

Ivy Mortgage Securities E



Morningstar Analysis Brian Killian, Senior Analyst 1-15-2010

Portfolio Manager

Chris Sebald, CFA, since August 2003. Sebald worked for Advantus Capital Management from 1992 to 1997. From 1997 to 2003, he was a portfolio manager at AEGON USA Investment Management. He returned to subadvisor Advantus in 2003 as a portfolio manager. David Land, CFA, since April 2004. BA Thomas More College, MBA Univ. of Cincinnati. Land has been in the investment industry since 1998. He worked for subadvisor Advantus from 2000 to 2003, then for AXA Investment Managers. He returned to Advantus as a portfolio manager in April 2004.

Basic Characteristics

The managers invest in short- and mid-term bonds that are backed by secured mortgage loans and assets. The managers and their team of fixed-income analysts focus on selecting what they believe are high-quality securities through analysis of the issuers and the collateral backing the issues. They attempt to mitigate prepayment risk through careful selection of individual securities. The fund holds a combination of residential and commercial mortgage-backed securities, as well as asset-backed issues.

Strengths

The fund's returns generally have been competitive under its current managers, though its performance in 2007 and since have been weak due to its mortgage focus.

Issues

The fund's trailing returns for most periods lag its category, mainly due to its mortgage focus, which previously produce strong returns but more recently has held the fund back relative to more diversified peers.

This Fund Report is only approved for use by investors purchasing shares of the Fund in connection with the InvestEd Program. It is not approved for any other use. This Fund Report has been provided by Morningstar Associates, LLC. Please note that Morningstar is paid a fee based partly on assets invested in the InvestEd Program.

Investors should consider the investment objectives, risks, charges and expenses associated with the InvestEd Plan carefully before investing. This and other information is found in the InvestEd Program Overview Account Application and prospectus, all of which can be obtained from your financial advisor. Please read these materials carefully before investing.

A fund's Morningstar category assignment is based on averaging its portfolios for the preceding three years.

As with any fund, the value of the Fund's shares will change, and you could lose money on your investment.

The risks incurred by mortgage securities include, but are not limited to, reinvestment of prepaid loans at lower rates of return. In addition, the net asset value of mortgage securities may fluctuate in response to changes in interest rates and are not guaranteed. Fixed income securities are subject to interest rate risk and, as such, the net asset value of the fund may fall as interest rates rise. These and other risks are more fully described in the fund's prospectus.

Portfolio information is subject to change and is not intended to represent any past or future investment recommendations.

Investment style reflects most-recent portfolio and may differ from historical style. A fund's Morningstar category assignment is based on averaging its portfolios for the preceding three years.

Morningstar Category

Intermediate-Term Bond

Benchmark Index

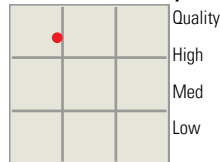
BarCap Fixed Rate MBS TR USD

Fund Inception Date

A: 05-03-1985 C: 12-08-2003 Y: 12-08-2003
E: 04-02-2007

Portfolio Profile as of 12-31-2009

Current Investment Style



Short Interm Long
Duration

Portfolio Statistics

	12-31	Rel	Cat
Avg Credit Quality	AA		AA
Avg Eff Maturity Years	4.6		0.8
Avg Eff Duration Years	3.2		0.7
Avg Weighted Coupon	5.6		1.1
Turnover Ratio %	149.0		

Credit Analysis	12-31	Rel	Cat	Coupon Range	12-31	Rel	Cat
AAA	80.7	1.4		0% PIK	0.0		--
AA	6.0	1.2		0 to 8%	99.8		1.1
A	3.9	0.3		8 to 11%	0.2		0.0
BBB	3.6	0.2		11 to 13%	0.0		0.0
BB	2.6	0.8		Over 13%	0.0		0.0
B	0.1	0.1					
Below B	0.1	0.1					
NR/NA	2.9	2.6					

Performance as of 12-31-2009

	3 Mo	YTD	1 Yr	3 Yr	5 Yr	Incept
A (NAV)	2.36	9.89	9.89	-3.42	-0.71	6.31
A (Load-adj)	-3.52	3.57	3.57	-5.31	-1.88	6.05
E (NAV)	2.42	10.23	10.23	--	--	-4.33
E (Load-adj)	-3.46	3.89	3.89	--	--	-6.36
Category	1.19	13.97	13.97	4.45	3.84	3.82*
Index	0.57	5.89	5.89	7.04	5.78	7.13*

* Since E shares inception.

Risk Measures

	12-31	Index	Cat
Std Deviation 3 Yr	--	3.29	5.97
Std Deviation 5 Yr	--	2.96	4.94

Standard deviation is a measure of how volatile a fund's returns are.

Fund Expense Ratio 1.38

Composition



Morningstar Sectors

	12-31	Rel	Cat
US Government	0.4		0.0
US Treasury	0.4		0.0
TIPS	0.0		0.0
US Agency	0.0		0.0
Mortgage	88.3		3.7
Mortgage Pass-thru	49.3		3.2
Mortgage CMO	39.0		4.6
Mortgage ARM	0.0		--
Credit	11.3		0.4
US Corporate	2.9		0.1
Asset-backed	8.4		3.2
Convertible	0.0		0.0
Municipal	0.0		0.0
Inflation-Protected	0.0		--
Foreign	0.0		0.0
Foreign Corporate	0.0		0.0
Foreign Government	0.0		0.0
Cash	0.0		0.0

Data quoted is past performance and current performance may be higher or lower. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Please visit www.invested529.com for the most recent month-end performance. Performance at net asset value does not include the effect of sales charges. Class A and Class E share performance, including sales charges, reflects the maximum applicable sales charge of 5.75%.

Shares are offered as part of the Arizona Family College Savings Fund, a 529 plan administered by the Arizona Commission for Postsecondary Education (the "Program"). Accounts are held in trust for the benefit of the Arizona Commission for Postsecondary Education in its capacity as Trustee of the Family College Savings Program Trust Fund (the "Trust"). An investment in the Program constitutes a purchase of an interest in the Trust, a municipal fund security. Accounts are not insured by the State of Arizona, the Trust, the Arizona Commission for Postsecondary Education, or any other governmental entity, the InvestEd Program, or any affiliated or related party, and neither the principal deposited nor the investment return is guaranteed by any of the above referenced parties.