



NEWS RELEASE

Ivy Distributors, Inc.

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Ivy Crossover Credit Fund targets credit rating ‘dislocations’ to broaden opportunity for fixed income investors

OVERLAND PARK, KS, April 3, 2017 – Despite expectations of a steady pace of interest-rate increases from the Federal Reserve this year, rates today remain at historically low levels, leaving investors seeking income with limited options. A new fund from Ivy Investment Management Company (IICO) aims to increase those options in a changing rate environment with a distinct strategy not widely available in standard fixed income mutual funds.

Ivy Crossover Credit Fund, effective today, employs an actively managed strategy designed to provide exposure to both investment grade and non-investment grade fixed income securities.

“By focusing on bonds of companies either on the verge of losing, or gaining, investment-grade status, and actively responding when a bond crosses over that threshold, this fund may put investors in an opportune spot as the market reacts to ratings,” said Thomas W. Butch, president and CEO of Ivy Distributors, Inc. “Ivy has differentiated itself over time by offering distinct strategies not commonly available elsewhere. Ivy Crossover Credit Fund is another example of that, as we believe this strategy is currently underrepresented in the ‘40 Act mutual fund space.”

The fund is managed by Rick Perry, CFA, CPA, who has 24 years of industry experience managing both investment grade and high yield securities.

Perry labels the securities he targets as either “fallen angels,” (bonds at or near the lower end of investment grade) or “rising stars,” (bonds at or near the higher end of high yield debt). Through this strategy, he seeks to provide a lower level of risk than high-yield investments, while also offering higher returns than standard-grade bonds, and a lower correlation to interest rates.

“Through daily analysis of securities, we try to benefit from market dislocations and volatility that occurs when credit issues get downgraded to high yield from investment grade, or get upgraded to investment grade from high yield, by credit ratings agencies,” said Perry.



“In our view, investments in the crossover market offer the potential for higher risk-adjusted returns without the high correlation to interest rate changes that accompany investment grade credit,” Perry added. “That can be important in an environment where interest rates, while low, have begun to move higher.”

About Ivy Investments

Ivy Investments® is a global organization recognized for inventive, actively-managed investing strategies that help investors best meet their long-term goals. It is part of an organization dating to 1937, with a time-tested investment process and an authentic and demanding culture – one that values preparedness, collaboration and accountability. These values extend from a broad internal investing capability, which reaches all major asset classes, to subadvisor partners, to the distribution team that supports advisors and clients.

Ivy Investment Management Company and Ivy Distributors, Inc. are affiliates of Waddell & Reed Financial, Inc. (NYSE: WDR). Through its subsidiaries, Waddell & Reed Financial, Inc. provides investment management and financial planning services to clients throughout the U.S. The firm had approximately \$80.5 billion in total assets under management at Dec. 31, 2016.

Diversification cannot ensure a profit or protect against loss in a declining market.

Risk factors. The value of the Funds’ shares will change, and you could lose money on your investment. Fixed income securities in which the fund may invest are subject to credit risk, such that an issuer may not make payments when due or default or that the risk that an issuer could suffer adverse changes in its financial condition that could lower the credit quality of a security that could affect the Fund’s performance. A rise in interest rates may cause a decline in the value of the Fund’s securities, especially securities with longer maturities. Investing in below investment grade securities may carry a greater risk of nonpayment of interest or principal than higher-rated bonds. Investing in foreign securities involves a number of economic, financial, legal, and political considerations that are not associated with the U.S. markets and that could affect the Fund’s performance unfavorably, depending upon the prevailing conditions at any given time. Mortgage-backed and asset-backed securities in which the Fund may invest are subject to prepayment risk and extension risk.

The Fund typically holds a limited number of fixed income securities (generally 30 to 50). As a result, the appreciation or depreciation of any one security held by the Fund may have a greater impact on the Fund’s NAV than it would if the Fund invested in a larger number of securities. Fund performance is primarily dependent on the management company’s skill in evaluating and managing the Fund’s portfolio. There can be no guarantee that its decisions will produce the desired results.



These and other risks are more fully described in the Fund's prospectus.

IVY INVESTMENTS® refers to the investment management and investment advisory services offered by Ivy Investment Management Company, the financial services offered by Ivy Distributors, Inc., a FINRA member broker dealer and the distributor of IVY FUNDS® mutual funds and IVY VARIABLE INSURANCE PORTFOLIOSSM, and the financial services offered by their affiliates.

Before investing, investors should consider carefully the investment objectives, risks, charges and expenses of a mutual fund. This and other important information is contained in the prospectus and summary prospectus, which may be obtained at www.ivyinvestments.com or from a financial advisor. Read it carefully before investing.

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