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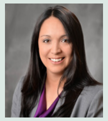
MODEL DELIVERY GIVES ADVISORS FLEXIBILITY, EFFICIENCY



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PRESIDENT
IVY DISTRIBUTORS, INC.

WHY DID YOU LAUNCH THE IVY MODEL DELIVERY PORTFOLIOS - IS IT A RESPONSE TO CLIENT DEMAND?

As part of our evolving product and distribution strategy, we continue to explore ideas around how and what we bring to market. We continuously review our product line for competitiveness in many areas, such as fees, performance, and the quality of the investment philosophy and process. Additionally, we look at the vehicles themselves and ensure we have the appropriate structures available to meet the demands of our evolving client base.

I think it's important to note that we have been offering model delivery since 2014, so we have been in the business of providing models for some time. However, as we started looking at the usage of model delivery across different channels and buyer types and the due diligence processes for placement, we recognized the need for a more formalized model delivery program.

The Envestnet platform offered us the ability to create that, which meant we could extend the offerings into some of our broker dealer partners and other registered investment advisors (RIA). So, while we have been in the space for a while, we are now doing it in a larger, more organized way.

Model delivery has been around for a long time, but it is still a fast-growing market. That is especially true in the domestic equity market, where model delivery solutions have experienced around a 25% compound annual growth rate over the last five years.

This is set to continue. According to a FUSE Research Network's Benchmark Series study, more than 60% of surveyed firms said model-delivered separate accounts would be a key strategy over the next 12 months as investors' demand for customized investment strategies increases.

It was natural for us to offer them as an extension or subset of our domestic equity strategies, which make more sense for some RIAs than our traditional equity offerings. Our model delivery products provide key Ivy Investments equity strategies at an attractive price and help us remain competitive and adaptable to advisor and investor needs.

CAN YOU EXPLAIN YOUR MODEL DELIVERY SOLUTIONS?

Ivy Investments offers seven strategies in a model delivery format. These portfolios are available in third-party, retail separately managed accounts (SMA) and unified managed accounts (UMA). Each model portfolio uses the same investment process and approach as similar respective strategies managed by Ivy Investment Management Company, including retail mutual funds in the Ivy Funds family.

Our current seven model delivery strategies are: concentrated large cap growth; concentrated large cap value; mid cap growth; mid cap income opportunities; small cap growth; science and technology; and energy.

We have corresponding mutual funds for all those strategies, except for the two large cap portfolios. Essentially, they are the same as our managed funds, with the same management team, philosophy and process.

However, they are different in that they are not allowed to invest in non-US listed securities.

So they are primarily domestic equity portfolios, but if there is a place in the international markets where we might own the local shares of a stock inside the mutual fund, we would have to own either the corresponding American depository receipt (ADR) that trades in the U.S. or just not own that share.

Also, we don't invest in initial public offerings (IPOs) inside these models as we do not have control over the trading. Where we have discretion, the model provider might not have the same access to that IPO. In contrast, we might have access to an IPO inside some of our other strategies. We believe the model portfolios give many investors broad access to our mutual fund strategies at a very attractive price.

HOW ARE ADVISORS USING THE STRATEGIES TO BUILD THEIR PORTFOLIOS? IS IT SIMILAR TO THE WAY IN WHICH THEY USE THE MUTUAL FUNDS?

Model delivery is generally available inside SMA and UMA platforms. So the portfolios offer a way for advisors to build more efficient outcomes for their clients. It is similar to the way they use mutual funds - it can offer cost efficiencies.

Another option is we might send our model, such as mid cap income opportunities, to one of our distribution partners and they could create their own subset utilizing multiple strategies to create an income product, so it can be part of a white label model. It can also be a stand-alone product inside an advisor's client portfolio. There is a lot of optionality, and they can use it in multiple ways.

YOU HAVE PARTNERED WITH THE ENVESTNET PLATFORM. WHAT KIND OF PLATFORMS ARE YOU LOOKING TO PARTNER WITH IN THE FUTURE? HOW IS YOUR MODEL PORTFOLIO SERVICE GROWING?

We are available on the Envestnet SMA and UMA platforms, which allows us to be widely available in multiple places. We also have a model available in our core equity strategy on an aggregator platform. But our goal is to grow our platform placement further.

As we've discussed, model portfolios are an important delivery vehicle for our partners. So our national accounts team has been working closely with the firms to communicate the availability of our models and our capability in this space and to get placement on the different distribution platforms.

We only launched earlier this year and already the pipeline is growing. We are having good, robust conversations and we are excited to partner with more firms in this format in the future.

As we think through our distribution strategy, we look at the market and ask 'how can we offer investment solutions to our clients in the most efficient manner and in the way they prefer to consume them?'

Model delivery is a great, natural extension to our traditional offerings, which have a very strong track record, and we are excited about the opportunities it brings.