

Ivy Small Cap Growth E



Morningstar Analysis Peter Di Teresa, Consultant 1-15-2010

Portfolio Manager

Gilbert Scott, CFA, since August 2003. BBA University of Massachusetts, MBA University of Texas. Scott joined the firm in 1997 and was appointed assistant portfolio manager for the small-cap growth style in 2000. Prior to joining the firm, Scott had several years of experience with GE.

Basic Characteristics

This fund follows a bottom-up approach and seeks companies that demonstrate accelerating or consistent growth prospects. Manager Gil Scott and his analysts seek to identify growth companies that have successful and scalable business models, maintain market leadership, focus on organic growth and keep their management teams stable and intact. Scott will sell a position outright if the company shows signs of deterioration in fundamentals. The portfolio is relatively concentrated with approximately 60 stocks, but its turnover has been fairly low compared with its small-growth peers.

Strengths

Scott's focus on companies with strong cash flows and little or no debt could help avoid potentially disastrous holdings. The fund has garnered above-average returns with below-average risk during Scott's tenure.

Issues

The portfolio often has sizable sector overweightings relative to its category, which could hurt future performance.

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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.

An investment in the Fund is not insured or guaranteed by the FDIC or any other government agency. Investing in small-cap stocks may carry more risk than investing in stocks of larger, more well-established companies. 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

Small Growth

Benchmark Index

Russell 2000 Growth

Fund Inception Date

A: 07-03-2000 C: 09-21-1992 Y: 12-29-1995
E: 04-02-2007

Portfolio Profile as of 12-31-2009

Current Investment Style



Value Blend Growth
Style

Portfolio Statistics

	12-31	Rel
Price/Earnings Ratio	28.0	1.4
Price/Book Ratio	3.2	1.3
Price/Cash Ratio	13.3	1.4
Geo Avg Mk Cap \$mil	1,403	0.9

Total Stocks	44
Total Bonds	0
Turnover Ratio %	85.0

Market Cap %

	12-31	Rel
Giant	0.0	0.0
Large	0.0	0.0
Medium	37.0	1.3
Small	51.8	0.8
Micro	11.2	3.7

Performance as of 12-31-2009

	3 Mo	YTD	1 Yr	3 Yr	5 Yr	Incept
A (NAV)	4.98	42.74	42.74	-1.50	2.70	1.00
A (Load-adj)	-1.05	34.53	34.53	-3.43	1.49	0.37
E (NAV)	4.99	43.06	43.06	--	--	-3.01
E (Load-adj)	-1.04	34.83	34.83	--	--	-5.08
Category	4.79	35.46	35.46	-4.89	0.37	-8.12*
Index	4.14	34.47	34.47	-4.00	0.87	-6.28*

* Since E shares inception.

Risk Measures

	12-31	Index	Cat
Std Deviation 3 Yr	--	25.20	24.76
Std Deviation 5 Yr	--	21.78	21.24

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

Fund Expense Ratio 1.90

Composition



Morningstar Sectors

	12-31	Rel
Information	29.1	1.0
Software	19.0	1.9
Hardware	7.9	0.7
Media	0.0	0.0
Telecommunication	2.2	0.4
Service	45.8	1.0
Healthcare	11.1	0.7
Consumer Services	8.6	0.8
Business Services	23.8	1.9
Financial Services	2.3	0.2
Manufacturing	25.1	1.0
Consumer Goods	7.8	1.0
Industrial Goods	8.0	0.8
Energy	9.3	1.7
Utilities	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%.

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