission credits from transactions executed through various broker-dealers to periodically pay for soft dollar services obtained from other firms, including other broker-dealers.

Brokerage for Client Referrals

Ivy does not direct brokerage to compensate brokers for the sale of fund shares or other client referrals. The U.S. Mutual Funds for which Ivy serves as investment adviser have adopted a policy that prohibits Ivy from using brokerage commissions to compensate broker-dealers for promotion or sale of fund shares.

Client-Directed Brokerage

Clients may limit Ivy's discretionary authority in any or all of the situations described above. In particular, institutional clients may direct Ivy to use particular broker-dealers to execute portfolio transactions for their accounts. Where a client directs the use of a particular broker-dealer, or broker-dealers, Ivy might not be in a position where it can negotiate commission rates or spreads or obtain volume discounts, and the best price might not be achieved. For these transactions where, in the opinion of Ivy, best execution might not be achieved, the order for a client that directs brokerage might not be combined or "aggregated" for execution purposes with orders for the same securities for other accounts managed by Ivy. Trades for a

client that has directed Ivy to use a particular broker or dealer might be placed at the end of an aggregated trading activity for a particular security. Accordingly, such directed transactions might be subject to price movements, particularly in volatile markets, that could result in the client receiving a price that is less favorable than the price obtained for clients in the aggregated order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions might result in higher commissions, greater spreads, or less favorable net prices than might be the case if Ivy was able to negotiate commission rates or spreads freely, or select brokers or dealers based on best execution.

Order Aggregation

Because the size and mandate of client accounts often differ, the securities held in such accounts may not be identical. Ivy's portfolio managers make investment decisions for accounts based on suitability factors and other circumstances which may differ from account to account and may result in a particular security being requested for some accounts and not others. In accordance with Ivy's allocation policy, portfolio managers seek to allocate suitable transactions among eligible accounts in a manner believed to be fair and equitable to each account, either with respect to a given transaction or considering all transactions over time.

The policy is intended to promote fairness to mitigate potential conflicts of interest, and to conform to applicable regulatory principles. The policy strictly prohibits any allocation request or allocation decision that favors one account over another based on the self-interest of the account's portfolio manager or Ivy.

In most cases, accounts that are managed in similar styles by the same portfolio managers often have similar or identical portfolio composition and weightings. However, in appropriate circumstances, any account managed by Ivy may purchase or sell a security prior to other accounts or at times when other accounts are not trading in the security. This could occur, for example, as a result of specific investment objectives of an account, different cash resources arising from contributions or withdrawals, specific client imposed restrictions or different investment decision making processes.

When consistent with each participating client's investment management agreement, Ivy generally will aggregate orders for other accounts that are to be traded contemporaneously to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges. Ivy seeks to aggregate trade orders in a manner that is consistent with its duties to: seek best execution of client orders, treat all clients fairly and equitably over time and not systematically advantage any single client or group of clients over time. When a decision is made to aggregate transactions on behalf of more than one account, such transactions will be allocated to all participating client accounts in a fair and equitable manner. When such an order is filled in its entirety, each participating client account will receive the average share price for the aggregated order, and transaction costs will be shared pro rata based on each client's participation in the order. When an aggregated order is partially filled, Ivy will allocate the trades in accordance with the procedures described below.

When an aggregated order cannot be fully executed in a single day the portion of the order filled on that day is generally allocated among participating accounts pro rata based on the size of each account's order. Such allocations are subject to rounding to achieve "round lots" and Ivy's ability to cancel or modify an

order for one or more accounts if, Ivy believes that, as a result of the incomplete fill, the order is no longer appropriate for such accounts. Ivy may apply a minimum order allocation amount, which may vary based on the market convention associated with the particular security or account characteristics. When remaining positions are too small to satisfy the minimum allocation amount, Ivy may decide to allocate the remaining shares to those accounts seeking large positions that remain unfilled or to allocate remaining shares to those accounts whose order would be completed as a result of the allocation.

Ivy may allocate on a basis other than pro rata if, under the circumstances, such other method is reasonable and equitable, does not result in improper or undisclosed advantage or disadvantage to a particular account or group of accounts and results in fair access, over time, to trading opportunities for all eligible accounts. For example, Ivy may identify investment opportunities that are more appropriate for certain accounts than others and may determine to allocate a partial fill to such accounts. Factors which Ivy may consider in making allocation decisions include, among others: investment objectives and restrictions, cash availability and changes in cash flows, including current or anticipated redemptions, exchanges and capital contributions/withdrawals and Ivy's intended risk or concentration exposures for the applicable accounts. Other allocation methods which may be used by Ivy include random and rotational allocation. Such allocation methods may be particularly appropriate when the transaction size is too limited to be effectively allocated pro rata among all eligible accounts.

Ivy generally will not aggregate trades for clients who have limited Ivy's brokerage discretion with trades for other accounts. Notwithstanding the foregoing, Ivy may attempt, when circumstances permit, to include transactions of clients who have directed the use of a particular broker-dealer in an aggregated order. In such transactions, the executing broker-dealer must agree to transfer that portion of the order relating to clients who have directed the use of a particular broker-dealer to the specified broker-dealer. If the executing broker-dealer does not agree to make this transfer, the order for the same security on behalf of the directing clients will be executed through the specified broker-dealer and the cost of the transaction may be greater. In addition, there may be instances where a client that directs brokerage has negotiated a lower commission rate with the particular broker-dealer to whom they direct the transactions in their account. To the extent that Ivy aggregates such client orders (in an effort to seek best execution) with other client transactions that have not directed brokerage, those participating in the block may pay a different commission rate than the client that has a directed brokerage arrangement and a negotiated rate.

Securities offered in initial public offerings ("IPOs") are usually available in limited supply and in amounts too small to permit across-the-board pro rata allocations. In addition, Ivy often does not know the number of shares it will be allocated as a whole until after the order is placed. Ivy has adopted procedures designed to ensure fair and equitable allocation of IPOs among Ivy's clients, over time. Under these procedures, IPOs are generally allocated pro rata based on the total relative assets of each participating account, subject to adjustments for de minimis allocations and round lots. Accounts for which an IPO is more suitable may receive greater allocations than accounts with less suitable investment strategies. An IPO may be allocated on a basis other than total assets for good cause if all clients receive fair and equitable treatment. For example, shares otherwise allocable to a participating account based on a pro rata allocation may be reduced or eliminated to accommodate cash availability, position limitations and investment restrictions.

Model Portfolios
Ivy may provide model portfolios to sponsors of wrap fee programs or other investment advisers to client sponsored investment funds (collectively referred to as "Model Recipients") on a non-discretionary basis. In such instances, Ivy will communicate its recommendations comprising the model portfolio, and any changes thereto, to the Model Recipients, who will be responsible for determining how and whether to implement the model portfolio, including any changes thereto, and implementation of any client-specific investment restrictions. Further, the Model Recipients (and not Ivy) are solely responsible for determining the suitability of the model portfolio's investment strategy for each client. Accordingly, the Model Recipient will exercise investment discretion with respect to securities that are purchased or sold for clients of such Model Recipients and will be responsible for executing trades and seeking best execution for such accounts.

Ivy has adopted policies and procedures designed to ensure that model portfolio information, including changes or updates to any model portfolios, is delivered to Model Recipients by Ivy's model delivery service provider in a fair and equitable manner over time. Such procedures include the use of randomly generated rotation schedules to deliver model portfolio information when such information is applicable to the portfolios of more than one Model Recipient. Ivy may communicate portfolio information utilizing an alternative delivery method if it believes such method is appropriate under the circumstances and consistent with its fiduciary obligation to its advisory clients.

Ivy may implement the same or similar strategies of the model portfolios in its discretionary advisory client accounts. Generally, except in cases where Model Recipients have elected to receive portfolio information at a specified time, dissemination of portfolio information to Ivy's model delivery service provider will begin when orders for Ivy's discretionary clients have been communicated to the trading desk. Subject to any applicable rotation schedules, Ivy's model delivery service provider may communicate model portfolio information to each Model Recipient at or after the time Ivy implements such changes in its discretionary advisory client accounts. As such, trading for Ivy's discretionary clients may be effected at the same time and completed prior to the completion of trades by a Model Recipient in its client accounts pursuant to the model portfolios. As a result, trading by a Model Recipient may cause or be subject to price movements that may result in a Model Recipient's clients receiving prices that are more or less favorable than prices obtained by Ivy for its discretionary clients. Ivy does not have discretion over transactions executed by Model Recipients and is therefore unable to control the market impact of those transactions.

Global Research Fund
Ivy manages an Incubator Account that is comprised of securities that have been recommended by Ivy's investment research analysts (the "Global Research Fund"). The Global Research Fund invests in many of the same securities as Ivy's other accounts, but because the investment decision making and security selection processes of the portfolio is driven by Ivy's investment analysts, the timing of buy or sell decisions made for the Global Research Fund may differ from the timing of decisions made by Ivy's portfolio managers for other advisory accounts. When one account trades prior to one or more other accounts, the trading activity of the earlier-traded account may have an adverse impact on the price or execution quality obtained by the later-traded account(s). To mitigate this risk, Ivy's portfolio managers are notified of buy and sell orders initiated by Ivy's analysts for the Global Research Fund. This provides the portfolio managers with an opportunity to act for their assigned portfolios at the same time as the Global Research

Fund, if in their judgment it would be beneficial to do so. The Global Research Fund is currently not offered to third party investors.

Cross-Trades Between Client Accounts

Ivy may place cross-trades between accounts managed by Ivy from time to time. Trading between accounts creates conflicts of interest and competing duties of loyalty. To address these conflicts Ivy will only engage in cross-trades on behalf of its clients when it believes such trades are in the best interest of all participants and in accordance with applicable fiduciary and regulatory requirements. To avoid such conflicts, Ivy may forgo cross-trading opportunities at times when such trades might otherwise appear beneficial.

ITEM 13: REVIEW OF ACCOUNTS

Periodic Reviews

For accounts managed by Ivy, each portfolio manager is responsible for ensuring that each account he or she manages is in compliance with the account's investment objectives and strategies and for reviewing the account's trading activity. These reviews may include consideration and analysis of: current market activity and conditions; individual issuers; portfolio composition and performance of each account; as well as comparisons across multiple accounts. Compliance with applicable laws, trading restrictions and investment policies are overseen by IM Compliance on a regular basis.

Ivy maintains a number of monitoring devices, including review by members of IM Compliance, to assure that investments do not violate the investment policies and restrictions of client accounts. Ivy also maintains a trade order management system that electronically monitors many of the investment guidelines and restrictions. This system is a tool used to assist the portfolio managers, compliance personnel and operations support staff with monitoring of investment restrictions and limitations.

Regular Reports

Ivy generally provides quarterly (or more frequently, upon request) review statements to its clients, which include:

- portfolio holdings and characteristics;
- portfolio commentary;
- performance attribution; and
- portfolio activity.

Ivy encourages each client to review and compare Ivy's statements to the statements the client receives from its custodian.

Ivy may rely on information provided by affiliates or third parties in preparing reports and a third party may assist in preparing or distributing reports. To the extent reports include or rely on information from a source other than Ivy (e.g., benchmark information when a report includes a comparison of an account's performance to one or more benchmark indices), Ivy attempts to obtain such information from reliable sources, however the accuracy of such information cannot be guaranteed. Reports may also include or rely upon fair valuation determinations made by Ivy or a third party. While such valuations are made in good

faith, as described in Additional Information-Securities Pricing and Potential Conflicts of Interest, their actual or empirical accuracy cannot be guaranteed.

Some clients who receive daily transactions and/or holdings data have elected not to also receive regular quarterly review statements.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Ivy has entered into "soft dollar" arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and or services which assist Ivy in its investment decision-making process. The receipt of such services may be deemed to be the receipt of an economic benefit by Ivy, and although customary, these arrangements give rise to conflicts of interest, including the incentive to allocate securities transactions to broker-dealers based on the receipt of such benefits rather than on a client's interest in receiving most favorable execution. Such conflicts are addressed through the adoption of policies and procedures regarding the receipt of soft dollar benefits, as described further above. In addition, Ivy only receives soft dollar benefits in accordance with Section 28(e) under the U.S. Securities and Exchange Act of 1934, as amended.

A conflict of interest might also occur if the personal interests of employees interfere or could potentially interfere with their responsibilities to the firm and its clients. The overriding principle is that employees should not accept inappropriate gifts, favors, entertainment, special accommodations, or other things of material value that could influence their decision-making in awarding business (such as service provider selection) or make them feel beholden to another person. Similarly, employees should not offer gifts, favors, entertainment or other things of value that could be viewed as overly generous or aimed at influencing decision-making in awarding investment advisory business or making a client feel beholden to the firm or the employee.

Ivy, or its affiliates, may enter into referral agreements with unaffiliated parties for referrals of investment advisory business. Such agreements to compensate another firm ("Solicitor") for referring investment management services are subject to the Solicitor Rule, Rule 206(4)-3 under the Advisers Act. Ivy, or an affiliate, would likely pay a Solicitor a percentage of the investment management fee it collects from referred clients. At this time, Ivy does not have any referral agreements with unaffiliated parties.

Ivy or its affiliates, may engage investment consultants and their affiliates, for the performance of a variety of advisory services, including: evaluation of investment products and services offered by Ivy or its affiliates; assisting Ivy with its evaluation of third-party sub-advisers; and discretionary and non-discretionary investment management services. Ivy or its affiliates may also pay to attend or sponsor conferences organized by an investment consultant. To avoid potential conflicts of interest, individuals or entities that have been referred to Ivy by an investment consultant should request that the consultant disclose any pre-existing or former relationships with Ivy or any of its affiliates, and any potential conflicts of interest in connection with the referral. Additionally, Ivy should be notified of any conflicts of interest disclosed by the consultant.

ITEM 15: CUSTODY

Ivy typically does not have custody of its clients' assets. When Ivy is deemed to have custody because of its role as manager to one or more Private Funds, the assets of the funds are held at qualified custodians that provide account statements to investors on at least a quarterly basis and investors receive audited financial statements in accordance with Rule 206(4)-2 of the Advisers Act (the "Custody Rule"). Ivy may also be deemed to have custody over certain clients' accounts because of its ability to deduct management fees from such accounts. Clients should receive account statements, at least quarterly, from their qualified custodian.

Whether or not Ivy is deemed to have custody over client assets, Ivy encourages all clients to carefully review statements received from custodians or other third parties and compare their official custodial records to the account statements provided by Ivy. Statements from Ivy may vary from the custodial statements based on accounting procedures, reporting dates or valuation methodologies applicable to certain securities.

ITEM 16: INVESTMENT DISCRETION

Discretionary Authority for Trading

Ivy accepts discretionary authority to manage securities accounts on behalf of clients. This authority is identified and provided for in written investment management agreements entered into between Ivy and each client. Ivy's discretionary investment management agreements authorize Ivy to exercise full discretionary authority with respect to all investment transactions involving client accounts. Discretionary investment management agreements grant Ivy full discretion and sole authority to invest and reinvest all assets of client accounts in securities, cash and/or other financial instruments in accordance with each client's stated investment guidelines and objectives and in accordance with Ivy's investment strategy utilized for the account (unless otherwise stated and agreed to by Ivy and the client). Ivy's discretionary authority authorizes it to determine, without obtaining specific client consent, which securities, and in what amounts they, are to be bought or sold. The investible universe of many of Ivy's investment strategies may include securities issued by advisory clients or service providers to Ivy and its affiliates. Investing in these securities could create a conflict of interest or the appearance of a conflict of interest. Ivy does not invest in these securities in consideration of whether a company is a client or service provider. Ivy has established policies and procedures with respect to service provider oversight and proxy voting and developed processes relating to manager compensation which Ivy believes reasonably mitigate these conflicts.

Certain investments may require the execution of specialized documentation associated with a particular trade and the opening of accounts with brokerage, execution and/or clearing firms. For example, OTC derivative contracts are typically governed by ISDA master agreements, schedules, confirmations, and, where applicable, credit support annexes that Ivy may negotiate and enter into on behalf of an account. Other agreements that may be necessary in connection with these and similar transactions include futures agreements, option agreements and repurchase agreements. Ivy's discretionary authority authorizes it to enter into agreements and execute any documents required to effect transactions in client accounts and is further authorized to give instructions to third parties in furtherance of such authority. Ivy seeks to negotiate the most favorable terms practicably available under the circumstances, but cannot guarantee that the most favorable terms will be achieved in each instance.

Ivy generally relies on third-party screening services or industry classifications to identify companies that fall within client guidelines that contain restrictions on investing in specific industries or that are based on socially responsible criteria. To the extent a company is not covered by such services or classifications, Ivy may be unable to apply such guidelines.

Investment Personnel

Certain portfolio managers may have additional business management and oversight roles within the organization. Historically, those roles have included the Director of Research, the Head of Fixed-Income and the Chief Investment Officer. Certain analysts may also serve as assistant portfolio managers. Investment personnel with multiple roles may devote time and attention to business matters in addition to the responsibilities owed to client portfolios. Such personnel may also receive compensation for such additional roles at Ivy or its affiliates which could create potential conflicts of interest as these individuals may have an incentive to favor certain accounts over others.

In certain instances, a Portfolio Manager may also serve on the Board of Directors (or similar governing body) of a privately held company, the securities of which an account may hold. While Ivy believes such service will be beneficial to its clients, the Portfolio Manager's service as a Board Member could also create a conflict of interest (or appearance of a conflict of interest) with respect to decisions regarding whether a client account should hold or dispose of the company.

Material Non-Public Information

Ivy's investment personnel, in the course of research and other related activities, may from time to time acquire confidential or material, non-public information that may prevent Ivy from purchasing or selling particular securities for certain clients. As a result, certain clients could realize a positive or negative impact to overall performance. Ivy maintains policies and procedures for handling material, non-public information.

ITEM 17: VOTING CLIENT SECURITIES

Proxy Votes

Unless the client designates otherwise, Ivy votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policies and procedures. Under these policies and procedures, Ivy seeks to vote each proxy issue in what it believes is the best interest of the client and/or client plan participants. To achieve this, Ivy has established proxy voting guidelines that reflect what it believes are desirable principles of corporate governance. Ivy utilizes a third-party proxy voting service, Institutional Shareholder Services ("ISS"), to vote proxy issues in accordance with these guidelines. The guidelines address such shareholder meeting agenda items such as the election of trustees/directors, ratification of auditors, management and trustee/director compensation, anti-takeover mechanisms, changes to capital structure, merger and corporate restructuring, and social and corporate policy issues. These guidelines do not provide an exhaustive list of all issues that may arise and Ivy cannot anticipate all future proxy issues. If, at any time, a client desires that Ivy vote proxies in accordance with a custom or other non-Ivy policy, Ivy requires that the client provide such instruction in writing.

The SEC has mandated certain rules for investment advisers with authority to vote client proxies. In response to these proxy voting rules, it is the policy of Ivy to review each issue of each proxy solicited by its respective issuer whose securities are held in any client account and to vote each proxy issue in the best interest of the client and/or the client's plan participants. Ivy uses ISS to assist it in analyzing proxy issues and to vote such issues in accordance with Ivy's proxy voting guidelines where applicable. Ivy does not, however, consider recommendations from ISS to be determinative of its ultimate decision.

It is Ivy's policy to focus its consideration of proxy issues on the economic cost or benefit to its clients as investors. In general, Ivy believes that the investment business strategies of most corporations, including the businesses in which the corporation is engaged, the manner and means in which the corporation chooses to do business, and the determination of the users of its products and services, should primarily be left to the discretion of the issuer's management. It is Ivy's general policy that a shareholder should become involved with these matters only when management has failed and the corporation's performance has suffered or to protect the rights of shareholders.

Ivy seeks to identify each relationship that may pose a material conflict of interest with respect to its duty to vote proxy issues in the best interest of each client and/or client's plan participants based on the individual facts and circumstances. For purposes of this review, Ivy will attempt to detect those relationships deemed material based on the reasonable likelihood that they would be viewed as important by the average shareholder.

Ivy will use the following techniques to vote proxies that have been determined to present a material conflict: (i) vote in accordance with the recommendation of ISS or another independent third party if a recommendation from ISS is unavailable; (ii) use of a predetermined voting policy; (iii) seek guidance from an internal proxy voting committee; or (iv) seek client instructions.

Ivy is aware of its responsibility to process proxies and maintain proxy records pursuant to SEC rules and regulations and its fiduciary duty to vote proxies based on decisions that may affect the value of shareholdings and certainly intends to vote proxies, but clients should be aware that there might be circumstances under which voting might be impossible or impracticable. In accordance with client agreements and Ivy's Proxy Voting Policy, Ivy will attempt to vote every proxy it receives for all domestic and foreign corporations, but shall not be responsible for voting any proxies that have record dates prior to the date of an underlying agreement or on or after the date of any termination of an agreement or for monitoring and voting proxies for securities that are out on loan due to a client's securities lending program. Also, voting proxies with respect to shares of foreign securities may be significantly more difficult than with respect to domestic securities, and in certain circumstances, may result in a restriction being placed on Ivy's ability to trade the shares for a period of time following the vote. In consideration thereof, Ivy may be unable or may decide not to vote certain proxies for foreign issuers.

Any client, trustee or any client plan or their authorized representative may receive a copy of Ivy's Proxy Voting Policy or proxy voting records voted on their behalf by sending a written request to Ivy at the address provided in this Brochure or via email at IMCompliance@ivyinvestments.com

ITEM 18: FINANCIAL INFORMATION

Financial Condition

Ivy does not have any financial impairment that will preclude it from meeting contractual commitments to its clients.

A balance sheet is not required to be provided because Ivy does not serve as a qualified custodian for client funds or securities, and does not require pre-payment of fees of more than $1,200 per client, and six months or more in advance.

BUSINESS CONTINUITY PLAN

General

Ivy has a Business Continuity Plan in place that provides steps to mitigate and recover from a severe business disruption.

Business Continuity Planning

The continuity plans cover natural disasters such as global health emergencies, snow storms, hurricanes, tornados, and flooding. Plans also cover man-made disasters, events such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Continuity planning for operations embraces a work from anywhere approach to ensure that operations remain functional throughout a severe business disruption. Electronic files are backed up daily and are maintained in an offsite location.

Alternate Locations

Ivy maintains an offsite location for disaster recovery which is located roughly 30 miles away in Lee's Summit, MO. The recovery site is powered by a separate power grid and has its own uninterruptable power supply and backup generator. This site maintains the backup data center for Ivy and its affiliates. The data center has been designed to support our computing infrastructure; mainframe, servers and network during a significant business disruption. Employees may also utilize work from home capabilities in the event of a natural or manmade disaster.

PRIVACY POLICY

Privacy Notice

Ivy is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to it.

The categories of nonpublic information that Ivy may collect from its clients may include information about personal finances and information about transactions between the client and third parties.

Ivy maintains a secure office to ensure that client information is not placed at unreasonable risk.

Ivy does not provide personal client information to mailing list vendors or solicitors. Ivy attempts to require strict confidentiality in its agreements with unaffiliated third parties that require access to personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review Ivy's company records and client personal records as permitted by law.

Personally identifiable information about clients will be maintained throughout the client relationship and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

Ivy will notify clients in advance if the Privacy Policy is expected to change.

ADDITIONAL INFORMATION

Trade Error Correction

Ivy has adopted policies and procedures that are reasonably designed to minimize potential errors involving investments made for client accounts. In the event an error occurs, it is Ivy's policy to correct the error promptly and fairly and consistent with the provisions of the applicable investment management agreement governing the client relationship. It is Ivy's policy to reimburse clients for losses realized as a result of reimbursable errors. Reimbursement generally will not include any amounts that Ivy determines are speculative or uncertain, including potential opportunity costs resulting from delayed investment or sale as a result of correcting an error, or other forms of consequential or indirect losses.

Foreign Securities

In accordance with applicable laws, rules and regulations, Ivy has established procedures for classifying securities as foreign and assigning an associated country of risk. Specifically, securities will be coded based on the issuer's country of domicile as indicated by a reputable commercial trading data provider (such as, Bloomberg). Notwithstanding the foregoing, exceptions to Ivy's policy may be made at any time when circumstances warrant a different country designation. Such circumstances shall be determined by Ivy in its sole discretion, based generally upon the following criteria: i) the security is principally traded, based on total volume traded in a country other than the country in which the issuer is domiciled, provided the issuer does not have more than 50% of its revenues, profits, or assets sourced in a single country; ii) during its most recent fiscal year, the issuer, derived at least 50% of its revenues or profits in a country other than the country in which the issuer is domiciled; iii) the country where the issuer has at least 50% of its assets is a country other than the country in which the issuer is domiciled; or iv) if the security is guaranteed by another entity, the guarantor's country of domicile is a country other than that in which the issuer is domiciled, assuming one of the first three criteria listed above, can be met.

Securities Pricing and Potential Conflict of Interest

Each account's investments are reported at fair value. Fair value is defined as the price that each account would receive upon selling an asset or would pay upon buying in an orderly transaction between market participants on the measurement date.

Securities and other assets held in client accounts are valued on each business day using pricing and valuation methods as adopted by Ivy and its affiliates. Where market quotes are readily available, fair value

is generally determined on the basis of each security's official close price on its listed exchange or, if not available, based on quotes obtained from a quotation reporting system, established market makers, or pricing services.

Prices for fixed-income securities are typically based on quotes that are obtained from an independent pricing service. To determine values of fixed-income securities, the independent pricing service utilizes such factors as current quotations by broker-dealers, coupon, maturity, quality, type of issue, trading characteristics, and other yield and risk factors it deems relevant in determining valuations. Securities that cannot be valued by the independent pricing service may be valued using quotes obtained from dealers that make markets in the securities.

Because many foreign markets close before the NYSE, events may occur between the close of the foreign market and the close of the NYSE that could have a material impact on the valuation of foreign securities. Waddell & Reed Services Company ("WRSCO"), pursuant to procedures adopted by Ivy, evaluates the impact of these events and may adjust the valuation of foreign securities to reflect the fair value as of the close of the NYSE.

Where market quotes are not readily available, portfolio securities or assets are valued at fair value, as determined in good faith by WRSCO pursuant to instructions from Ivy.

Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information or broker quotes), including where events occur after the close of the relevant market, but prior to the NYSE close, that materially affect the values of an account's securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available.

Ivy has delegated to WRSCO the responsibility for monitoring significant events that may materially affect the values of an account's securities or assets and for determining whether the value of the applicable securities or assets should be re-evaluated in light of such significant events. WRSCO has established a Valuation Committee to administer and oversee the valuation process, including the use of third-party pricing vendors.

Ivy has adopted methods for evaluating securities and other assets in circumstances where market quotes are not readily available. For instances in which daily market quotes are not readily available, investments may be valued, pursuant to guidelines, with reference to other securities or indices. In the event that the security or asset cannot be valued pursuant to one of the valuation methods established by Ivy, the value of the security or asset will be determined in good faith by the Valuation Committee and appropriate consultation with Ivy.

When an account uses these fair valuation methods applied by WRSCO that use significant unobservable inputs, securities will be priced by a method that Ivy or persons acting at their direction believe accurately reflects fair value and are categorized as Level 3 of the fair value hierarchy. These methods may require

subjective determinations about the value of a security. The prices used by an account may differ from the value that will ultimately be realized at the time the securities are sold.

Accounting standards establish a framework for measuring fair value and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the factors that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

An individual investment's fair value measurement is assigned a level based upon the observability of the inputs which are significant to the overall valuation.

The three-tier hierarchy of inputs is summarized as follows:

- Level 1 – Observable inputs such as quoted prices, available in active markets, for identical assets or liabilities.
- Level 2 – Significant other observable inputs, which may include, but are 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.
- Level 3 – Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at their direction that are used in determining the fair value of investments.

Ivy and its affiliates are responsible for monitoring the implementation of the pricing and valuation policies through a series of activities to provide reasonable comfort of the accuracy of prices including: i) periodic vendor due diligence meetings to review methodologies, new developments, and process at vendors; ii) daily and monthly multi-source pricing comparisons reviewed and submitted to the Valuation Committee; and iii) daily review of unpriced, stale, and variance reports with exceptions reviewed by management and the Valuation Committee.

Class Actions/Bankruptcies

While Ivy is willing to cooperate with the client's custodian in certain circumstances, Ivy is generally not able to advise or act on behalf of its clients in legal proceedings, including class actions or bankruptcies, involving securities purchased or held in clients' accounts. Occasionally, Ivy may receive checks on behalf of clients from administrators distributing funds in settlement of class action lawsuits and regulatory actions. Subject to Ivy's obligations under the Custody Rule, Ivy promptly forwards checks to clients.