



# FINDING INVESTMENT SOLUTIONS

Key themes and investment ideas for 2016

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Investors face a world with uneven economic growth and a general lack of market direction. We believe our active management approach can help uncover opportunity in this uncertain environment.



**IVY FUNDS<sup>®</sup>**  
THE WORLD COVERED<sup>®</sup>



The U.S. remains a bright spot for economic growth versus the rest of the world, offering the potential for continued market gains.

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#### IVY FUNDS THAT MAY BENEFIT:

##### **Ivy Mid Cap Growth Fund (WMGAX)<sup>15</sup>**

Buys mid-cap companies with large-cap potential that demonstrate profitability, balance-sheet strength and sustainable earnings growth.

##### **Ivy Large Cap Growth Fund (WLGAX)<sup>21</sup>**

Focuses on large-cap companies believed to have dominant market positions and established competitive advantages.

##### **Ivy Balanced Fund (IBNAX)<sup>3,4,16,17,18,22</sup>**

Seeks to provide total return through a combination of capital appreciation and current income from a portfolio of equities and debt securities.

##### **Ivy Asset Strategy Fund (WASAX)<sup>1,2,3,4,5,6,7</sup>**

The flexibility to invest in stocks, bonds, cash, precious metals, derivatives and currencies around the globe in pursuit of its investment objective to seek to provide total return.



Income-seeking investors may find opportunity at a time of low interest rates by moving beyond government securities and highly rated bonds.

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#### IVY FUNDS THAT MAY BENEFIT:

##### **Ivy High Income Fund (WHIAX)<sup>3,4,14</sup>**

Has a high priority on individual credit selection with the ability to invest in the full spectrum of credit instruments, focusing on bonds and loans that are below-investment-grade.

##### **Ivy Global Equity Income Fund (IBIAX)<sup>2,3,4,16</sup>**

Seeks income-generating securities with favorable prospects for total return; has the flexibility to invest in stocks trading in most countries around the world in a variety of economic sectors and industries.

##### **Ivy Apollo Multi-Asset Income Fund**

**(IMAAX)<sup>2,3,4,14,20,25,A,B</sup>**

Allocates across a range of assets including large-cap equities, real estate investment trusts (REITs) and an array of debt securities; an overall focus of providing investors with current income and capital appreciation.

##### **Ivy Apollo Strategic Income Fund (IAPOX)<sup>2,3,4,14,20,25,A</sup>**

Invests in a wide range of credit instruments across the fixed income landscape including alternative credit strategies; flexible allocations offer the potential for duration management and additional potential sources of yield.



International markets may gain tailwinds from the “Three Es”: European Central Bank policy, lower Energy prices and Emerging market growth.

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#### IVY FUNDS THAT MAY BENEFIT:

##### **Ivy International Core Equity Fund (IVIAX)<sup>2</sup>**

Has a wide-range investment mandate, which allows investments across the entire international landscape, including emerging markets.

##### **Ivy European Opportunities Fund (IEOAX)<sup>2</sup>**

Seeks financially sound, large and mid-sized companies from a diverse mix of sectors across the European Union and adjacent established markets.

##### **Ivy Emerging Markets Equity Fund (IPOAX)<sup>2,23</sup>**

Can invest in emerging markets in any region of the world; offers exposure to an alternative source of potential return and additional portfolio diversification.

##### **Ivy Emerging Markets Local Currency Debt Fund (IECAX)<sup>2,3,4,8, 9,10,11,12</sup>**

Able to invest in the sovereign debt and currencies of 16 select emerging market economies.



Economic growth may aid business confidence and consumer demand, increasing the potential for key sectors around the world.

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IVY FUNDS THAT MAY BENEFIT:

**Ivy Energy Fund (IEYAX)<sup>13</sup>**

Seeks potential opportunities around the world, including demand in emerging markets, growth in U.S. energy output and global expansion of deep-water production.

**Ivy Science and Technology Fund (WSTAX)<sup>24</sup>**

Takes a broad view of innovation, investing beyond typical health care and technology stocks to find companies applying innovative ideas to improve business efficiencies, productivity and our daily lives.

**Ivy Global Risk-Managed Real Estate Fund (IVRAX)<sup>C,2,20, 26</sup>**

Seeks to manage risk using a proprietary risk-review process combined with top-down assessment of global real estate markets and bottom-up analysis of individual securities; does not directly invest in real estate.

- <sup>1</sup> The Fund may allocate from 0 to 100% of its assets between stocks, bonds and short-term instruments of issuers around the globe, as well as investments in precious metals and investments with exposure to various foreign securities.
- <sup>2</sup> International investing involves additional risks, including currency fluctuations, political or economic conditions affecting the foreign country, and differences in accounting standards and foreign regulations. These risks are magnified in emerging markets.
- <sup>3</sup> 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, especially securities with longer maturities.
- <sup>4</sup> Investing in below-investment-grade securities may carry a greater risk of nonpayment of interest or principal than higher-rated bonds.
- <sup>5</sup> The Fund may focus its investments in certain regions or industries, thereby increasing its potential vulnerability to market volatility.
- <sup>6</sup> The Fund may seek to hedge market risk on various securities, increase exposure to various markets, manage exposure to various foreign currencies, precious metals and various markets, and seek to hedge certain event risks on positions held by the Fund via the use of derivative instruments. Such investments involve additional risks, as the fluctuations in the values of the derivatives may not correlate perfectly with the overall securities markets or with the underlying asset from which the derivative's value is derived.
- <sup>7</sup> Investing in commodities is generally considered speculative because of the significant potential for investment loss due to cyclical economic conditions, sudden political events, and adverse international monetary policies. Markets for commodities are likely to be volatile and the Fund may pay more to store and accurately value its commodity holdings than it does with the Fund's other holdings.
- <sup>8</sup> The Fund may seek to manage exposure to various foreign currencies, which may involve additional risks. The value of securities, as measured in U.S. dollars, may be unfavorably affected by changes in foreign currency exchange rates or exchange control regulations.
- <sup>9</sup> Investing in foreign securities involves a number of risks that may not be associated with the U.S. markets and that could affect the Fund's performance unfavorably, such as greater price volatility; comparatively weak supervision and regulation of securities exchanges, fluctuation in foreign currency exchange rates and related conversion costs, adverse foreign tax consequences, or different and/or less stringent financial reporting standards.

- <sup>10</sup> Sovereign debt instruments are also subject to the risk that a government or agency issuing the debt may be unable to pay interest and/or principal due to cash flow problems, insufficient foreign currency reserves or political concerns.
- <sup>11</sup> Risks of credit-linked notes include those risks associated with the underlying reference obligation, including but not limited to market risk, interest-rate risk, credit risk, default risk and foreign currency risk. The buyer of a credit-linked note assumes the risk of default by the issuer and the underlying reference asset or entity. If the underlying investment defaults, the payments and principal received by the Fund will be reduced or eliminated. Also, in the event the issuer defaults or there is a credit event that relates to the reference asset, the recovery rate generally is less than the Fund's initial investment, and the Fund may lose money.
- <sup>12</sup> The use of derivatives presents several risks including the risk that fluctuation in the values of the derivatives may not correlate perfectly with the overall securities markets or with the underlying asset from which the derivative's value is derived. Moreover, some derivatives are more sensitive to interest rate changes and market fluctuations than others, and the risk of loss may be greater than if the derivative technique(s) had not been used. Derivatives also may be subject to counterparty risk, which includes the risk that a loss may be sustained by the Fund as a result of the insolvency or bankruptcy of, or other noncompliance by, another party to the transaction.
- <sup>13</sup> Investing in companies involved in one specified sector may be more risky and volatile than an investment with greater diversification. Investing in the energy sector can be riskier than other types of investment activities because of a range of factors, including price fluctuation caused by real and perceived inflationary trends and political developments, and the cost assumed by energy companies in complying with environmental safety regulations.
- <sup>14</sup> Loans (including loan assignments, loan participations and other loan instruments) carry other risks, including the risk of insolvency of the lending bank or other intermediary. Loans may be unsecured or not fully collateralized and may be subject to restrictions on resale and sometimes trade infrequently on the secondary market.
- <sup>15</sup> Investing in mid-cap stocks may carry more risk than investing in stock of larger, more well-established companies.
- <sup>16</sup> Dividend-paying investments may not experience the same price appreciation as non-dividend-paying instruments. Dividend-issuing companies may choose not to pay a dividend, or the dividend may be less than what is anticipated.

- <sup>17</sup> 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.
- <sup>18</sup> Because the Fund is generally invested in a small number of stocks, the performance of any one security held by the Fund will have a greater impact than if the Fund were invested in a larger number of securities.
- <sup>19</sup> Although larger companies tend to be less volatile than companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.
- <sup>20</sup> Investment risks associated with investing in real estate securities, in addition to other risks, include rental income fluctuation, depreciation, property tax value changes and differences in real estate market values.
- <sup>21</sup> Investing in companies involved primarily in a single asset class (large cap) may be more risky and volatile than an investment with greater diversification.
- <sup>22</sup> The value of dividend-paying common stocks can decline when interest rates rise as fixed-income investments become more attractive to investors. This risk may be greater due to the current period of historically low interest rates.
- <sup>23</sup> Investments in countries with emerging economies or securities markets may carry greater risk than investments in more developed countries. Political and economic structures in many such countries may be undergoing significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristics of more developed countries. Investments in securities issued in these countries may be more volatile and less liquid than securities issued in more developed countries.
- <sup>24</sup> Because the Fund invests more than 25% of its total assets in the science and technology industry, the Fund's performance may be more susceptible to a single economic, regulatory or technological occurrence than a fund that does not concentrate its investments in this industry. Securities of companies within specific industries or sectors of the economy may periodically perform differently than the overall market. In addition, the Fund's performance may be more volatile than an investment in a portfolio of broad market securities and may underperform the market as a whole, due to the relatively limited number of issuers of science and technology related securities. Investment risks associated with



investing in science and technology securities, in addition to other risks, include: operating in rapidly changing fields, abrupt or erratic market movements, limited product lines, markets or financial resources, management that is dependent on a limited number of people, short product cycles, aggressive pricing of products and services, new market entrants and obsolescence of existing technology.

<sup>25</sup> Although asset allocation among different sleeves and asset categories generally tends to limit risk and exposure to any one sleeve, the risk remains that the allocation of assets may skew toward a sleeve that performs poorly relative to the fund's other sleeves, or to the market as a whole, which would result in the Funds performing poorly. While Ivy Investment Management Company (IICO) monitors the investments of Apollo and LaSalle (Multi-Asset Income Fund) in addition to the overall management of the Funds, including rebalancing the Funds' target allocations, IICO, Apollo and LaSalle make investment decisions for their investment sleeves independently from one another. It is possible that the investment styles used by Apollo, LaSalle or IICO will not always complement each other, which could adversely affect the performance of the Funds. As a result, the Funds' aggregate exposure to a particular industry or group of industries, or to a single issuer, could unintentionally be larger or smaller than intended.

<sup>26</sup> Because the Fund invests more than 25% of its total assets in the real estate industry, the Fund may be more susceptible to a single economic, regulatory, or technical occurrence than a fund that does not concentrate its investments in this industry. The Fund is non-diversified, meaning that it may invest a significant portion of its total assets in a limited number of issuers, and a decline in value of those investments would cause the Fund's overall value to decline greater than that of a more diversified portfolio. There is no guarantee that the Fund will not decline in value in comparison with funds that do not use a risk-managed approach.

<sup>A</sup> The total return strategy sleeve is subadvised by Apollo Credit Management, LLC.

<sup>B</sup> The global real estate strategy sleeve is subadvised by LaSalle Investment Management Securities, LLC.

<sup>C</sup> The Fund is subadvised by LaSalle Investment Management Securities, LLC.

Investment themes represent Ivy Funds investment team's opinions, and are not intended as predictions, investment advice nor recommendations to purchase, sell, or hold any specific security or to engage in any investment strategy.

Funds mentioned by theme may or may not invest according to that theme.

To learn more about these Funds or other Ivy Funds, please contact your financial advisor or visit [www.ivyfund.com](http://www.ivyfund.com).

**Past performance is no guarantee of future results. The opinions expressed in this piece are current through December 2015. Opinions are subject to change at any time based on market and other current conditions, and no forecasts can be guaranteed.**

**Risk factors:** The value of the Fund's shares will change, and you could lose money on your investment. An investment in any of the funds discussed is not a bank deposit and is not insured. These and other risks are more fully described in each Fund's prospectus.

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

The Ivy Funds are managed by Ivy Investment Management Company and distributed by its subsidiary, Ivy Funds Distributor, Inc.

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NOT A DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

