



IVY

Small Cap Value Fund [IYSAX]

Q2/10 Portfolio information as of June 30, 2010

FUND PERFORMANCE^{1,2,3,4}

Average Annual Total Returns

Period	Class A NAV	Class A Load	Class Y	Russell 2000 Value	Lipper Small-Cap Value
3-Month	-11.74%	-16.82%	-11.74%	-10.60%	-9.81%
YTD	-3.29%	-8.85%	-3.15%	-1.64%	-1.22%
1-Year	18.98%	12.13%	19.31%	25.07%	25.39%
3-Year	-5.59%	-7.44%	-5.21%	-9.85%	-9.16%
5-Year	1.11%	-0.08%	1.51%	-0.51%	0.32%
10-Year	7.64%	7.00%	-	7.48%	7.57%
Life	7.28%	6.81%	4.35%	-	-
Gross Expense	1.93%	1.93%	1.42%	-	-
Net Expense	1.93%	1.93%	1.42%	-	-
Inception	1/31/97	1/31/97	12/8/03	-	-

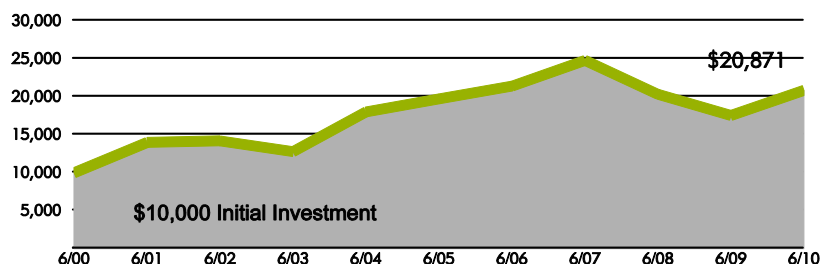
Calendar Year Returns

Year	Class A	Class Y	Russell 2000 Value	Lipper Small-Cap Value
2009	28.69%	29.23%	20.58%	32.57%
2008	-25.40%	-25.09%	-28.92%	-33.45%
2007	-4.81%	-4.43%	-9.78%	-4.57%
2006	16.06%	16.49%	23.48%	17.13%
2005	3.46%	3.85%	4.71%	7.45%
2004	15.75%	15.94%	22.25%	20.65%
2003	50.82%	-	46.03%	47.54%
2002	-18.67%	-	-11.43%	-11.20%
2001	15.98%	-	14.02%	17.20%
2000	26.51%	-	22.83%	16.10%

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 for the most recent month-end performance.

- ¹ 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%. Class Y shares are not subject to sales charges.
- ² The Advantus Venture Fund merged into the Ivy Small Cap Value Fund on Dec. 8, 2003. The performance shown for periods prior to this date is that of the Advantus Venture Fund Class A shares, restated to reflect current sales charges applicable to Ivy Small Cap Value Fund Class A shares. Performance has not been restated to reflect the fees and expenses applicable to the Ivy Small Cap Value Fund. If these expenses were reflected, performance shown would differ.
- ³ Performance results include the effect of expense reduction arrangements. If those arrangements had not been in place, the performance results would have been lower.
- ⁴ Russell 2000 Value is an unmanaged index comprised of securities that represent the small cap sector of the stock market. It is not possible to invest directly in an index.

GROWTH OF A \$10,000 INVESTMENT Class A 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 A Shares among 565 Small Blend funds. Based on risk-adjusted returns. The fund received 4 stars for the 3-year period among 565 funds, 3 stars for the 5-year period among 479 funds and 4 stars for the 10-year period among 251 funds.

LIPPER RANKINGS

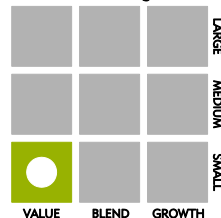
Category: Lipper Small-Cap Value Funds

	Rank	Percentile
1 Year	233/264	88
3 Year	37/233	16
5 Year	61/175	35
10 Year	51/87	58

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

MORNINGSTAR STYLE BOX⁵

Source: Morningstar



PORTFOLIO MANAGEMENT⁶

Matthew T. Norris, CFA

Ivy Investment Management Co.
18 years in industry
3 months with fund

OBJECTIVE

To provide long-term accumulation of capital.

INVESTMENT APPROACH

The Fund's manager emphasizes a bottom-up approach that focuses on securities that have favorable prospects, but have low to moderate expectations implicit in the stock price. Other factors considered include: historical and projected financial performance, free cash flow generation, industry characteristics and potential market conditions, competitive strategy, management history and financial condition of the company.



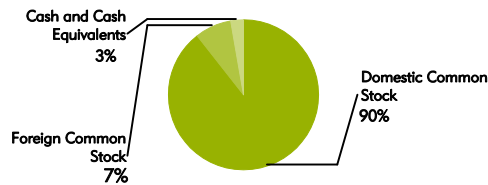
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PORTFOLIO COMPOSITION⁷

(as a % of net assets)



TOP 10 EQUITY HOLDINGS⁷

(as a % of net assets)

CBL & Associates Properties, Inc.	2.2%
THL Credit, Inc.	2.2%
Southwest Gas Corporation	2.1%
Iberiabank Corporation	2.0%
ICON PLC - Sponsored ADR	2.0%
Gaylord Entertainment Company	2.0%
Nevada Energy, Inc.	1.9%
Triumph Group, Inc.	1.9%
Werner Enterprises, Inc.	1.9%
Renaissance Re Holdings Ltd.	1.9%

TOP 5 SECTORS⁷

(as a % of equity holdings)

Financials	34.4%
Consumer Discretionary	17.6%
Information Technology	13.7%
Industrials	12.9%
Materials	6.1%

TICKER SYMBOL

Class A	IYSAX	Class Y	IYSYX
Class B	IYSBX	Class E	IYVIX
Class C	IYSCX	Class I	IYVIX

PORTFOLIO CHARACTERISTICS⁸

Fund Inception	1/31/1997
Net Assets	\$223.0 mil
Dividends	Quarterly
Turnover Rate (3/31/2010)	100%
Number equity holdings	77
Median market cap	\$1.3 bil
Alpha	1.28
Beta	0.74
R-Squared	83.12
Standard Deviation	18.37
Sharpe Ratio	-0.08

Consider all factors. The value of a security believed by the Fund's manager to be undervalued may never reach what the manager believes to be its full value, or such security's value may decrease. 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 insured or guaranteed by the FDIC or any other government agency. Investing in small-cap stocks may carry more risk than investing in stocks or larger, more well-established companies. 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.

⁵ The style box reveals a fund's investment strategy by displaying the fund's investment style and the market capitalization of the stocks owned.

⁶ Effective April 1, 2010, Matt T. Norris is primarily responsible for the day-to-day management of the Ivy Small Cap Value Fund.

⁷ Information is subject to change and is not intended to represent any past or future investment recommendations.

⁸ 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 indicates 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.

* 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. Please read the prospectus carefully before investing.



IVY FUNDS[®]
PROVEN | FOCUSED | CONSTANT