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## News Release

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### Ivy Funds Introduces Municipal High Income Fund

OVERLAND PARK, KS, June 15, 2009/ – Ivy Funds this week announced the introduction of the Ivy Municipal High Income Fund, which carries the same manager and performance history (I Class share only) as the Waddell & Reed Advisors Municipal High Income Fund, incepted in 1986.

“We believe that the tax relief potential, coupled with the income potential that accompanies higher-yielding municipal bonds, makes this category an attractive one for investors building a diversified portfolio,” said Thomas W. Butch, president and CEO of Ivy Funds Distributor, Inc.

The Ivy Municipal High Income Fund is managed by Michael Walls, who has been with the Ivy Funds organization for 10 years and has experience as a fixed-income investment analyst and as an assistant portfolio manager.

According to Walls, it is critical for a portfolio manager to research multiple factors when selecting fixed-income securities in the high-yield municipal sectors.

“I work closely with our fixed-income analysts and other managers in studying the macro-economic environment and, most important, credit risk associated with issuers,” said Walls. “We also look at interest rate and call risk as we attempt to maximize the potential reward for a given level of risk.”

Ivy Funds analysts have outlined the three primary benefits for investors who may consider an allocation to the high-yield municipal bond sector:

- **Potential income tax relief:** Mutual funds that invest primarily in tax-exempt debt, such as municipal bonds, generate interest income that is free from federal income taxes. Bonds issued in the state of the investor’s residence may also generate tax-free income.
- **Portfolio diversification:** Municipal bonds have structural characteristics that are different from other types of fixed-income securities, and respond differently to changes in market conditions, such as changes in credit quality and interest rate policy. These differences have the potential to help reduce overall volatility in a diversified portfolio. In addition, a municipal bond mutual fund allows an investor to further diversify by providing simple and efficient access to a variety of municipal bonds of different maturities and different interest rates.
- **Higher income potential:** The credit rating of most municipalities is typically lower than the federal government, and tax-exempt bonds are not guaranteed by the government. Higher yielding municipal bonds offer greater income potential in an effort to compensate investors for the assumed higher risk.

The Municipal High Income Fund adds to Ivy's stable of mutual fund products, which now totals 31 different funds. The family covers all major asset categories, including domestic, global and international equities; international and domestic balanced funds; domestic and international fixed income funds; specialty funds and a money market fund. The Ivy Funds had \$20 billion in total assets under management at March 31, 2009.

The Ivy Funds are managed by Ivy Investment Management Company and distributed by its subsidiary, Ivy Funds Distributor, Inc. Waddell & Reed Investment Management Company serves as investment advisor to, and Waddell & Reed, Inc. serves as principal underwriter and distributor to, the Waddell & Reed Advisors Group of Mutual Funds.

The Class Y shares of Waddell & Reed Advisors Municipal High Income Fund were reorganized as the Class I shares of Ivy Municipal High Income Fund on May 18, 2009. The performance for periods prior to this date is that of the Class Y shares of Waddell & Reed Advisors Municipal High Income Fund, and has not been restated to reflect the estimated annual operating expenses of the Ivy Municipal High Income Fund. If those expenses were reflected, performance would differ. Ivy Municipal High Income Fund Class I shares are not subject to sales charges, and are only available to certain types of investors.

Class A, B, C and Y shares of Ivy Municipal High Income Fund are new classes of shares and will have no performance history as of May 18, 2009. Class A, B, C and Y shares will have substantially similar returns to Class I shares of the Fund, though returns will be different to the extent that sales loads, 12b-1 fees and expenses differ among the Classes.

Investing in high-income securities may carry a greater risk of nonpayment or interest or principal than higher-rated bonds. 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. Diversification cannot ensure a profit or protect against loss in a declining market. These and other risks are more fully described in the Fund's prospectus.

As with any mutual 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 a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

The Fund may include a significant portion of its investments that would pay interest that is taxable under the Alternative Minimum Tax (AMT).

**Investors should consider the investment objectives, risks, charges and expenses of a fund carefully before investing. For a prospectus containing this and other information for any of the Ivy Funds, call your financial advisor or visit [www.ivyfund.com](http://www.ivyfund.com). Please read the prospectus carefully before investing.**