



IVY

# High Income Fund [WRHIX]

Q2/10 Portfolio information as of June 30, 2010

## FUND PERFORMANCE<sup>1,2,3</sup>

### Average Annual Total Returns

Period	Class A NAV	Class A Load	Class C NAV	Class C Load	Class Y	Citi High Yield Market	Lipper High Current Yield
3-Month	0.18%	-5.58%	0.00%	-0.97%	0.18%	0.08%	-0.56%
YTD	3.92%	-2.06%	3.57%	2.57%	3.93%	4.12%	3.69%
1-Year	20.92%	13.96%	20.10%	20.10%	20.94%	25.64%	23.96%
3-Year	6.72%	4.63%	5.91%	5.91%	6.83%	5.90%	3.34%
5-Year	7.48%	6.21%	6.65%	6.65%	7.63%	6.66%	5.01%
10-Year	-	-	6.34%	6.34%	7.27%	7.18%	5.37%
Life	7.16%	6.52%	5.62%	5.62%	6.59%	-	-
Gross Expense	1.34%	1.34%	2.10%	2.10%	1.14%	-	-
Net Expense	1.34%	1.34%	2.10%	2.10%	1.14%	-	-
Inception	7/3/00	7/3/00	7/31/97	07/31/97	12/30/98	-	-

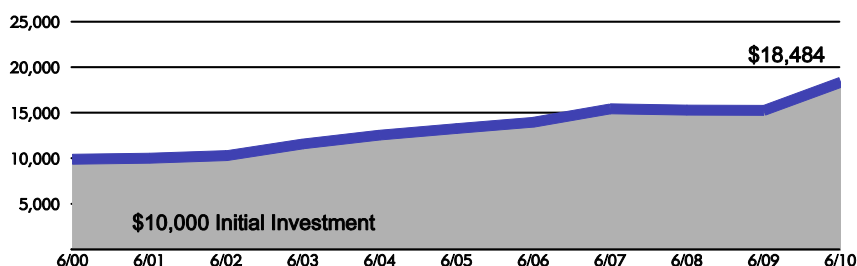
### Calendar Year Returns

Year	Class A	Class C	Class Y	Citi High Yield Market	Lipper High Current Yield
2009	46.31%	45.29%	46.20%	55.19%	46.41%
2008	-20.12%	-20.79%	-19.95%	-25.91%	-25.86%
2007	4.14%	3.28%	4.39%	1.84%	2.13%
2006	10.53%	9.69%	10.78%	11.85%	10.17%
2005	1.35%	0.59%	1.54%	2.08%	3.00%
2004	8.42%	7.56%	8.52%	10.79%	10.34%
2003	19.06%	18.10%	19.19%	30.62%	26.36%
2002	2.46%	1.58%	2.46%	-1.53%	-2.41%
2001	10.85%	9.93%	10.80%	5.44%	-1.04%
2000	-	-7.40%	-6.83%	-5.68%	-9.71%

Data quoted is past performance and current performance may be lower or higher. 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.ivyfund.com](http://www.ivyfund.com) for the most recent month-end performance.

- <sup>1</sup> Performance at net asset value (NAV) does not include the effect of sales charges. Class A share performance, including sales charges, reflects the maximum applicable front-end sales load of 5.75%. For Class C shares, a 1% CDSC applies to the lesser of amount invested or redemption value of shares redeemed within 12 months after the purchase date. Class Y shares are not subject to sales charges.
- <sup>2</sup> For Class C shares, performance prior to 3/24/00 is based on the fund's original Class B shares, which were combined with Class C Shares, effective 3/24/00, and redesignated as Class C shares. New Class B shares with fees and expenses different than the original Class B shares were added to Ivy Funds on 6/30/00.
- <sup>3</sup> Citigroup High Yield Market is an unmanaged index comprised of securities that represent the high yield bond market. It is not possible to invest directly in an index.

## GROWTH OF A \$10,000 INVESTMENT Class C shares- 06/30/2000 - 6/30/2010



Assumes an investment over 10 years or life of the share class, reinvestment of dividends and capital gains, and does not include the effect of sales charges or taxes.

★★★★

### Overall Morningstar Rating\*

Class C Shares among 500 High Yield Bond funds. Based on risk-adjusted returns. The fund received 5 stars for the 3-year period among 500 funds, 4 stars for the 5-year period among 428 funds and 4 stars for the 10-year period among 280 funds.\*

## LIPPER RANKINGS

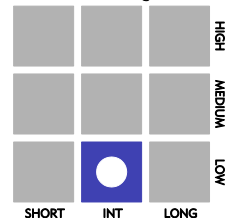
Category: Lipper High Current Yield Funds

	Rank	Percentile
1 Year	364/474	77
3 Year	41/410	10
5 Year	39/351	12
10 Year	69/228	31

Rankings are for Class C shares and are based on average annual total returns, but do not consider sales charges.

## MORNINGSTAR STYLE BOX<sup>4</sup>

Source: Morningstar



## PORTFOLIO MANAGEMENT

Bryan C. Krug, CFA

Ivy Investment Management Co.

11 years in industry

4 years with fund

## OBJECTIVE

To provide a high level of current income. Secondly, the fund seeks capital growth when consistent with the primary objective.

## INVESTMENT APPROACH

The Fund invests primarily in a diversified portfolio of high-yield, high-risk, fixed-income securities of domestic and, to a lesser extent, foreign issuers. The manager looks at a number of factors in selecting securities for the Fund, beginning with the economic environment, interest rate trends and industry fundamentals, progressing to analysis of a company's fundamentals, including financial strength, growth of operating cash flows, strength of management, borrowing requirements and potential to improve credit standing.



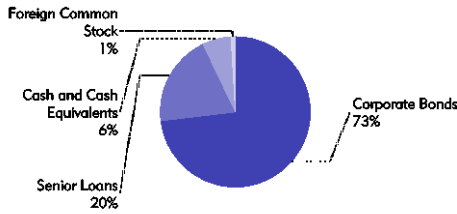
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## PORTFOLIO COMPOSITION<sup>5</sup>

(as a % of net assets)



## TOP 10 HOLDINGS<sup>5</sup>

(as a % of net assets)

Texas Competitive Electric Holdings Company LLC	3.8%
Laureate Education, Inc.	2.5%
Laureate Education, Inc.	1.9%
Ply Gem Industries, Inc.	1.8%
Goodman Global Group, Inc.	1.7%
CIT Group, Inc.	1.6%
N.E.W. Holdings I, LLC	1.4%
Springboard Finance (SKYPE)	1.4%
ADVANTAGE SALES & MKTG	1.3%
Newport Television, LLC	1.3%

## QUALITY<sup>5,6</sup>

(as a % of bond holdings)

Gov't	0.0%
AAA	0.0%
AA	0.0%
A	1.1%
BBB	4.5%
BB	11.5%
B	54.5%
Below B	18.6%
Non-Rated	10.2%

## MATURITY<sup>5</sup>

(as a % of bond holdings)

<1 Year	4.9%
1-5 Years	40.7%
6-10 Years	52.0%
11-20 Years	1.2%
>20 Years	1.2%

## TICKER SYMBOL

Class A	WHIAX	Class Y	WHIYX
Class B	WHIBX	Class E	IVHEX
Class C	WRHIX	Class I	IVHIX

## PORTFOLIO CHARACTERISTICS<sup>7,8</sup>

Fund Inception	7/31/1997
Net Assets	\$1.2 bil
Dividends	Daily, Paid Monthly
Turnover Rate (3/31/2010)	84%
Number of Holdings	199
Alpha	1.53
Beta	0.74
R-Squared	93.10
Standard Deviation	10.37
Sharpe Ratio	0.39
Average Maturity years	4.92
Effective Duration years	3.80
30 Day SEC Yield	7.28%

**Consider all factors.** Investing in high-income securities may carry a greater risk of nonpayment of 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. 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. These and other risks are more fully described in the fund's prospectus. Not all funds or fund classes may be offered at all broker/dealers.

<sup>4</sup> The style boxes reveal a fund's investment strategy by displaying, for fixed income, the average credit quality of the bonds owned and the interest rate sensitivity, as measured by a bond's maturity.

<sup>5</sup> Information is subject to change and is not intended to represent any past or future investment recommendations.

<sup>6</sup> Ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings obtained from Moody's.

<sup>7</sup> Alpha, Beta, R-Squared, Standard Deviation and Sharpe Ratio are 5 year statistics that represent the fund's oldest share class. Alpha is a measure of a fund's actual returns and expected performance, given its level of risk (as measured by beta). Beta reflects the sensitivity of the fund's return to fluctuations in the market index. R-squared indicated how much of a fund's fluctuations were attributable to movements in the fund's benchmark. Standard deviation is a measure of how volatile a fund's returns are. Sharpe ratio is a measure of a fund's risk-adjusted performance.

<sup>8</sup> 30-Day SEC Yield represents hypothetical net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. This hypothetical income will differ (at times, significantly) from the fund's actual experience; as a result, income distributions from the fund may be higher or lower than implied by the SEC yield.

<sup>\*</sup> For each fund with at least a 3-year history, Morningstar calculates a risk-adjusted return measure that accounts for variation in a fund's monthly performance (including the effects of all sales charges), placing emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund and rated separately.) A fund's overall rating is derived from a weighted average of the 3-, 5- and 10-year (if applicable) rating metrics. Morningstar Rating is for the share classes specified; other classes may have different performance characteristics.

**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 the Ivy Funds, call your financial advisor or visit us online at [www.ivyfund.com](http://www.ivyfund.com). Please read the prospectus carefully before investing.**



**IVY FUNDS®**  
PROVEN | FOCUSED | CONSTANT