



IVY

Mortgage Securities Fund [IYMAX]

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	BarCap Mortgage-Backed Securities	Lipper U.S. Mortgage
3-Month	2.87%	-3.05%	2.93%	2.87%	2.99%
YTD	5.18%	-0.87%	5.29%	4.46%	5.12%
1-Year	13.38%	6.86%	13.70%	7.48%	10.18%
3-Year	-2.10%	-4.01%	-1.84%	8.23%	5.69%
5-Year	-0.10%	-1.28%	0.10%	6.25%	4.42%
10-Year	3.50%	2.89%	-	6.54%	5.20%
Life	6.41%	6.16%	1.10%	-	-
Gross Expense	1.29%	1.29%	1.02%	-	-
Net Expense	1.29%	1.29%	1.02%	-	-
Inception	5/3/85	5/3/85	12/8/03	-	-

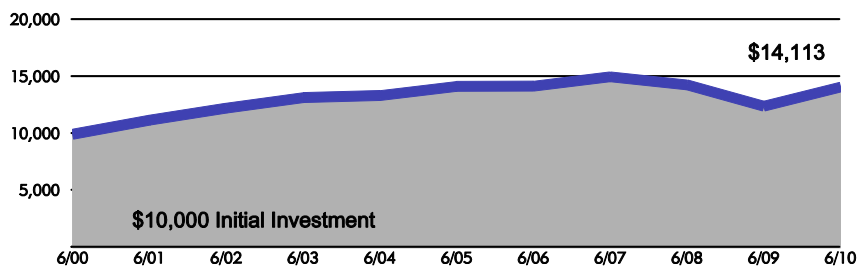
Calendar Year Returns

Year	Class A	Class Y	BarCap Mortgage-Backed Securities	Lipper U.S. Mortgage
2009	9.89%	10.33%	5.89%	9.10%
2008	-19.75%	-19.58%	8.34%	-1.61%
2007	2.17%	2.30%	6.90%	5.24%
2006	4.73%	4.87%	5.22%	4.64%
2005	2.31%	2.25%	2.61%	2.24%
2004	4.67%	4.48%	4.70%	3.52%
2003	4.18%	-	3.07%	2.61%
2002	9.15%	-	8.75%	8.13%
2001	8.82%	-	8.22%	7.37%
2000	12.01%	-	11.16%	10.36%

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.iyffunds.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 Mortgage Securities Fund merged into the Ivy Mortgage Securities Fund on Dec. 8, 2003. The performance shown for periods prior to this date is that of the Advantus Mortgage Securities Fund Class A shares, restated to reflect current sales charges applicable to Ivy Mortgage Securities Fund Class A shares. Performance has not been restated to reflect the fees and expenses applicable to the Ivy Mortgage Securities Fund. If these expenses were reflected, performance shown would differ.
- ³ BarCap Mortgage-Backed Securities is an unmanaged index representing the mortgage securities market. It is not possible to invest directly in an index.
- ⁴ Performance results include the effect of expense reduction arrangements. If those arrangements had not been in place, the performance results would have been lower.

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.

LIPPER RANKINGS

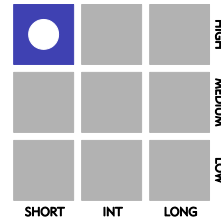
Category: Lipper U.S. Mortgage Funds

	Rank	Percentile
1 Year	18/98	19
3 Year	83/87	95
5 Year	75/78	95
10 Year	49/52	93

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 MANAGEMENT

Chris Sebald, CFA

Advantus Capital Management, Inc. (Subadvisor)
21 years in industry
6 years with fund

David Land, CFA

Advantus Capital Management, Inc. (Subadvisor)
19 years in industry
6 years with fund

OBJECTIVE

To provide a high level of current income consistent with prudent investment risk.

INVESTMENT APPROACH

The Fund seeks to provide investors with exposure to quality and higher yield potential through investments made in pools of mortgage loans. In selecting securities, the Fund's subadvisor follows a bottom-up fundamental approach and considers factors such as prepayment risk, liquidity, credit quality and the type of loan and collateral underlying the security, as well as trends in economic conditions, interest rates and the mortgage market.



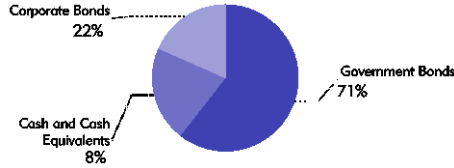
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PORTFOLIO COMPOSITION⁶

(as a % of net assets)



TOP 10 HOLDINGS⁶

(as a % of net assets)

Government National Mortgage Association Fixed Rate Pass Through Certificates	2.2%
Federal Home Loan Mortgage Corporation Fixed Rate Participation Certificates	2.1%
Government National Mortgage Association Fixed Rate Pass-Through Certificates	2.1%
Federal National Mortgage Association Fixed Rate Pass-Through Certificates	2.0%
FN 555800	1.9%
Federal Home Loan Mortgage Corporation Fixed Rate Participation Certificates	1.8%
Federal Home Loan Mortgage Corporation Fixed Rate Participation Certificates	1.7%
Federal National Mortgage Association Fixed Rate Pass-Through Certificates	1.5%
GN 723601	1.5%
Federal National Mortgage Association Fixed Rate Pass-Through Certificates	1.5%

QUALITY^{6,7}

(as a % of bond holdings)

Gov't	76.6%
AAA	7.0%
AA	4.8%
A	3.2%
BBB	1.2%
BB	2.0%
B	1.2%
Below B	1.8%
Non-Rated	2.3%

MATURITY⁶

(as a % of bond holdings)

<1 Year	3.6%
1-5 Years	74.4%
6-10 Years	16.3%
11-20 Years	1.2%
>20 Years	4.6%

TICKER SYMBOL

Class A	IYMAX	Class Y	IYMYX
Class B	IYMBX	Class E	IMSEX
Class C	IYMCX	Class I	IMFIX

PORTFOLIO CHARACTERISTICS^{8,9}

Fund Inception	5/03/1985
Net Assets	\$146.3 mil
Dividends	Daily, Paid Monthly
Turnover Rate (3/31/2010)	268%
Number of Holdings	232
Alpha	1.33
Beta	-0.21
R-Squared	1.61
Standard Deviation	4.98
Sharpe Ratio	-0.55
Average Maturity years	4.74
Effective Duration years	2.59
30 Day SEC Yield	3.88%

Consider all factors. 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. 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 describe in the fund's prospectus. Not all funds or fund classes may be offered at all broker/dealers.

⁵ 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.

⁶ Information is subject to change and is not intended to represent any past or future investment recommendations.

⁷ Ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings obtained from Moody's.

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 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.

⁹ 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.

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