

# Semiannual Report

SEPTEMBER 30, 2007

Ivy Balanced Fund

Ivy Bond Fund

Ivy Cundill Global Value Fund

Ivy Dividend Income Fund

Ivy European Opportunities Fund

Ivy Global Natural Resources Fund

Ivy International Balanced Fund

Ivy International Core Equity Fund

Ivy International Growth Fund

Ivy Managed European/Pacific Fund

Ivy Managed International

Opportunities Fund

Ivy Mortgage Securities Fund

Ivy Pacific Opportunities Fund

Ivy Real Estate Securities Fund

Ivy Small Cap Value Fund

Ivy Value Fund



IVY FUNDS®

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**This report is submitted for the general information of the shareholders of Ivy Funds. It is not authorized for distribution to prospective investors in the Funds unless preceded or accompanied by a current Ivy Funds prospectus and current performance information.**

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# President's Letter

September 30, 2007



DEAR SHAREHOLDER:

It's been a rewarding but volatile six months for equity investors. Stock markets around the globe generally provided attractive returns, with energy stocks outpacing all other sectors. Since the spring it has appeared to us that large company domestic growth stocks have generally come back in favor, boosted by low valuations and solid overseas growth for U.S.-based multinational companies. Also, quality now seems to be a more important equity attribute than we have seen in several years.

For the bond market, it's also been a bumpy road. Corporate and mortgage bond prices faced greater volatility as a subprime lending crisis of global dimensions unfolded. The U.S. dollar weakened against most foreign currencies, making dollar-denominated bonds less attractive. High yield investors, meanwhile, demanded greater income to help offset concern about bond defaults and the potential for a U.S. recession. After months of expressing anxiety about lingering consumer inflation, the Federal Reserve changed policy in September and reduced its short-term interest rate target by 50 basis points (0.50 percent) to 4.75 percent. More cuts may follow.

Enclosed is our report on your Ivy Fund's operations for the six months ended September 30, 2007. The S&P 500 Index

advanced 8.44 percent over the period while the Lehman Brothers Aggregate Bond Index rose 2.31 percent.

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## U.S. growth slows

Dragged down by the worst housing market in a generation, the U.S. economy's four-year-old expansion is slowing. However, growth still appears robust for most of Asia. North America was fortunate to have a relatively mild hurricane season, and this may have been a factor in helping to keep a lid on gasoline prices. This year the biggest financial storm was found not in nature, but in the commercial paper and mortgage markets. Liquidity dried up for both business and consumer borrowers with less than perfect credit. Consequently, the financial and consumer discretionary sectors of the S&P 500 have been hard hit over the past six months, with each falling while most other sectors rose.

The economic news is mixed, as you can see in the Economic Snapshot chart below. Overall inflation is the same as it was six months ago. Unemployment is slightly higher than six months ago but is still relatively low. However, the cost of financing a home is slightly higher. Overall GDP growth is solid, while oil prices are substantially higher.

Economic Snapshot		
	9-30-2007	3-31-2007
U.S. unemployment rate	4.70%	4.40%
Inflation (U.S. Consumer Price Index)	2.80%	2.80%
U.S. GDP	3.90%	1.50%
30-year fixed mortgage rate	6.28%	6.13%
Oil price per barrel	\$81.66	\$65.87

Source: Bloomberg, U.S. Department of Labor

The U.S. Consumer Price Index is the government's measure of the change in the retail cost of goods and services. Gross domestic product measures year-over-year changes in the output of goods and services. Mortgage rates shown reflect the average rate on a conventional loan with a 60-day lender commitment. Oil prices reflect the market price of West Texas intermediate grade crude.

Stock valuations for companies in the S&P 500 appear reasonable to us. As we look

Respectfully,



Henry J. Herrmann, CFA  
President

The opinions expressed in this letter are those of the President of Ivy Funds, and are current only through the end of the period of the report, as stated on the cover. The President's views are subject to change at any time, based on market and other conditions, and no forecasts can be guaranteed.

forward, even though past performance does not guarantee future results, presidential election years typically have been positive for investors. However, we recommend a prudent level of caution in 2008, as we believe that the range of possibilities for investors is as wide as the current field of presidential candidates. As always, we believe that maintaining a well-rounded portfolio is an essential element for securing your long-term financial future. In both politics and investing, it may be wise to remember that nothing – good or bad – can ever be assured.

### Our commitment

At the Ivy Funds, we consistently focus on offering you strategies that emphasize participation in positive markets, as well as a very strong effort to manage risk. We will strive to earn your continued confidence for many years to come.

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## Illustration of Fund Expenses

As a shareholder of a Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, redemption fees and exchange fees; and (2) ongoing costs, including management fees, distribution and service fees, and other Fund expenses. The following tables are intended to help you understand your ongoing costs (in dollars) of investing in a Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the six-month period ended September 30, 2007.

### Actual Expenses

The first line for each share class in the following tables provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, a \$7,500 account value divided by \$1,000 = 7.5), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period. There may be additional fees charged to holders of certain accounts that are not included in the expenses shown in the tables. These fees apply to Individual Retirement Accounts (IRAs), IRA Rollovers, Roth IRAs, Conversion Roth IRAs, Simplified Employee Pension (SEP), Simple IRAs, Tax-Sheltered Accounts (TSAs), Keogh Plans, Owner Only 401(k) (Exclusive K) Plans and Final Pay Plans. As of the close of the six months covered by the tables, a customer is charged an annual fee of \$15 within each plan type. This fee is waived for IRA Rollovers and Conversion Roth IRAs if the customer owns another type of IRA. Coverdell Education Savings Account plans are charged an annual fee of \$10 per customer. You should consider the additional fees that were charged to your Fund account over the six-month period when you estimate the total ongoing expenses paid over the period and the impact of these fees on your ending account value as such additional expenses are not reflected in the information provided in the expense tables. Additional fees have the effect of reducing investment returns.

### Hypothetical Example for Comparison Purposes

The second line for each share class of the following tables provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the tables are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees or exchange fees. Therefore, the second line of each share class in the tables is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

### Ivy Balanced Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$1,000	\$1,117.10	1.40%	\$ 7.41
Class B. ....	1,000	1,111.60	2.32	12.25
Class C. ....	1,000	1,112.70	2.12	11.20
Class E** . . . . .	1,000	1,116.30	1.19	6.24
Class I** . . . . .	1,000	1,116.70	1.06	5.61
Class Y. ....	1,000	1,117.70	1.29	6.88
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$1,000	\$1,018.06	1.40%	\$ 7.06
Class B. ....	1,000	1,013.45	2.32	11.68
Class C. ....	1,000	1,014.46	2.12	10.68
Class E** . . . . .	1,000	1,019.10	1.19	6.06
Class I** . . . . .	1,000	1,019.75	1.06	5.35
Class Y. ....	1,000	1,018.60	1.29	6.56

### Ivy Bond Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$1,000	\$1,001.50	1.21%	\$ 6.10
Class B. ....	1,000	995.70	2.36	11.77
Class C. ....	1,000	997.30	2.02	10.09
Class E** . . . . .	1,000	1,000.30	1.33	6.60
Class I** . . . . .	1,000	1,003.20	0.95	4.71
Class Y. ....	1,000	1,000.80	1.38	6.90
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$1,000	\$1,019.01	1.21%	\$ 6.16
Class B. ....	1,000	1,013.23	2.36	11.88
Class C. ....	1,000	1,014.95	2.02	10.18
Class E** . . . . .	1,000	1,018.40	1.33	6.76
Class I** . . . . .	1,000	1,020.32	0.95	4.85
Class Y. ....	1,000	1,018.16	1.38	6.96

See footnotes on page 14.

**Ivy Cundill Global Value Fund Expenses**

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$ 1,000	\$ 948.40	1.55%	\$ 7.60
Class B. ....	1,000	943.50	2.43	11.86
Class C. ....	1,000	945.20	2.20	10.70
Class E** .....	1,000	949.50	2.05	9.94
Class I** .....	1,000	958.20	1.20	5.78
Class Y. ....	1,000	949.80	1.20	5.85
Advisor Class*** .....	1,000	950.30	1.04	5.07
Class II*** .....	1,000	950.50	1.11	5.46
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$ 1,000	\$ 1,017.28	1.55%	\$ 7.87
Class B. ....	1,000	1,012.88	2.43	12.28
Class C. ....	1,000	1,014.05	2.20	11.08
Class E** .....	1,000	1,014.79	2.05	10.38
Class I** .....	1,000	1,019.07	1.20	6.06
Class Y. ....	1,000	1,019.06	1.20	6.06
Advisor Class*** .....	1,000	1,019.84	1.04	5.25
Class II*** .....	1,000	1,019.52	1.11	5.65

**Ivy Dividend Income Fund Expenses**

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$ 1,000	\$ 1,131.40	1.37%	\$ 7.35
Class B. ....	1,000	1,125.70	2.34	12.44
Class C. ....	1,000	1,127.70	2.15	11.49
Class E** .....	1,000	1,125.30	2.17	11.48
Class I** .....	1,000	1,129.40	1.01	5.32
Class Y. ....	1,000	1,132.50	1.25	6.72
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$ 1,000	\$ 1,018.22	1.37%	\$ 6.96
Class B. ....	1,000	1,013.34	2.34	11.78
Class C. ....	1,000	1,014.31	2.15	10.88
Class E** .....	1,000	1,014.19	2.17	10.98
Class I** .....	1,000	1,020.02	1.01	5.15
Class Y. ....	1,000	1,018.82	1.25	6.36

See footnotes on page 14.

### Ivy European Opportunities Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$ 1,000	\$ 1,081.80	1.57%	\$ 8.22
Class B. ....	1,000	1,077.70	2.34	12.15
Class C. ....	1,000	1,078.20	2.24	11.74
Class E** .....	1,000	1,080.10	1.30	6.76
Class I** .....	1,000	1,082.50	1.17	6.04
Class Y. ....	1,000	1,083.00	1.41	7.39
Advisor Class*** .....	1,000	1,084.00	1.15	6.04
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$ 1,000	\$ 1,017.20	1.57%	\$ 7.97
Class B. ....	1,000	1,013.35	2.34	11.78
Class C. ....	1,000	1,013.82	2.24	11.38
Class E** .....	1,000	1,018.54	1.30	6.56
Class I** .....	1,000	1,019.21	1.17	5.96
Class Y. ....	1,000	1,017.98	1.41	7.16
Advisor Class*** .....	1,000	1,019.29	1.15	5.86

### Ivy Global Natural Resources Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$ 1,000	\$ 1,270.30	1.29%	\$ 7.38
Class B. ....	1,000	1,265.30	2.08	11.78
Class C. ....	1,000	1,265.80	1.99	11.33
Class E** .....	1,000	1,254.40	2.28	12.74
Class I** .....	1,000	1,263.40	1.03	5.77
Class R. ....	1,000	1,268.50	1.57	8.96
Class Y. ....	1,000	1,270.70	1.20	6.81
Advisor Class*** .....	1,000	1,272.20	0.96	5.45
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$ 1,000	\$ 1,018.61	1.29%	\$ 6.56
Class B. ....	1,000	1,014.63	2.08	10.48
Class C. ....	1,000	1,015.07	1.99	10.08
Class E** .....	1,000	1,013.64	2.28	11.48
Class I** .....	1,000	1,019.93	1.03	5.15
Class R. ....	1,000	1,017.22	1.57	7.97
Class Y. ....	1,000	1,019.07	1.20	6.06
Advisor Class*** .....	1,000	1,020.25	0.96	4.85

See footnotes on page 14.



### Ivy International Balanced Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$1,000	\$1,065.30	1.31%	\$ 6.82
Class B. ....	1,000	1,059.40	2.29	11.84
Class C. ....	1,000	1,061.10	2.05	10.61
Class E** . . . . .	1,000	1,060.30	2.03	10.40
Class I** . . . . .	1,000	1,064.90	0.99	5.06
Class Y. ....	1,000	1,065.50	1.28	6.61
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$1,000	\$1,018.50	1.31%	\$ 6.66
Class B. ....	1,000	1,013.58	2.29	11.58
Class C. ....	1,000	1,014.79	2.05	10.38
Class E** . . . . .	1,000	1,014.89	2.03	10.28
Class I** . . . . .	1,000	1,020.13	0.99	4.95
Class Y. ....	1,000	1,018.67	1.28	6.46

### Ivy International Core Equity Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$1,000	\$1,136.10	1.54%	\$ 8.22
Class B. ....	1,000	1,131.80	2.35	12.58
Class C. ....	1,000	1,132.50	2.21	11.84
Class E** . . . . .	1,000	1,133.30	2.33	12.27
Class I** . . . . .	1,000	1,138.30	1.16	6.09
Class Y. ....	1,000	1,136.60	1.41	7.58
Advisor Class***. . . . .	1,000	1,134.00	1.82	9.71
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$1,000	\$1,017.36	1.54%	\$ 7.77
Class B. ....	1,000	1,013.30	2.35	11.88
Class C. ....	1,000	1,013.99	2.21	11.18
Class E** . . . . .	1,000	1,013.40	2.33	11.78
Class I** . . . . .	1,000	1,019.27	1.16	5.86
Class Y. ....	1,000	1,017.98	1.41	7.16
Advisor Class***. . . . .	1,000	1,015.93	1.82	9.17

See footnotes on page 14.

### Ivy International Growth Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$1,000	\$1,156.40	1.45%	\$ 7.87
Class B. ....	1,000	1,150.70	2.49	13.44
Class C. ....	1,000	1,150.80	2.47	13.33
Class E**. ....	1,000	1,159.20	1.30	6.91
Class I**. ....	1,000	1,170.10	1.18	6.29
Class Y. ....	1,000	1,156.40	1.46	7.87
Advisor Class***. ....	1,000	1,138.40	4.57	24.48
Class II***. ....	1,000	1,157.00	1.20	6.47
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$1,000	\$1,017.82	1.45%	\$ 7.37
Class B. ....	1,000	1,012.61	2.49	12.58
Class C. ....	1,000	1,012.68	2.47	12.48
Class E**. ....	1,000	1,018.57	1.30	6.56
Class I**. ....	1,000	1,019.17	1.18	5.96
Class Y. ....	1,000	1,017.74	1.46	7.36
Advisor Class***. ....	1,000	1,002.15	4.57	22.92
Class II***. ....	1,000	1,019.06	1.20	6.06

### Ivy Managed European/Pacific Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 4-2-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$1,000	\$1,191.00	1.27%	\$ 6.90
Class B. ....	1,000	1,188.00	2.06	11.16
Class C. ....	1,000	1,188.00	2.03	11.05
Class E**. ....	1,000	1,192.00	1.20	6.58
Class I**. ....	1,000	1,194.00	0.94	5.16
Class Y. ....	1,000	1,192.00	1.19	6.47
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$1,000	\$1,018.72	1.27%	\$ 6.46
Class B. ....	1,000	1,014.76	2.06	10.38
Class C. ....	1,000	1,014.88	2.03	10.28
Class E**. ....	1,000	1,019.05	1.20	6.06
Class I**. ....	1,000	1,020.34	0.94	4.75
Class Y. ....	1,000	1,019.10	1.19	6.06

See footnotes on page 14.

### Ivy Managed International Opportunities Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 4-2-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$1,000	\$1,125.00	0.89%	\$ 4.68
Class B. ....	1,000	1,122.00	1.69	8.91
Class C. ....	1,000	1,122.00	1.63	8.59
Class E** . . . . .	1,000	1,126.00	0.85	4.46
Class I** . . . . .	1,000	1,127.00	0.29	3.08
Class Y. ....	1,000	1,126.00	0.85	4.46
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$1,000	\$1,020.63	0.89%	\$ 4.45
Class B. ....	1,000	1,016.62	1.69	8.57
Class C. ....	1,000	1,016.88	1.63	8.27
Class E** . . . . .	1,000	1,020.83	0.85	4.24
Class I** . . . . .	1,000	1,047.59	0.29	3.07
Class Y. ....	1,000	1,020.79	0.85	4.34

### Ivy Mortgage Securities Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$1,000	\$1,005.00	1.14%	\$ 5.71
Class B. ....	1,000	1,000.10	2.12	10.70
Class C. ....	1,000	1,001.10	1.92	9.61
Class E** . . . . .	1,000	1,003.70	1.29	6.41
Class I** . . . . .	1,000	1,010.00	0.79	3.92
Class Y. ....	1,000	1,005.70	1.01	5.11
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$1,000	\$1,019.37	1.14%	\$ 5.76
Class B. ....	1,000	1,014.42	2.12	10.78
Class C. ....	1,000	1,015.43	1.92	9.67
Class E** . . . . .	1,000	1,018.58	1.29	6.56
Class I** . . . . .	1,000	1,021.11	0.79	4.04
Class Y. ....	1,000	1,020.02	1.01	5.15

See footnotes on page 14.

### Ivy Pacific Opportunities Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$1,000	\$1,370.80	1.77%	\$10.55
Class B. ....	1,000	1,364.10	2.77	16.43
Class C. ....	1,000	1,365.60	2.51	14.90
Class E** .....	1,000	1,375.00	1.45	8.55
Class I** .....	1,000	1,377.70	1.34	7.85
Class Y. ....	1,000	1,372.30	1.56	9.25
Advisor Class*** .....	1,000	1,374.20	1.24	7.36
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$1,000	\$1,016.21	1.77%	\$ 8.97
Class B. ....	1,000	1,011.18	2.77	13.98
Class C. ....	1,000	1,012.47	2.51	12.68
Class E** .....	1,000	1,017.81	1.45	7.37
Class I** .....	1,000	1,018.37	1.34	6.76
Class Y. ....	1,000	1,017.23	1.56	7.87
Advisor Class*** .....	1,000	1,018.84	1.24	6.26

### Ivy Real Estate Securities Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A. ....	\$1,000	\$ 927.70	1.63%	\$ 7.90
Class B. ....	1,000	922.80	2.63	12.69
Class C. ....	1,000	923.50	2.44	11.73
Class E** .....	1,000	916.60	2.56	12.17
Class I** .....	1,000	924.50	1.16	5.48
Class R. ....	1,000	927.20	1.68	8.09
Class Y. ....	1,000	928.80	1.38	6.65
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A. ....	\$1,000	\$1,016.88	1.63%	\$ 8.27
Class B. ....	1,000	1,011.86	2.63	13.28
Class C. ....	1,000	1,012.84	2.44	12.28
Class E** .....	1,000	1,012.25	2.26	12.88
Class I** .....	1,000	1,019.26	1.16	5.86
Class R. ....	1,000	1,016.66	1.68	8.47
Class Y. ....	1,000	1,018.16	1.38	6.96

See footnotes on page 14.

## Ivy Small Cap Value Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A . . . . .	\$1,000	\$ 984.60	1.73%	\$ 8.63
Class B . . . . .	1,000	979.30	2.82	14.05
Class C . . . . .	1,000	980.90	2.52	12.58
Class E** . . . . .	1,000	986.40	1.27	6.26
Class I** . . . . .	1,000	991.50	1.18	5.87
Class Y . . . . .	1,000	986.00	1.38	6.85
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A . . . . .	\$1,000	\$1,016.38	1.73%	\$ 8.77
Class B . . . . .	1,000	1,010.91	2.82	14.28
Class C . . . . .	1,000	1,012.42	2.52	12.78
Class E** . . . . .	1,000	1,018.72	1.27	6.46
Class I** . . . . .	1,000	1,019.14	1.18	5.96
Class Y . . . . .	1,000	1,018.14	1.38	6.96

See footnotes on page 14.

## Ivy Value Fund Expenses

For the Six Months Ended September 30, 2007	Beginning Account Value 3-31-07	Ending Account Value 9-30-07	Annualized Expense Ratio Based on the Six-Month Period	Expenses Paid During Period*
<b>Based on Actual Fund Return<sup>(1)</sup></b>				
Class A . . . . .	\$1,000	\$1,046.20	1.48%	\$ 7.57
Class B . . . . .	1,000	1,040.90	2.44	12.45
Class C . . . . .	1,000	1,041.80	2.34	11.94
Class E** . . . . .	1,000	1,044.90	1.18	5.93
Class I** . . . . .	1,000	1,045.30	1.08	5.42
Class Y . . . . .	1,000	1,047.60	1.30	6.65
<b>Based on 5% Return<sup>(2)</sup></b>				
Class A . . . . .	\$1,000	\$1,017.63	1.48%	\$ 7.47
Class B . . . . .	1,000	1,012.86	2.44	12.28
Class C . . . . .	1,000	1,013.33	2.34	11.78
Class E** . . . . .	1,000	1,019.17	1.18	5.96
Class I** . . . . .	1,000	1,019.67	1.08	5.45
Class Y . . . . .	1,000	1,018.54	1.30	6.56

\*Fund expenses for each share class are equal to the Fund's annualized expense ratio for each share class (provided in the tables), multiplied by the average account value over the period, multiplied by 183 days in the six-month period ended September 30, 2007, and divided by 365.

\*\*Actual inception date of Class E and Class I shares for each Fund is 4-2-07 (the date on which shares were first acquired by shareholders). The calculations are based on 181 days in the period ended September 30, 2007

\*\*\*Class closed to investment.

(1) This section uses the Fund's actual total return and actual Fund expenses. It is a guide to the actual expenses paid by the Fund in the period. The "Ending Account Value" shown is computed using the Fund's actual return and the "Expenses Paid During Period" column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. A shareholder may use the information here, together with the dollar amount invested, to estimate the expenses that were paid over the period. For every thousand dollars a shareholder has invested, the expenses are listed in the fourth column.

(2) This section uses a hypothetical 5% annual return and actual Fund expenses. It helps to compare the Fund's ongoing costs with other mutual funds. A shareholder can compare the Fund's ongoing costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

The above illustrations are based on ongoing costs only and do not include any transactional costs, such as sales loads, redemption fees or exchange fees.

## SHAREHOLDER SUMMARY OF IVY BALANCED FUND

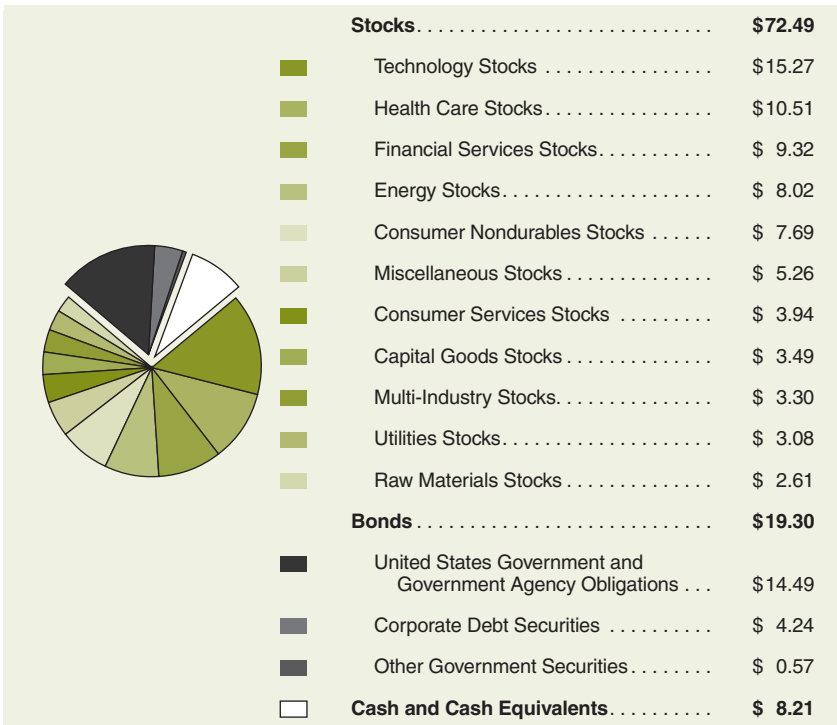
### Portfolio Highlights

On September 30, 2007, Ivy Balanced Fund had net assets totaling \$100,632,195 invested in a diversified portfolio of:

67.69%	Domestic Common Stocks
14.49%	United States Government and Government Agency Obligations
8.21%	Cash and Cash Equivalents
4.80%	Foreign Common Stocks
3.85%	Domestic Corporate Debt Securities
0.57%	Other Government Securities
0.39%	Foreign Corporate Debt Securities

### Asset Allocation

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund owned:



# The Investments of Ivy Balanced Fund

September 30, 2007

(Unaudited)

COMMON STOCKS	Shares	Value
<b>Air Transportation – 0.81%</b>		
Southwest Airlines Co. ....	55,300	<u>\$ 818,440</u>
<b>Aircraft – 1.73%</b>		
Boeing Company (The) .....	16,600	<u>1,742,834</u>
<b>Banks – 2.32%</b>		
Bank of America Corporation.....	16,600	834,482
Northern Trust Corporation .....	22,600	1,498,267
		<u>2,332,749</u>
<b>Beverages – 4.48%</b>		
Anheuser-Busch Companies, Inc. ....	15,000	749,850
Brown-Forman Corporation, Class B.....	12,400	928,884
Coca-Cola Company (The) .....	18,700	1,074,689
PepsiCo, Inc. ....	24,000	1,758,240
		<u>4,511,663</u>
<b>Business Equipment and Services – 0.98%</b>		
Pitney Bowes Inc. ....	21,800	<u>990,156</u>
<b>Chemicals – Petroleum and Inorganic – 1.16%</b>		
E.I. du Pont de Nemours and Company .....	23,600	<u>1,169,616</u>
<b>Chemicals – Specialty – 1.45%</b>		
Air Products and Chemicals, Inc. ....	14,900	<u>1,456,624</u>
<b>Communications Equipment – 5.62%</b>		
Cisco Systems, Inc. ....	69,800	2,312,125
Nokia Corporation, Series A, ADR.....	56,200	2,131,666
QUALCOMM Incorporated. ....	28,600	1,208,350
		<u>5,652,141</u>
<b>Computers – Micro – 1.65%</b>		
Apple Inc.* .....	10,800	<u>1,657,638</u>
<b>Computers – Peripherals – 1.16%</b>		
Microsoft Corporation.....	39,758	<u>1,171,469</u>
<b>Defense – 2.53%</b>		
General Dynamics Corporation .....	30,200	<u>2,550,994</u>
<b>Electrical Equipment – 1.19%</b>		
Emerson Electric Co. ....	22,400	<u>1,192,128</u>

See Notes to Schedule of Investments on page 21.



# The Investments of Ivy Balanced Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Electronic Components – 2.58%</b>		
Microchip Technology Incorporated . . . . .	34,700	\$ 1,259,610
Texas Instruments Incorporated . . . . .	36,500	1,335,535
		<u>2,595,145</u>
<b>Finance Companies – 1.05%</b>		
American Express Company . . . . .	17,800	<u>1,056,786</u>
<b>Food and Related – 1.35%</b>		
Wm. Wrigley Jr. Company . . . . .	21,100	<u>1,355,253</u>
<b>Health Care – Drugs – 5.25%</b>		
Abbott Laboratories . . . . .	27,700	1,485,274
Allergan, Inc. . . . .	22,200	1,431,234
Genentech, Inc.* . . . . .	13,700	1,068,874
Gilead Sciences, Inc.* . . . . .	31,800	1,299,189
		<u>5,284,571</u>
<b>Health Care – General – 4.04%</b>		
DENTSPLY International Inc. . . . .	35,000	1,457,925
Johnson & Johnson . . . . .	26,200	1,721,340
Zimmer Holdings, Inc.* . . . . .	10,900	882,791
		<u>4,062,056</u>
<b>Hospital Supply and Management – 1.22%</b>		
Medtronic, Inc. . . . .	21,800	<u>1,229,738</u>
<b>Hotels and Gaming – 1.56%</b>		
Las Vegas Sands, Inc.* . . . . .	11,800	<u>1,574,356</u>
<b>Household – General Products – 1.86%</b>		
Colgate-Palmolive Company . . . . .	26,300	<u>1,875,716</u>
<b>Insurance – Life – 1.30%</b>		
Aflac Incorporated . . . . .	23,000	<u>1,311,920</u>
<b>Insurance – Property and Casualty – 1.18%</b>		
Berkshire Hathaway Inc., Class B* . . . . .	300	<u>1,185,600</u>
<b>Motion Pictures – 1.39%</b>		
News Corporation Limited, Class A . . . . .	63,400	<u>1,394,166</u>
<b>Multiple Industry – 3.30%</b>		
Altria Group, Inc. . . . .	9,800	681,394
General Electric Company . . . . .	63,680	2,636,352
		<u>3,317,746</u>

See Notes to Schedule of Investments on page 21.

# The Investments of Ivy Balanced Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Non-Residential Construction – 2.30%</b>		
Fluor Corporation .....	16,100	<u>\$ 2,318,078</u>
<b>Petroleum – International – 5.55%</b>		
BP p.l.c., ADR .....	19,000	1,317,650
Chevron Corporation .....	13,500	1,263,330
Exxon Mobil Corporation .....	32,400	2,998,944
		<u>5,579,924</u>
<b>Petroleum – Services – 2.47%</b>		
Schlumberger Limited .....	23,700	<u>2,488,500</u>
<b>Publishing – 0.99%</b>		
Meredith Corporation .....	17,400	<u>997,020</u>
<b>Retail – General Merchandise – 0.95%</b>		
Wal-Mart Stores, Inc. ....	21,900	<u>955,935</u>
<b>Retail – Specialty Stores – 0.68%</b>		
Best Buy Co., Inc. ....	14,800	<u>681,096</u>
<b>Security and Commodity Brokers – 3.47%</b>		
CME Group Inc. ....	1,500	881,025
J.P. Morgan Chase & Co. ....	26,800	1,227,976
UBS AG .....	26,000	1,384,500
		<u>3,493,501</u>
<b>Timesharing and Software – 1.08%</b>		
Paychex, Inc. ....	26,400	<u>1,082,796</u>
<b>Trucking and Shipping – 0.76%</b>		
Expeditors International of Washington, Inc. ....	16,100	<u>761,047</u>
<b>Utilities – Electric – 1.48%</b>		
Exelon Corporation .....	19,700	<u>1,484,592</u>
<b>Utilities – Telephone – 1.60%</b>		
AT&T Inc. ....	38,100	<u>1,612,011</u>
<b>TOTAL COMMON STOCKS – 72.49%</b>		<u>\$ 72,944,005</u>
(Cost: \$48,897,910)		

See Notes to Schedule of Investments on page 21.

# The Investments of Ivy Balanced Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES	Principal Amount in Thousands	Value
<b>Banks – 0.26%</b>		
Wells Fargo Bank, N.A., 7.55%, 6–21–10 .....	\$250	<u>\$ 265,169</u>
<b>Beverages – 0.35%</b>		
Diageo Capital plc, 3.5%, 11–19–07 .....	350	<u>349,082</u>
<b>Finance Companies – 1.96%</b>		
American International Group, 3.85%, 11–26–07 (A) .....	500	498,721
Banco Hipotecario Nacional: 7.916%, 7–25–09 (A) .....	7	65
8.0%, 3–31–11 (A) .....	165	41,364
First Union-Lehman Brothers-Bank of America Commercial Mortgage Trust, 6.56%, 11–18–35 .....	337	337,840
Prudential Insurance Company of America, 6.6%, 5–15–08 (A) .....	750	754,293
Unilever Capital Corporation, 5.9%, 11–15–32 .....	350	<u>342,045</u>
		<u><b>1,974,328</b></u>
<b>Food and Related – 1.19%</b>		
Archer-Daniels-Midland Company, 7.0%, 2–1–31 .....	700	777,771
Cargill, Inc., 6.375%, 6–1–12 (B) .....	400	415,846
		<u>1,193,617</u>
<b>Insurance – Life – 0.48%</b>		
StanCorp Financial Group, Inc., 6.875%, 10–1–12 .....	450	<u>482,726</u>
<b>TOTAL CORPORATE DEBT SECURITIES – 4.24%</b>		<b>\$ 4,264,922</b>
(Cost: \$4,221,278)		
<b>OTHER GOVERNMENT SECURITIES – 0.57%</b>		
<b>Canada</b>		
Hydro-Quebec, 8.0%, 2–1–13 .....	500	<u>\$ 573,523</u>
(Cost: \$564,391)		

See Notes to Schedule of Investments on page 21.

# The Investments of Ivy Balanced Fund

September 30, 2007

(Unaudited)

UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS	Principal Amount in Thousands	Value
<b>Mortgage-Backed Obligations – 4.43%</b>		
Federal National Mortgage Association Fixed Rate		
Pass-Through Certificates:		
6.23%, 1–1–08 .....	\$ 414	\$ 412,622
6.0%, 9–1–17 .....	361	366,694
5.0%, 1–1–18 .....	403	396,381
5.5%, 4–1–18 .....	314	313,875
6.5%, 10–1–28 .....	139	142,568
6.5%, 2–1–29 .....	28	28,722
7.0%, 5–1–31 .....	28	29,160
7.5%, 5–1–31 .....	48	50,396
7.0%, 7–1–31 .....	41	42,896
7.0%, 9–1–31 .....	59	61,735
7.0%, 9–1–31 .....	44	45,507
7.0%, 11–1–31 .....	143	149,180
6.5%, 2–1–32 .....	156	161,115
7.0%, 2–1–32 .....	151	157,612
7.0%, 2–1–32 .....	88	92,655
6.5%, 3–1–32 .....	48	49,527
7.0%, 3–1–32 .....	93	97,255
7.0%, 6–1–32 .....	30	31,906
7.0%, 7–1–32 .....	170	177,469
6.5%, 8–1–32 .....	74	75,888
6.0%, 9–1–32 .....	599	602,648
6.5%, 9–1–32 .....	143	147,240
5.5%, 5–1–33 .....	287	282,090
5.5%, 5–1–33 .....	168	165,367
5.5%, 5–1–33 .....	115	112,846
5.5%, 6–1–33 .....	270	264,776
		<b><u>4,458,130</u></b>
<b>Treasury Obligations – 10.06%</b>		
United States Treasury Bond,		
7.5%, 11–15–16 .....	500	607,695
United States Treasury Notes:		
3.0%, 2–15–08 .....	900	896,485
4.0%, 3–15–10 .....	800	800,250
4.25%, 10–15–10 .....	2,000	2,011,406
3.875%, 2–15–13 .....	1,250	1,228,711
3.625%, 5–15–13 .....	750	726,562
4.25%, 8–15–13 .....	900	898,594
4.25%, 8–15–15 .....	3,000	2,955,936
		<b><u>10,125,639</u></b>
<b>TOTAL UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS – 14.49%</b>		<b>\$ 14,583,769</b>
(Cost: \$14,642,928)		

See Notes to Schedule of Investments on page 21.

# The Investments of Ivy Balanced Fund

September 30, 2007

(Unaudited)

SHORT-TERM SECURITIES	Principal Amount in Thousands	Value
<b>Household – General Products – 2.98%</b>		
Fortune Brands Inc., 5.55%, 10–1–07 .....	\$3,000	<u>\$ 3,000,000</u>
<b>Finance Companies – 2.55%</b>		
Toyota Motor Credit Corporation, 4.78%, 11–16–07 .....	2,584	<u>2,568,218</u>
<b>Forest and Paper Products – 1.02%</b>		
Sonoco Products Co., 5.6%, 10–1–07 .....	1,028	<u>1,028,000</u>
<b>Retail – General Merchandise – 1.49%</b>		
Target Corporation, 5.0%, 10–19–07 .....	1,500	<u>1,496,250</u>
<b>TOTAL SHORT-TERM SECURITIES – 8.04%</b>		<u>\$ 8,092,468</u>
(Cost: \$8,092,468)		
<b>TOTAL INVESTMENT SECURITIES – 99.83%</b>		<u>\$100,458,687</u>
(Cost: \$76,418,975)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.17%</b>		<u>173,508</u>
<b>NET ASSETS – 100.00%</b>		<u>\$100,632,195</u>

## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

\*No dividends were paid during the preceding 12 months.

(A) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At September 30, 2007, the total value of these securities amounted to \$1,294,443, or 1.29% of net assets.

(B) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. This security has been determined to be liquid under guidelines established by the Board of Trustees. At September 30, 2007, the total value of this security amounted to 0.41% of net assets.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY BALANCED FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$76,419) (Notes 1 and 3) . . . . .	\$ 100,459
Cash . . . . .	4
Receivables:	
Dividends and interest . . . . .	265
Fund shares sold . . . . .	89
Prepaid and other assets . . . . .	30
Total assets . . . . .	<u>100,847</u>

### LIABILITIES

Payable to Fund shareholders . . . . .	66
Accrued management fee (Note 2) . . . . .	57
Accrued service fee (Note 2) . . . . .	39
Accrued shareholder servicing (Note 2) . . . . .	21
Accrued accounting services fee (Note 2) . . . . .	4
Accrued distribution fee (Note 2) . . . . .	4
Other . . . . .	24
Total liabilities . . . . .	<u>215</u>
Total net assets . . . . .	<u>\$ 100,632</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$ 74,391
Accumulated undistributed income :	
Accumulated undistributed net investment income . . . . .	115
Accumulated undistributed net realized gain on investment transactions . . . . .	2,086
Net unrealized appreciation in value of investments . . . . .	<u>24,040</u>
Net assets applicable to outstanding units of capital . . . . .	<u>\$ 100,632</u>

### Net asset value per share (net assets divided by shares outstanding):

Class A . . . . .	\$17.98
Class B . . . . .	\$17.93
Class C . . . . .	\$17.94
Class E . . . . .	\$17.99
Class I . . . . .	\$17.98
Class Y . . . . .	\$17.98

### Capital shares outstanding:

Class A . . . . .	3,633
Class B . . . . .	160
Class C . . . . .	192
Class E . . . . .	6
Class I . . . . .	6
Class Y . . . . .	1,602

See Notes to Financial Statements.

# Statement of Operations

## IVY BALANCED FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):	
Interest and amortization . . . . .	\$ 650
Dividends (net of foreign withholding taxes of \$12) . . . . .	625
Total income . . . . .	<u>1,275</u>
Expenses (Note 2):	
Investment management fee . . . . .	340
Service fee:	
Class A . . . . .	75
Class B . . . . .	3
Class C . . . . .	4
Class Y . . . . .	36
Shareholder servicing:	
Class A . . . . .	76
Class B . . . . .	6
Class C . . . . .	3
Class E . . . . .	—*
Class I . . . . .	—*
Class Y . . . . .	22
Accounting services fee . . . . .	25
Distribution fee:	
Class A . . . . .	3
Class B . . . . .	10
Class C . . . . .	12
Class E . . . . .	—*
Audit fees . . . . .	14
Custodian fees . . . . .	3
Legal fees . . . . .	1
Other . . . . .	54
Total expenses . . . . .	<u>687</u>
Net investment income . . . . .	<u>588</u>

### REALIZED AND UNREALIZED GAIN

#### ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on investments . . . . .	1,435
Unrealized appreciation in value of investments during the period . . . . .	8,633
Net gain on investments . . . . .	<u>10,068</u>
Net increase in net assets resulting from operations . . . . .	<u>\$10,656</u>

\*Not shown due to rounding

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY BALANCED FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE (DECREASE) IN NET ASSETS</b>		
Operations:		
Net investment income . . . . .	\$ 588	\$ 987
Realized net gain on investments . . . . .	1,435	3,925
Unrealized appreciation. . . . .	8,633	1,967
Net increase in net assets resulting from operations. . . . .	10,656	6,879
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A . . . . .	(326)	(661)
Class B . . . . .	(1)	(3)
Class C . . . . .	(5)	(11)
Class E . . . . .	(1)	NA
Class I . . . . .	(1)	NA
Class Y . . . . .	(165)	(411)
Realized gains on investment transactions:		
Class A . . . . .	(—)	(—)
Class B . . . . .	(—)	(—)
Class C . . . . .	(—)	(—)
Class E . . . . .	(—)	NA
Class I . . . . .	(—)	NA
Class Y . . . . .	(—)	(—)
	(499)	(1,086)
Capital share transactions (Note 5) . . . . .	(2,865)	(11,344)
Total increase (decrease) . . . . .	7,292	(5,551)
<b>NET ASSETS</b>		
Beginning of period. . . . .	93,340	98,891
End of period. . . . .	\$100,632	\$93,340
Undistributed net investment income . . . . .	\$ 115	\$ 26

(1) See "Financial Highlights" on pages 25 - 30.

See Notes to Financial Statements.



# Financial Highlights

## IVY BALANCED FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended September 30,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$16.18	\$15.22	\$14.00	\$13.35	\$12.18	\$10.54	\$11.45
Income (loss) from investment operations:							
Net investment income . . .	0.11	0.16	0.15	0.14	0.05	0.16	0.23
Net realized and unrealized gain (loss) on investments . . . . .	1.78	0.98	1.21	0.65	1.16	1.64	(0.89)
Total from investment operations . . . . .	1.89	1.14	1.36	0.79	1.21	1.80	(0.66)
Less distributions from:							
Net investment income . . .	(0.09)	(0.18)	(0.14)	(0.14)	(0.04)	(0.16)	(0.25)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.09)	(0.18)	(0.14)	(0.14)	(0.04)	(0.16)	(0.25)
Net asset value, end of period . . . . .	\$17.98	\$16.18	\$15.22	\$14.00	\$13.35	\$12.18	\$10.54
Total return <sup>(1)</sup> . . . . .	11.71%	7.53%	9.71%	5.90%	10.06%	17.17% <sup>(2)</sup>	-5.91%
Net assets, end of period (in millions) . . . . .	\$65	\$59	\$57	\$54	\$52	\$38	\$37
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	1.40% <sup>(3)</sup>	1.39%	1.42%	1.53%	1.52% <sup>(3)(4)</sup>	1.29%	1.22%
Ratio of net investment income to average net assets including voluntary expense waiver . . . . .	1.22% <sup>(3)</sup>	1.03%	1.00%	1.02%	0.86% <sup>(3)(4)</sup>	1.41%	1.84%
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	1.40% <sup>(3)(5)</sup>	1.39% <sup>(5)</sup>	1.42% <sup>(5)</sup>	1.53% <sup>(5)</sup>	1.57% <sup>(3)(4)</sup>	1.62%	1.52%
Ratio of net investment income to average net assets excluding voluntary expense waiver . . . . .	1.22% <sup>(3)(5)</sup>	1.03% <sup>(5)</sup>	1.00% <sup>(5)</sup>	1.02% <sup>(5)</sup>	0.81% <sup>(3)(4)</sup>	1.08%	1.54%
Portfolio turnover rate . . . . .	4%	23%	49%	37%	29%	110%	129%

(1) Total return calculated without taking into account the sales load deducted on an initial purchase.

(2) Adventus Capital reimbursed the Fund for losses related to certain investment trades. With reimbursed losses, the total return for Class A, for the year ended September 30, 2003, would have been 17.26%.

(3) Annualized.

(4) In connection with the reorganization plan effected December 8, 2003, Class B and Class C shares of the predecessor Adventus Fund were exchanged into Class A shares at the time of the merger. The ratios shown above reflect a blended rate that includes the effect of income and expenses for those Class B and Class C shares from October 1, 2003 up to the time of the merger. Actual expenses that applied to Class A shareholders were lower than shown above.

(5) There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY BALANCED FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the
	six months	ended March 31,			period from
	ended	2007	2006	2005	12-8-03 <sup>(1)</sup>
	9-30-07				to
					3-31-04
Net asset value,					
beginning of period . . . . .	\$16.14	\$15.18	\$13.98	\$13.33	\$12.96
Income from investment					
operations:					
Net investment income . . . . .	0.03	0.01	0.00	0.01	0.01
Net realized and					
unrealized gain					
on investments . . . . .	1.77	0.98	1.21	0.64	0.39
Total from investment					
operations . . . . .	1.80	0.99	1.21	0.65	0.40
Less distributions from:					
Net investment income . . . . .	(0.01)	(0.03)	(0.01)	(0.00)*	(0.03)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.01)	(0.03)	(0.01)	(0.00)*	(0.03)
Net asset value,					
end of period . . . . .	\$17.93	\$16.14	\$15.18	\$13.98	\$13.33
Total return . . . . .	11.16%	6.49%	8.62%	4.90%	3.05%
Net assets, end of period					
(in thousands) . . . . .	\$2,859	\$2,506	\$1,995	\$1,503	\$338
Ratio of expenses to					
average net assets . . . . .	2.32% <sup>(2)</sup>	2.39%	2.41%	2.52%	2.76% <sup>(2)</sup>
Ratio of net investment					
income (loss) to					
average net assets . . . . .	0.31% <sup>(2)</sup>	0.03%	0.01%	0.06%	-0.42% <sup>(2)</sup>
Portfolio turnover rate . . . . .	4%	23%	49%	37%	29% <sup>(3)</sup>

\*Not shown due to rounding.

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the six months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY BALANCED FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$16.15	\$15.20	\$13.98	\$13.34	\$12.96
Income from investment operations:					
Net investment income . . . . .	0.04	0.04	0.03	0.03	0.02
Net realized and unrealized gain on investments . . . . .	1.78	0.97	1.20	0.63	0.39
Total from investment operations . . . . .	1.82	1.01	1.23	0.66	0.41
Less distributions from:					
Net investment income . . . . .	(0.03)	(0.06)	(0.01)	(0.02)	(0.03)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.03)	(0.06)	(0.01)	(0.02)	(0.03)
Net asset value, end of period . . . . .	\$17.94	\$16.15	\$15.20	\$13.98	\$13.34
Total return . . . . .	11.27%	6.67%	8.80%	4.98%	3.13%
Net assets, end of period (in thousands) . . . . .	\$3,447	\$3,018	\$1,996	\$898	\$301
Ratio of expenses to average net assets . . . . .	2.12% <sup>(2)</sup>	2.16%	2.25%	2.38%	2.43% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets . . . . .	0.51% <sup>(2)</sup>	0.27%	0.21%	0.19%	-0.12% <sup>(2)</sup>
Portfolio turnover rate . . . . .	4%	23%	49%	37%	29% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the six months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY BALANCED FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$16.18
Income from investment operations:	
Net investment income . . . . .	0.12 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	1.79 <sup>(2)</sup>
Total from investment operations . . . . .	1.91
Less distributions from:	
Net investment income . . . . .	(0.10)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	(0.10)
Net asset value, end of period . . . . .	\$17.99
Total return <sup>(3)</sup> . . . . .	11.63%
Net assets, end of period (in thousands) . . . . .	\$112
Ratio of expenses to average net assets . . . . .	1.19% <sup>(4)</sup>
Ratio of net investment income to average net assets . . . . .	1.45% <sup>(4)</sup>
Portfolio turnover rate . . . . .	4% <sup>(5)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

(5)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY BALANCED FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$16.18
Income from investment operations:	
Net investment income . . . . .	0.13 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	1.78 <sup>(2)</sup>
Total from investment operations . . . . .	<u>1.91</u>
Less distributions from:	
Net investment income . . . . .	(0.11)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.11)</u>
Net asset value, end of period . . . . .	<u>\$17.98</u>
Total return . . . . .	11.67%
Net assets, end of period (in thousands) . . . . .	\$112
Ratio of expenses to average net assets . . . . .	1.06% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	1.58% <sup>(3)</sup>
Portfolio turnover rate . . . . .	4% <sup>(4)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

(4)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY BALANCED FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$16.18	\$15.22	\$14.00	\$13.35	\$12.96
Income from investment operations:					
Net investment income . . . . .	0.11	0.18	0.17	0.17	0.04
Net realized and unrealized gain on investments . . . . .	1.79	0.98	1.21	0.65	0.40
Total from investment operations . . . . .	1.90	1.16	1.38	0.82	0.44
Less distributions from:					
Net investment income . . . . .	(0.10)	(0.20)	(0.16)	(0.17)	(0.05)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.10)	(0.20)	(0.16)	(0.17)	(0.05)
Net asset value, end of period . . . . .	\$17.98	\$16.18	\$15.22	\$14.00	\$13.35
Total return . . . . .	11.77%	7.67%	9.89%	6.16%	3.43%
Net assets, end of period (in millions) . . . . .	\$29	\$28	\$38	\$44	\$53
Ratio of expenses to average net assets . . . . .	1.29% <sup>(2)</sup>	1.26%	1.26%	1.30%	1.36% <sup>(2)</sup>
Ratio of net investment income to average net assets . . . . .	1.34% <sup>(2)</sup>	1.16%	1.15%	1.25%	0.97% <sup>(2)</sup>
Portfolio turnover rate . . . . .	4%	23%	49%	37%	29% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the six months ended March 31, 2004.

See Notes to Financial Statements.

## SHAREHOLDER SUMMARY OF IVY BOND FUND

### Portfolio Highlights

On September 30, 2007, Ivy Bond Fund had net assets totaling \$86,979,230 invested in a diversified portfolio of:

94.06%	Bonds
5.41%	Cash and Cash Equivalents
0.53%	Preferred Stocks

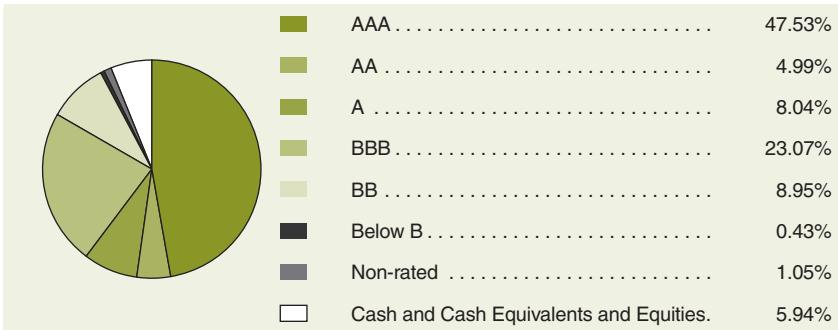
### Sector Weightings

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund owned:



### Quality Weightings

On September 30, 2007, the breakdown of bonds (by ratings) held by the Fund was as follows:



Ratings reflected in the wheel are taken from the following sources in order of preference: Standard & Poor's, Moody's or management's internal ratings, where no other ratings are available.

Certain U.S. government securities in which the Fund may invest, such as Treasury securities and securities issued by the Government National Mortgage Association (Ginnie Mae), are backed by the full faith and credit of the U.S. government. However, other U.S. government securities in which the Fund may invest, such as securities issued by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie

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Mac) and the Federal Home Loan Banks (FHLB) are not backed by the full faith and credit of the U.S. government, are not insured or guaranteed by the U.S. government and, instead, may be supported only by the right of the issuer to borrow from the U.S. Treasury or by the credit of the issuer.



# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

PREFERRED STOCKS	Shares	Value
<b>Real Estate Investment Trust</b>		
PS Business Parks, Inc., 7.0% Cumulative . . . . .	10,500	\$ 236,250
Public Storage, Inc., 6.25% Cumulative. . . . .	10,500	226,485
<b>TOTAL PREFERRED STOCKS – 0.53%</b>		<b>\$ 462,735</b>
(Cost: \$520,050)		

CORPORATE DEBT SECURITIES	Principal Amount in Thousands	
<b>Aluminum – 0.22%</b>		
Steelcase Inc., 6.5%, 8–15–11 . . . . .	\$ 185	<u>191,780</u>
<b>Asset-Backed Securities – 3.45%</b>		
ABFS Mortgage Loan Trust 2002–4, 7.42%, 12–15–33 (A) . . . . .	120	114,876
Associates Manufactured Housing Contract Pass-Through Certificates, 7.725%, 6–15–28 . . . . .	129	130,412
C-Bass 2006-CB2 Trust, 5.86%, 12–25–36 . . . . .	530	524,562
C-Bass 2006-MH1 Trust: 6.24%, 10–25–36 (A) (B) . . . . .	105	106,347
6.25%, 10–25–36 (A) (B) . . . . .	170	172,065
Centex Home Equity Loan Trust 2005-C, 5.048%, 6–25–35 (A) . . . . .	370	357,465
Citibank Credit Card Issuance Trust, Class 2005-C1, 5.5%, 3–24–17 . . . . .	200	189,170
CountryPlace Manufactured Housing Contract Trust 2005–1, 5.2%, 12–15–35 (A) (C) . . . . .	300	277,781
Green Tree Financial Corporation: 6.4%, 10–15–18 . . . . .	65	66,373
7.35%, 5–15–27 . . . . .	36	37,800
Home Equity Loan Trust 2003-HS2, 5.09%, 7–25–33 (A) . . . . .	36	33,668
National Collegiate Trust 1997-S2 (The), 7.24%, 9–20–14 . . . . .	163	160,269

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Asset-Backed Securities (Continued)</b>		
Origen Manufactured Housing Contract:		
Trust 2004-A, 5.7%, 1-15-35 .....	\$100	\$ 97,146
Trust 2004-B, 5.73%, 11-15-35 .....	50	48,029
Trust 2005-A: 4.49%, 5-15-18 .....	170	168,970
5.86%, 6-15-36 (A) .....	120	117,694
Trust 2005-B, 5.605%, 5-15-22 .....	80	80,408
Vanderbilt Mortgage and Finance, Inc., 6.86875%, 3-7-28 (A) .....	147	146,575
WFS Financial 2005-2 Owner Trust, 4.39%, 11-19-12 .....	175	174,019
		<u>3,003,629</u>
<b>Banks – 0.23%</b>		
Wells Fargo Mortgage Backed Securities 2003-9 Trust, 5.25%, 8-25-33 (B) .....	272	<u>200,911</u>
<b>Broadcasting – 0.55%</b>		
Cox Communications, Inc., 7.125%, 10-1-12 .....	450	<u>476,919</u>
<b>Business Equipment and Services – 0.75%</b>		
HSBC Finance Corporation, 5.7%, 6-1-11 .....	400	403,222
International Lease Finance Corporation, 5.625%, 9-20-13 .....	250	247,749
		<u>650,971</u>
<b>Chemicals – Specialty – 0.58%</b>		
Valspar Corporation (The), 6.05%, 5-1-17 .....	500	<u>500,685</u>

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Collateralized Mortgage Obligations – 7.28%</b>		
Banc of America:		
Alternative Loan Trust 2005–10:		
5.66892%, 11–25–35 (A) . . . . .	\$280	\$ 255,903
5.66892%, 11–25–35 (A) . . . . .	135	116,834
Alternative Loan Trust 2005–12:		
5.80813%, 1–25–36 (A) . . . . .	300	279,331
5.80813%, 1–25–36 (A) . . . . .	218	173,757
Alternative Loan Trust 2006–4,		
6.2253%, 5–25–46 (A) . . . . .	323	305,009
Alternative Loan Trust 2006–8,		
6.25114%, 11–25–46 (A) . . . . .	144	111,280
Mortgage 2007–1 Trust:		
6.0%, 3–25–37 . . . . .	245	238,569
6.0%, 3–25–37 . . . . .	169	150,423
Mortgage Trust 2004–7,		
5.75%, 8–25–34 . . . . .	90	88,882
Banco Hipotecario Nacional,		
7.916%, 7–25–09 (C) . . . . .	7	74
BlackRock Capital Finance,		
7.75%, 9–25–26 (B) . . . . .	106	106,168
Chase Mortgage Finance Trust, Series 2003-S11,		
5.5%, 10–25–33 . . . . .	116	112,246
CitiMortgage Alternative Loan Trust, Series 2007-A7:		
6.23737%, 7–25–37 . . . . .	155	98,745
6.25%, 7–25–37 . . . . .	462	445,704
Credit Suisse First Boston Mortgage Securities Corp.,		
6.0%, 11–25–18 . . . . .	43	43,229
Global Mortgage Securitization 2005-A Ltd. and		
Global Mortgage Securitization 2005-A LLC:		
5.25%, 4–25–32 . . . . .	191	173,532
5.39485%, 4–25–32 (A) . . . . .	282	243,589
Global Mortgage Securitization Ltd. and Global		
Mortgage Securitization, LLC:		
5.25%, 11–25–32 (C) . . . . .	292	278,612
5.25%, 11–25–32 (C) . . . . .	251	240,658
J.P. Morgan Mortgage Trust:		
2005-S2,		
5.67065%, 9–25–35 (A) . . . . .	509	465,887
2006-S3,		
6.5%, 8–25–36 . . . . .	395	393,186

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Collateralized Mortgage Obligations (Continued)</b>		
Lehman XS Trust, Series 2005-8, 5.69%, 12-25-35 .....	\$ 585	\$ 579,982
MASTR Asset Securitization Trust 2003-10, 5.5%, 11-25-33 .....	179	174,319
Mellon Residential Funding, 6.75%, 6-26-28 .....	46	46,053
RALI Series 2003-QS10 Trust, 5.75%, 5-25-33 .....	243	234,014
Structured Asset Securities Corporation, 5.63%, 5-25-34 (A) .....	184	183,550
Wells Fargo Alternative Loan 2007-PA3 Trust, 6.20114%, 7-25-37 (A) .....	874	792,936
		<u>6,332,472</u>
<b>Computers – Peripherals – 0.34%</b>		
Intuit Inc., 5.75%, 3-15-17 .....	310	<u>295,863</u>
<b>Conduit – 14.97%</b>		
Banc of America Commercial Mortgage Inc., Commercial Mortgage Pass-Through Certificates:		
Series 2001-1, 6.125%, 4-15-36 (B) .....	380	371,870
Series 2002-2, 6.2%, 7-11-43 (B) .....	275	272,864
Banc of America Commercial Mortgage Trust 2007-1, 5.451%, 1-15-49 .....	500	493,597
Bear Stearns Mortgage Funding Trust 2006-SL6, 5.73125%, 1-25-37 (A) .....	265	58,028
Bear Stearns Commercial Mortgage Securities Inc., Series 1999-WF2:		
6.0%, 7-15-31 (B) .....	500	482,833
6.0%, 7-15-31 (B) .....	100	98,833
Bear Stearns Commercial Mortgage Securities Trust:		
2002-TOP6, 6.0%, 10-15-36 (B) .....	320	319,632
2004-PWR4, 5.468%, 6-11-41 (A) .....	1,500	1,499,266

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Conduit (Continued)</b>		
CD 2006-CD2 Mortgage Trust, 5.80516%, 1-15-46 (A)(C) . . . . .	\$ 710	\$ 677,831
CD 2007-CD4 Commercial Mortgage Trust, 5.883%, 12-11-49 (C) . . . . .	480	373,837
CHL Mortgage Pass-Through Trust 2004-J4, 5.25%, 5-25-34 . . . . .	689	577,606
COMM 2006-CNL2: 5.5699%, 2-5-19 (A)(B) . . . . .	725	679,457
5.5699%, 2-5-19 (A)(B) . . . . .	95	91,127
Capital One Multi-asset Execution Trust, 5.75%, 7-15-20 . . . . .	295	297,325
Chase Issuance Trust, 6.0425%, 1-15-14 . . . . .	280	268,246
Commercial Mortgage Asset Trust, 6.0%, 11-17-32 . . . . .	225	216,823
DLJ Commercial Mortgage Corp. 1998-CG1, 7.35697%, 6-10-31 (A)(B) . . . . .	350	372,596
Discover Card Execution Note Trust, 5.65%, 3-16-20 . . . . .	385	384,311
First Horizon Mortgage Pass-Through Trust 2003-8, 5.12611%, 10-25-33 (A) . . . . .	96	69,041
GE Capital Commercial Mortgage Corp. 2002-2, 6.039%, 8-11-36 (B) . . . . .	565	568,850
GE Commercial Mortgage Corporation, Series 2007-C1 Trust, 5.543%, 12-10-49 (A) . . . . .	700	695,592
GS Mortgage Securities Corporation II, Commercial Mortgage Pass-Through Certificates, Series 2001-LI B, 6.733%, 2-14-16 (B) . . . . .	225	238,913
Hilton Hotel Pool Trust: 6.165%, 10-3-15 (A)(B) . . . . .	790	780,229
7.653%, 10-3-15 (B) . . . . .	430	456,676
Hometown Commercial Capital, LLC Hometown Commercial Mortgage Pass-Through Notes 2006-1, 5.506%, 11-11-38 (C) . . . . .	464	461,121
Multi Security Asset Trust LP, Commercial Mortgage-Backed Securities Pass-Through Certificates, Series 2005-RR4: 1.09475%, 11-28-35 (A)(C) (Interest Only) . . . . .	5,993	134,844
5.88%, 11-28-35 (A)(C) . . . . .	155	148,805
5.88%, 11-28-35 (A)(C) . . . . .	105	103,097

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Conduit (Continued)</b>		
Nomura Asset Securities Corporation, Commercial Mortgage Pass-Through Certificates, Series1998-D6, 6.0%, 3-15-30 (B) .....	\$500	\$ 511,768
Wachovia Bank Commercial Mortgage Trust (The), 4.942%, 11-15-34 (B) .....	285	260,586
Wachovia Bank Commercial Mortgage Trust Commercial Mortgage Pass-Through Certificates: Series 2006-C26, 6.011%, 6-15-45 (A) .....	450	464,129
Series 2007- C31, 5.509%, 4-15-47 .....	595	588,985
		<u>13,018,718</u>
<b>Construction Materials – 1.24%</b>		
Crane Co., 6.55%, 11-15-36 .....	540	530,311
USG Corporation, 6.3%, 11-15-16 .....	600	544,532
		<u>1,074,843</u>
<b>Finance Companies – 20.84%</b>		
Allied Capital Corporation, 6.625%, 7-15-11 .....	685	700,125
American Capital Strategies, Ltd., 6.85%, 8-1-12 .....	435	446,559
Asset Securitization Corporation: 1.6136%, 10-13-26 (Interest Only) (A)(B) .....	951	39,251
7.66418%, 2-14-43 (A) .....	170	185,089
CSAB Mortgage-Backed Trust 2006-2, 6.08%, 9-25-36 (A) .....	650	637,329
CSFB Commercial Mortgage Trust 2003-C4, 5.322%, 8-15-36 (A)(B) .....	500	480,192
CWHEQ Home Equity Loan Trust: Series 2006-S6, 5.962%, 3-25-34 .....	210	199,786
Series 2007-S2, 5.934%, 5-25-37 .....	580	567,881
Caithness Coso Funding Corp., 5.489%, 6-15-19 (C) .....	218	218,824
Capmark Financial Group Inc.: 6.3%, 5-10-17 (B) .....	200	174,060
5.875%, 5-10-12 (B) .....	540	491,791

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Finance Companies (Continued)</b>		
Capital Auto Receivables Asset Trust:		
2006-1,		
7.16%, 1-15-13 (B) .....	\$245	\$ 250,179
2007-1,		
6.57%, 9-16-13 (B) .....	525	500,652
2007-2,		
8.3%, 2-15-14 (B) .....	275	293,517
2007-3,		
8.0%, 3-17-14 (B) .....	480	481,950
CarMax Auto Owner Trust 2007-3,		
7.58%, 3-17-14 .....	380	382,474
Cendant Mortgage Corporation and Bishop's Gate		
Residential Mortgage Trust,		
6.25%, 6-25-32 .....	124	115,598
Colonial Bank, N.A.,		
6.375%, 12-1-15 .....	500	493,936
ERAC USA Finance Company,		
5.9%, 11-15-15 (B) .....	265	261,036
FirstEnergy Generation Corp.,		
6.85%, 6-1-34 (B) .....	295	300,900
Flagstar Home Equity Loan Trust 2007-1,		
5.997%, 1-25-35 (A)(C) .....	415	404,749
Ford Credit Auto Owner Trust:		
2006-B,		
7.12%, 2-15-13 (B) .....	140	136,021
2006-C,		
6.89%, 5-15-13 .....	200	199,831
2007-A,		
7.05%, 12-15-13 (B) .....	175	167,947
Fund American Companies, Inc.,		
5.875%, 5-15-13 .....	560	551,974
GMAC LLC,		
6.625%, 5-15-12 .....	320	298,594
GMACM Home Equity Loan Trust:		
2006-HE3,		
6.088%, 10-25-36 (A) .....	485	455,291
2007-HE1,		
5.952%, 8-25-37 (A) .....	570	559,767

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Finance Companies (Continued)</b>		
Goldman Sachs Capital I, 6.345%, 2-15-34 .....	\$ 610	\$ 568,377
Hometown Commercial Trust 2007-1, Commercial Mortgage-Backed Notes, Series 2007-1, 6.057%, 4-11-17 (C) .....	473	464,067
J.P. Morgan Alternative Loan Trust 2006-A7, 5.75%, 12-25-36 (A) .....	645	624,389
J.P. Morgan Chase Commercial Mortgage Securities Trust 2007-LDP11, 6.00725%, 6-15-49 (A) .....	1,500	1,526,297
J.P. Morgan Mortgage Acquisition Trust: 2006-CW2, 6.337%, 8-25-36 (A) .....	590	587,127
2006-WF1, 6.41%, 7-25-36 (A) .....	1,095	1,091,783
JPMorgan Chase Capital XVIII, 6.95%, 8-17-36 .....	425	417,835
Lazard Group LLC, 6.85%, 6-15-17 (C) .....	750	737,947
Lehman Brothers Holdings Inc., 6.0%, 7-19-12 .....	300	304,650
Morgan Stanley Capital I, Inc., Commercial Mortgage Pass-Through Certificates, Series 1998-XL2, 6.4352%, 10-3-34 (A) .....	500	499,731
PNC Funding Corp, 5.625%, 2-1-17 .....	370	361,621
RASC Series 2003-KS10 Trust, 6.41%, 12-25-33 .....	101	84,302
Selkirk Cogen Funding Corporation, 8.65%, 12-26-07 .....	27	27,618
Symetra Financial Corporation, 6.125%, 4-1-16 (B) .....	400	399,867
TimberStar Trust I, 6.2082%, 10-15-36 (B) .....	460	432,382
		<u>18,123,296</u>

See Notes to Schedule of Investments on page 46.



# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Hospital Supply and Management – 0.55%</b>		
Laboratory Corporation of America Holdings:		
5.5%, 2–1–13 .....	\$215	\$ 207,853
5.625%, 12–15–15 .....	285	275,802
		<u>483,655</u>
<b>Household – General Products – 0.74%</b>		
Estee Lauder Companies Inc. (The),		
6.0%, 5–15–37 .....	670	<u>648,352</u>
<b>Insurance – Life – 0.89%</b>		
StanCorp Financial Group, Inc.:		
6.875%, 10–1–12 .....	450	482,726
6.9%, 5–29–67 .....	300	289,115
		<u>771,841</u>
<b>Insurance – Property and Casualty – 1.27%</b>		
Commerce Group, Inc. (The),		
5.95%, 12–9–13 .....	305	302,643
Liberty Mutual Holding Company Inc.,		
7.8%, 3–15–37 (C) .....	360	350,394
Willis North America Inc.,		
6.2%, 3–28–17 .....	455	451,462
		<u>1,104,499</u>
<b>Multiple Industry – 0.42%</b>		
Tyco Electronics Ltd.:		
6.55%, 10–1–17 (B) .....	190	192,345
7.125%, 10–1–37 (B) .....	165	171,024
		<u>363,369</u>
<b>Petroleum – Domestic – 1.34%</b>		
Plains Exploration & Production Company,		
7.75%, 6–15–15 .....	750	735,000
Williams Partners L.P. and Williams Partners		
Finance Corporation,		
7.25%, 2–1–17 .....	420	428,400
		<u>1,163,400</u>
<b>Petroleum – International – 0.60%</b>		
El Paso Corporation,		
7.0%, 6–15–17 .....	515	<u>522,850</u>

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Real Estate Investment Trust – 2.87%</b>		
Equity One, Inc.:		
6.25%, 1–15–17 .....	\$285	\$ 276,127
6.0%, 9–15–17 (B) .....	185	175,603
Healthcare Realty Trust Incorporated,		
5.125%, 4–1–14 .....	550	527,670
Highwoods Realty Limited Partnership,		
5.85%, 3–15–17 .....	405	383,791
Liberty Property Limited Partnership,		
6.625%, 10–1–17 .....	295	294,450
Nationwide Health Properties, Inc.,		
6.0%, 5–20–15 .....	440	443,681
Realty Income Corporation,		
6.75%, 8–15–19 .....	395	395,631
		<u>2,496,953</u>
<b>Security and Commodity Brokers – 2.90%</b>		
Bear Stearns Companies Inc. (The),		
5.56%, 2–4–08 .....	600	599,501
Janus Capital Group Inc.,		
6.25%, 6–15–12 .....	565	572,787
Jefferies Group, Inc.,		
6.25%, 1–15–36 .....	400	358,271
Lehman Brothers Holdings Inc.,		
6.5%, 7–19–17 .....	595	602,995
Nuveen Investments, Inc.,		
5.5%, 9–15–15 .....	465	392,638
		<u>2,526,192</u>
<b>Utilities – Electric – 1.33%</b>		
MidAmerican Energy Holdings Company,		
6.125%, 4–1–36 .....	475	461,184
Oncor Electric Delivery Company,		
7.0%, 9–1–22 .....	450	458,864
Pennsylvania Electric Company,		
5.125%, 4–1–14 .....	250	239,268
		<u>1,159,316</u>
<b>Utilities – Telephone – 0.99%</b>		
Qwest Corporation,		
6.5%, 6–1–17 (B) .....	425	416,500
Sprint Capital Corporation,		
6.9%, 5–1–19 .....	440	441,671
		<u>858,171</u>
<b>TOTAL CORPORATE DEBT SECURITIES – 64.35%</b>		<b>\$55,968,685</b>
(Cost: \$57,586,996)		

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS	Principal Amount in Thousands	Value
<b>Agency Obligations – 1.24%</b>		
Federal National Mortgage Association:		
4.25%, 5–15–09 .....	\$ 500	\$ 498,492
5.125%, 1–2–14 .....	575	580,583
		<u>1,079,075</u>
<b>Mortgage-Backed Obligations – 16.41%</b>		
Federal Home Loan Mortgage Corporation Fixed		
Rate Participation Certificates:		
3.5%, 2–15–30 .....	114	108,784
6.5%, 9–1–32 .....	209	215,185
6.0%, 11–1–33 .....	448	450,338
5.5%, 5–1–34 .....	175	171,816
5.5%, 5–1–34 .....	119	117,402
5.5%, 6–1–34 .....	1,452	1,424,724
5.0%, 9–1–34 .....	40	38,365
5.5%, 9–1–34 .....	146	143,029
5.5%, 10–1–34 .....	329	323,454
5.5%, 7–1–35 .....	416	408,193
5.5%, 7–1–35 .....	208	204,021
5.5%, 10–1–35 .....	550	539,217
Federal National Mortgage Association Fixed Rate		
Pass-Through Certificates:		
6.23%, 1–1–08 .....	138	137,541
5.5%, 1–1–17 .....	164	164,415
6.0%, 9–1–17 .....	94	95,340
5.5%, 3–1–18 .....	100	100,462
5.0%, 6–1–18 .....	382	375,560
5.0%, 7–1–18 .....	137	134,610
7.5%, 5–1–31 .....	110	116,256
7.0%, 9–1–31 .....	40	41,866
7.0%, 11–1–31 .....	79	82,878
6.5%, 12–1–31 .....	49	50,394
7.0%, 2–1–32 .....	69	71,642
7.0%, 3–1–32 .....	79	82,615
6.5%, 4–1–32 .....	22	22,757
6.5%, 5–1–32 .....	22	22,792
6.5%, 7–1–32 .....	62	63,634
6.5%, 8–1–32 .....	54	55,308
6.5%, 8–1–32 .....	50	51,548

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS (Continued)	Principal Amount in Thousands	Value
<b>Mortgage-Backed Obligations (Continued)</b>		
Federal National Mortgage Association Fixed Rate		
Pass-Through Certificates: (Continued)		
6.5%, 9-1-32 .....	\$ 90	\$ 92,646
6.5%, 9-1-32 .....	36	37,465
6.0%, 10-1-32 .....	116	116,619
6.5%, 10-1-32 .....	104	107,205
6.0%, 11-1-32 .....	124	125,005
6.0%, 3-1-33 .....	93	93,524
5.5%, 4-1-33 .....	156	153,736
6.0%, 4-1-33 .....	179	179,934
5.5%, 5-1-33 .....	116	114,125
6.0%, 10-1-33 .....	177	178,329
5.5%, 1-1-34 .....	110	107,670
5.5%, 1-1-34 .....	106	104,082
6.0%, 1-1-34 .....	440	442,489
5.5%, 3-1-34 .....	155	152,096
5.5%, 3-1-34 .....	66	65,126
5.5%, 4-1-34 .....	161	158,282
5.5%, 4-1-34 .....	49	47,680
5.0%, 5-1-34 .....	69	66,308
5.5%, 5-1-34 .....	132	129,720
6.0%, 10-1-34 .....	975	976,219
5.5%, 11-1-34 .....	1,276	1,252,847
6.0%, 11-1-34 .....	795	797,643
5.5%, 2-1-35 .....	185	181,517
5.0%, 7-1-35 .....	198	188,752
5.0%, 7-1-35 .....	99	94,696
5.0%, 7-1-35 .....	84	80,136
5.0%, 7-1-35 .....	47	45,394
4.5%, 9-1-35 .....	404	375,259
5.5%, 10-1-35 .....	924	906,989
Government National Mortgage Association Agency REMIC/CMO (Interest Only), 0.93645%, 6-17-45 (A) .....	5,006	255,194
Government National Mortgage Association Fixed Rate Pass-Through Certificates, 5.5%, 10-1-35 .....	845	833,118
		<b>14,273,951</b>
<b>Treasury Inflation Protected Obligation – 1.41%</b>		
United States Treasury Notes, 1.875%, 7-15-13 (D) .....	1,100	<b>1,227,758</b>

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS (Continued)	Principal Amount in Thousands	Value
<b>Treasury Obligations – 10.65%</b>		
United States Treasury Bond, 5.375%, 2–15–31 .....	\$1,950	\$ 2,088,175
United States Treasury Notes:		
2.625%, 5–15–08 .....	2,500	2,476,952
3.375%, 10–15–09 (E) .....	1,400	1,383,375
4.625%, 2–29–12 .....	2,615	2,660,151
4.125%, 8–31–12 .....	500	497,812
4.75%, 8–15–17 .....	155	157,059
		<u>9,263,524</u>
<b>TOTAL UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS – 29.71%</b>		<b>\$25,844,308</b>
(Cost: \$25,945,524)		
<b>SHORT-TERM SECURITIES</b>		
<b>Electrical Equipment – 1.72%</b>		
W.W. Grainger, Inc., 4.78%, 10–24–07 .....	1,500	<u>1,495,419</u>
<b>Finance Companies – 1.73%</b>		
Toyota Motor Credit Corporation, 4.78%, 11–16–07 .....	1,516	<u>1,506,741</u>
<b>Household – General – 1.61%</b>		
Fortune Brands Inc., 5.55%, 10–1–07 .....	1,400	<u>1,400,000</u>
<b>Retail – General Merchandise – 1.72%</b>		
Target Corporation, 5.0%, 10–19–07 .....	1,500	<u>1,496,250</u>
<b>TOTAL SHORT-TERM SECURITIES – 6.78%</b>		<b>\$ 5,898,410</b>
(Cost: \$5,898,410)		
<b>TOTAL INVESTMENT SECURITIES – 101.37%</b>		<b>\$88,174,138</b>
(Cost: \$89,950,980)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (1.37%)</b>		<b>(1,194,908)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$86,979,230</b>

See Notes to Schedule of Investments on page 46.

# The Investments of Ivy Bond Fund

September 30, 2007

(Unaudited)

## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

- (A) Variable rate security. Interest rate disclosed is that which is in effect at September 30, 2007.
- (B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Directors/Trustees. At September 30, 2007, the total value of these securities amounted to \$11,456,942, or 13.17% if net assets.
- (C) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Directors/Trustees. At September 30, 2007, the total value of these securities amounted to \$4,872,641, or 5.6% if net assets.
- (D) The interest rate for this security is a stated rate, but the interest payments are determined by multiplying the inflation-adjusted principal by one half of the stated rate for each semiannual interest payment date.
- (E) Security serves as collateral for the following open futures contracts at September 30, 2007. (See Note 7 to financial statements):

Description	Type	Number of Contracts	Expiration Date	Market Value	Unrealized Appreciation (Depreciation)
U.S. 2 Year Treasury Note	Long	64	12-31-07	\$13,251,000	\$ 69,368
U.S. 5 Year Treasury Note	Long	59	12-31-07	6,314,844	9,814
U.S. 10 Year Treasury Note	Short	(129)	12-31-07	(14,097,281)	54,214
U.S. 30 Year Treasury Bond	Short	(9)	12-31-07	(1,002,094)	(1,310)
				<u>\$ 4,466,469</u>	<u>\$132,086</u>

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY BOND FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$89,951) (Notes 1 and 3) . . . . .	\$88,174
Receivables:	
Dividends and interest . . . . .	706
Investment securities sold . . . . .	409
Fund shares sold . . . . .	204
Variation margin – Futures . . . . .	12
Prepaid and other assets . . . . .	33
Total assets . . . . .	<u>89,538</u>

### LIABILITIES

Payable for investment securities purchased . . . . .	2,209
Payable to Fund shareholders . . . . .	205
Accrued management fee (Note 2) . . . . .	37
Accrued service fee (Note 2) . . . . .	37
Dividends payable . . . . .	28
Accrued shareholder servicing (Note 2) . . . . .	18
Accrued accounting services fee (Note 2) . . . . .	4
Accrued distribution fee (Note 2) . . . . .	4
Other . . . . .	17
Total liabilities . . . . .	<u>2,559</u>
Total net assets . . . . .	<u>\$86,979</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$89,275
Accumulated undistributed income (loss):	
Accumulated undistributed net investment income . . . . .	—
Accumulated undistributed net realized loss on investment transactions . . . . .	(651)
Net unrealized depreciation in value of investments . . . . .	(1,645)
Net assets applicable to outstanding units of capital . . . . .	<u>\$86,979</u>
Net asset value per share (net assets divided by shares outstanding):	
Class A . . . . .	\$10.23
Class B . . . . .	\$10.23
Class C . . . . .	\$10.23
Class E . . . . .	\$10.23
Class I . . . . .	\$10.23
Class Y . . . . .	\$10.23
Capital shares outstanding:	
Class A . . . . .	7,829
Class B . . . . .	210
Class C . . . . .	406
Class E . . . . .	41
Class I . . . . .	15
Class Y . . . . .	1

See Notes to Financial Statements.

# Statement of Operations

## IVY BOND FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):	
Interest and amortization . . . . .	\$2,301
Dividends . . . . .	18
Total income . . . . .	<u>2,319</u>
Expenses (Note 2):	
Investment management fee . . . . .	206
Service fee:	
Class A . . . . .	87
Class B . . . . .	2
Class C . . . . .	6
Class Y . . . . .	—*
Shareholder servicing:	
Class A . . . . .	73
Class B . . . . .	6
Class C . . . . .	6
Class E . . . . .	1
Class I . . . . .	—*
Class Y . . . . .	—*
Registration fees . . . . .	39
Distribution fee:	
Class A . . . . .	2
Class B . . . . .	8
Class C . . . . .	18
Class E . . . . .	—*
Accounting services fee . . . . .	24
Audit fees . . . . .	13
Custodian fees . . . . .	7
Legal fees . . . . .	1
Other . . . . .	6
Total expenses . . . . .	<u>505</u>
Net investment income . . . . .	<u>1,814</u>

### REALIZED AND UNREALIZED GAIN (LOSS)

#### ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on securities . . . . .	5
Realized net loss on futures . . . . .	(69)
Realized net loss on investments . . . . .	<u>(64)</u>
Unrealized depreciation in value of securities during the period . . . . .	(1,650)
Unrealized appreciation in value of futures during the period . . . . .	49
Unrealized depreciation in value of investments during the period . . . . .	<u>(1,601)</u>
Net loss on investments . . . . .	<u>(1,665)</u>
Net increase in net assets resulting from operations . . . . .	<u>\$ 149</u>

\*Not shown due to rounding.

See Notes to Financial Statements.



# Statement of Changes in Net Assets

## IVY BOND FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income .....	\$ 1,814	\$ 2,846
Realized net loss on investments .....	(64)	(186)
Unrealized appreciation (depreciation) .....	(1,601)	1,245
Net increase in net assets resulting from operations .....	149	3,905
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A .....	(1,676)	(2,687)
Class B .....	(35)	(55)
Class C .....	(92)	(102)
Class E .....	(7)	NA
Class I .....	(4)	NA
Class Y .....	(—)*	(2)
Realized gains on investment transactions:		
Class A .....	(—)	(—)
Class B .....	(—)	(—)
Class C .....	(—)	(—)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(—)
	(1,814)	(2,846)
Capital share transactions (Note 5) .....	18,469	10,386
Total increase .....	16,804	11,445
<b>NET ASSETS</b>		
Beginning of period .....	70,175	58,730
End of period .....	\$86,979	\$70,175
Undistributed net investment income .....	\$ —	\$ —

\*Not shown due to rounding

(1)See "Financial Highlights" on pages 50 - 55.

See Notes to Financial Statements.

# Financial Highlights

## IVY BOND FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended September 30,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$10.46	\$10.28	\$10.52	\$10.83	\$10.73	\$10.57	\$10.30
Income (loss) from investment operations:							
Net investment income . . .	0.24	0.46	0.42	0.41	0.23	0.45	0.52
Net realized and unrealized gain (loss) on investments . . . . .	(0.23)	0.18	(0.24)	(0.30)	0.09	0.15	0.27
Total from investment operations . . . . .	0.01	0.64	0.18	0.11	0.32	0.60	0.79
Less distributions from:							
Net investment income . . .	(0.24)	(0.46)	(0.42)	(0.42)	(0.22)	(0.44)	(0.52)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.24)	(0.46)	(0.42)	(0.42)	(0.22)	(0.44)	(0.52)
Net asset value, end of period . . . . .	\$10.23	\$10.46	\$10.28	\$10.52	\$10.83	\$10.73	\$10.57
Total return <sup>(1)</sup> . . . . .	0.15%	6.40%	1.74%	1.04%	3.03%	5.84%	7.90%
Net assets, end of period (in millions) . . . . .	\$80	\$64	\$56	\$49	\$23	\$18	\$17
Ratio of expenses to average net assets including reimbursement . . . . .	1.21% <sup>(2)</sup>	1.20%	1.23%	1.17%	1.46% <sup>(2)(3)</sup>	1.15%	1.15%
Ratio of net investment income to average net assets including reimbursement . . . . .	4.70% <sup>(2)</sup>	4.48%	4.03%	3.84%	4.53% <sup>(2)(3)</sup>	4.25%	5.07%
Ratio of expenses to average net assets excluding reimbursement . . . . .	1.21% <sup>(2)(4)</sup>	1.20% <sup>(4)</sup>	1.23% <sup>(4)</sup>	1.43%	2.36% <sup>(2)(3)</sup>	2.01%	1.92%
Ratio of net investment income to average net assets excluding reimbursement . . . . .	4.70% <sup>(2)(4)</sup>	4.48% <sup>(4)</sup>	4.03% <sup>(4)</sup>	3.58%	3.64% <sup>(2)(3)</sup>	3.39%	4.30%
Portfolio turnover rate . . . . .	4%	91%	126%	200%	78%	119%	148%

(1) Total return calculated without taking into account the sales load deducted on an initial purchase.

(2) Annualized.

(3) In connection with the reorganization plan effected December 8, 2003, Class B and Class C shares of the predecessor Advantus Fund were exchanged into Class A shares at the time of the merger. The ratios shown above reflect a blended rate that includes the effect of income and expenses for those Class B and Class C shares from October 1, 2003 up to the time of merger. Expenses for Class A shares before and after the merger were limited to 1.15% of average net assets.

(4) There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY BOND FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the
	six months	ended March 31,			period from
	ended	2007	2006	2005	12-8-03(1)
	9-30-07				to
					3-31-04
Net asset value,					
beginning of period . . . . .	\$10.46	\$10.28	\$10.52	\$10.83	\$10.64
Income (loss) from					
investment operations:					
Net investment income . . . . .	0.18	0.34	0.30	0.28	0.11
Net realized and					
unrealized gain					
(loss) on investments. . . . .	(0.23)	0.18	(0.24)	(0.31)	0.19
Total from investment					
operations . . . . .	(0.05)	0.52	0.06	(0.03)	0.30
Less distributions from:					
Net investment income . . . . .	(0.18)	(0.34)	(0.30)	(0.28)	(0.11)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.18)	(0.34)	(0.30)	(0.28)	(0.11)
Net asset value,					
end of period . . . . .	\$10.23	\$10.46	\$10.28	\$10.52	\$10.83
Total return . . . . .	-0.43%	5.22%	0.57%	-0.23%	2.77%
Net assets, end of period					
(in thousands) . . . . .	\$2,149	\$1,828	\$1,451	\$744	\$287
Ratio of expenses to					
average net assets . . . . .	2.36% <sup>(2)</sup>	2.32%	2.38%	2.45%	2.76% <sup>(2)</sup>
Ratio of net investment					
income to average					
net assets . . . . .	3.55% <sup>(2)</sup>	3.37%	2.90%	2.63%	3.04% <sup>(2)</sup>
Portfolio turnover rate . . . . .	4%	91%	126%	200%	78% <sup>(3)</sup>

(1)Commencement of operations of the class.

(2)Annualized.

(3)For the six months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY BOND FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the
	six months	ended March 31,			period from
	ended	2007	2006	2005	12-8-03(1)
	9-30-07				to
					3-31-04
Net asset value,					
beginning of period . . . . .	\$10.46	\$10.28	\$10.52	\$10.83	\$10.64
Income (loss) from					
investment operations:					
Net investment income . . . . .	0.20	0.37	0.31	0.27	0.11
Net realized and					
unrealized gain					
(loss) on investments. . . . .	(0.23)	0.18	(0.24)	(0.31)	0.19
Total from investment					
operations . . . . .	(0.03)	0.55	0.07	(0.04)	0.30
Less distributions from:					
Net investment income . . . . .	(0.20)	(0.37)	(0.31)	(0.27)	(0.11)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.20)	(0.37)	(0.31)	(0.27)	(0.11)
Net asset value,					
end of period . . . . .	\$10.23	\$10.46	\$10.28	\$10.52	\$10.83
Total return . . . . .	-0.27%	5.48%	0.66%	-0.40%	2.77%
Net assets, end of period					
(in thousands) . . . . .	\$4,159	\$4,096	\$1,737	\$547	\$115
Ratio of expenses to					
average net assets . . . . .	2.02% <sup>(2)</sup>	2.06%	2.28%	2.59%	2.61% <sup>(2)</sup>
Ratio of net investment					
income to average					
net assets . . . . .	3.89% <sup>(2)</sup>	3.62%	3.01%	2.47%	3.09% <sup>(2)</sup>
Portfolio turnover rate . . . . .	4%	91%	126%	200%	78% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the six months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY BOND FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.46
Income (loss) from investment operations:	
Net investment income . . . . .	0.23 <sup>(2)</sup>
Net realized and unrealized loss on investments . . . . .	(0.23) <sup>(2)</sup>
Total from investment operations . . . . .	<u>0.00</u>
Less distributions from:	
Net investment income . . . . .	(0.23)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.23)</u>
Net asset value, end of period . . . . .	<u>\$10.23</u>
Total return <sup>(3)</sup> . . . . .	0.03%
Net assets, end of period (in thousands) . . . . .	\$416
Ratio of expenses to average net assets . . . . .	1.33% <sup>(4)</sup>
Ratio of net investment income to average net assets . . . . .	4.59% <sup>(4)</sup>
Portfolio turnover rate . . . . .	4% <sup>(5)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

(5)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY BOND FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.46
Income (loss) from investment operations:	
Net investment income . . . . .	0.26 <sup>(2)</sup>
Net realized and unrealized loss on investments . . . . .	(0.23) <sup>(2)</sup>
Total from investment operations . . . . .	<u>0.03</u>
Less distributions from:	
Net investment income . . . . .	(0.26)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.26)</u>
Net asset value, end of period . . . . .	<u>\$10.23</u>
Total return . . . . .	0.32%
Net assets, end of period (in thousands) . . . . .	\$155
Ratio of expenses to average net assets . . . . .	0.95% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	4.96% <sup>(3)</sup>
Portfolio turnover rate . . . . .	4% <sup>(4)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

(4)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY BOND FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03(1) to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$10.46	\$10.28	\$10.52	\$10.83	\$10.64
Income (loss) from investment operations:					
Net investment income . . . . .	0.24 <sup>(2)</sup>	0.46	0.41	0.39	0.13
Net realized and unrealized gain (loss) on investments. . . . .	(0.23) <sup>(2)</sup>	0.18	(0.24)	(0.31)	0.19
Total from investment operations . . . . .	0.01	0.64	0.17	0.08	0.32
Less distributions from:					
Net investment income . . . . .	(0.24)	(0.46)	(0.41)	(0.39)	(0.13)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.24)	(0.46)	(0.41)	(0.39)	(0.13)
Net asset value, end of period . . . . .	\$10.23	\$10.46	\$10.28	\$10.52	\$10.83
Total return . . . . .	0.08%	6.43%	1.62%	0.75%	3.03%
Net assets, end of period (in thousands) . . . . .	\$8	\$42	\$20	\$34	\$25
Ratio of expenses to average net assets . . . . .	1.38% <sup>(3)</sup>	1.09%	1.34%	1.46%	1.54% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	4.54% <sup>(3)</sup>	4.60%	3.91%	3.65%	3.99% <sup>(3)</sup>
Portfolio turnover rate . . . . .	4%	91%	126%	200%	78% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the six months ended March 31, 2004.

See Notes to Financial Statements.

## SHAREHOLDER SUMMARY OF IVY CUNDILL GLOBAL VALUE FUND

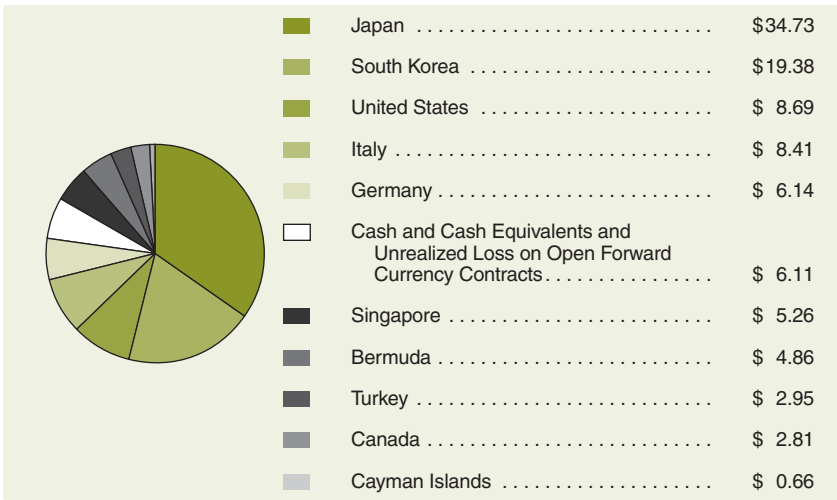
### Portfolio Highlights

On September 30, 2007, Ivy Cundill Global Value Fund had net assets totaling \$869,366,906 invested in a diversified portfolio of:

85.20%	Foreign Common Stocks
8.69%	Domestic Common Stocks
6.11%	Cash and Cash Equivalents and Unrealized Loss on Open Forward Currency Contracts

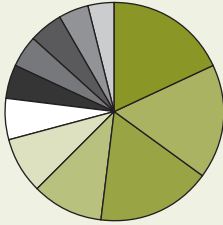
As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund was invested by country and by industry, respectively, as follows:

### Country Weightings





## Sector Weightings



Consumer Nondurables Stocks . . . . .	\$18.06
Consumer Services Stocks . . . . .	\$17.14
Financial Services Stocks . . . . .	\$16.85
Technology Stocks . . . . .	\$10.59
Utilities Stocks . . . . .	\$ 8.27
Cash and Cash Equivalents and Unrealized Loss on Open Forward Currency Contracts . . . . .	\$ 6.11
Retail Stocks . . . . .	\$ 5.00
Multi-Industry Stocks . . . . .	\$ 4.86
Business Equipment and Services Stocks	\$ 4.82
Health Care Stocks . . . . .	\$ 4.62
Capital Goods Stocks . . . . .	\$ 3.68

# The Investments of Ivy Cundill Global Value Fund

September 30, 2007

(Unaudited)

COMMON STOCKS	Shares	Value
<b>Bermuda – 4.86%</b>		
First Pacific Company Limited (A) . . . . .	56,604,000	<u>\$ 42,231,738</u>
<b>Canada – 2.81%</b>		
Fairfax Financial Holdings Limited (A) . . . . .	100,100	<u>24,406,829</u>
<b>Cayman Islands – 0.66%</b>		
Semiconductor Manufacturing International Corporation (A)* . . . . .	48,574,000	<u>5,748,513</u>
<b>Germany – 6.14%</b>		
Munchener Ruckversicherungs-Gesellschaft Aktiengesellschaft, Registered Shares (A) . . . . .	278,707	<u>53,413,311</u>
<b>Italy – 8.41%</b>		
Italmobiliare S.p.A., Non-Convertible Savings Shares (A) . . . . .	388,008	32,023,704
Mediaset S.p.A. (A) . . . . .	3,978,030	41,068,513
		<u>73,092,217</u>
<b>Japan – 34.73%</b>		
AIFUL Corporation (A) . . . . .	2,299,050	36,027,424
Asatsu-DK Inc. (A)* . . . . .	1,302,000	41,939,668
Coca-Cola West Holdings Company, Limited (A)* . . . . .	1,879,200	44,172,202
Kirin Brewery Company, Limited (A)* . . . . .	2,495,000	33,016,149
Mabuchi Motor Co., Ltd. (A)* . . . . .	673,000	43,884,299
Seven & i Holdings Co., Ltd. (A) . . . . .	1,690,700	43,494,698
TV Asahi Corporation (A) . . . . .	16,614	26,758,281
Takefuji Corporation (A) . . . . .	1,643,520	32,622,867
		<u>301,915,588</u>
<b>Singapore – 5.26%</b>		
Singapore Press Holdings Limited (A) . . . . .	15,738,000	<u>45,767,863</u>
<b>South Korea – 19.38%</b>		
Korea Electric Power Corporation (A) . . . . .	1,124,104	52,692,375
Korea Tobacco & Ginseng Corporation (A) . . . . .	692,838	54,127,969
SK Telecom Co., Ltd. (A)* . . . . .	42,571	9,768,258
SK Telecom Co., Ltd., ADR* . . . . .	318,866	9,470,320
Samsung Electronics Co., Ltd. (A)* . . . . .	91,213	42,457,100
		<u>168,516,022</u>

See Notes to Schedule of Investments on page 60.

# The Investments of Ivy Cundill Global Value Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Thailand – 2.95%</b>		
Thai Beverage Public Company Limited (A)* . . . . .	143,580,000	<b>\$ 25,613,396</b>
<b>United States – 8.69%</b>		
DIRECTV Group, Inc. (The)* . . . . .	1,458,742	35,418,256
Pfizer Inc.* . . . . .	1,642,700	40,131,161
		<b>75,549,417</b>
<b>TOTAL COMMON STOCKS – 93.89%</b>		<b>\$816,254,894</b>
(Cost: \$758,777,011)		

UNREALIZED LOSS ON OPEN FORWARD CURRENCY CONTRACTS – (2.05%)	Face Amount in Thousands	
Euro, 1–18–08 (B) . . . . .	EUR46,105	(3,504,446)
Euro, 3–14–08 (B) . . . . .	33,340	(1,252,287)
Japanese Yen, 1–18–08 (B) . . . . .	JPY17,097,976	(8,938,920)
Japanese Yen, 3–14–08 (B) . . . . .	14,179,514	(331,376)
Singapore Dollar, 1–18–08 (B) . . . . .	SGD52,044	(832,595)
Singapore Dollar, 3–14–08 (B) . . . . .	40,826	(535,181)
South Korean Won, 1–18–08 (B) . . . . .	KRW77,245,913	(1,394,122)
South Korean Won, 3–14–08 (B) . . . . .	59,905,775	(1,052,300)
		<b>\$ (17,841,227)</b>

SHORT-TERM SECURITIES – 6.05%	Principal Amount in Thousands	
<b>Repurchase Agreements</b>		
J.P. Morgan Securities Inc., 3.85% Repurchase Agreement dated 9–28–07 to be repurchased at \$52,594,869 on 10–1–07 (C) . . . . .	\$52,578	<b>\$ 52,578,000</b>
(Cost: \$52,578,000)		
<b>TOTAL INVESTMENT SECURITIES – 97.89%</b>		<b>\$850,991,667</b>
(Cost: \$811,355,011)		

<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 2.11%</b>	<b>18,375,239</b>
<b>NET ASSETS – 100.00%</b>	<b>\$869,366,906</b>

See Notes to Schedule of Investments on page 60.

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# The Investments of Ivy Cundill Global Value Fund

September 30, 2007

(Unaudited)

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## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

\*No dividends were paid during the preceding 12 months.

(A) Listed on an exchange outside the United States.

(B) Principal amounts are denominated in the indicated foreign currency, where applicable (EUR – Euro, JPY – Japanese Yen, KRW – South Korean Won, SGD – Singapore Dollar).

(C) Collateralized by \$39,639,000 United States Treasury Bond, 8.5% due 2–15–20; market value and accrued interest aggregate \$53,698,597.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY CUNDILL GLOBAL VALUE FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (Notes 1 and 3):	
Securities (cost – \$758,777) . . . . .	\$798,414
Repurchase agreement (cost – \$52,578) . . . . .	52,578
	<u>850,992</u>
Cash denominated in foreign currencies (cost – \$25,786) . . . . .	26,031
Receivables:	
Dividends and interest . . . . .	2,850
Fund shares sold . . . . .	1,845
Prepaid and other assets . . . . .	54
Total assets . . . . .	<u>881,772</u>

### LIABILITIES

Payable to Fund shareholders . . . . .	5,306
Due to custodian . . . . .	3,741
Payable for investment securities purchased . . . . .	1,695
Accrued management fee (Note 2) . . . . .	687
Accrued service fee (Note 2) . . . . .	351
Accrued shareholder servicing (Note 2) . . . . .	291
Accrued distribution fee (Note 2) . . . . .	154
Accrued accounting services fee (Note 2) . . . . .	12
Accrued administrative fee (Note 2) . . . . .	7
Other . . . . .	161
Total liabilities . . . . .	<u>12,405</u>
Total net assets . . . . .	<u>\$869,367</u>

See Notes to Financial Statements.

# Statement of Assets and Liabilities

(Unaudited)

## IVY CUNDILL GLOBAL VALUE FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Continued)

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$747,803
Accumulated undistributed income:	
Accumulated undistributed net investment income. . . . .	5,111
Accumulated undistributed net realized gain on investment transactions . . . . .	76,563
Net unrealized appreciation in value of investments. . . . .	39,890
Net assets applicable to outstanding units of capital. . . . .	<u>\$869,367</u>
Net asset value per share (net assets divided by shares outstanding):	
Class A . . . . .	\$15.44
Class B . . . . .	\$15.04
Class C . . . . .	\$15.01
Class E . . . . .	\$15.41
Class I . . . . .	\$15.61
Class Y . . . . .	\$15.52
Advisor Class . . . . .	\$15.50
Class II . . . . .	\$15.36
Capital shares outstanding:	
Class A . . . . .	39,909
Class B . . . . .	3,354
Class C . . . . .	12,385
Class E . . . . .	20
Class I . . . . .	127
Class Y . . . . .	760
Advisor Class . . . . .	181
Class II . . . . .	2

See Notes to Financial Statements.

# Statement of Operations

## IVY CUNDILL GLOBAL VALUE FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):	
Dividends (net of foreign withholding taxes of \$1,154) .....	\$ 10,394
Interest and amortization .....	2,868
Total income .....	<u>13,262</u>
Expenses (Note 2):	
Investment management fee .....	4,559
Shareholder servicing:	
Class A .....	919
Class B .....	109
Class C .....	180
Class E .....	1
Class I .....	2
Class Y .....	11
Advisor Class .....	—*
Class II .....	—*
Service fee:	
Class A .....	817
Class B .....	72
Class C .....	279
Class Y .....	17
Distribution fee:	
Class A .....	40
Class B .....	215
Class C .....	837
Class E .....	—*
Custodian fees .....	132
Accounting services fee .....	82
Administrative fee .....	49
Audit fees .....	12
Legal fees .....	10
Other .....	256
Total .....	<u>8,599</u>
Less expenses in excess of voluntary limit (Note 2) .....	(15)
Total expenses .....	<u>8,584</u>
Net investment income .....	<u>4,678</u>

\*Not shown due to rounding.

See Notes to Financial Statements.

# Statement of Operations

(Unaudited)

## IVY CUNDILL GLOBAL VALUE FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Continued)

### REALIZED AND UNREALIZED GAIN (LOSS)

#### ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on securities . . . . .	40,455
Realized net gain on forward currency contracts . . . . .	2,481
Realized net gain on foreign currency transactions . . . . .	2,026
Realized net gain on investments . . . . .	<u>44,962</u>
Unrealized depreciation in value of securities during the period . . . . .	(86,224)
Unrealized depreciation in value of forward currency contracts during the period . . . . .	(14,275)
Unrealized depreciation in value of investments during the period . . . . .	<u>(100,499)</u>
Net loss on investments . . . . .	<u>(55,537)</u>
Net decrease in net assets resulting from operations . . . . .	<u><u>\$ (50,859)</u></u>

See Notes to Financial Statements.



# Statement of Changes in Net Assets

## IVY CUNDILL GLOBAL VALUE FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE (DECREASE) IN NET ASSETS</b>		
Operations:		
Net investment income .....	\$ 4,678	\$ 5,753
Realized net gain on investments .....	44,962	79,392
Unrealized appreciation (depreciation) .....	(100,499)	10,677
Net increase (decrease) in net assets resulting from operations .....	(50,859)	95,822
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A .....	(—)	(4,498)
Class B .....	(—)	(—)
Class C .....	(—)	(219)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(146)
Advisor Class .....	(—)	(37)
Class II .....	(—)	(—)*
Realized gains on investment transactions:		
Class A .....	(—)	(30,521)
Class B .....	(—)	(2,704)
Class C .....	(—)	(10,901)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(689)
Advisor Class .....	(—)	(142)
Class II .....	(—)	(1)
	(—)	(49,858)
Capital share transactions (Note 5) .....	(77,731)	38,788
Total increase (decrease) .....	(128,590)	84,752
<b>NET ASSETS</b>		
Beginning of period .....	997,957	913,205
End of period .....	\$869,367	\$997,957
Undistributed net investment income (loss) .....	\$5,111	\$(1,593)

\*Not shown due to rounding.

(1)See "Financial Highlights" on pages 66 - 73.

See Notes to Financial Statements.

# Financial Highlights

## IVY CUNDILL GLOBAL VALUE FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the fiscal	
	six months	ended March 31,			fiscal period	year ended	
	ended	2007	2006	2005	ended	December 31,	2002
	9-30-07				3-31-04	2003	2002
Net asset value,							
beginning of period . . . . .	\$16.28	\$15.52	\$13.79	\$12.57	\$11.41	\$ 8.39	\$ 9.64
Income (loss) from							
investment operations:							
Net investment							
income (loss) . . . . .	0.10	0.13	0.17	0.04	0.01	0.01	(0.00) <sup>(1)</sup>
Net realized and							
unrealized gain							
(loss) on investments . . .	(0.94)	1.49	2.21	1.25	1.15	3.05	(1.17) <sup>(1)</sup>
Total from investment							
operations . . . . .	(0.84)	1.62	2.38	1.29	1.16	3.06	(1.17)
Less distributions from:							
Net investment income . . . .	(0.00)	(0.11)	(0.16)	(0.07)	(0.00)	(0.04)	(0.00)
Capital gains . . . . .	(0.00)	(0.75)	(0.49)	(0.00)	(0.00)	(0.00)	(0.08)
Total distributions . . . . .	(0.00)	(0.86)	(0.65)	(0.07)	(0.00)	(0.04)	(0.08)
Net asset value,							
end of period . . . . .	\$15.44	\$16.28	\$15.52	\$13.79	\$12.57	\$11.41	\$ 8.39
Total return <sup>(2)</sup> . . . . .	-5.16%	10.71%	17.49%	10.29%	10.17%	36.43%	-12.17%
Net assets, end of period							
(in millions) . . . . .	\$616	\$688	\$625	\$321	\$59	\$30	\$1
Ratio of expenses to average							
net assets including							
reimbursement . . . . .	1.55% <sup>(3)</sup>	1.55%	1.62%	1.74%	1.70% <sup>(3)</sup>	2.05%	2.28%
Ratio of net investment							
income (loss) to average							
net assets including							
reimbursement . . . . .	1.14% <sup>(3)</sup>	0.81%	1.09%	0.08%	-0.09% <sup>(3)</sup>	0.18%	0.02%
Ratio of expenses to average							
net assets excluding							
reimbursement . . . . .	1.55% <sup>(3)(4)</sup>	1.55% <sup>(4)</sup>	1.62% <sup>(4)</sup>	1.74% <sup>(4)</sup>	1.84% <sup>(3)</sup>	2.21%	4.97%
Ratio of net investment							
income (loss) to average							
net assets excluding							
reimbursement . . . . .	1.14% <sup>(3)(4)</sup>	0.81% <sup>(4)</sup>	1.09% <sup>(4)</sup>	0.08% <sup>(4)</sup>	-0.23% <sup>(3)</sup>	0.02%	-2.67%
Portfolio turnover rate . . . . .	28%	42%	4%	5%	1%	24%	122%

(1)Based on average shares outstanding.

(2)Total return calculated without taking into account the sales load deducted on an initial purchase.

(3)Annualized.

(4)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY CUNDILL GLOBAL VALUE FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$15.93	\$15.23	\$13.54	\$12.38	\$11.26	\$ 8.32	\$9.61
Income (loss) from investment operations:							
Net investment income (loss) . . . . .	0.02	(0.01)	0.06	(0.01)	(0.02)	(0.06)	(0.05) <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	(0.91)	1.46	2.14	1.17	1.14	3.00	(1.16) <sup>(1)</sup>
Total from investment operations . . . . .	(0.89)	1.45	2.20	1.16	1.12	2.94	(1.21)
Less distributions from:							
Net investment income . . . . .	(0.00)	(0.00)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.75)	(0.49)	(0.00)	(0.00)	(0.00)	(0.08)
Total distributions . . . . .	(0.00)	(0.75)	(0.51)	(0.00)	(0.00)	(0.00)	(0.08)
Net asset value, end of period . . . . .	\$15.04	\$15.93	\$15.23	\$13.54	\$12.38	\$11.26	\$8.32
Total return . . . . .	-5.65%	9.82%	16.43%	9.37%	9.95%	35.34%	-12.62%
Net assets, end of period (in millions) . . . . .	\$50	\$59	\$57	\$37	\$12	\$7	\$2
Ratio of expenses to average net assets including reimbursement . . . . .	2.43% <sup>(2)</sup>	2.44%	2.51%	2.62%	2.52% <sup>(2)</sup>	3.20%	2.84%
Ratio of net investment income (loss) to average net assets including reimbursement . . . . .	0.27% <sup>(2)</sup>	-0.07%	0.21%	-0.86%	-1.31% <sup>(2)</sup>	-1.13%	-0.54%
Ratio of expenses to average net assets excluding reimbursement . . . . .	2.43% <sup>(2)(3)</sup>	2.44% <sup>(3)</sup>	2.51% <sup>(3)</sup>	2.62% <sup>(3)</sup>	2.67% <sup>(2)</sup>	3.36%	5.53%
Ratio of net investment income (loss) to average net assets excluding reimbursement . . . . .	0.27% <sup>(2)(3)</sup>	-0.07% <sup>(3)</sup>	0.21% <sup>(3)</sup>	-0.86% <sup>(3)</sup>	-1.46% <sup>(2)</sup>	-1.29%	-3.23%
Portfolio turnover rate . . . . .	28%	42%	4%	5%	1%	24%	122%

(1)Based on average shares outstanding.

(2)Annualized.

(3)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY CUNDILL GLOBAL VALUE FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$15.88	\$15.16	\$13.48	\$12.30	\$11.19	\$ 8.26	\$9.57
Income (loss) from investment operations:							
Net investment income (loss) . . . . .	0.04	0.03	0.08	(0.02)	(0.01)	(0.03)	(0.07) <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	(0.91)	1.46	2.14	1.20	1.12	2.96	(1.16) <sup>(1)</sup>
Total from investment operations . . . . .	(0.87)	1.49	2.22	1.18	1.11	2.93	(1.23)
Less distributions from:							
Net investment income . . . . .	(0.00)	(0.02)	(0.05)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.75)	(0.49)	(0.00)	(0.00)	(0.00)	(0.08)
Total distributions . . . . .	(0.00)	(0.77)	(0.54)	(0.00)	(0.00)	(0.00)	(0.08)
Net asset value, end of period . . . . .	\$15.01	\$15.88	\$15.16	\$13.48	\$12.30	\$11.19	\$8.26
Total return . . . . .	-5.48%	10.03%	16.70%	9.59%	9.92%	35.47%	-12.88%
Net assets, end of period (in thousands) . . . . .	\$185,854	\$233,049	\$211,242	\$96,375	\$23,840	\$11,235	\$446
Ratio of expenses to average net assets including reimbursement . . . . .	2.20% <sup>(2)</sup>	2.21%	2.28%	2.42%	2.35% <sup>(2)</sup>	2.93%	3.10%
Ratio of net investment income (loss) to average net assets including reimbursement . . . . .	0.49% <sup>(2)</sup>	0.15%	0.43%	-0.62%	-1.09% <sup>(2)</sup>	-0.83%	-0.80%
Ratio of expenses to average net assets excluding reimbursement . . . . .	2.20% <sup>(2)(3)</sup>	2.21% <sup>(3)</sup>	2.28% <sup>(3)</sup>	2.42% <sup>(3)</sup>	2.50% <sup>(2)</sup>	3.10%	5.79%
Ratio of net investment income (loss) to average net assets excluding reimbursement . . . . .	0.49% <sup>(2)(3)</sup>	0.15% <sup>(3)</sup>	0.43% <sup>(3)</sup>	-0.62% <sup>(3)</sup>	-1.23% <sup>(2)</sup>	-1.00%	-3.49%
Portfolio turnover rate . . . . .	28%	42%	4%	5%	1%	24%	122%

(1)Based on average shares outstanding.

(2)Annualized.

(3)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY CUNDILL GLOBAL VALUE FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$16.28
Income (loss) from investment operations:	
Net investment income . . . . .	0.02 <sup>(2)</sup>
Net realized and unrealized loss on investments . . . . .	(0.89) <sup>(2)</sup>
Total from investment operations . . . . .	<u>(0.87)</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$15.41</u>
Total return <sup>(3)</sup> . . . . .	-5.05%
Net assets, end of period (in thousands) . . . . .	\$310
Ratio of expenses to average net assets . . . . .	2.05% <sup>(4)</sup>
Ratio of net investment income to average net assets . . . . .	0.27% <sup>(4)</sup>
Portfolio turnover rate . . . . .	28% <sup>(5)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

(5)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY CUNDILL GLOBAL VALUE FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$16.34
Income (loss) from investment operations:	
Net investment income . . . . .	0.13 <sup>(2)</sup>
Net realized and unrealized loss on investments . . . . .	(0.86) <sup>(2)</sup>
Total from investment operations . . . . .	<u>(0.73)</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$15.61</u>
Total return . . . . .	-4.18%
Net assets, end of period (in millions) . . . . .	\$2
Ratio of expenses to average net assets . . . . .	1.20% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	1.47% <sup>(3)</sup>
Portfolio turnover rate . . . . .	28% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY CUNDILL GLOBAL VALUE FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the period from 7-24-03 <sup>(1)</sup> to 12-31-03
		2007	2006	2005		
Net asset value, beginning of period.....	\$16.33	\$15.56	\$13.82	\$12.58	\$11.40	\$ 9.84
Income (loss) from investment operations:						
Net investment income (loss).....	0.11	0.19	0.19	0.07	(0.01)	0.02
Net realized and unrealized gain (loss) on investments .....	(0.92)	1.49	2.26	1.29	1.19	1.58
Total from investment operations.....	(0.81)	1.68	2.45	1.36	1.18	1.60
Less distributions from:						
Net investment income.....	(0.00)	(0.16)	(0.22)	(0.12)	(0.00)	(0.04)
Capital gains.....	(0.00)	(0.75)	(0.49)	(0.00)	(0.00)	(0.00)
Total distributions.....	(0.00)	(0.91)	(0.71)	(0.12)	(0.00)	(0.04)
Net asset value, end of period.....	\$15.52	\$16.33	\$15.56	\$13.82	\$12.58	\$11.40
Total return .....	-5.02%	11.14%	17.99%	10.90%	10.35%	16.28%
Net assets, end of period (in millions).....	\$12	\$15	\$17	\$10	\$2	\$1
Ratio of expenses to average net assets including reimbursement.....	1.20% <sup>(2)</sup>	1.20%	1.19%	1.20%	1.20% <sup>(2)</sup>	1.76% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets including reimbursement.....	1.47% <sup>(2)</sup>	1.18%	1.46%	0.52%	-0.32% <sup>(2)</sup>	0.55% <sup>(2)</sup>
Ratio of expenses to average net assets excluding reimbursement.....	1.43% <sup>(2)</sup>	1.42%	1.46%	1.56%	1.80% <sup>(2)</sup>	2.09% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets excluding reimbursement.....	1.24% <sup>(2)</sup>	0.96%	1.19%	0.16%	-0.92% <sup>(2)</sup>	0.22% <sup>(2)</sup>
Portfolio turnover rate.....	28%	42%	4%	5%	1%	24% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the 12 months ended December 31, 2003.

See Notes to Financial Statements.

# Financial Highlights

## IVY CUNDILL GLOBAL VALUE FUND

Advisor Class Shares<sup>(1)</sup>

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$16.30	\$15.54	\$13.77	\$12.54	\$11.37	\$ 8.34	\$9.55
Income (loss) from investment operations:							
Net investment income (loss) . . . . .	0.13	0.21	0.22	0.04	(0.01)	(0.01)	0.04 <sup>(2)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	(0.93)	1.49	2.23	1.32	1.18	3.10	(1.17) <sup>(2)</sup>
Total from investment operations . . . . .	(0.80)	1.70	2.45	1.36	1.17	3.09	(1.13)
Less distributions from:							
Net investment income . .	(0.00)	(0.19)	(0.19)	(0.13)	(0.00)	(0.06)	(0.00)
Capital gains . . . . .	(0.00)	(0.75)	(0.49)	(0.00)	(0.00)	(0.00)	(0.08)
Total distributions . . . . .	(0.00)	(0.94)	(0.68)	(0.13)	(0.00)	(0.06)	(0.08)
Net asset value, end of period . . . . .	\$15.50	\$16.30	\$15.54	\$13.77	\$12.54	\$11.37	\$8.34
Total return . . . . .	-4.97%	11.33%	18.09%	10.86%	10.29%	37.11%	-11.86%
Net assets, end of period (in millions) . . . . .	\$3	\$3	\$3	\$3	\$3	\$3	\$2
Ratio of expenses to average net assets including reimbursement . . . . .	1.04% <sup>(3)</sup>	1.05%	1.12%	1.23%	1.26% <sup>(3)</sup>	2.12%	1.83%
Ratio of net investment income (loss) to average net assets including reimbursement . . . . .	1.65% <sup>(3)</sup>	1.31%	1.57%	0.41%	-0.17% <sup>(3)</sup>	-0.07%	0.47%
Ratio of expenses to average net assets excluding reimbursement . . . . .	1.04% <sup>(3)(4)</sup>	1.05% <sup>(4)</sup>	1.12% <sup>(4)</sup>	1.23% <sup>(4)</sup>	1.41% <sup>(3)</sup>	2.28%	4.52%
Ratio of net investment income (loss) to average net assets excluding reimbursement . . . . .	1.65% <sup>(3)(4)</sup>	1.31% <sup>(4)</sup>	1.57% <sup>(4)</sup>	0.41% <sup>(4)</sup>	-0.32% <sup>(3)</sup>	-0.23%	-2.22%
Portfolio turnover rate . . . . .	28%	42%	4%	5%	1%	24%	122%

(1) See Note 5 to financial statements.

(2) Based on average shares outstanding.

(3) Annualized.

(4) There was no waiver of expenses during the period.

See Notes to Financial Statements.



# Financial Highlights

## IVY CUNDILL GLOBAL VALUE FUND

Class II Shares<sup>(1)</sup>

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended 12-31-03	For the period from 11-5-02 <sup>(2)</sup> to 12-31-02
		2007	2006	2005			
Net asset value, beginning of period . . . . .	\$16.16	\$15.41	\$13.70	\$12.49	\$11.33	\$ 8.31	\$8.85
Income (loss) from investment operations:							
Net investment income (loss) . . . . .	0.17	0.24	0.25 <sup>(3)</sup>	0.02	(0.01)	0.00	0.26
Net realized and unrealized gain (loss) on investments . . . . .	(0.97)	1.44	2.16 <sup>(3)</sup>	1.30	1.17	3.08	(0.72)
Total from investment operations . . . . .	(0.80)	1.68	2.41	1.32	1.16	3.08	(0.46)
Less distributions from:							
Net investment income . .	(0.00)	(0.18)	(0.21)	(0.11)	(0.00)	(0.06)	(0.00)
Capital gains . . . . .	(0.00)	(0.75)	(0.49)	(0.00)	(0.00)	(0.00)	(0.08)
Total distributions . . . . .	(0.00)	(0.93)	(0.70)	(0.11)	(0.00)	(0.06)	(0.08)
Net asset value, end of period . . . . .	\$15.36	\$16.16	\$15.41	\$13.70	\$12.49	\$11.33	\$8.31
Total return . . . . .	-4.95%	11.24%	17.88%	10.62%	10.24%	37.12%	-5.23%
Net assets, end of period (in thousands) . . . . .	\$25	\$26	\$24	\$70	\$63	\$57	\$42
Ratio of expenses to average net assets including reimbursement . . . . .	1.11% <sup>(4)</sup>	1.08%	1.28%	1.49%	1.39% <sup>(4)</sup>	2.03%	11.51% <sup>(4)</sup>
Ratio of net investment income (loss) to average net assets including reimbursement . . . . .	1.58% <sup>(4)</sup>	1.28%	1.20%	0.16%	-0.29% <sup>(4)</sup>	0.03%	2.96% <sup>(4)</sup>
Ratio of expenses to average net assets excluding reimbursement . . . . .	1.11% <sup>(4)(5)</sup>	1.08% <sup>(5)</sup>	1.28% <sup>(5)</sup>	1.49% <sup>(5)</sup>	1.53% <sup>(4)</sup>	2.20%	28.44% <sup>(4)</sup>
Ratio of net investment income (loss) to average net assets excluding reimbursement . . . . .	1.58% <sup>(4)(5)</sup>	1.28% <sup>(5)</sup>	1.20% <sup>(5)</sup>	0.16% <sup>(5)</sup>	-0.44% <sup>(4)</sup>	-0.13%	-13.97% <sup>(4)</sup>
Portfolio turnover rate . . . . .	28%	42%	4%	5%	1%	24%	122% <sup>(6)</sup>

(1) See Note 5 to financial statements.

(2) Commencement of operations of the class.

(3) Based on average weekly shares outstanding.

(4) Annualized.

(5) There was no waiver of expenses during the period.

(6) For the 12 months ended December 31, 2002.

See Notes to Financial Statements.

## SHAREHOLDER SUMMARY OF IVY DIVIDEND INCOME FUND

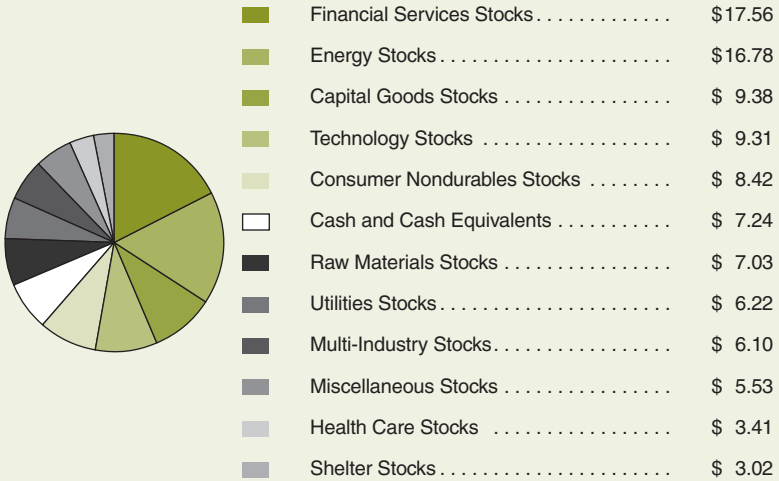
### Portfolio Highlights

On September 30, 2007, Ivy Dividend Income Fund had net assets totaling \$186,368,424 invested in a diversified portfolio of:

85.42%	Domestic Common Stocks
7.34%	Foreign Common Stocks
7.24%	Cash and Cash Equivalents

### Sector Weightings

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund owned:



# The Investments of Ivy Dividend Income Fund

September 30, 2007

(Unaudited)

COMMON STOCKS	Shares	Value
<b>Aircraft – 6.59%</b>		
Boeing Company (The) . . . . .	53,650	\$ 5,632,713
Goodrich Corporation. . . . .	48,850	3,333,035
Raytheon Company . . . . .	52,050	3,321,831
		<u>12,287,579</u>
<b>Banks – 1.61%</b>		
Bank of America Corporation. . . . .	59,450	<u>2,988,551</u>
<b>Beverages – 3.86%</b>		
Coca-Cola Company (The) . . . . .	39,400	2,264,318
Diageo plc, ADR. . . . .	30,300	2,658,219
PepsiCo, Inc. . . . .	31,100	2,278,386
		<u>7,200,923</u>
<b>Capital Equipment – 4.25%</b>		
Caterpillar Inc. . . . .	19,850	1,556,835
Deere & Company . . . . .	42,900	6,367,218
		<u>7,924,053</u>
<b>Chemicals – Petroleum and Inorganic – 4.27%</b>		
E.I. du Pont de Nemours and Company . . . . .	48,400	2,398,704
Monsanto Company . . . . .	41,900	3,592,506
UAP Holding Corp. . . . .	62,450	1,959,369
		<u>7,950,579</u>
<b>Chemicals – Specialty – 1.68%</b>		
Air Products and Chemicals, Inc. . . . .	32,050	<u>3,133,208</u>
<b>Communications Equipment – 0.71%</b>		
Nokia Corporation, Series A, ADR. . . . .	34,650	<u>1,314,275</u>
<b>Computers – Peripherals – 1.09%</b>		
Microsoft Corporation. . . . .	68,750	<u>2,025,719</u>
<b>Electrical Equipment – 0.99%</b>		
Emerson Electric Co. . . . .	34,450	<u>1,833,429</u>
<b>Electronic Components – 0.92%</b>		
Microchip Technology Incorporated. . . . .	47,100	<u>1,709,730</u>
<b>Finance Companies – 1.12%</b>		
Blackstone Group L.P. (The)* . . . . .	11,400	285,912
Fannie Mae. . . . .	29,750	1,809,097
		<u>2,095,009</u>

See Notes to Schedule of Investments on page 79.

# The Investments of Ivy Dividend Income Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Health Care – Drugs – 2.48%</b>		
Abbott Laboratories .....	43,850	\$ 2,351,237
Merck & Co., Inc. ....	43,850	2,266,607
		<u>4,617,844</u>
<b>Hospital Supply and Management – 0.93%</b>		
Medtronic, Inc. ....	30,650	<u>1,728,967</u>
<b>Hotels and Gaming – 2.25%</b>		
Harrah's Entertainment, Inc. ....	19,550	1,699,481
Starwood Hotels & Resorts Worldwide, Inc. ....	41,100	2,496,825
		<u>4,196,306</u>
<b>Household – General Products – 3.64%</b>		
Colgate-Palmolive Company .....	47,250	3,369,870
Procter & Gamble Company (The) .....	48,450	3,407,973
		<u>6,777,843</u>
<b>Insurance – Life – 0.92%</b>		
Aflac Incorporated .....	30,200	<u>1,722,608</u>
<b>Insurance – Property and Casualty – 4.61%</b>		
ACE Limited .....	22,250	1,347,682
Ambac Financial Group, Inc. ....	31,500	1,981,665
Everest Re Group, Ltd. ....	15,250	1,681,160
MBIA Inc. ....	33,750	2,060,438
Travelers Companies, Inc. (The) .....	30,150	1,517,751
		<u>8,588,696</u>
<b>Metal Fabrication – 1.13%</b>		
Loews Corporation, Carolina Group .....	25,700	<u>2,113,311</u>
<b>Mining – 0.59%</b>		
Rio Tinto plc, ADR .....	3,200	<u>1,098,880</u>
<b>Multiple Industry – 6.10%</b>		
Altria Group, Inc. ....	66,000	4,588,980
General Electric Company .....	109,100	4,516,740
NuStar GP Holdings, LLC .....	72,950	2,268,016
		<u>11,373,736</u>
<b>Non-Residential Construction – 3.01%</b>		
Fluor Corporation .....	39,000	<u>5,615,220</u>

See Notes to Schedule of Investments on page 79.

# The Investments of Ivy Dividend Income Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Petroleum – International – 6.06%</b>		
Anadarko Petroleum Corporation .....	44,550	\$ 2,394,562
Apache Corporation .....	27,900	2,512,674
Exxon Mobil Corporation .....	59,600	5,516,576
Marathon Oil Corporation .....	15,200	866,704
		<u>11,290,516</u>
<b>Petroleum – Services – 10.72%</b>		
Baker Hughes Incorporated .....	41,500	3,750,355
Grant Prideco, Inc.* .....	33,000	1,799,160
National Oilwell Varco, Inc.* .....	22,650	3,272,925
Schlumberger Limited .....	64,200	6,741,000
Transocean Inc.* .....	17,600	1,989,680
Weatherford International Ltd.* .....	36,200	2,431,916
		<u>19,985,036</u>
<b>Railroad – 2.05%</b>		
Burlington Northern Santa Fe Corporation .....	17,650	1,432,650
Union Pacific Corporation .....	21,150	2,391,219
		<u>3,823,869</u>
<b>Real Estate Investment Trust – 3.02%</b>		
Douglas Emmett, Inc. ....	78,500	1,941,305
ProLogis .....	22,650	1,502,828
Simon Property Group, Inc. ....	21,900	2,190,000
		<u>5,634,133</u>
<b>Restaurants – 1.23%</b>		
McDonald's Corporation .....	42,000	2,287,740
		<u>2,287,740</u>
<b>Security and Commodity Brokers – 9.30%</b>		
AllianceBernstein Holding L.P. ....	60,450	5,323,831
CME Group Inc. ....	9,450	5,550,457
J.P. Morgan Chase & Co. ....	39,452	1,807,691
NYMEX Holdings, Inc. ....	21,800	2,837,924
UBS AG .....	34,000	1,810,500
		<u>17,330,403</u>
<b>Steel – 0.49%</b>		
Nucor Corporation .....	15,450	918,812
		<u>918,812</u>
<b>Tobacco – 0.92%</b>		
Reynolds American Inc. ....	27,000	1,716,930
		<u>1,716,930</u>

See Notes to Schedule of Investments on page 79.

# The Investments of Ivy Dividend Income Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Utilities – Electric – 2.69%</b>		
Dominion Resources, Inc. ....	22,100	\$ 1,863,030
NRG Energy, Inc.* .....	74,650	3,156,949
		<u>5,019,979</u>
<b>Utilities – Gas and Pipeline – 0.72%</b>		
Enbridge Inc. ....	36,350	<u>1,332,954</u>
<b>Utilities – Telephone – 2.81%</b>		
AT&T Inc. ....	54,073	2,287,829
Iowa Telecommunications Services, Inc. ....	84,150	1,670,378
Verizon Communications Inc. ....	28,950	1,281,906
		<u>5,240,113</u>
<b>TOTAL COMMON STOCKS – 92.76%</b>		<b>\$172,876,951</b>
(Cost: \$129,801,414)		

SHORT-TERM SECURITIES	Principal Amount in Thousands	
<b>Commercial Paper</b>		
<b>Electrical Equipment – 0.80%</b>		
W.W. Grainger, Inc., 4.78%, 10–24–07 .....	\$1,500	<u>1,495,419</u>
<b>Finance Companies – 1.07%</b>		
Prudential Funding LLC, 5.15%, 10–11–07 .....	2,000	<u>1,997,139</u>
<b>Food and Related – 2.68%</b>		
Hershey Company (The), 5.3%, 10–15–07 .....	3,000	2,993,817
Kellogg Co., 5.75%, 10–12–07 .....	2,000	1,996,486
		<u>4,990,303</u>
<b>Forest and Paper Products – 0.06%</b>		
Sonoco Products Co., 5.6%, 10–1–07 .....	109	<u>109,000</u>
<b>Leisure Time Industry – 1.07%</b>		
Walt Disney Company (The), 5.2%, 10–11–07 .....	2,000	<u>1,997,111</u>

See Notes to Schedule of Investments on page 79.

# The Investments of Ivy Dividend Income Fund

September 30, 2007

(Unaudited)

SHORT-TERM SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Commercial Paper (Continued)</b>		
<b>Retail – General Merchandise – 2.14%</b>		
Target Corporation, 5.0%, 10–19–07 .....	\$4,000	<u>\$ 3,990,000</u>
<b>Total Commercial Paper – 7.82%</b>		<b>14,578,972</b>
<b>Municipal Obligation – Taxable – 0.54%</b>		
<b>California</b>		
County of Sacramento, Taxable Pension Funding Bonds, Series 1995B (Bayerische Landesbank Girozentrale, New York Branch), 5.25%, 10–3–07 (A) .....	1,000	<u>1,000,000</u>
<b>TOTAL SHORT-TERM SECURITIES – 8.36%</b>		<b>\$ 15,578,972</b>
(Cost: \$15,578,972)		
<b>TOTAL INVESTMENT SECURITIES – 101.12%</b>		<b>\$188,455,923</b>
(Cost: \$145,380,386)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (1.12%)</b>		<b>(2,087,499)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$186,368,424</b>

## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

\*No dividends were paid during the preceding 12 months.

(A) Variable rate security. Interest rate disclosed is that which is in effect at September 30, 2007.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY DIVIDEND INCOME FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$145,380) (Notes 1 and 3) . . . . .	\$ 188,456
Receivables:	
Fund shares sold . . . . .	587
Dividends and interest . . . . .	342
Prepaid and other assets . . . . .	43
Total assets . . . . .	<u>189,428</u>

### LIABILITIES

Payable to Fund shareholders . . . . .	2,664
Payable for investment securities purchased . . . . .	126
Accrued management fee (Note 2) . . . . .	105
Accrued service fee (Note 2) . . . . .	58
Accrued shareholder servicing (Note 2) . . . . .	46
Accrued distribution fee (Note 2) . . . . .	21
Due to custodian . . . . .	9
Accrued accounting services fee (Note 2) . . . . .	6
Other . . . . .	25
Total liabilities . . . . .	<u>3,060</u>
Total net assets . . . . .	<u>\$ 186,368</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$ 141,205
Accumulated undistributed income:	
Accumulated undistributed net investment income . . . . .	102
Accumulated undistributed net realized gain on investment transactions . . . . .	1,985
Net unrealized appreciation in value of investments . . . . .	<u>43,076</u>
Net assets applicable to outstanding units of capital . . . . .	<u>\$ 186,368</u>

### Net asset value per share (net assets divided by shares outstanding):

Class A . . . . .	\$17.68
Class B . . . . .	\$17.59
Class C . . . . .	\$17.61
Class E . . . . .	\$17.67
Class I . . . . .	\$17.69
Class Y . . . . .	\$17.69

### Capital shares outstanding:

Class A . . . . .	7,994
Class B . . . . .	684
Class C . . . . .	1,347
Class E . . . . .	41
Class I . . . . .	6
Class Y . . . . .	477

See Notes to Financial Statements.



# Statement of Operations

## IVY DIVIDEND INCOME FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):	
Dividends (net of foreign withholding taxes of \$12) .....	\$ 1,574
Interest and amortization .....	450
Total income .....	<u>2,024</u>
Expenses (Note 2):	
Investment management fee .....	579
Shareholder servicing:	
Class A .....	169
Class B .....	27
Class C .....	32
Class E .....	2
Class I .....	—*
Class Y .....	4
Service fee:	
Class A .....	153
Class B .....	14
Class C .....	27
Class Y .....	7
Distribution fee:	
Class A .....	5
Class B .....	42
Class C .....	81
Class E .....	—*
Accounting services fee .....	36
Audit fees .....	11
Custodian fees .....	3
Legal fees .....	2
Other .....	72
Total expenses .....	<u>1,266</u>
Net investment income .....	<u>758</u>

### REALIZED AND UNREALIZED GAIN

#### ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on investments .....	580
Unrealized appreciation in value of investments during the period .....	18,519
Net gain on investments .....	<u>19,099</u>
Net increase in net assets resulting from operations .....	<u>\$19,857</u>

\*Not shown due to rounding.

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY DIVIDEND INCOME FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income .....	\$ 758	\$ 1,040
Realized net gain on investments .....	580	2,989
Unrealized appreciation .....	18,519	7,777
Net increase in net assets resulting from operations .....	19,857	11,806
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A .....	(621)	(963)
Class B .....	(3)	(24)
Class C .....	(20)	(61)
Class E .....	(1)	NA
Class I .....	(1)	NA
Class Y .....	(33)	(17)
Realized gains on investment transactions:		
Class A .....	(—)	(1,058)
Class B .....	(—)	(106)
Class C .....	(—)	(209)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(16)
	(679)	(2,454)
Capital share transactions (Note 5) .....	28,301	46,283
Total increase .....	47,479	55,635
<b>NET ASSETS</b>		
Beginning of period .....	138,889	83,254
End of period .....	\$186,368	\$138,889
Undistributed net investment income .....	\$ 102	\$ 23

(1)See "Financial Highlights" on pages 83 - 88.

See Notes to Financial Statements.

# Financial Highlights

## IVY DIVIDEND INCOME FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the period from 6-30-03 <sup>(1)</sup> to 12-31-03
		2007	2006	2005		
Net asset value, beginning of period . . . . .	\$15.70	\$14.41	\$12.13	\$11.07	\$11.03	\$10.00
Income from investment operations:						
Net investment income . . . . .	0.09 <sup>(2)</sup>	0.17 <sup>(2)</sup>	0.12 <sup>(2)</sup>	0.09	0.01	0.04
Net realized and unrealized gain on investments . . . . .	1.97 <sup>(2)</sup>	1.49 <sup>(2)</sup>	2.30 <sup>(2)</sup>	1.10	0.04	1.03
Total from investment operations . . . . .	2.06	1.66	2.42	1.19	0.05	1.07
Less distributions from:						
Net investment income . . . . .	(0.08)	(0.18)	(0.11)	(0.09)	(0.01)	(0.04)
Capital gains . . . . .	(0.00)	(0.19)	(0.03)	(0.04)	(0.00)	(0.00)
Total distributions . . . . .	(0.08)	(0.37)	(0.14)	(0.13)	(0.01)	(0.04)
Net asset value, end of period . . . . .	\$17.68	\$15.70	\$14.41	\$12.13	\$11.07	\$11.03
Total return <sup>(3)</sup> . . . . .	13.14%	11.57%	19.99%	10.78%	0.41%	10.70%
Net assets, end of period (in millions) . . . . .	\$141	\$107	\$61	\$32	\$17	\$16
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	1.37% <sup>(4)</sup>	1.38%	1.45%	1.59%	2.00% <sup>(4)</sup>	1.11% <sup>(4)</sup>
Ratio of net investment income to average net assets including voluntary expense waiver . . . . .	1.08% <sup>(4)</sup>	1.16%	0.92%	0.94%	0.20% <sup>(4)</sup>	1.34% <sup>(4)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	1.37% <sup>(4)(5)</sup>	1.38% <sup>(5)</sup>	1.45% <sup>(5)</sup>	1.59% <sup>(5)</sup>	2.40% <sup>(4)</sup>	1.81% <sup>(4)</sup>
Ratio of net investment income (loss) to average net assets excluding voluntary expense waiver . . . . .	1.08% <sup>(4)(5)</sup>	1.16% <sup>(5)</sup>	0.92% <sup>(5)</sup>	0.94% <sup>(5)</sup>	-0.20% <sup>(4)</sup>	0.64% <sup>(4)</sup>
Portfolio turnover rate . . . . .	9%	24%	15%	32%	12%	16%

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Total return calculated without taking into account the sales load deducted on an initial purchase.

(4) Annualized.

(5) There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY DIVIDEND INCOME FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the period from 6-30-03 <sup>(1)</sup> to 12-31-03
		2007	2006	2005		
Net asset value, beginning of period . . . . .	\$15.63	\$14.34	\$12.09	\$11.05	\$11.03	\$10.00
Income (loss) from investment operations:						
Net investment income (loss) . . . . .	0.01	0.05	0.01	0.02	(0.02)	0.01
Net realized and unrealized gain on investments . . . . .	1.96	1.47	2.28	1.06	0.04	1.03
Total from investment operations . . . . .	1.97	1.52	2.29	1.08	0.02	1.04
Less distributions from:						
Net investment income . . . . .	(0.01)	(0.04)	(0.01)	(0.00)	(0.00)	(0.01)
Capital gains . . . . .	(0.00)	(0.19)	(0.03)	(0.04)	(0.00)	(0.00)
Total distributions . . . . .	(0.01)	(0.23)	(0.04)	(0.04)	(0.00)	(0.01)
Net asset value, end of period . . . . .	\$17.59	\$15.63	\$14.34	\$12.09	\$11.05	\$11.03
Total return . . . . .	12.57%	10.63%	18.94%	9.76%	0.18%	10.36%
Net assets, end of period (in millions) . . . . .	\$12	\$10	\$7	\$6	\$2	\$2
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	2.34% <sup>(2)</sup>	2.30%	2.32%	2.44%	2.99% <sup>(2)</sup>	2.03% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets including voluntary expense waiver . . . . .	0.10% <sup>(2)</sup>	0.29%	0.03%	0.11%	-0.81% <sup>(2)</sup>	0.36% <sup>(2)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	2.34% <sup>(2)(3)</sup>	2.30% <sup>(3)</sup>	2.32% <sup>(3)</sup>	2.44% <sup>(3)</sup>	3.39% <sup>(2)</sup>	2.73% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets excluding voluntary expense waiver . . . . .	0.10% <sup>(2)(3)</sup>	0.29% <sup>(3)</sup>	0.03% <sup>(3)</sup>	0.11% <sup>(3)</sup>	-1.21% <sup>(2)</sup>	-0.34% <sup>(2)</sup>
Portfolio turnover rate . . . . .	9%	24%	15%	32%	12%	16%

(1) Commencement of operations of the class.

(2) Annualized.

(3) There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY DIVIDEND INCOME FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the period from 6-30-03 <sup>(1)</sup> to 12-31-03
		2007	2006	2005		
Net asset value, beginning of period.....	\$15.63	\$14.34	\$12.09	\$11.05	\$11.03	\$10.00
Income (loss) from investment operations:						
Net investment income (loss).....	0.02	0.07	0.01	0.01	(0.02)	0.01
Net realized and unrealized gain on investments.....	1.97	1.47	2.28	1.07	0.04	1.03
Total from investment operations.....	1.99	1.54	2.29	1.08	0.02	1.04
Less distributions from:						
Net investment income.....	(0.01)	(0.06)	(0.01)	(0.00)	(0.00)	(0.01)
Capital gains.....	(0.00)	(0.19)	(0.03)	(0.04)	(0.00)	(0.00)
Total distributions.....	(0.01)	(0.25)	(0.04)	(0.04)	(0.00)	(0.01)
Net asset value, end of period.....	\$17.61	\$15.63	\$14.34	\$12.09	\$11.05	\$11.03
Total return.....	12.77%	10.74%	18.95%	9.76%	0.18%	10.38%
Net assets, end of period (in millions).....	\$24	\$19	\$14	\$10	\$6	\$5
Ratio of expenses to average net assets including voluntary expense waiver.....	2.15% <sup>(2)</sup>	2.17%	2.27%	2.42%	2.88% <sup>(2)</sup>	1.98% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets including voluntary expense waiver.....	0.30% <sup>(2)</sup>	0.42%	0.08%	0.10%	-0.68% <sup>(2)</sup>	0.45% <sup>(2)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver.....	2.15% <sup>(2)(3)</sup>	2.17% <sup>(3)</sup>	2.27% <sup>(3)</sup>	2.42% <sup>(3)</sup>	3.28% <sup>(2)</sup>	2.68% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets excluding voluntary expense waiver.....	0.30% <sup>(2)(3)</sup>	0.42% <sup>(3)</sup>	0.08% <sup>(3)</sup>	0.10% <sup>(3)</sup>	-1.08% <sup>(2)</sup>	-0.25% <sup>(2)</sup>
Portfolio turnover rate.....	9%	24%	15%	32%	12%	16%

(1) Commencement of operations of the class.

(2) Annualized.

(3) There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY DIVIDEND INCOME FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$15.70
Income from investment operations:	
Net investment income . . . . .	0.01 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	2.01 <sup>(2)</sup>
Total from investment operations . . . . .	<u>2.02</u>
Less distributions from:	
Net investment income . . . . .	(0.05)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.05)</u>
Net asset value, end of period . . . . .	<u>\$17.67</u>
Total return <sup>(3)</sup> . . . . .	12.53%
Net assets, end of period (in millions) . . . . .	\$1
Ratio of expenses to average net assets . . . . .	2.17% <sup>(4)</sup>
Ratio of net investment income to average net assets . . . . .	0.39% <sup>(4)</sup>
Portfolio turnover rate . . . . .	9% <sup>(5)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

(5)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY DIVIDEND INCOME FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$15.70
Income from investment operations:	
Net investment income . . . . .	0.08 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	2.01 <sup>(2)</sup>
Total from investment operations . . . . .	<u>2.09</u>
Less distributions from:	
Net investment income . . . . .	(0.10)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.10)</u>
Net asset value, end of period . . . . .	<u>\$17.69</u>
Total return . . . . .	12.94%
Net assets, end of period (in thousands) . . . . .	\$113
Ratio of expenses to average net assets . . . . .	1.01% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	1.45% <sup>(3)</sup>
Portfolio turnover rate . . . . .	9% <sup>(4)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

(4)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY DIVIDEND INCOME FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the
	six months	ended March 31,			fiscal period	period from
	ended	2007	2006	2005	ended	6-30-03 <sup>(1)</sup>
	9-30-07				3-31-04	to
						12-31-03
Net asset value, beginning of period . . . . .	\$15.70	\$14.41	\$12.13	\$11.07	\$11.03	\$10.00
Income from investment operations:						
Net investment income . . . . .	0.09 <sup>(2)</sup>	0.12 <sup>(2)</sup>	0.15 <sup>(2)</sup>	0.11	0.01	0.05
Net realized and unrealized gain on investments . . . . .	1.99 <sup>(2)</sup>	1.55 <sup>(2)</sup>	2.29 <sup>(2)</sup>	1.10	0.04	1.03
Total from investment operations . . . . .	2.08	1.67	2.44	1.21	0.05	1.08
Less distributions from:						
Net investment income . . . . .	(0.09)	(0.19)	(0.13)	(0.11)	(0.01)	(0.05)
Capital gains . . . . .	(0.00)	(0.19)	(0.03)	(0.04)	(0.00)	(0.00)
Total distributions . . . . .	(0.09)	(0.38)	(0.16)	(0.15)	(0.01)	(0.05)
Net asset value, end of period . . . .	\$17.69	\$15.70	\$14.41	\$12.13	\$11.07	\$11.03
Total return . . . . .	13.25%	11.65%	20.14%	10.94%	0.42%	10.78%
Net assets, end of period (in millions) . . . . .	\$8	\$3	\$1	\$1	\$1	\$1
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	1.25% <sup>(3)</sup>	1.29%	1.34%	1.44%	1.91% <sup>(3)</sup>	1.25% <sup>(3)</sup>
Ratio of net investment income to average net assets including voluntary expense waiver . . . . .	1.26% <sup>(3)</sup>	0.92%	1.03%	1.09%	0.28% <sup>(3)</sup>	1.08% <sup>(3)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	1.25% <sup>(3)(4)</sup>	1.29% <sup>(4)</sup>	1.34% <sup>(4)</sup>	1.44% <sup>(4)</sup>	2.31% <sup>(3)</sup>	1.95% <sup>(3)</sup>
Ratio of net investment income (loss) to average net assets excluding voluntary expense waiver . . . . .	1.26% <sup>(3)(4)</sup>	0.92% <sup>(4)</sup>	1.03% <sup>(4)</sup>	1.09% <sup>(4)</sup>	-0.12% <sup>(3)</sup>	0.38% <sup>(3)</sup>
Portfolio turnover rate . . . . .	9%	24%	15%	32%	12%	16%

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) There was no waiver of expenses during the period.

See Notes to Financial Statements.



## SHAREHOLDER SUMMARY OF IVY EUROPEAN OPPORTUNITIES FUND

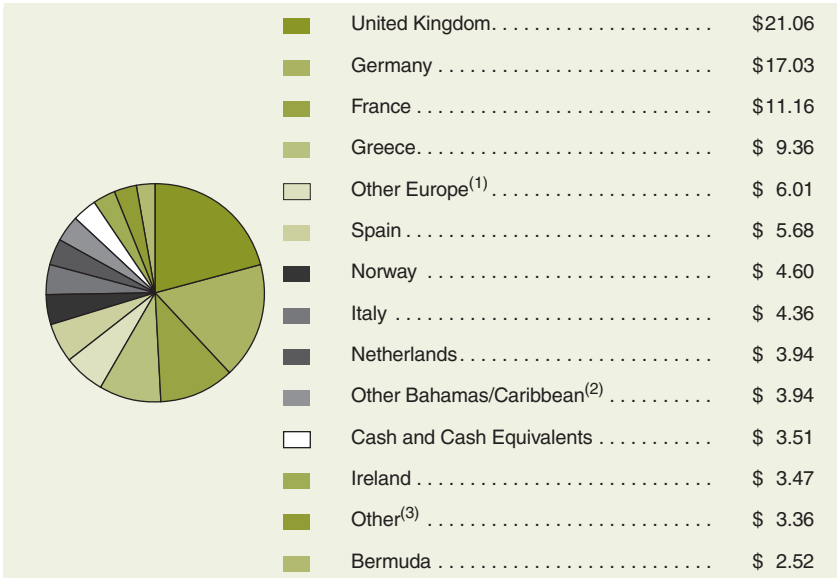
### Portfolio Highlights

On September 30, 2007, Ivy European Opportunities Fund had net assets totaling \$626,190,655 invested in a diversified portfolio of:

96.49%	Foreign Common Stocks and Rights
3.51%	Cash and Cash Equivalents

### Country Weightings

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund was invested by country and by industry, respectively, as follows:

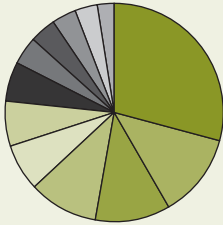


(1)Includes \$0.94 Belgium, \$1.73 Luxembourg, \$1.83 Sweden and \$1.51 Switzerland.

(2)Includes \$2.16 British Virgin Islands and \$1.78 Cayman Islands.

(3)Includes \$2.15 Cyprus and \$1.21 Turkey.

## Sector Weightings



Financial Services Stocks . . . . .	\$29.44
Capital Goods Stocks . . . . .	\$12.23
Utilities Stocks . . . . .	\$11.16
Energy Stocks . . . . .	\$10.33
Consumer Durables Stocks . . . . .	\$ 7.04
Consumer Nondurables Stocks . . . . .	\$ 6.54
Miscellaneous Stocks . . . . .	\$ 6.02
Consumer Services Stocks . . . . .	\$ 4.09
Multi-Industry Stocks . . . . .	\$ 3.84
Cash and Cash Equivalents . . . . .	\$ 3.51
Transportation Stocks . . . . .	\$ 3.33
Health Care Stocks . . . . .	\$ 2.47

# The Investments of Ivy European Opportunities Fund

September 30, 2007

(Unaudited)

COMMON STOCKS AND RIGHTS	Shares	Value
<b>Belgium – 0.94%</b>		
Fortis (A) . . . . .	168,594	\$ 4,964,374
Fortis N.V., Rights (A)* . . . . .	168,594	896,713
		<u>5,861,087</u>
<b>Bermuda – 2.52%</b>		
SeaDrill Limited (A)* . . . . .	702,558	<u>15,800,632</u>
<b>British Virgin Islands – 2.16%</b>		
Inmarsat plc (A) . . . . .	1,455,414	<u>13,541,401</u>
<b>Cayman Islands – 1.78%</b>		
Subsea 7 Inc. (A)* . . . . .	402,399	<u>11,158,572</u>
<b>Cyprus – 2.15%</b>		
Prosafe ASA (A) . . . . .	754,126	<u>13,456,419</u>
<b>France – 11.16%</b>		
Altamir Amboise (A) . . . . .	484,911	6,879,985
Altamir Amboise, Rights (A)* . . . . .	620,694	265,522
France Telecom (A) . . . . .	401,768	13,457,386
Peugeot S.A. (A) . . . . .	260,452	21,496,046
Sanofi-Aventis (A) . . . . .	182,866	15,483,727
TOTAL S.A. (A) . . . . .	151,219	12,295,209
		<u>69,877,875</u>
<b>Germany – 17.03%</b>		
Commerzbank Aktiengesellschaft (A) . . . . .	423,748	17,202,734
Continental Aktiengesellschaft (A) . . . . .	112,197	15,574,695
DaimlerChrysler AG, Registered Shares (A) . . . . .	69,487	7,009,241
Deutsche Post AG (A) . . . . .	322,362	9,358,882
Hypo Real Estate Holding AG (A) . . . . .	281,994	16,084,302
Pfleiderer Ag, Registered Shares (A) . . . . .	425,982	9,937,494
RWE Aktiengesellschaft (A) . . . . .	143,210	17,978,594
SAP Aktiengesellschaft (A) . . . . .	230,624	13,492,995
		<u>106,638,937</u>
<b>Greece – 9.36%</b>		
Alpha Bank (A) . . . . .	473,719	16,509,137
Coca-Cola Hellenic Bottling Company S.A. (A) . . . . .	264,680	15,285,460
National Bank of Greece S.A. (A) . . . . .	317,983	20,268,135
Titan Cement Company S.A. (A) . . . . .	126,954	6,560,500
		<u>58,623,232</u>
<b>Ireland – 3.47%</b>		
CRH public limited company (A) . . . . .	410,980	16,197,988
IAWS Group, plc (A) . . . . .	250,242	5,548,722
		<u>21,746,710</u>

See Notes to Schedule of Investments on page 94.

# The Investments of Ivy European Opportunities Fund

September 30, 2007

(Unaudited)

COMMON STOCKS AND RIGHTS (Continued)	Shares	Value
<b>Italy – 4.36%</b>		
AZIMUT HOLDING S.P.A. (A) .....	567,000	\$ 8,731,908
Eni S.p.A. (A) .....	323,515	11,989,555
UniCredito Italiano S.p.A. (A) .....	769,096	6,580,125
		<u>27,301,588</u>
<b>Luxembourg – 1.73%</b>		
SES GLOBAL S.A., Fiduciary Deposit Receipts (A) .....	458,062	<u>10,796,910</u>
<b>Netherlands – 3.94%</b>		
Aalberts Industries N.V. (A) .....	226,264	5,394,536
Akzo Nobel N.V. (A) .....	155,156	12,787,886
Univar N.V. (A) .....	85,009	6,447,588
		<u>24,630,010</u>
<b>Norway – 4.60%</b>		
BW Offshore Limited (A)* .....	1,049,878	4,810,014
Eitzen Chemical ASA (A)(B)* .....	847,312	3,536,197
Statoil ASA (A) .....	600,698	20,473,593
		<u>28,819,804</u>
<b>Spain – 5.68%</b>		
Banco Bilbao Vizcaya Argentaria, S.A. (A) .....	381,445	8,942,029
Banco Santander Central Hispano, S.A. (A) .....	474,536	9,222,897
Enagas, S.A. (A) .....	297,235	7,705,418
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (A) .....	98,848	7,999,008
Promotora de Informaciones, S.A. (A) .....	87,015	1,718,487
		<u>35,587,839</u>
<b>Sweden – 1.83%</b>		
Investor AB, B Shares (A) .....	446,930	<u>11,478,238</u>
<b>Switzerland – 1.51%</b>		
UBS AG (A) .....	175,672	<u>9,445,624</u>
<b>Turkey – 1.21%</b>		
Turkiye Halk Bankasi A.S. (A)(B)* .....	933,013	<u>7,575,416</u>
<b>United Kingdom – 21.06%</b>		
Admiral Group Plc (A) .....	91,833	1,691,008
Ashtead Group plc (A) .....	4,197,645	8,931,890
Aurora Russia Limited (A)* .....	1,110,000	1,930,395
British Sky Broadcasting Group plc (A) .....	920,220	13,085,214
Evolution Group Plc (The) (A) .....	2,389,703	5,243,793

See Notes to Schedule of Investments on page 94.

# The Investments of Ivy European Opportunities Fund

September 30, 2007

(Unaudited)

COMMON STOCKS AND RIGHTS (Continued)	Shares	Value
<b>United Kingdom (Continued)</b>		
IP Group plc (A)* . . . . .	1,619,705	\$ 4,498,628
Imperial Tobacco Group PLC (A) . . . . .	346,887	15,905,020
Investec plc (A) . . . . .	356,195	3,731,317
Lloyds TSB Group plc (A) . . . . .	1,022,122	11,345,061
MAXjet Airways, Inc. (A)* . . . . .	150,000	365,210
MAXjet Airways, Inc. (A)(B)* . . . . .	1,129,023	2,748,869
Man Group plc (A) . . . . .	932,526	10,560,462
NDS Group plc, ADR* . . . . .	100,000	4,994,000
Premier Brands Foods plc (A) . . . . .	918,000	4,188,436
Regal Petroleum plc (A)* . . . . .	667,000	2,517,831
Regal Petroleum plc (A)(B)* . . . . .	1,050,000	3,963,602
Royal Bank of Scotland Group plc (The) (A) . . . . .	1,765,579	18,964,911
Vodafone Group Plc (A) . . . . .	4,765,992	17,210,852
		<u>131,876,499</u>
<b>TOTAL COMMON STOCKS AND RIGHTS – 96.49%</b>		<b>\$604,216,793</b>
(Cost: \$489,543,364)		
<b>SHORT-TERM SECURITIES</b>	<b>Principal Amount in Thousands</b>	
<b>Finance Companies – 0.95%</b>		
Prudential Funding LLC, 5.23%, 10–5–07 . . . . .	\$6,000	<u>5,996,513</u>
<b>Food and Related – 0.32%</b>		
Archer Daniels Midland Company, 5.1%, 11–6–07 . . . . .	2,000	<u>1,989,800</u>
<b>Mining – 0.56%</b>		
BHP Billiton Finance (USA) Limited (BHP Billiton Limited), 5%, 10–1–07 . . . . .	3,493	<u>3,493,000</u>
<b>TOTAL SHORT-TERM SECURITIES – 1.83%</b>		<b>\$ 11,479,313</b>
(Cost: \$11,479,313)		
<b>TOTAL INVESTMENT SECURITIES – 98.32%</b>		<b>\$615,696,106</b>
(Cost: \$501,022,677)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 1.68%</b>		<b>10,494,549</b>
<b>NET ASSETS – 100.00%</b>		<b>\$626,190,655</b>

See Notes to Schedule of Investments on page 94.

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# The Investments of Ivy European Opportunities Fund

September 30, 2007

(Unaudited)

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## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

\*No dividends were paid during the preceding 12 months.

(A) Listed on an exchange outside the United States.

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At September 30, 2007, the total value of these securities amount to \$17,824,084, or 2.85% of net assets.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY EUROPEAN OPPORTUNITIES FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$501,023) (Notes 1 and 3) . . . . .	\$615,696
Receivables:	
Investment securities sold . . . . .	10,447
Fund shares sold . . . . .	2,233
Dividends and interest . . . . .	1,450
Prepaid and other assets . . . . .	58
Total assets . . . . .	<u>\$629,884</u>

### LIABILITIES

Payable for investment securities purchased . . . . .	1,790
Payable to Fund shareholders . . . . .	668
Accrued management fee (Note 2) . . . . .	444
Accrued service fee (Note 2) . . . . .	204
Due to custodian . . . . .	195
Accrued shareholder servicing (Note 2) . . . . .	181
Accrued distribution fee (Note 2) . . . . .	77
Accrued accounting services fee (Note 2) . . . . .	9
Accrued administrative fee (Note 2) . . . . .	5
Other . . . . .	120
Total liabilities . . . . .	<u>3,693</u>
Total net assets . . . . .	<u>\$626,191</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$454,785
Accumulated undistributed income:	
Accumulated undistributed net investment income . . . . .	4,080
Accumulated undistributed net realized gain on investment transactions . . . . .	52,587
Net unrealized appreciation in value of investments . . . . .	114,739
Net assets applicable to outstanding units of capital . . . . .	<u>\$626,191</u>

### Net asset value per share (net assets divided by shares outstanding):

Class A . . . . .	\$43.89
Class B . . . . .	\$42.18
Class C . . . . .	\$42.35
Class E . . . . .	\$43.95
Class I . . . . .	\$44.09
Class Y . . . . .	\$43.98
Advisor Class . . . . .	\$44.40

### Capital shares outstanding:

Class A . . . . .	10,457
Class B . . . . .	1,359
Class C . . . . .	1,686
Class E . . . . .	2
Class I . . . . .	684
Class Y . . . . .	136
Advisor Class . . . . .	51

See Notes to Financial Statements.

# Statement of Operations

## IVY EUROPEAN OPPORTUNITIES FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):	
Dividends (net of foreign withholding taxes of \$1,006) . . . . .	\$ 9,660
Interest and amortization . . . . .	520
Total income . . . . .	<u>10,180</u>
Expenses (Note 2):	
Investment management fee . . . . .	2,648
Shareholder servicing:	
Class A . . . . .	638
Class B . . . . .	85
Class C . . . . .	76
Class E . . . . .	—*
Class I . . . . .	12
Class Y . . . . .	4
Advisor Class . . . . .	1
Service fee:	
Class A . . . . .	527
Class B . . . . .	73
Class C . . . . .	91
Class Y . . . . .	7
Distribution fee:	
Class A . . . . .	21
Class B . . . . .	210
Class C . . . . .	263
Class E . . . . .	—*
Custodian fees . . . . .	116
Accounting services fee . . . . .	54
Administrative fee . . . . .	30
Audit fees . . . . .	23
Legal fees . . . . .	6
Other . . . . .	149
Total expenses . . . . .	<u>5,034</u>
Net investment income . . . . .	<u>5,146</u>

### REALIZED AND UNREALIZED GAIN (LOSS)

#### ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on securities . . . . .	42,241
Realized net loss on foreign currency transactions . . . . .	(185)
Realized net gain on investments . . . . .	<u>42,056</u>
Unrealized depreciation in value of investments during the period . . . . .	(4,108)
Net gain on investments . . . . .	<u>37,948</u>
Net increase in net assets resulting from operations . . . . .	<u>\$43,094</u>

\*Not shown due to rounding.

See Notes to Financial Statements.



# Statement of Changes in Net Assets

## IVY EUROPEAN OPPORTUNITIES FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income .....	\$ 5,146	\$ 3,038
Realized net gain on investments .....	42,056	42,154
Unrealized appreciation (depreciation) .....	(4,108)	38,366
Net increase in net assets resulting from operations .....	43,094	83,558
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A .....	(—)	(3,582)
Class B .....	(—)	(171)
Class C .....	(—)	(263)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(69)
Advisor Class .....	(—)	(33)
Realized gains on investment transactions:		
Class A .....	(—)	(—)
Class B .....	(—)	(—)
Class C .....	(—)	(—)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(—)
Advisor Class .....	(—)	(—)
Capital share transactions (Note 5) .....	68,368	99,354
Total increase .....	111,462	178,794
<b>NET ASSETS</b>		
Beginning of period .....	514,729	335,935
End of period .....	\$626,191	\$514,729
Undistributed net investment income (loss) .....	\$ 4,080	\$ (881)

(1) See "Financial Highlights" on pages 98 - 104.

# Financial Highlights

## IVY EUROPEAN OPPORTUNITIES FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the	For the fiscal year			For the	For the	
	six months	ended March 31,			fiscal period	fiscal year ended	
	ended	2007	2006	2005	ended	2003	2002
	9-30-07				3-31-04		
Net asset value,							
beginning of period . . . . .	\$40.58	\$33.58	\$28.31	\$22.30	\$19.89	\$13.20	\$13.65
Income (loss) from							
investment operations:							
Net investment							
income (loss) . . . . .	0.40	0.31	0.10	(0.03)	(0.03)	0.02	0.01 <sup>(1)</sup>
Net realized and							
unrealized gain							
(loss) on investments . . .	2.91	7.11	5.37	6.05	2.44	6.71	(0.46) <sup>(2)</sup>
Total from investment							
operations . . . . .	3.31	7.42	5.47	6.02	2.41	6.73	(0.45)
Less distributions from:							
Net investment income . . . .	(0.00)	(0.42)	(0.20)	(0.01)	(0.00)	(0.04)	(0.00)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.42)	(0.20)	(0.01)	(0.00)	(0.04)	(0.00)
Net asset value,							
end of period . . . . .	\$43.89	\$40.58	\$33.58	\$28.31	\$22.30	\$19.89	\$13.20
Total return <sup>(3)</sup> . . . . .	8.18%	22.17%	19.41%	27.02%	12.12%	51.02%	-3.30% <sup>(2)</sup>
Net assets, end of period							
(in millions) . . . . .	\$459	\$389	\$235	\$170	\$79	\$38	\$20
Ratio of expenses to							
average net assets . . . . .	1.57% <sup>(4)</sup>	1.64%	1.72%	1.79%	1.72% <sup>(4)</sup>	2.26%	2.15%
Ratio of net investment							
income (loss) to							
average net assets . . . . .	1.91% <sup>(4)</sup>	0.91%	0.35%	-0.07%	-0.61% <sup>(4)</sup>	0.18%	0.06%
Portfolio turnover rate . . . . .	26%	42%	62%	63%	31%	123%	69%

(1)Based on average shares outstanding.

(2)Includes redemption fees added to capital.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

See Notes to Financial Statements.

# Financial Highlights

## IVY EUROPEAN OPPORTUNITIES FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the	For the fiscal year			For the	For the	
	six months	ended March 31,			fiscal period	fiscal year ended	
	ended	2007	2006	2005	ended	2003	2002
	9-30-07				3-31-04		
Net asset value,							
beginning of period . . . . .	\$39.14	\$32.40	\$27.32	\$21.66	\$19.36	\$12.93	\$13.54
Income (loss) from							
investment operations:							
Net investment							
income (loss) . . . . .	0.25	0.09	(0.11)	(0.17)	(0.09)	(0.07)	(0.10) <sup>(1)</sup>
Net realized and							
unrealized gain							
(loss) on investments . . . . .	2.79	6.78	5.19	5.83	2.39	6.50	(0.51) <sup>(1)</sup>
Total from investment							
operations . . . . .	3.04	6.87	5.08	5.66	2.30	6.43	(0.61)
Less distributions from:							
Net investment income . . . . .	(0.00)	(0.13)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.13)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value,							
end of period . . . . .	\$42.18	\$39.14	\$32.40	\$27.32	\$21.66	\$19.36	\$12.93
Total return . . . . .	7.77%	21.24%	18.59%	26.13%	11.88%	49.73%	-4.51%
Net assets, end of period							
(in millions) . . . . .	\$57	\$52	\$44	\$40	\$32	\$29	\$25
Ratio of expenses to							
average net assets . . . . .	2.34% <sup>(2)</sup>	2.40%	2.45%	2.53%	2.58% <sup>(2)</sup>	3.00%	2.92%
Ratio of net investment							
income (loss) to							
average net assets . . . . .	1.16% <sup>(2)</sup>	0.27%	-0.30%	-0.73%	-1.57% <sup>(2)</sup>	-0.47%	-0.70%
Portfolio turnover rate . . . . .	26%	42%	62%	63%	31%	123%	69%

(1)Based on average shares outstanding.

(2)Annualized.

See Notes to Financial Statements.

# Financial Highlights

## IVY EUROPEAN OPPORTUNITIES FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the	For the fiscal year			For the	For the	
	six months	ended March 31,			fiscal period	fiscal year ended	
	ended	2007	2006	2005	ended	December 31,	2002
	9-30-07				3-31-04	2003	2002
Net asset value,							
beginning of period . . . . .	\$39.28	\$32.52	\$27.42	\$21.74	\$19.43	\$12.98	\$13.59
Income (loss) from							
investment operations:							
Net investment							
income (loss) . . . . .	0.27	0.12	(0.09)	(0.14)	(0.08)	(0.07)	(0.10) <sup>(1)</sup>
Net realized and							
unrealized gain							
(loss) on investments . . .	2.80	6.81	5.19	5.82	2.39	6.52	(0.51) <sup>(1)</sup>
Total from investment							
operations . . . . .	3.07	6.93	5.10	5.68	2.31	6.45	(0.61)
Less distributions from:							
Net investment income . . . .	(0.00)	(0.17)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.17)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value,							
end of period . . . . .	\$42.35	\$39.28	\$32.52	\$27.42	\$21.74	\$19.43	\$12.98
Total return . . . . .	7.82%	21.33%	18.60%	26.13%	11.89%	49.69%	-4.49%
Net assets, end of period							
(in millions) . . . . .	\$72	\$65	\$51	\$45	\$27	\$23	\$19
Ratio of expenses to							
average net assets . . . . .	2.24% <sup>(2)</sup>	2.32%	2.42%	2.51%	2.56% <sup>(2)</sup>	2.98%	2.92%
Ratio of net investment							
income (loss) to							
average net assets . . . . .	1.27% <sup>(2)</sup>	0.32%	-0.29%	-0.79%	-1.54% <sup>(2)</sup>	-0.43%	-0.70%
Portfolio turnover rate . . . . .	26%	42%	62%	63%	31%	123%	69%

(1)Based on average shares outstanding.

(2)Annualized.

See Notes to Financial Statements.

# Financial Highlights

## IVY EUROPEAN OPPORTUNITIES FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$40.58
Income from investment operations:	
Net investment income . . . . .	0.50 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	2.87 <sup>(2)</sup>
Total from investment operations . . . . .	<u>3.37</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$43.95</u>
Total return <sup>(3)</sup> . . . . .	8.01%
Net assets, end of period (in thousands) . . . . .	\$108
Ratio of expenses to average net assets . . . . .	1.30% <sup>(4)</sup>
Ratio of net investment income to average net assets . . . . .	2.26% <sup>(4)</sup>
Portfolio turnover rate . . . . .	26% <sup>(5)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Total return calculated without taking into account the sales load deducted on an initial purchase.

(4) Annualized.

(5) For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY EUROPEAN OPPORTUNITIES FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$40.61
Income from investment operations:	
Net investment income . . . . .	0.29 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	3.19 <sup>(2)</sup>
Total from investment operations . . . . .	<u>3.48</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$44.09</u>
Total return . . . . .	8.25%
Net assets, end of period (in millions) . . . . .	\$30
Ratio of expenses to average net assets . . . . .	1.17% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	1.32% <sup>(3)</sup>
Portfolio turnover rate . . . . .	26% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY EUROPEAN OPPORTUNITIES FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the
	six months	ended March 31,			fiscal period	period from
	ended	2007	2006	2005	ended	7-24-03 <sup>(1)</sup>
	9-30-07				3-31-04	to
						12-31-03
Net asset value, beginning of period.....	\$40.61	\$33.60	\$28.33	\$22.30	\$19.89	\$14.88
Income (loss) from investment operations:						
Net investment income (loss).....	0.38	0.44	0.18	0.09	(0.02)	(0.04)
Net realized and unrealized gain on investments.....	2.99	7.05	5.34	6.00	2.43	5.12
Total from investment operations.....	3.37	7.49	5.52	6.09	2.41	5.08
Less distributions from:						
Net investment income.....	(0.00)	(0.48)	(0.25)	(0.06)	(0.00)	(0.07)
Capital gains.....	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions.....	(0.00)	(0.48)	(0.25)	(0.06)	(0.00)	(0.07)
Net asset value, end of period.....	\$43.98	\$40.61	\$33.60	\$28.33	\$22.30	\$19.89
Total return.....	8.30%	22.38%	19.60%	27.32%	12.12%	34.14%
Net assets, end of period (in millions).....	\$6	\$7	\$4	\$4	\$4	\$3
Ratio of expenses to average net assets.....	1.41% <sup>(2)</sup>	1.44%	1.55%	1.61%	1.75% <sup>(2)</sup>	1.51% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets.....	2.08% <sup>(2)</sup>	1.14%	0.60%	0.53%	-0.71% <sup>(2)</sup>	-0.58% <sup>(2)</sup>
Portfolio turnover rate.....	26%	42%	62%	63%	31%	123% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the 12 months ended December 31, 2003.

See Notes to Financial Statements.

# Financial Highlights

## IVY EUROPEAN OPPORTUNITIES FUND

Advisor Class Shares<sup>(1)</sup>

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the	For the fiscal year			For the	For the	
	six months	ended March 31,			fiscal period	fiscal year ended	
	ended	2007	2006	2005	ended	2003	2002
	9-30-07				3-31-04		
Net asset value,							
beginning of period . . . . .	\$40.96	\$33.88	\$28.55	\$22.48	\$20.03	\$13.34	\$13.80
Income (loss) from							
investment operations:							
Net investment							
income (loss) . . . . .	0.66	0.94	0.35 <sup>(2)</sup>	0.21	(0.01)	0.24	0.06 <sup>(2)</sup>
Net realized and							
unrealized gain							
(loss) on investments . . .	2.78	6.73	5.32 <sup>(2)</sup>	5.99	2.46	6.58	(0.52)
Total from investment							
operations . . . . .	3.44	7.67	5.67	6.20	2.45	6.82	(0.46)
Less distributions from:							
Net investment income . . . .	(0.00)	(0.59)	(0.34)	(0.13)	(0.00)	(0.13)	(0.00)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.59)	(0.34)	(0.13)	(0.00)	(0.13)	(0.00)
Net asset value,							
end of period . . . . .	\$44.40	\$40.96	\$33.88	\$28.55	\$22.48	\$20.03	\$13.34
Total return . . . . .	8.40%	22.76%	20.00%	27.64%	12.23%	51.12%	-3.33%
Net assets, end of period							
(in millions) . . . . .	\$2	\$2	\$2	\$4	\$4	\$4	\$6
Ratio of expenses to							
average net assets . . . . .	1.15% <sup>(3)</sup>	1.19%	1.25%	1.36%	1.41% <sup>(3)</sup>	1.96%	1.81%
Ratio of net investment							
income (loss) to							
average net assets . . . . .	2.42% <sup>(3)</sup>	1.60%	1.13%	0.51%	-0.41% <sup>(3)</sup>	1.02%	0.40%
Portfolio turnover rate . . . . .	26%	42%	62%	63%	31%	123%	69%

(1) See Note 5 to financial statements.

(2) Based on average shares outstanding.

(3) Annualized.

See Notes to Financial Statements.



## SHAREHOLDER SUMMARY OF IVY GLOBAL NATURAL RESOURCES FUND

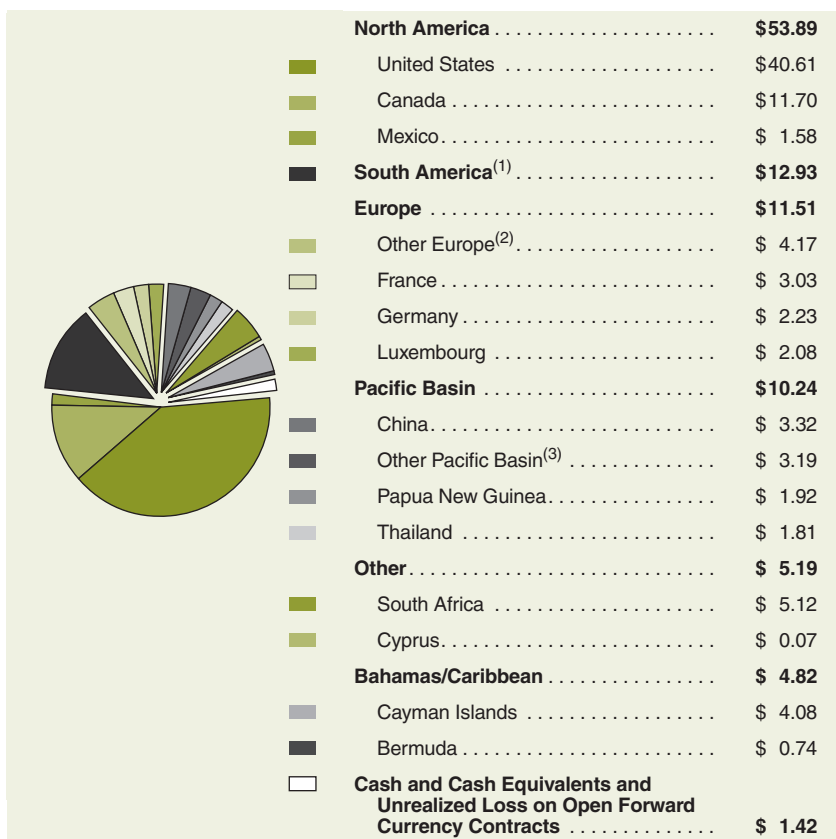
### Portfolio Highlights

On September 30, 2007, Ivy Global Natural Resources Fund had net assets totaling \$7,585,302,492 invested in a diversified portfolio of:

57.89%	Foreign Common Stocks
40.61%	Domestic Common Stocks
1.50%	Cash and Cash Equivalents, Corporate Debt Securities and Unrealized Loss on Open Forward Currency Contracts

### Country Weightings

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund was invested by country and by industry, respectively, as follows:

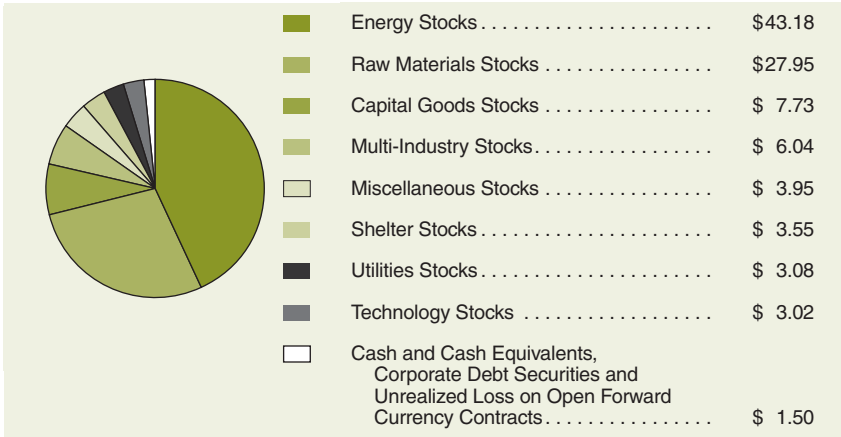


(1)Includes \$12.93 Brazil.

(2)Includes \$0.81 Norway, \$1.64 Russia, \$0.49 Switzerland and \$1.23 United Kingdom.

(3)Includes \$0.15 Australia, \$0.27 Hong Kong, \$0.83 Japan, \$0.23 Malaysia, \$0.15 Philippines, \$0.42 Singapore and \$1.14 Taiwan.

## Sector Weightings



# The Investments of Ivy Global Natural Resources Fund

September 30, 2007

(Unaudited)

COMMON STOCKS	Shares	Value
<b>Australia – 0.15%</b>		
Sino Gold Mining Limited (A)* .....	1,657,600	<b>\$ 11,060,963</b>
<b>Bermuda – 0.74%</b>		
Aquarius Platinum Limited (A) .....	500,000	17,595,548
Weatherford International Ltd.* .....	575,000	38,628,500
		<b>56,224,048</b>
<b>Brazil – 12.85%</b>		
Aracruz Celulose S.A., ADR .....	500,000	36,795,000
Bradespar S.A. (A) .....	1,700,000	96,463,175
Brasil Ecodiesel Industria e Comercio de Biocombustiveis e Oleos Vegetais S.A. (A)* .....	600,000	3,891,980
CPFL Energia S.A. (A) .....	850,000	16,554,828
CPFL Energia S.A., ADR .....	275,000	16,013,250
Companhia de Saneamento Basico do Estado de Sao Paulo – SABESP (A)* .....	750,000	18,707,038
Companhia de Saneamento Basico do Estado de Sao Paulo – SABESP, ADR .....	850,000	41,990,000
Companhia Energetica de Minas Gerais – CEMIG, ADR .....	3,000,000	63,990,000
Companhia Vale do Rio Doce, ADR .....	9,500,000	322,335,000
Cosan S.A. Industria e Comercio, Class A* .....	2,500,000	32,250,000
Suzano Bahia Sul Papel E Celulose S.A. (A) .....	9,917,200	157,658,051
Usinas Siderurgicas de Minas Gerais S.A. – USIMINA S (A) .....	1,200,000	93,617,021
Votorantim Celulose e Papel S.A. (A) .....	850,000	24,405,619
Votorantim Celulose e Papel S.A., ADR .....	1,750,000	50,085,000
		<b>974,755,962</b>
<b>Canada – 11.70%</b>		
ARISE Technologies Corporation (A)* .....	5,000,000	8,445,182
Agnico-Eagle Mines Limited (A) .....	3,000,000	148,786,005
Canadian Oil Sands Trust (A) .....	1,000,000	33,177,500
Eldorado Gold Corporation (A)* .....	2,854,900	17,623,371
Ferus Gas Industries Trust (A)(B)(C)* .....	615,000	2,164,078
Goldcorp Inc. (A) .....	5,000,000	152,817,574
IAMGOLD Corporation (A) .....	10,000,000	86,965,264
Kinross Gold Corporation (A)* .....	5,500,000	82,169,607
MGM Energy Corp. (A)* .....	5,060,500	13,635,088
OPTI Canada Inc. (A)* .....	1,300,000	24,336,199
Pason Systems Inc. (A) .....	2,000,000	29,920,072
Progress Energy Trust (A) .....	900,000	10,885,236
Progress Energy Trust (A)(B) .....	826,900	10,001,113

See Notes to Schedule of Investments on page 113.

# The Investments of Ivy Global Natural Resources Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Canada (Continued)</b>		
Savanna Energy Services Corp. (A)*	800,000	\$ 13,673,151
Silver Wheaton Corp. (A)*	6,000,000	83,667,622
Suncor Energy Inc. (A)	500,000	47,484,040
Talisman Energy Inc. (A)	1,000,000	19,635,047
Trican Well Service Ltd. (A)	3,500,000	71,256,221
UTS Energy Corporation (A)*	2,000,000	11,099,382
Uranium One Inc. (A)*	1,000,000	13,220,731
Xtreme Coil Drilling Corp. (A)(B)*	650,000	6,691,801
		<b>887,654,284</b>
<b>Cayman Islands – 4.08%</b>		
Neo-Neon Holdings Limited (A)*	6,972,200	9,058,474
Noble Corporation	4,700,000	230,535,000
Suntech Power Holdings Co., Ltd., ADR*	1,750,000	69,825,000
		<b>309,418,474</b>
<b>China – 3.32%</b>		
LDK Solar Co., Ltd., ADR*	1,408,300	97,031,870
Xiniao Gas Holdings Limited (A)	16,123,000	32,893,712
Yingli Green Energy Holding Company Limited*	4,670,200	121,752,114
		<b>251,677,696</b>
<b>Cyprus – 0.07%</b>		
Buried Hill Energy (Cyprus) Public Company Limited (A)(B)(C)*	3,335,000	<b>5,002,500</b>
<b>France – 3.03%</b>		
Schneider Electric SA (A)	550,000	69,486,232
THEOLIA (A)*	1,000,000	26,665,146
TOTAL S.A. (A)	750,000	60,980,479
Vallourec (A)	252,616	72,763,667
		<b>229,895,524</b>
<b>Germany – 2.23%</b>		
Q-Cells AG (A)*	700,000	71,667,926
SGL Carbon AG (A)*	500,000	28,968,045
Siemens AG (A)	500,000	68,623,537
		<b>169,259,508</b>
<b>Hong Kong – 0.27%</b>		
Guangdong Investment Limited (A)	30,000,000	<b>20,568,959</b>
<b>Japan – 0.83%</b>		
DOWA HOLDINGS Co., Ltd. (A)	2,500,000	31,667,610
Sharp Corporation (A)	1,000,000	18,151,743
Sumitomo Electric Industries, Ltd. (A)	850,000	13,541,984
		<b>63,361,337</b>

See Notes to Schedule of Investments on page 113.

# The Investments of Ivy Global Natural Resources Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Luxembourg – 2.08%</b>		
Tenaris S.A., ADR	3,000,000	<u>\$ 157,860,000</u>
<b>Malaysia – 0.23%</b>		
IOI Corporation Berhad (A)	1,997,500	3,546,552
Kuala Lumpur Kepong Berhad (A)	3,500,000	13,558,327
		<u>17,104,879</u>
<b>Mexico – 1.58%</b>		
Cemex, S.A. de C.V., ADR*	4,000,000	<u>119,680,000</u>
<b>Norway – 0.81%</b>		
Statoil ASA (A)	1,800,000	<u>61,349,409</u>
<b>Papua New Guinea – 1.92%</b>		
Lihir Gold Limited (A)*	37,000,000	129,358,002
Lihir Gold Limited, ADR*	450,040	16,169,937
		<u>145,527,939</u>
<b>Philippines – 0.15%</b>		
PNOC Energy Development Corporation (A)	80,000,000	<u>11,365,150</u>
<b>Russia – 1.64%</b>		
OAO LUKOIL, ADR	1,500,000	<u>124,650,000</u>
<b>Singapore – 0.42%</b>		
Bio-Treat Technology Limited (A)	10,000,000	6,125,883
China Energy Limited (A)*	25,000,000	25,580,613
		<u>31,706,496</u>
<b>South Africa – 5.12%</b>		
Anglo Platinum Limited (A)	325,000	49,184,242
Gold Fields Limited (A)	5,500,000	99,113,843
Gold Fields Limited, ADR	8,000,000	144,720,000
Impala Platinum Holdings Limited (A)	2,296,200	79,991,871
Mvelaphanda Resources Limited (A)*	2,000,000	15,673,581
		<u>388,683,537</u>
<b>Switzerland – 0.49%</b>		
Givaudan SA, Registered Shares (A)	40,000	<u>36,968,005</u>
<b>Taiwan – 1.14%</b>		
Everlight Electronics Co., Ltd. (A)*	7,724,406	33,728,447
Motech Industries Inc. (A)	3,395,013	36,930,583
Motech Industries Inc., GDR (B)	1,481,681	16,117,578
		<u>86,776,608</u>

See Notes to Schedule of Investments on page 113.

# The Investments of Ivy Global Natural Resources Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Thailand – 1.81%</b>		
PTT Public Company Limited (A) . . . . .	9,000,000	\$ 88,227,571
Thai Oil Public Company Limited (A) . . . . .	19,440,000	48,777,243
		<b>137,004,814</b>
<b>United Kingdom – 1.23%</b>		
BG Group plc (A) . . . . .	2,511,700	43,475,288
Randgold Resources Limited, ADR . . . . .	1,500,000	49,815,000
		<b>93,290,288</b>
<b>United States – 40.61%</b>		
Allegheny Technologies Incorporated . . . . .	850,000	93,457,500
Andersons, Inc. (The) . . . . .	734,000	35,228,330
Arch Coal, Inc. . . . .	2,472,900	83,435,646
Bunge Limited . . . . .	560,000	60,172,000
Burlington Northern Santa Fe Corporation . . . . .	400,000	32,468,000
CONSOL Energy Inc. . . . .	5,684,300	264,888,380
Cameron International Corporation* . . . . .	450,000	41,530,500
Celanese Corporation, Series A . . . . .	750,000	29,235,000
Chevron Corporation . . . . .	350,000	32,753,000
ConocoPhillips . . . . .	1,500,000	131,655,000
Cytec Industries Inc. . . . .	400,000	27,356,000
Diamond Offshore Drilling, Inc. . . . .	1,785,000	202,222,650
First Solar, Inc.* . . . . .	115,000	13,527,450
Foundation Coal Holdings, Inc. . . . .	500,000	19,600,000
General Electric Company . . . . .	1,750,000	72,450,000
GlobalSanteFe Corporation . . . . .	1,150,000	87,423,000
Halliburton Company . . . . .	6,500,000	249,600,000
Helix Energy Solutions Group, Inc.* . . . . .	2,000,000	84,920,000
Konarka Technologies, Inc. (B)(C)* . . . . .	3,500,000	10,850,000
MEMC Electronic Materials, Inc.* . . . . .	2,100,000	123,606,000
Oceaneering International, Inc.* . . . . .	1,000,000	75,800,000
Peabody Energy Corporation . . . . .	4,500,000	215,415,000
Praxair, Inc. . . . .	1,250,000	104,700,000
Smith International, Inc. . . . .	2,500,000	178,500,000
Sunoco, Inc. . . . .	1,900,000	134,482,000
SunPower Corporation, Class A* . . . . .	400,000	33,094,000
Superior Energy Services, Inc.* . . . . .	1,750,000	62,020,000
Tesoro Corporation . . . . .	3,250,000	149,565,000
Ultra Petroleum Corp.* . . . . .	900,000	55,836,000
Valero Energy Corporation . . . . .	4,750,000	319,105,000
W-H Energy Services, Inc.* . . . . .	750,000	55,312,500
		<b>3,080,207,956</b>
<b>TOTAL COMMON STOCKS – 98.50%</b>		<b>\$7,471,054,336</b>
(Cost: \$5,588,434,445)		

See Notes to Schedule of Investments on page 113.

# The Investments of Ivy Global Natural Resources Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES – 0.08%	Principal Amount in Thousands	Value
<b>Brazil</b>		
Bahia Sul Celulose S.A., 0.0%, 12–1–12 (B)(D) . . . . .	BRL10,692	<b>\$ 6,335,526</b>
(Cost: \$5,244,566)		

UNREALIZED LOSS ON OPEN FORWARD CURRENCY CONTRACTS – (0.64%)	Face Amount in Thousands	
Canadian Dollar, 10–3–07 (D) . . . . .	CAD71,000	(4,090,134)
Canadian Dollar, 10–10–07 (D) . . . . .	62,000	(3,582,794)
Canadian Dollar, 10–17–07 (D) . . . . .	87,500	(3,243,083)
Canadian Dollar, 10–24–07 (D) . . . . .	85,000	(4,523,286)
Canadian Dollar, 10–31–07 (D) . . . . .	73,000	(4,674,761)
Canadian Dollar, 11–7–07 (D) . . . . .	75,700	(4,918,438)
Canadian Dollar, 11–14–07 (D) . . . . .	70,700	(2,890,816)
Canadian Dollar, 11–28–07 (D) . . . . .	61,000	(3,128,062)
Canadian Dollar, 12–5–07 (D) . . . . .	77,500	(2,895,842)
Canadian Dollar, 12–12–07 (D) . . . . .	50,000	(2,442,243)
Canadian Dollar, 12–19–07 (D) . . . . .	77,500	(2,055,624)
Canadian Dollar, 12–28–07 (D) . . . . .	77,500	(555,448)
South African Rand, 10–3–07 (D) . . . . .	ZAR157,000	(943,535)
South African Rand, 10–10–07 (D) . . . . .	9,500	(464,551)
South African Rand, 10–11–07 (D) . . . . .	103,000	(480,050)
South African Rand, 10–17–07 (D) . . . . .	120,000	(354,897)
South African Rand, 10–24–07 (D) . . . . .	120,000	(353,647)
South African Rand, 10–31–07 (D) . . . . .	125,150	(832,589)
South African Rand, 11–7–07 (D) . . . . .	99,000	(480,708)
South African Rand, 11–14–07 (D) . . . . .	131,150	(638,638)
South African Rand, 11–21–07 (D) . . . . .	130,000	(1,152,098)
South African Rand, 11–28–07 (D) . . . . .	130,000	(897,417)
South African Rand, 12–5–07 (D) . . . . .	130,000	(1,042,873)
South African Rand, 12–12–07 (D) . . . . .	146,000	(963,002)
South African Rand, 12–20–07 (D) . . . . .	119,000	(701,268)
South African Rand, 12–21–07 (D) . . . . .	127,000	(273,366)
		<b>\$ (48,579,170)</b>

See Notes to Schedule of Investments on page 113.

# The Investments of Ivy Global Natural Resources Fund

September 30, 2007

(Unaudited)

SHORT-TERM SECURITIES	Principal Amount in Thousands	Value
<b>Commercial Paper</b>		
<b>Banks – 0.32%</b>		
Lloyds TSB Bank PLC:		
4.97%, 10–17–07 .....	\$ 7,000	\$ 6,984,538
5.59%, 10–17–07 .....	17,750	17,705,901
		<u>24,690,439</u>
<b>Capital Equipment – 0.22%</b>		
Deere (John) Capital Corporation:		
5.26%, 10–5–07 .....	6,000	5,996,493
5.18%, 11–20–07 .....	10,867	10,788,818
		<u>16,785,311</u>
<b>Chemicals – Specialty – 0.02%</b>		
Air Products and Chemicals, Inc.,		
5.05%, 10–1–07 .....	1,469	<u>1,469,000</u>
<b>Finance Companies – 0.16%</b>		
Unilever Capital Corporation,		
5.32%, 10–5–07 .....	12,000	<u>11,992,907</u>
<b>Food and Related – 0.20%</b>		
Archer Daniels Midland Company,		
5.1%, 11–6–07 .....	15,000	<u>14,923,500</u>
<b>Household – General Products – 0.20%</b>		
Procter & Gamble International Funding S.C.A. (Procter & Gamble Company (The)),		
5.2%, 10–9–07 .....	15,000	<u>14,982,667</u>
<b>Mining – 0.17%</b>		
BHP Billiton Finance (USA) Limited (BHP Billiton Limited):		
5.0%, 10–1–07 .....	10,649	10,649,000
5.1%, 10–1–07 .....	2,104	2,104,000
		<u>12,753,000</u>
<b>Multiple Industry – 0.05%</b>		
Honeywell International Inc.,		
4.76%, 11–21–07 .....	4,000	<u>3,973,026</u>
<b>Security and Commodity Brokers – 0.06%</b>		
UBS Finance Delaware LLC (UBS AG),		
5.52%, 10–15–07 .....	5,000	<u>4,989,267</u>
<b>Total Commercial Paper – 1.40%</b>		<u>106,559,117</u>

See Notes to Schedule of Investments on page 113.



# The Investments of Ivy Global Natural Resources Fund

September 30, 2007

(Unaudited)

SHORT-TERM SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Municipal Obligation – Taxable – 0.02%</b>		
<b>Washington</b>		
Washington State Housing Finance Commission, Taxable Variable Rate Demand Multifamily Revenue Bonds (Seaport Landing Retirement Project), Series 2005B (Bank of America), 5.06%, 10–1–07 (E) .....	\$1,320	<b>\$ 1,320,000</b>
<b>TOTAL SHORT-TERM SECURITIES – 1.42%</b>		<b>\$ 107,879,117</b>
(Cost: \$107,879,117)		
<b>TOTAL INVESTMENT SECURITIES – 99.36%</b>		<b>\$ 7,536,689,809</b>
(Cost: \$5,701,558,128)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.64%</b>		<b>48,612,683</b>
<b>NET ASSETS – 100.00%</b>		<b>\$ 7,585,302,492</b>

## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

\*No dividends were paid during the preceding 12 months.

(A) Listed on an exchange outside the United States.

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At September 30, 2007, the total value of these securities amount to \$57,162,596, or 0.75% of net assets.

(C) Securities valued in good faith by the Valuation Committee subject to the supervision of the Board of Trustees.

(D) Principal amounts are denominated in the indicated foreign currency, were applicable (BRL – Brazilian Real, CAD – Canadian Dollar, ZAR – South African Rand).

(E) Variable rate security. Interest rate disclosed is that which is in effect at September 30, 2007.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY GLOBAL NATURAL RESOURCES FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$5,701,558) (Notes 1 and 3) . . . . .	\$7,536,690
Cash denominated in foreign currencies (cost – \$843) . . . . .	842
Receivables:	
Fund shares sold . . . . .	57,603
Investment securities sold . . . . .	46,898
Dividends and interest . . . . .	10,581
Prepaid and other assets . . . . .	109
Total assets . . . . .	<u>7,652,723</u>

### LIABILITIES

Payable for investment securities purchased . . . . .	50,736
Payable to Fund shareholders . . . . .	4,684
Accrued management fee (Note 2) . . . . .	4,665
Accrued service fee (Note 2) . . . . .	3,022
Accrued shareholder servicing (Note 2) . . . . .	1,531
Accrued distribution fee (Note 2) . . . . .	1,161
Due to custodian . . . . .	404
Accrued accounting services fee (Note 2) . . . . .	15
Accrued administrative fee (Note 2) . . . . .	8
Other . . . . .	1,195
Total liabilities . . . . .	<u>67,421</u>
Total net assets . . . . .	<u>\$7,585,302</u>

See Notes to Financial Statements.

# Statement of Assets and Liabilities

(Unaudited)

## IVY GLOBAL NATURAL RESOURCES FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Continued)

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$5,043,067
Accumulated undistributed income:	
Accumulated undistributed net investment income. . . . .	12,828
Accumulated undistributed net realized gain on investment transactions . . . . .	694,251
Net unrealized appreciation in value of investments. . . . .	1,835,156
Net assets applicable to outstanding units of capital. . . . .	<u>\$7,585,302</u>
Net asset value per share (net assets divided by shares outstanding):	
Class A . . . . .	\$40.23
Class B . . . . .	\$37.68
Class C . . . . .	\$36.95
Class E . . . . .	\$40.12
Class I . . . . .	\$40.63
Class R . . . . .	\$40.10
Class Y . . . . .	\$40.46
Advisor Class . . . . .	\$40.05
Capital shares outstanding:	
Class A . . . . .	121,888
Class B . . . . .	9,404
Class C . . . . .	44,417
Class E . . . . .	39
Class I . . . . .	1,087
Class R . . . . .	292
Class Y . . . . .	15,523
Advisor Class . . . . .	10

See Notes to Financial Statements.

# Statement of Operations

## IVY GLOBAL NATURAL RESOURCES FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):

Dividends (net of foreign withholding taxes of \$3,370) . . . . .	\$ 47,675
Interest and amortization (net of foreign withholding taxes of \$37) . . .	9,513
Total income . . . . .	<u>57,188</u>

Expenses (Note 2):

Investment management fee . . . . .	25,378
Service fee:	
Class A . . . . .	4,968
Class B . . . . .	413
Class C . . . . .	1,735
Class R . . . . .	9
Class Y . . . . .	537
Distribution fee:	
Class A . . . . .	219
Class B . . . . .	1,174
Class C . . . . .	5,204
Class E . . . . .	1
Class R . . . . .	9
Shareholder servicing:	
Class A . . . . .	3,427
Class B . . . . .	315
Class C . . . . .	857
Class E . . . . .	5
Class I . . . . .	18
Class R . . . . .	7
Class Y . . . . .	334
Advisor Class . . . . .	—*
Custodian fees . . . . .	796
Accounting services fee . . . . .	87
Administrative fee . . . . .	50
Audit fees . . . . .	28
Legal fees . . . . .	27
Other . . . . .	1,084
Total . . . . .	<u>46,682</u>
Less expenses in excess of voluntary limit (Note 2) . . . . .	(132)
Total expenses . . . . .	<u>46,550</u>
Net investment income . . . . .	<u>10,638</u>

\*Not shown due to rounding.

See Notes to Financial Statements.

# Statement of Operations

(Continued)

## IVY GLOBAL NATURAL RESOURCES FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### REALIZED AND UNREALIZED GAIN

#### (LOSS) ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on securities . . . . .	\$ 619,676
Realized net loss on forward currency contracts . . . . .	(36,329)
Realized net loss on foreign currency transactions . . . . .	(2,773)
Realized net gain on investments . . . . .	<u>580,574</u>
Unrealized appreciation in value of securities during the period . . . . .	935,796
Unrealized depreciation in value of forward currency contracts during the period . . . . .	(44,790)
Unrealized appreciation in value of foreign currency exchange transactions during the period . . . . .	66
Unrealized appreciation in value of investments during the period . . . . .	<u>891,072</u>
Net gain on investments. . . . .	<u>1,471,646</u>
Net increase in net assets resulting from operations. . . . .	<u>\$1,482,284</u>

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY GLOBAL NATURAL RESOURCES FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income .....	\$ 10,638	\$ 14,992
Realized net gain on investments .....	580,574	369,398
Unrealized appreciation .....	891,072	225,771
Net increase in net assets resulting from operations .....	1,482,284	610,161
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A .....	(—)	(14,592)
Class B .....	(—)	(—)
Class C .....	(—)	(—)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class R .....	(—)	(4)
Class Y .....	(—)	(1,219)
Advisor Class .....	(—)	(2)
Realized gains on investment transactions:		
Class A .....	(—)	(261,685)
Class B .....	(—)	(23,885)
Class C .....	(—)	(96,422)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class R .....	(—)	(115)
Class Y .....	(—)	(17,486)
Advisor Class .....	(—)	(28)
	(—)	(415,438)
Capital share transactions (Note 5) .....	1,017,965	1,406,805
Total increase .....	2,500,249	1,601,528
<b>NET ASSETS</b>		
Beginning of period .....	5,085,053	3,483,525
End of period .....	\$7,585,302	\$5,085,053
Undistributed net investment income .....	\$ 12,828	\$ 4,963

(1) See "Financial Highlights" on pages 119 - 126.

See Notes to Financial Statements.

# Financial Highlights

## IVY GLOBAL NATURAL RESOURCES FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the	
	six months	ended March 31,			fiscal period	fiscal year ended	
	ended	2007	2006	2005	ended	2003	2002
	9-30-07				3-31-04		
Net asset value, beginning of period . . . .	\$31.67	\$30.13	\$22.65	\$17.63	\$16.69	\$11.50	\$11.05
Income (loss) from investment operations:							
Net investment income (loss) . . . . .	0.08	0.17 <sup>(1)</sup>	0.12	(0.04)	0.03	0.10	(0.11) <sup>(1)</sup>
Net realized and unrealized gain on investments . . . . .	8.48	4.40 <sup>(1)</sup>	8.88	5.06	0.91	5.14	0.63 <sup>(1)(2)</sup>
Total from investment operations . . . . .	8.56	4.57	9.00	5.02	0.94	5.24	0.52
Less distributions from:							
Net investment income . . . . .	(0.00)	(0.16)	(0.00)	(0.00)*	(0.00)	(0.05)	(0.00)
Capital gains . . . . .	(0.00)	(2.87)	(1.52)	(0.00)	(0.00)	(0.00)	(0.07)
Total distributions . . . . .	(0.00)	(3.03)	(1.52)	(0.00)*	(0.00)	(0.05)	(0.07)
Net asset value, end of period . . . . .	\$40.23	\$31.67	\$30.13	\$22.65	\$17.63	\$16.69	\$11.50
Total return <sup>(3)</sup> . . . . .	27.03%	15.47%	40.76%	28.50%	5.63%	45.61%	4.66% <sup>(2)</sup>
Net assets, end of period (in millions) . . . . .	\$4,904	\$3,360	\$2,343	\$895	\$192	\$95	\$17
Ratio of expenses to average net assets including reimbursement . . . . .	1.29% <sup>(4)</sup>	1.31%	1.40%	1.55%	1.65% <sup>(4)</sup>	1.89%	2.22%
Ratio of net investment income (loss) to average net assets including reimbursement . . . . .	0.53% <sup>(4)</sup>	0.57%	0.73%	-0.52%	-0.80% <sup>(4)</sup>	-0.66%	-0.91%
Ratio of expenses to average net assets excluding reimbursement . . . . .	1.29% <sup>(4)(5)</sup>	1.31% <sup>(5)</sup>	1.40% <sup>(5)</sup>	1.55% <sup>(5)</sup>	1.65% <sup>(4)(5)</sup>	1.89% <sup>(5)</sup>	2.38%
Ratio of net investment income (loss) to average net assets excluding reimbursement . . . . .	0.53% <sup>(4)(5)</sup>	0.57% <sup>(5)</sup>	0.73% <sup>(5)</sup>	-0.52% <sup>(5)</sup>	-0.80% <sup>(4)(5)</sup>	-0.66% <sup>(5)</sup>	-1.07%
Portfolio turnover rate . . . . .	65%	106%	104%	110%	29%	58%	67%

\*Not shown due to rounding.

(1)Based on average shares outstanding.

(2)Includes redemption fees added to capital.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

(5)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY GLOBAL NATURAL RESOURCES FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the	
	six months	ended March 31,			fiscal period	fiscal year ended	
	ended	2007	2006	2005	ended	2003	2002
	9-30-07				3-31-04		
Net asset value,							
beginning of period . . . .	\$29.78	\$28.57	\$21.72	\$17.04	\$16.16	\$11.19	\$10.81
Income (loss) from							
investment operations:							
Net investment							
income (loss) . . . . .	(0.04)	(0.05)	0.03	(0.04)	(0.01)	(0.06)	(0.19) <sup>(1)</sup>
Net realized and							
unrealized gain							
on investments . . . . .	7.94	4.13	8.34	4.72	0.89	5.03	0.57 <sup>(1)</sup>
Total from investment							
operations . . . . .	7.90	4.08	8.37	4.68	0.88	4.97	0.38
Less distributions from:							
Net investment							
income . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(2.87)	(1.52)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(2.87)	(1.52)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value,							
end of period . . . . .	\$37.68	\$29.78	\$28.57	\$21.72	\$17.04	\$16.16	\$11.19
Total return . . . . .	26.53%	14.55%	39.59%	27.46%	5.45%	44.42%	3.52%
Net assets, end of period							
(in millions) . . . . .	\$354	\$272	\$223	\$110	\$30	\$21	\$9
Ratio of expenses							
to average net							
assets including							
reimbursement . . . . .	2.08% <sup>(2)</sup>	2.12%	2.23%	2.39%	2.42% <sup>(2)</sup>	2.90%	2.93%
Ratio of net investment							
loss to average net							
assets including							
reimbursement . . . . .	-0.26% <sup>(2)</sup>	-0.24%	-0.10%	-1.35%	-1.59% <sup>(2)</sup>	-1.54%	-1.62%
Ratio of expenses							
to average net							
assets excluding							
reimbursement . . . . .	2.08% <sup>(2)(3)</sup>	2.12% <sup>(3)</sup>	2.23% <sup>(3)</sup>	2.39% <sup>(3)</sup>	2.42% <sup>(2)(3)</sup>	2.90% <sup>(3)</sup>	3.09%
Ratio of net investment							
loss to average net							
assets excluding							
reimbursement . . . . .	-0.26% <sup>(2)(3)</sup>	-0.24% <sup>(3)</sup>	-0.10% <sup>(3)</sup>	-1.35% <sup>(3)</sup>	-1.59% <sup>(2)(3)</sup>	-1.54% <sup>(3)</sup>	-1.78%
Portfolio turnover rate . . . .	65%	106%	104%	110%	29%	58%	67%

(1)Based on average shares outstanding.

(2)Annualized.

(3)There was no waiver of expenses during the period.

See Notes to Financial Statements.



# Financial Highlights

## IVY GLOBAL NATURAL RESOURCES FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the	
	six months	ended March 31,			fiscal period	fiscal year ended	
	ended	2007	2006	2005	ended	2003	2002
	9-30-07				3-31-04		
Net asset value,							
beginning of period . . .	\$29.19	\$28.04	\$21.32	\$16.72	\$15.86	\$10.97	\$10.61
Income (loss) from							
investment operations:							
Net investment							
income (loss) . . . . .	(0.02)	(0.03)	0.02	(0.09)	0.00	0.04	(0.18) <sup>(1)</sup>
Net realized and							
unrealized gain on							
investments . . . . .	7.78	4.05	8.22	4.69	0.86	4.85	0.55 <sup>(1)</sup>
Total from investment							
operations . . . . .	7.76	4.02	8.24	4.60	0.86	4.89	0.37
Less distributions from:							
Net investment							
income . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(2.87)	(1.52)	(0.00)	(0.00)	(0.00)	(0.01)
Total distributions . . . . .	(0.00)	(2.87)	(1.52)	(0.00)	(0.00)	(0.00)	(0.01)
Net asset value,							
end of period . . . . .	\$36.95	\$29.19	\$28.04	\$21.32	\$16.72	\$15.86	\$10.97
Total return . . . . .	26.58%	14.65%	39.72%	27.51%	5.42%	44.58%	3.46%
Net assets, end of period							
(in millions) . . . . .	\$1,641	\$1,138	\$801	\$312	\$64	\$34	\$5
Ratio of expenses							
to average net							
assets including							
reimbursement . . . . .	1.99% <sup>(2)</sup>	2.04%	2.15%	2.31%	2.38% <sup>(2)</sup>	2.65%	2.94%
Ratio of net investment							
loss to average net							
assets including							
reimbursement . . . . .	-0.18% <sup>(2)</sup>	-0.16%	-0.02%	-1.28%	-1.54% <sup>(2)</sup>	-1.48%	-1.64%
Ratio of expenses							
to average net							
assets excluding							
reimbursement . . . . .	1.99% <sup>(2)(3)</sup>	2.04% <sup>(3)</sup>	2.15% <sup>(3)</sup>	2.31% <sup>(3)</sup>	2.38% <sup>(2)(3)</sup>	2.65% <sup>(3)</sup>	3.10%
Ratio of net investment							
loss to average net							
assets excluding							
reimbursement . . . . .	-0.18% <sup>(2)(3)</sup>	-0.16% <sup>(3)</sup>	-0.02% <sup>(3)</sup>	-1.28% <sup>(3)</sup>	-1.54% <sup>(2)(3)</sup>	-1.48% <sup>(3)</sup>	-1.80%
Portfolio turnover rate . . . .	65%	106%	104%	110%	29%	58%	67%

(1)Based on average shares outstanding

(2)Annualized.

(3)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY GLOBAL NATURAL RESOURCES FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$31.67
Income (loss) from investment operations:	
Net investment loss . . . . .	(0.12) <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	8.57 <sup>(2)</sup>
Total from investment operations . . . . .	<u>8.45</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$40.12</u>
Total return <sup>(3)</sup> . . . . .	25.44%
Net assets, end of period (in millions) . . . . .	\$2
Ratio of expenses to average net assets . . . . .	2.28% <sup>(4)</sup>
Ratio of net investment loss to average net assets . . . . .	-0.57% <sup>(4)</sup>
Portfolio turnover rate . . . . .	65% <sup>(5)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Total return calculated without taking into account the sales load deducted on an initial purchase.

(4) Annualized.

(5) For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY GLOBAL NATURAL RESOURCES FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$31.84
Income from investment operations:	
Net investment income . . . . .	0.12 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	8.67 <sup>(2)</sup>
Total from investment operations . . . . .	<u>8.79</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$40.63</u>
Total return . . . . .	26.34%
Net assets, end of period (in millions) . . . . .	\$44
Ratio of expenses to average net assets . . . . .	1.03% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	0.66% <sup>(3)</sup>
Portfolio turnover rate . . . . .	65% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY GLOBAL NATURAL RESOURCES FUND

Class R Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended 3-31-07	For the period from 12-29-05 <sup>(1)</sup> to 3-31-06
Net asset value, beginning of period . . . . .	\$31.62	\$30.10	\$26.11
Income from investment operations:			
Net investment income . . . . .	0.05	0.05 <sup>(2)</sup>	0.06
Net realized and unrealized gain on investments . . . . .	8.43	4.44 <sup>(2)</sup>	3.93
Total from investment operations . . . . .	8.48	4.49	3.99
Less distributions from:			
Net investment income . . . . .	(0.00)	(0.10)	(0.00)
Capital gains . . . . .	(0.00)	(2.87)	(0.00)
Total distributions . . . . .	(0.00)	(2.97)	(0.00)
Net asset value, end of period . . . . .	<u>\$40.10</u>	<u>\$31.62</u>	<u>\$30.10</u>
Total return . . . . .	26.85%	15.20%	15.28%
Net assets, end of period (in thousands) . . . . .	\$11,728	\$3,893	\$115
Ratio of expenses to average net assets . . . . .	1.57% <sup>(3)</sup>	1.58%	1.69% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	0.22% <sup>(3)</sup>	0.23%	0.82% <sup>(3)</sup>
Portfolio turnover rate . . . . .	65%	106%	104% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the 12 months ended March 31, 2006.

See Notes to Financial Statements.

# Financial Highlights

## IVY GLOBAL NATURAL RESOURCES FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the
	six months	ended March 31,			fiscal period	period from
	ended	2007	2006	2005	ended	7-24-03 <sup>(1)</sup>
	9-30-07				3-31-04	to
						12-31-03
Net asset value, beginning of period . . . . .	\$31.84	\$30.27	\$22.70	\$17.66	\$16.70	\$12.60
Income (loss) from investment operations:						
Net investment income (loss) . . . . .	0.07	0.21 <sup>(2)</sup>	0.24 <sup>(2)</sup>	(0.02)	0.01	0.00
Net realized and unrealized gain on investments . . . . .	8.55	4.43 <sup>(2)</sup>	8.85 <sup>(2)</sup>	5.13	0.95	4.16
Total from investment operations . . . . .	8.62	4.64	9.09	5.11	0.96	4.16
Less distributions from:						
Net investment income . . .	(0.00)	(0.20)	(0.00)	(0.07)	(0.00)	(0.06)
Capital gains . . . . .	(0.00)	(2.87)	(1.52)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(3.07)	(1.52)	(0.07)	(0.00)	(0.06)
Net asset value, end of period . . . . .	\$40.46	\$31.84	\$30.27	\$22.70	\$17.66	\$16.70
Total return . . . . .	27.07%	15.63%	41.07%	28.98%	5.75%	33.03%
Net assets, end of period (in millions) . . . . .	\$628	\$311	\$116	\$21	\$4	\$1
Ratio of expenses to average net assets including reimbursement . . . . .	1.20% <sup>(3)(4)</sup>	1.20% <sup>(4)</sup>	1.20% <sup>(4)</sup>	1.20% <sup>(4)</sup>	1.20% <sup>(3)(4)</sup>	1.39% <sup>(3)</sup>
Ratio of net investment income (loss) to average net assets including reimbursement . . . . .	0.60% <sup>(3)(4)</sup>	0.66% <sup>(4)</sup>	0.91% <sup>(4)</sup>	-0.19% <sup>(4)</sup>	-0.35% <sup>(3)(4)</sup>	-0.54% <sup>(3)</sup>
Ratio of expenses to average net assets excluding reimbursement . . . . .	1.26% <sup>(3)(4)</sup>	1.27% <sup>(4)</sup>	1.35% <sup>(4)</sup>	1.48% <sup>(4)</sup>	1.63% <sup>(3)(4)</sup>	1.39% <sup>(3)(5)</sup>
Ratio of net investment income (loss) to average net assets excluding reimbursement . . . . .	0.54% <sup>(3)(4)</sup>	0.59% <sup>(4)</sup>	0.76% <sup>(4)</sup>	-0.47% <sup>(4)</sup>	-0.79% <sup>(3)(4)</sup>	-0.54% <sup>(3)(5)</sup>
Portfolio turnover rate . . . . .	65%	106%	104%	110%	29%	58% <sup>(6)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) See Note 2.

(5) There was no waiver of expenses during the period.

(6) For the 12 months ended December 31, 2003.

See Notes to Financial Statements.

# Financial Highlights

## IVY GLOBAL NATURAL RESOURCES FUND

Advisor Class Shares<sup>(1)</sup>

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value,							
beginning of period . . . . .	\$31.48	\$29.92	\$22.45	\$17.47	\$16.54	\$11.43	\$11.02
Income (loss) from investment operations:							
Net investment income (loss) . . . . .	0.16	0.31	0.13	(0.14)	(0.03)	(0.58)	(0.07)
Net realized and unrealized gain on investments . . . . .	8.41	4.34	8.86	5.14	0.96	5.78	0.56
Total from investment operations . . . . .	8.57	4.65	8.99	5.00	0.93	5.20	0.49
Less distributions from:							
Net investment income . .	(0.00)	(0.22)	(0.00)	(0.02)	(0.00)	(0.09)	(0.00)
Capital gains . . . . .	(0.00)	(2.87)	(1.52)	(0.00)	(0.00)	(0.00)	(0.08)
Total distributions . . . . .	(0.00)	(3.09)	(1.52)	(0.02)	(0.00)	(0.09)	(0.08)
Net asset value, end of period . . . . .	\$40.05	\$31.48	\$29.92	\$22.45	\$17.47	\$16.54	\$11.43
Total return . . . . .	27.22%	15.86%	41.09%	28.63%	5.62%	45.55%	4.46%
Net assets, end of period (in thousands) . . . . .	\$385	\$322	\$368	\$476	\$512	\$484	\$570
Ratio of expenses to average net assets including reimbursement . . . . .	0.96% <sup>(2)</sup>	0.95%	1.25%	1.47%	1.57% <sup>(2)</sup>	2.19%	1.82%
Ratio of net investment income (loss) to average net assets including reimbursement . . . . .	0.86% <sup>(2)</sup>	0.94%	0.97%	-0.36%	-0.74% <sup>(2)</sup>	-0.41%	-0.51%
Ratio of expenses to average net assets excluding reimbursement . . . . .	0.96% <sup>(2)(3)</sup>	0.95% <sup>(3)</sup>	1.25% <sup>(3)</sup>	1.47% <sup>(3)</sup>	1.57% <sup>(2)(3)</sup>	2.19% <sup>(3)</sup>	1.98%
Ratio of net investment income (loss) to average net assets excluding reimbursement . . . . .	0.86% <sup>(2)(3)</sup>	0.94% <sup>(3)</sup>	0.97% <sup>(3)</sup>	-0.36% <sup>(3)</sup>	-0.74% <sup>(2)(3)</sup>	-0.41% <sup>(3)</sup>	-0.67%
Portfolio turnover rate . . . . .	65%	106%	104%	110%	29%	58%	67%

(1) See Note 5 to financial statements.

(2) Annualized.

(3) There was no waiver of expenses during the period.

See Notes to Financial Statements.

## SHAREHOLDER SUMMARY OF IVY INTERNATIONAL BALANCED FUND

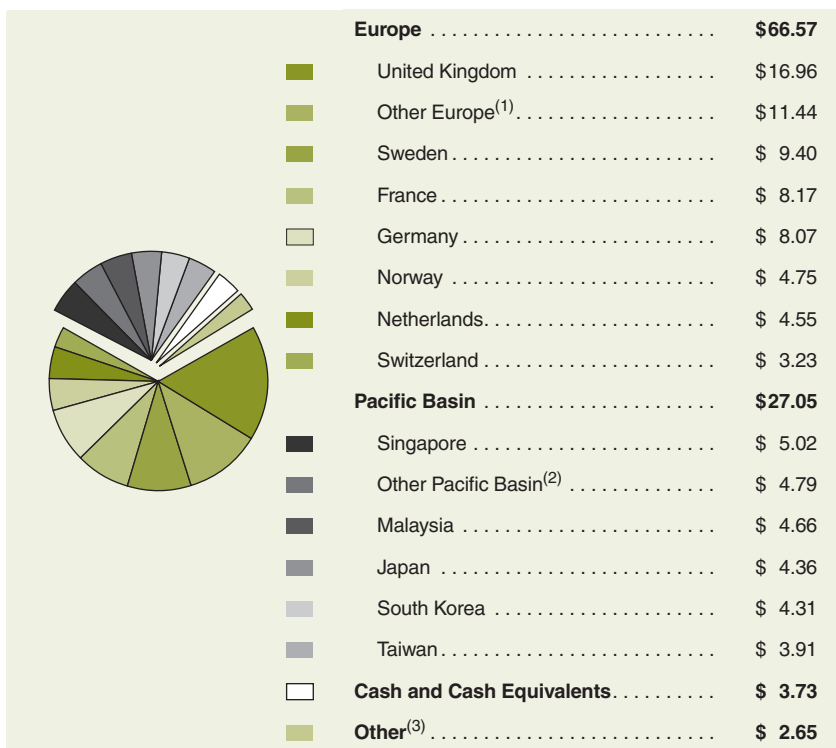
### Portfolio Highlights

On September 30, 2007, Ivy International Balanced Fund had net assets totaling \$335,226,625 invested in a diversified portfolio of:

65.81%	Foreign Common Stocks
26.33%	Other Government Securities
3.73%	Cash and Cash Equivalents
2.85%	Foreign Corporate Debt Securities
1.28%	Domestic Corporate Debt Securities

### Country Weightings

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund was invested by country and by industry, respectively, as follows:

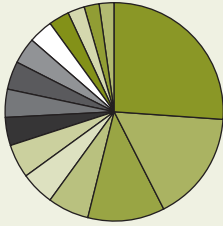


(1)Includes \$0.18 Austria, \$0.81 Belgium, \$0.50 Denmark, \$1.82 Finland, \$0.24 Ireland, \$2.44 Italy, \$2.89 Poland and \$2.56 Spain.

(2)Includes \$3.01 Australia, \$0.93 China, \$0.76 Hong Kong and \$0.09 New Zealand.

(3)Includes \$0.24 Canada, \$1.10 Cayman Islands, \$1.02 Israel and \$0.29 Supernational.

## Sector Weightings



Other Government Securities . . . . .	\$26.33
Financial Services Stocks . . . . .	\$16.20
Utilities Stocks . . . . .	\$11.37
Technology Stocks . . . . .	\$ 6.27
Energy Stocks . . . . .	\$ 5.03
Consumer Durables Stocks . . . . .	\$ 4.92
Health Care Stocks . . . . .	\$ 4.18
Consumer Services Stocks . . . . .	\$ 4.16
Corporate Debt Securities . . . . .	\$ 4.13
Miscellaneous Stocks . . . . .	\$ 3.91
Cash and Cash Equivalents . . . . .	\$ 3.73
Business Equipment and Services Stocks . . . . .	\$ 2.86
Retail Stocks . . . . .	\$ 2.70
Capital Goods Stocks . . . . .	\$ 2.18
Shelter Stocks . . . . .	\$ 2.03



# The Investments of Ivy International Balanced Fund

September 30, 2007

(Unaudited)

COMMON STOCKS	Shares	Value
<b>Australia – 1.58%</b>		
National Australia Bank Limited (A) . . . . .	54,242	\$ 1,911,309
Telekom Austria Aktiengesellschaft (A) . . . . .	128,820	3,370,712
		<u>5,282,021</u>
<b>Belgium – 0.59%</b>		
Belgacom SA (A) . . . . .	42,790	<u>1,985,465</u>
<b>Cayman Island- 1.10%</b>		
ACE Limited . . . . .	46,490	2,815,899
XL Capital Ltd, Class A . . . . .	10,870	860,904
		<u>3,676,803</u>
<b>China – 0.93%</b>		
China Telecom Corporation Limited (A) . . . . .	3,774,000	2,844,876
China Telecom Corporation Limited (A)(B) . . . . .	360,000	271,371
		<u>3,116,247</u>
<b>Denmark – 0.50%</b>		
Vestas Wind Systems A/S (A)* . . . . .	21,080	<u>1,665,330</u>
<b>Finland – 1.50%</b>		
Stora Enso Oyj, Class R (A) . . . . .	104,960	2,044,452
UPM-Kymmene Corporation (A) . . . . .	124,110	3,001,477
		<u>5,045,929</u>
<b>France – 8.17%</b>		
AXA S.A. (A) . . . . .	109,570	4,902,831
France Telecom (A) . . . . .	220,724	7,393,242
Sanofi-Aventis (A) . . . . .	69,548	5,888,805
THOMSON (A) . . . . .	231,400	3,524,009
TOTAL S.A. (A) . . . . .	41,440	3,369,375
Vivendi Universal (A) . . . . .	54,670	2,307,508
		<u>27,385,770</u>
<b>Germany – 3.87%</b>		
Bayerische Motoren Werke Aktiengesellschaft (A) . . . . .	47,660	3,082,007
Deutsche Post AG (A) . . . . .	70,260	2,039,803
E.ON AG (A) . . . . .	5,810	1,072,293
Munchener Ruckversicherungs-Gesellschaft Aktiengesellschaft, Registered Shares (A) . . . . .	17,210	3,298,242
Siemens AG (A) . . . . .	25,310	3,473,723
		<u>12,966,068</u>
<b>Hong Kong – 0.76%</b>		
Hutchison Whampoa Limited, Ordinary Shares (A) . . . . .	239,000	<u>2,556,372</u>

See Notes to Schedule of Investments on page 136.

# The Investments of Ivy International Balanced Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Israel – 1.02%</b>		
Check Point Software Technologies Ltd.* . . . . .	135,710	<b>\$ 3,416,499</b>
<b>Italy – 2.44%</b>		
Eni S.p.A. (A) . . . . .	83,858	3,107,800
Mediaset S.p.A. (A) . . . . .	341,234	3,522,842
UniCredito Italiano S.p.A. (A) . . . . .	179,693	1,537,393
		<b>8,168,035</b>
<b>Japan – 4.36%</b>		
AIFUL Corporation (A) . . . . .	54,200	849,345
Kabushiki Kaisha Mitsubishi Tokyo Financial Group (A) . . . . .	189	1,661,864
Konica Minolta Holdings, Inc. (A) . . . . .	76,500	1,296,700
NGK SPARK PLUG CO., LTD. (A) . . . . .	176,000	2,735,037
Nissan Motor Co., Ltd. (A) . . . . .	234,000	2,344,787
Promise Co., Ltd. (A) . . . . .	46,200	1,126,192
Sony Corporation (A) . . . . .	61,500	2,982,240
USS Co., Ltd. (A) . . . . .	24,690	1,622,857
		<b>14,619,022</b>
<b>Netherlands – 4.55%</b>		
Akzo Nobel N.V. (A) . . . . .	16,030	1,321,185
ING Groep N.V., Certicaaten Van Aandelen (A) . . . . .	138,500	6,147,963
Koninklijke Philips Electronics N.V., Ordinary Shares (A) . . . . .	40,460	1,826,005
Reed Elsevier NV (A) . . . . .	183,940	3,493,677
Vedior N.V. (A) . . . . .	111,960	2,463,379
		<b>15,252,209</b>
<b>Norway – 1.50%</b>		
Norske Skogindustrier ASA (A) . . . . .	163,411	1,748,915
Telenor ASA (A) . . . . .	163,300	3,271,301
		<b>5,020,216</b>
<b>Singapore – 2.44%</b>		
DBS Group Holdings Ltd (A) . . . . .	33,000	479,838
Flextronics International Ltd.* . . . . .	237,690	2,658,563
Singapore Telecommunications Limited (A) . . . . .	931,000	2,519,435
Venture Corporation Limited (A) . . . . .	226,000	2,510,266
		<b>8,168,102</b>
<b>South Korea – 2.89%</b>		
KT Corporation, ADR . . . . .	48,730	1,220,687
Kookmin Bank, ADR . . . . .	16,440	1,347,916
SK Telecom Co., Ltd., ADR . . . . .	41,000	1,217,700
Samsung Electronics Co., Ltd. (A) . . . . .	7,368	4,629,152
Samsung Electronics Co., Ltd., GDR (B) . . . . .	4,010	1,259,766
		<b>9,675,221</b>

See Notes to Schedule of Investments on page 136.

# The Investments of Ivy International Balanced Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Spain – 2.41%</b>		
Gamesa Corporacion Tecnologica, S.A. (A) . . . . .	53,110	\$ 2,169,718
Repsol YPF, S.A. (A) . . . . .	70,566	2,520,610
Telefonica, S.A., ADR . . . . .	40,135	3,362,510
Telefonica, S.A., Brazilian Depository Receipts (A) . . . . .	569	15,831
		<b>8,068,669</b>
<b>Sweden – 1.10%</b>		
Nordea Bank AB, Finnish Depository Receipts (A) . . . . .	89,560	1,559,309
Securitas AB, Class B (A) . . . . .	105,270	1,388,549
Securitas Systems AB, Class B (A) . . . . .	204,730	756,129
		<b>3,703,987</b>
<b>Switzerland – 3.23%</b>		
Lonza Group Ltd, Registered Shares (A) . . . . .	5,800	632,682
Nestle S.A., Registered Shares (A) . . . . .	7,930	3,562,285
Novartis AG, Registered Shares (A) . . . . .	77,210	4,260,891
Swiss Reinsurance Company, Registered Shares (A) . . . . .	26,800	2,387,082
		<b>10,842,940</b>
<b>Taiwan – 3.91%</b>		
Chunghwa Telecom Co., Ltd., ADR . . . . .	175,623	3,245,513
Compal Electronics Inc., GDR . . . . .	55,073	311,350
Compal Electronics Inc., GDR (B) . . . . .	134,498	760,372
Lite-On Technology Corporation (A) . . . . .	343,233	536,384
Lite-On Technology Corporation, GDR (A) . . . . .	259,309	3,985,293
Mega Financial Holding Company (A) . . . . .	6,790,000	4,286,012
		<b>13,124,924</b>
<b>Thailand – 0.00%</b>		
Advanced Info Service Public Company Limited (A) . . . . .	3,000	7,790
<b>United Kingdom – 16.96%</b>		
Aviva plc (A) . . . . .	296,630	4,466,807
BAE Systems plc (A) . . . . .	93,350	942,553
BP p.l.c. (A) . . . . .	424,390	4,927,599
British Sky Broadcasting Group plc (A) . . . . .	230,870	3,282,892
Compass Group PLC (A) . . . . .	560,920	3,465,869
Fiberweb plc (A) . . . . .	51,523	62,195
GlaxoSmithKline plc (A) . . . . .	145,100	3,850,452
Group 4 Securicor plc (A) . . . . .	897,590	3,709,657
HSBC Holdings plc (A) . . . . .	190,630	3,527,802
INVESCO PLC (A) . . . . .	26,400	357,304
Kingfisher plc (A) . . . . .	707,280	2,587,398
Old Mutual plc (A) . . . . .	1,645,380	5,396,399

See Notes to Schedule of Investments on page 136.

# The Investments of Ivy International Balanced Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>United Kingdom (Continued)</b>		
Pearson plc (A) . . . . .	86,110	\$ 1,334,568
Rentokil Initial plc (A) . . . . .	376,520	1,285,727
Royal Bank of Scotland Group plc (The) (A) . . . . .	500,230	5,373,205
Royal Dutch Shell plc, Class B (A) . . . . .	71,241	2,932,664
tesco plc (A) . . . . .	157,950	1,419,501
Unilever PLC (A) . . . . .	52,092	1,646,660
Vodafone Group Plc (A) . . . . .	1,678,588	6,061,680
Vodafone Group Plc, ADR . . . . .	6,590	239,217
		<u>56,870,149</u>
<b>TOTAL COMMON STOCKS – 65.81%</b>		<b>\$220,617,768</b>
(Cost: \$181,343,434)		

CORPORATE DEBT SECURITIES – 4.13%	Principal Amount in Thousands	
<b>Germany</b>		
KfW, Frankfurt/Main, Federal Republic of Germany:		
0.60%, 8–08–11 (C)(D) . . . . .	JPY950,000	8,270,537
0.60%, 8–08–11 (C)(D) . . . . .	640,000	5,571,730
		<u>\$ 13,842,267</u>
(Cost: \$13,829,440)		

## OTHER GOVERNMENT SECURITIES

<b>Australia – 1.43%</b>		
New South Wales Treasury Corporation,		
8.0%, 3–01–08 (C) . . . . .	AUD4,350	3,878,056
Queensland Treasury Corporation,		
6.0%, 7–14–09 (C) . . . . .	1,050	921,260
		<u>4,799,316</u>
<b>Austria – 0.18%</b>		
Republic of Austria:		
5.5%, 10–20–07 (C) . . . . .	EUR360	513,483
4.0%, 7–15–09 (C) . . . . .	70	99,623
		<u>613,106</u>
<b>Belgium – 0.22%</b>		
Belgium Government Bond:		
7.5%, 7–29–08 (C) . . . . .	405	592,998
5.0%, 9–28–12 (C) . . . . .	100	147,209
		<u>740,207</u>

See Notes to Schedule of Investments on page 136.

# The Investments of Ivy International Balanced Fund

September 30, 2007

(Unaudited)

OTHER GOVERNMENT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Canada – 0.24%</b>		
Canadian Government Bond		
6.0%, 6–01–11 (C) .....	CAD748	\$ 797,491
<b>Finland – 0.32%</b>		
Finland Government Bond:		
3.0%, 7–04–08 (C) .....	EUR400	565,757
5.0%, 4–25–09 (C) .....	60	86,653
5.75%, 2–23–11 (C) .....	280	418,493
		<u>1,070,903</u>
<b>Germany – 0.07%</b>		
Deutsche Bundesrepublik,		
5.0%, 7–04–11 (C) .....	170	<u>249,297</u>
<b>Ireland – 0.24%</b>		
Ireland Government Bond,		
5.0%, 4–18–13 (C) .....	540	<u>796,475</u>
<b>Malaysia – 4.66%</b>		
Bank Negara Monetary Notes:		
0.0%, 12–06–07 (C) .....	MYR3,400	991,785
0.0%, 12–13–07 (C) .....	8,665	2,525,955
0.0%, 12–21–07 (C) .....	19,200	5,592,884
3.546%, 1–11–08 (C) .....	8,250	2,423,256
3.569%, 2–14–08 (C) .....	1,450	426,095
0.0%, 2–28–08 (C) .....	1,160	335,778
3.17%, 5–15–08 (C) .....	1,400	410,577
0.0%, 9–23–08 (C) .....	4,530	1,287,429
Malaysian Government Bond,		
7.0%, 3–15–09 (C) .....	580	178,544
Malaysian Treasury Bills:		
0.0%, 1–04–08 (C) .....	400	116,398
0.0%, 2–29–08 (C) .....	800	231,617
0.0%, 3–28–08 (C) .....	500	144,393
0.0%, 5–09–08 (C) .....	2,000	575,388
0.0%, 6–06–08 (C) .....	1,300	373,005
		<u>15,613,104</u>
<b>New Zealand – 0.09%</b>		
New Zealand Government Bond,		
6.0%, 11–15–11 (C) .....	NZD410	<u>303,042</u>

See Notes to Schedule of Investments on page 136.

# The Investments of Ivy International Balanced Fund

September 30, 2007

(Unaudited)

OTHER GOVERNMENT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Norway – 3.25%</b>		
Norway Government Bond,		
5.5%, 5–15–09 (C) . . . . .	NOK32,920	\$ 6,166,868
Norway Treasury Bills:		
0.0%, 12–19–07 (C) . . . . .	23,805	4,376,946
0.0%, 6–18–08 (C) . . . . .	370	66,290
0.0%, 9–17–08 (C) . . . . .	1,550	274,337
		<u>10,884,441</u>
<b>Poland – 2.89%</b>		
Poland Government Bond:		
5.75%, 6–24–08 (C) . . . . .	PLN1,200	455,918
6.0%, 5–24–09 (C) . . . . .	9,425	3,605,206
6.25%, 10–24–15 (C) . . . . .	3,250	1,270,772
5.75%, 9–23–22 (C) . . . . .	11,570	4,369,334
		<u>9,701,230</u>
<b>Singapore – 2.58%</b>		
Singapore Government Bond:		
2.625%, 10–01–07 (C) . . . . .	SGD6,450	4,341,972
4.375%, 1–15–09 (C) . . . . .	6,200	4,300,976
		<u>8,642,948</u>
<b>South Korea – 1.42%</b>		
South Korea Treasury Bond:		
4.5%, 9–09–08 (C) . . . . .	KRW1,000,000	1,083,807
4.25%, 9–10–08 (C) . . . . .	2,300,000	2,487,026
4.75%, 6–10–09 (C) . . . . .	1,100,000	1,188,151
		<u>4,758,984</u>
<b>Spain – 0.15%</b>		
Spain Government Bond,		
6.0%, 1–31–08 (C) . . . . .	EUR350	501,815
<b>Supranational – 0.29%</b>		
European Investment Bank,		
0.78125%, 9–21–11 (C)(D) . . . . .	JPY110,000	957,409
<b>Sweden – 8.30%</b>		
Sweden Government Bond:		
6.5%, 5–05–08 (C) . . . . .	SEK118,100	18,599,912
5.0%, 1–28–09 (C) . . . . .	51,100	8,032,821
Sweden Treasury Bills:		
0.0%, 6–18–08 (C) . . . . .	4,000	603,772
0.0%, 9–17–08 (C) . . . . .	4,000	597,513
		<u>27,834,018</u>
<b>TOTAL OTHER GOVERNMENT SECURITIES – 26.33%</b>		<b>\$ 88,263,786</b>
(Cost: \$82,005,985)		

See Notes to Schedule of Investments on page 136.

# The Investments of Ivy International Balanced Fund

September 30, 2007

(Unaudited)

SHORT-TERM SECURITIES	Principal Amount in Thousands	Value
<b>Chemicals – Petroleum and Inorganic – 0.89%</b>		
E.I. du Pont de Nemours and Company, 4.75%, 10–09–07 .....	\$3,000	<u>\$ 2,996,833</u>
<b>Chemicals – Specialty- 0.29%</b>		
Air Products and Chemicals, Inc., 5.05%, 10–01–07 .....	964	<u>964,000</u>
<b>Finance Companies – 1.79%</b>		
Prudential Funding LLC, 5.23%, 10–05–07 .....	6,000	<u>5,996,513</u>
<b>Household – General Products – 0.89%</b>		
Clorox Co., 5.42%, 10–09–07 .....	3,000	<u>2,996,387</u>
<b>Leisure Time Industry – 0.60%</b>		
Walt Disney Company (The), 5.2%, 10–11–07 .....	2,000	<u>1,997,111</u>
<b>Publishing – 0.59%</b>		
Gannett Co., Inc., 5.35%, 10–25–07 .....	2,000	<u>1,992,867</u>
<b>Retail – General Merchandise – 0.60%</b>		
Target Corporation, 5.0%, 10–19–07 .....	2,000	<u>1,995,000</u>
<b>TOTAL SHORT-TERM SECURITIES – 5.65%</b>		<u>\$ 18,938,711</u>
(Cost: \$18,938,711)		
<b>TOTAL INVESTMENT SECURITIES – 101.92%</b>		<u>\$341,662,532</u>
(Cost: \$296,117,570)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (1.92%)</b>		<u>(6,435,907)</u>
<b>NET ASSETS – 100.00%</b>		<u>\$335,226,625</u>

See Notes to Schedule of Investments on page 136.

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# The Investments of Ivy International Balanced Fund

September 30, 2007

(Unaudited)

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## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

\*No dividends were paid during the preceding 12 months.

(A) Listed on an exchange outside the United States.

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At September 30, 2007, the total value of these securities amounted to \$2,291,509, or 0.68% of net assets.

(C) Principal amounts are denominated in the indicated foreign currency, where applicable (AUD – Australian Dollar, CAD – Canadian Dollar, EUR – Euro, JPY – Japanese Yen, KRW – South Korean Won, MYR – Malaysian Ringgit, NOK – Norwegian Krone, NZD – New Zealand Dollar, PLN – Polish Zloty, SEK – Swedish Krona, SGD – Singapore Dollar).

(D) Variable rate security. Interest rate disclosed is that which is in effect at September 30, 2007.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.



# Statement of Assets and Liabilities

## IVY INTERNATIONAL BALANCED FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$296,118) (Notes 1 and 3) . . . . .	\$341,663
Cash . . . . .	1,168
Cash denominated in foreign currencies (cost – \$1,072). . . . .	1,101
Receivables:	
Dividends and interest . . . . .	2,444
Fund shares sold . . . . .	1,148
Prepaid and other assets . . . . .	37
Total assets . . . . .	<u>347,561</u>

### LIABILITIES

Payable to investment securities purchased . . . . .	11,136
Payable to Fund shareholders . . . . .	652
Accrued management fee (Note 2) . . . . .	186
Accrued service fee (Note 2) . . . . .	85
Accrued shareholder servicing (Note 2) . . . . .	81
Accrued distribution fee (Note 2) . . . . .	30
Accrued accounting services fee (Note 2) . . . . .	9
Other . . . . .	155
Total liabilities . . . . .	<u>12,334</u>
Total net assets . . . . .	<u>\$335,227</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$278,781
Accumulated undistributed income:	
Accumulated undistributed net investment income . . . . .	3,006
Accumulated undistributed net realized gain on investment transactions . . . . .	7,799
Net unrealized appreciation in value of investments . . . . .	45,641
Net assets applicable to outstanding units of capital . . . . .	<u>\$335,227</u>

### Net asset value per share (net assets divided by shares outstanding):

Class A . . . . .	\$17.65
Class B . . . . .	\$17.59
Class C . . . . .	\$17.61
Class E . . . . .	\$17.61
Class I . . . . .	\$17.67
Class Y . . . . .	\$17.66

### Capital shares outstanding:

Class A . . . . .	14,607
Class B . . . . .	780
Class C . . . . .	2,141
Class E . . . . .	26
Class I . . . . .	1,338
Class Y . . . . .	107

See Notes to Financial Statements.

# Statement of Operations

## IVY INTERNATIONAL BALANCED FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):	
Dividends (net of foreign withholding taxes of \$530) .....	\$ 4,253
Interest and amortization (net of foreign withholding taxes of \$16) .....	1,902
Total income .....	<u>6,155</u>
Expenses (Note 2):	
Investment management fee .....	1,085
Shareholder servicing:	
Class A .....	300
Class B .....	28
Class C .....	37
Class E .....	1
Class I .....	9
Class Y .....	2
Service fee:	
Class A .....	274
Class B .....	16
Class C .....	43
Class Y .....	2
Distribution fee:	
Class A .....	37
Class B .....	49
Class C .....	130
Class E .....	—*
Custodian fees .....	59
Accounting services fee .....	51
Audit fees .....	16
Legal fees .....	3
Other .....	66
Total expenses .....	<u>2,208</u>
Net investment income .....	<u>3,947</u>

### REALIZED AND UNREALIZED GAIN

#### ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on securities .....	4,984
Realized net gain on foreign currency transactions .....	<u>2,380</u>
Realized net gain on investments .....	7,364
Unrealized appreciation in value of investments during the period .....	<u>7,650</u>
Net gain on investments .....	<u>15,014</u>
Net increase in net assets resulting from operations .....	<u>\$18,961</u>

\*Not shown due to rounding

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY INTERNATIONAL BALANCED FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income .....	\$ 3,947	\$ 2,622
Realized net gain on investments .....	7,364	8,507
Unrealized appreciation .....	7,650	19,022
Net increase in net assets resulting from operations .....	18,961	30,151
Distributions to shareholders from (Note 1F): <sup>(1)</sup>		
Net investment income:		
Class A .....	(3,552)	(4,320)
Class B .....	(130)	(158)
Class C .....	(381)	(332)
Class E .....	(4)	NA
Class I .....	(213)	NA
Class Y .....	(21)	(28)
Realized gains on investment transactions:		
Class A .....	(—)	(5,577)
Class B .....	(—)	(387)
Class C .....	(—)	(669)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(38)
	(4,301)	(11,509)
Capital share transactions (Note 5) .....	41,623	132,436
Total increase .....	56,283	151,078
<b>NET ASSETS</b>		
Beginning of period .....	278,944	127,866
End of period .....	\$335,227	\$278,944
Undistributed net investment income .....	\$ 3,006	\$ 980

(1) See "Financial Highlights" on pages 140 - 145.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL BALANCED FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the fiscal	
	six months	ended March 31,			fiscal period	year ended	
	ended	2007	2006	2005	ended	2003	2002
	9-30-07				3-31-04		
Net asset value, beginning of period . . . . .	\$16.81	\$15.15	\$14.63	\$13.07	\$11.33	\$ 8.72	\$9.28
Income (loss) from investment operations:							
Net investment income . . . . .	0.23	0.24 <sup>(1)</sup>	0.29	0.22	0.09	0.21	0.18
Net realized and unrealized gain (loss) on investments . . . . .	0.86	2.36 <sup>(1)</sup>	1.14	1.69	1.83	2.40	(0.59)
Total from investment operations . . . . .	1.09	2.60	1.43	1.91	1.92	2.61	(0.41)
Less distributions from:							
Net investment income . . . . .	(0.25)	(0.43)	(0.36)	(0.28)	(0.18)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.51)	(0.55)	(0.07)	(0.00)	(0.00)	(0.13)
Tax return of capital . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.02)
Total distributions . . . . .	(0.25)	(0.94)	(0.91)	(0.35)	(0.18)	(0.00)	(0.15)
Net asset value, end of period . . . . .	\$17.65	\$16.81	\$15.15	\$14.63	\$13.07	\$11.33	\$8.72
Total return <sup>(2)</sup> . . . . .	6.53%	17.48%	10.14%	14.81%	17.05%	29.93%	-4.62%
Net assets, end of period (in millions) . . . . .	\$258	\$235	\$112	\$97	\$60	\$46	\$36
Ratio of expenses to average net assets including reimbursement . . . . .	1.31% <sup>(3)</sup>	1.38%	1.45%	1.42%	1.54% <sup>(3)(4)</sup>	1.67%	1.62%
Ratio of net investment income to average net assets including reimbursement . . . . .	2.69% <sup>(3)</sup>	1.52%	1.94%	1.71%	1.43% <sup>(3)(4)</sup>	2.06%	1.84%
Ratio of expenses to average net assets excluding reimbursement . . . . .	1.31% <sup>(3)(5)</sup>	1.38% <sup>(5)</sup>	1.45% <sup>(5)</sup>	1.42% <sup>(5)</sup>	1.60% <sup>(3)(4)</sup>	1.71%	1.72%
Ratio of net investment income to average net assets excluding reimbursement . . . . .	2.69% <sup>(3)(5)</sup>	1.52% <sup>(5)</sup>	1.94% <sup>(5)</sup>	1.71% <sup>(5)</sup>	1.37% <sup>(3)(4)</sup>	2.02%	1.74%
Portfolio turnover rate . . . . .	9%	22%	27%	16%	15%	39%	48%

(1)Based on average weekly shares outstanding.

(2)Total return calculated without taking into account the sales load deducted on an initial purchase.

(3)Annualized.

(4)In connection with the reorganization plan effected December 8, 2003, Class B and Class C shares of the predecessor Advantus Fund were exchanged into Class A shares at the time of the merger. The ratios shown above reflect a blended rate that includes the effect of income and expenses for those Class B and Class C shares from October 1, 2003 up to the time of merger. Actual expenses that applied to Class A shareholders were lower than shown above.

(5)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL BALANCED FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . .	\$16.77	\$15.11	\$14.59	\$13.04	\$12.34
Income from investment operations:					
Net investment income . . . . .	0.18	0.07 <sup>(2)</sup>	0.08	0.03 <sup>(2)</sup>	0.19
Net realized and unrealized gain on investments. . . . .	0.85	2.37 <sup>(2)</sup>	1.18	1.70 <sup>(2)</sup>	0.69
Total from investment operations . . . . .	1.03	2.44	1.26	1.73	0.88
Less distributions from:					
Net investment income . . . . .	(0.21)	(0.27)	(0.19)	(0.11)	(0.18)
Capital gains . . . . .	(0.00)	(0.51)	(0.55)	(0.07)	(0.00)
Total distributions . . . . .	(0.21)	(0.78)	(0.74)	(0.18)	(0.18)
Net asset value, end of period . . . . .	\$17.59	\$16.77	\$15.11	\$14.59	\$13.04
Total return . . . . .	5.94%	16.38%	8.93%	13.37%	7.18%
Net assets, end of period (in thousands) . . . . .	\$13,720	\$12,056	\$5,548	\$3,049	\$225
Ratio of expenses to average net assets . . . .	2.29% <sup>(3)</sup>	2.35%	2.59%	2.64%	3.01% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	1.69% <sup>(3)</sup>	0.46%	0.73%	0.20%	1.09% <sup>(3)</sup>
Portfolio turnover rate. . . . .	9%	22%	27%	16%	15% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the six months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL BALANCED FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . .	\$16.78	\$15.12	\$14.60	\$13.04	\$12.34
Income from investment operations:					
Net investment income . . . . .	0.16	0.11 <sup>(2)</sup>	0.11	0.07 <sup>(2)</sup>	0.19
Net realized and unrealized gain on investments. . . . .	0.86	2.37 <sup>(2)</sup>	1.19	1.69 <sup>(2)</sup>	0.69
Total from investment operations . . . . .	1.02	2.48	1.30	1.76	0.88
Less distributions from:					
Net investment income . . . . .	(0.19)	(0.31)	(0.23)	(0.13)	(0.18)
Capital gains . . . . .	(0.00)	(0.51)	(0.55)	(0.07)	(0.00)
Total distributions . . . . .	(0.19)	(0.82)	(0.78)	(0.20)	(0.18)
Net asset value, end of period . . . . .	\$17.61	\$16.78	\$15.12	\$14.60	\$13.04
Total return . . . . .	6.11%	16.64%	9.21%	13.58%	7.18%
Net assets, end of period (in thousands) . . . . .	\$37,697	\$29,921	\$9,422	\$3,968	\$307
Ratio of expenses to average net assets . . . .	2.05% <sup>(3)</sup>	2.12%	2.29%	2.44%	2.86% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	1.91% <sup>(3)</sup>	0.70%	0.98%	0.44%	1.13% <sup>(3)</sup>
Portfolio turnover rate. . . . .	9%	22%	27%	16%	15% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the six months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL BALANCED FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$16.81
Income from investment operations:	
Net investment income . . . . .	0.11 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	0.93 <sup>(2)</sup>
Total from investment operations . . . . .	1.04
Less distributions from:	
Net investment income . . . . .	(0.24)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	(0.24)
Net asset value, end of period . . . . .	<u>\$17.61</u>
Total return <sup>(3)</sup> . . . . .	6.03%
Net assets, end of period (in thousands) . . . . .	\$451
Ratio of expenses to average net assets . . . . .	2.03% <sup>(4)</sup>
Ratio of net investment income to average net assets . . . . .	1.54% <sup>(4)</sup>
Portfolio turnover rate . . . . .	9% <sup>(5)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

(5)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL BALANCED FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$16.82
Income from investment operations:	
Net investment income . . . . .	0.16 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	0.97 <sup>(2)</sup>
Total from investment operations . . . . .	1.13
Less distributions from:	
Net investment income . . . . .	(0.28)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	(0.28)
Net asset value, end of period . . . . .	<u>\$17.67</u>
Total return . . . . .	6.49%
Net assets, end of period (in millions) . . . . .	\$24
Ratio of expenses to average net assets . . . . .	0.99% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	2.33% <sup>(3)</sup>
Portfolio turnover rate . . . . .	9% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the six months ended September 30, 2007.

See Notes to Financial Statements.



# Financial Highlights

## IVY INTERNATIONAL BALANCED FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . .	\$16.82	\$15.15	\$14.63	\$13.07	\$12.34
Income from investment operations:					
Net investment income . . . . .	0.22	0.25 <sup>(2)</sup>	0.29 <sup>(2)</sup>	0.24 <sup>(2)</sup>	0.21
Net realized and unrealized gain on investments. . . . .	0.87	2.37 <sup>(2)</sup>	1.14 <sup>(2)</sup>	1.67 <sup>(2)</sup>	0.70
Total from investment operations . . . . .	1.09	2.62	1.43	1.91	0.91
Less distributions from:					
Net investment income . . . . .	(0.25)	(0.44)	(0.36)	(0.28)	(0.18)
Capital gains . . . . .	(0.00)	(0.51)	(0.55)	(0.07)	(0.00)
Total distributions . . . . .	(0.25)	(0.95)	(0.91)	(0.35)	(0.18)
Net asset value, end of period . . . . .	\$17.66	\$16.82	\$15.15	\$14.63	\$13.07
Total return . . . . .	6.55%	17.61%	10.18%	14.84%	7.47%
Net assets, end of period (in thousands) . . . . .	\$1,897	\$1,665	\$662	\$397	\$185
Ratio of expenses to average net assets . . . .	1.28% <sup>(3)</sup>	1.24%	1.41%	1.40%	1.79% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	2.49% <sup>(3)</sup>	1.64%	1.99%	1.72%	2.00% <sup>(3)</sup>
Portfolio turnover rate. . . . .	9%	22%	27%	16%	15% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the six months ended March 31, 2004.

See Notes to Financial Statements.

## SHAREHOLDER SUMMARY OF IVY INTERNATIONAL CORE EQUITY FUND

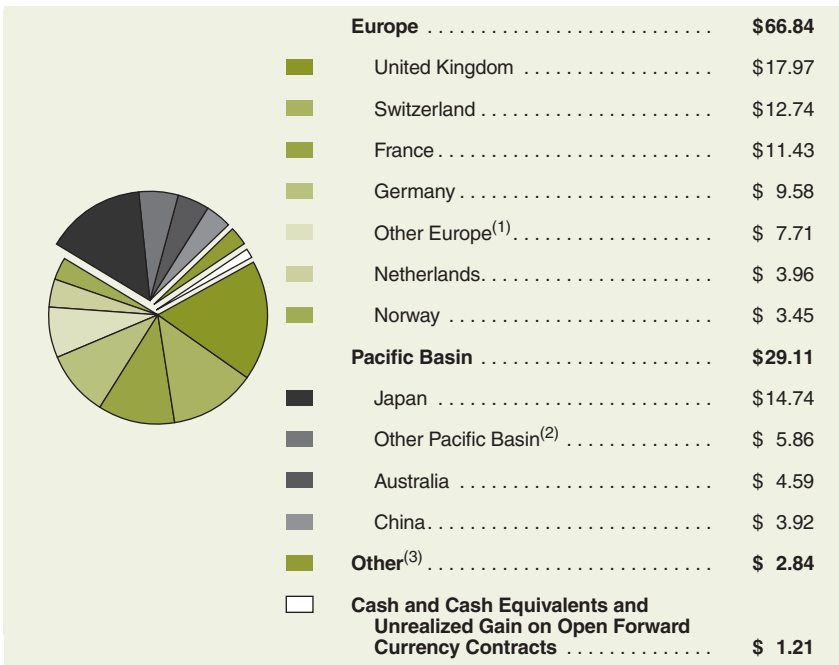
### Portfolio Highlights

On September 30, 2007, Ivy International Core Equity Fund had net assets totaling \$286,375,689 invested in a diversified portfolio of:

95.60%	Foreign Common Stocks
2.28%	Other Government Securities
1.21%	Cash and Cash Equivalents and Unrealized Gain on Open Forward Currency Contracts
0.91%	Domestic Common Stocks

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund was invested by country and by industry, respectively, as follows:

### Country Weightings

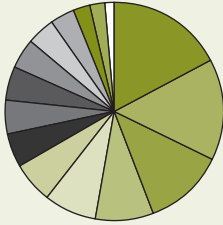


(1)Includes \$1.46 Greece, \$2.39 Italy, \$1.47 Spain and \$2.39 Sweden.

(2)Includes \$2.79 Hong Kong, \$1.12 India and \$1.95 Singapore.

(3)Includes \$1.93 Brazil and \$0.91 United States.

## Sector Weightings



■	Capital Goods Stocks . . . . .	\$17.50
■	Consumer Nondurables Stocks . . . . .	\$15.07
■	Financial Services Stocks . . . . .	\$12.25
■	Business Equipment and Services Stocks	\$ 8.53
■	Utilities Stocks . . . . .	\$ 7.89
■	Raw Materials Stocks . . . . .	\$ 5.16
■	Health Care Stocks . . . . .	\$ 5.13
■	Energy Stocks . . . . .	\$ 5.12
■	Consumer Durables Stocks . . . . .	\$ 5.02
■	Miscellaneous Stocks . . . . .	\$ 4.51
■	Technology Stocks . . . . .	\$ 4.01
■	Multi-Industry Stocks . . . . .	\$ 3.69
■	Transportation Stocks . . . . .	\$ 2.63
■	Other Government Securities . . . . .	\$ 2.28
□	Cash and Cash Equivalents and Unrealized Gain on Open Forward Currency Contracts . . . . .	\$ 1.21

# The Investments of Ivy International Core Equity Fund

September 30, 2007

(Unaudited)

COMMON STOCKS AND RIGHTS	Shares	Value
<b>Australia – 4.59%</b>		
Foster's Group Limited (A) . . . . .	569,110	\$ 3,297,651
Rio Tinto Limited (A) . . . . .	72,390	6,951,547
Telstra Corporation Limited (A) . . . . .	750,000	2,901,637
		<u>13,150,835</u>
<b>Brazil – 1.93%</b>		
Petroleo Brasileiro S.A. – Petrobras, ADR . . . . .	73,170	<u>5,524,335</u>
<b>China – 3.92%</b>		
China Mobile Limited (A) . . . . .	293,500	4,806,184
Qiao Xing Mobile Communication Co., Ltd.* . . . . .	243,200	2,371,200
SINA Corporation* . . . . .	84,750	4,057,830
		<u>11,235,214</u>
<b>France – 11.43%</b>		
ALSTOM (A) . . . . .	16,380	3,330,001
L'Oreal (A) . . . . .	42,980	5,638,409
LVMH Moët Hennessy – Louis Vuitton (A) . . . . .	35,090	4,206,557
TOTAL S.A. (A) . . . . .	64,620	5,254,078
Technip-Coflexip (A) . . . . .	39,820	3,560,173
VINCI (A) . . . . .	45,230	3,533,705
Vallourec (A) . . . . .	15,770	4,542,400
Vivendi Universal (A) . . . . .	63,160	2,665,853
		<u>32,731,176</u>
<b>Germany – 7.30%</b>		
Beiersdorf Aktiengesellschaft (A) . . . . .	56,560	4,222,906
Commerzbank Aktiengesellschaft (A) . . . . .	128,520	5,217,477
Deutsche Borse AG (A) . . . . .	27,030	3,671,631
Fresenius AG (A) . . . . .	45,220	3,507,776
Siemens AG (A) . . . . .	31,130	4,272,501
		<u>20,892,291</u>
<b>Greece – 1.46%</b>		
Alpha Bank (A) . . . . .	120,300	<u>4,192,462</u>
<b>Hong Kong – 2.79%</b>		
CNOOC Limited (A) . . . . .	2,309,000	3,879,100
Cheung Kong (Holdings) Limited (A) . . . . .	249,000	4,106,305
		<u>7,985,405</u>
<b>India – 1.12%</b>		
Infosys Technologies Limited, ADR . . . . .	66,320	<u>3,207,567</u>

See Notes to Schedule of Investments on page 151.

# The Investments of Ivy International Core Equity Fund

September 30, 2007

(Unaudited)

COMMON STOCKS AND RIGHTS (Continued)	Shares	Value
<b>Italy – 2.39%</b>		
Capitalia S.p.A. (A) . . . . .	438,100	\$ 4,185,530
Capitalia S.p.A., Rights (A)* . . . . .	261,020	1
Davide Campari – Milano S.p.A. (A) . . . . .	258,300	2,651,913
		<u>6,837,444</u>
<b>Japan – 14.74%</b>		
Chiyoda Corporation (A) . . . . .	180,000	3,243,808
JGC Corporation (A) . . . . .	167,000	3,220,346
Mitsubishi Electric Corporation (A) . . . . .	507,000	6,355,983
Mitsui Fudosan Co., Ltd. (A) . . . . .	109,000	3,027,119
Nintendo Co., Ltd. (A) . . . . .	9,300	4,841,684
Nissin Kogyo Co., Ltd. (A) . . . . .	117,900	3,397,458
Shin-Etsu Chemical Co., Ltd. (A) . . . . .	46,800	3,235,032
Sumitomo Mitsui Financial Group, Inc. (A) . . . . .	310	2,415,444
Suzuki Motor Corporation (A) . . . . .	168,100	4,975,754
Toda Corporation (A) . . . . .	561,000	2,959,701
Toyota Motor Corporation (A) . . . . .	77,100	4,550,890
		<u>42,223,219</u>
<b>Netherlands – 3.96%</b>		
Heineken N.V. (A) . . . . .	108,900	7,146,228
TNT N.V. (A) . . . . .	100,140	4,198,143
		<u>11,344,371</u>
<b>Norway – 3.45%</b>		
Aker Kvaerner ASA (A) . . . . .	167,640	5,340,537
Orkla ASA (A) . . . . .	254,000	4,537,018
		<u>9,877,555</u>
<b>Singapore – 1.95%</b>		
Singapore Telecommunications Limited (A) . . . . .	2,065,000	<u>5,588,219</u>
<b>Spain – 1.47%</b>		
Telefonica, S.A. (A) . . . . .	150,450	<u>4,211,287</u>
<b>Sweden – 2.39%</b>		
Atlas Copco AB, Class A, ADR (A) . . . . .	179,160	3,099,943
Telefonaktiebolaget LM Ericsson, B Shares (A) . . . . .	932,120	3,731,894
		<u>6,831,837</u>
<b>Switzerland – 12.74%</b>		
Compagnie Financiere Richemont SA (A) . . . . .	47,220	3,129,073
Holcim Ltd, Registered Shares (A) . . . . .	35,900	3,965,420
Nestle S.A., Registered Shares (A) . . . . .	18,930	8,503,663
Roche Holdings AG, Genussschein (A) . . . . .	38,260	6,937,244
Swatch Group Ltd (The), Bearer Shares (A) . . . . .	15,860	5,203,796
Syngenta AG (A) . . . . .	21,280	4,587,743
Zurich Financial Services, Registered Shares (A) . . . . .	13,860	4,157,702
		<u>36,484,641</u>

See Notes to Schedule of Investments on page 151.

# The Investments of Ivy International Core Equity Fund

September 30, 2007

(Unaudited)

COMMON STOCKS AND RIGHTS (Continued)	Shares	Value
<b>United Kingdom – 17.97%</b>		
BAE Systems plc (A) . . . . .	667,050	\$ 6,735,191
BAE Systems plc (A)(B) . . . . .	100,000	1,009,698
Barclays PLC (A) . . . . .	325,070	3,960,618
British American Tobacco p.l.c. (A) . . . . .	94,580	3,390,297
Delek Global Real Estate Limited (A)(B)* . . . . .	451,984	1,451,868
Informa plc (A) . . . . .	304,500	3,118,141
Intertek Group plc (A) . . . . .	183,520	3,555,803
Prudential plc (A) . . . . .	342,900	5,272,309
Serco Group plc (A) . . . . .	352,090	2,989,552
Smith & Nephew plc (A) . . . . .	348,870	4,264,871
Standard Chartered PLC (A) . . . . .	173,810	5,689,827
Vodafone Group Plc (A) . . . . .	1,411,129	5,095,839
WPP Group plc (A) . . . . .	364,820	4,941,297
		<b>51,475,311</b>
<b>United States – 0.91%</b>		
Comtech Group, Inc.* . . . . .	143,150	<b>2,607,477</b>
<b>TOTAL COMMON STOCKS AND RIGHTS – 96.51%</b>		<b>\$276,400,646</b>
(Cost: \$236,002,270)		

OTHER GOVERNMENT SECURITIES – 2.28%	Principal Amount in Thousands	
<b>Germany</b>		
Bundesschatzanweisungen Federal Treasury Notes, 3.0%, 3–14–08 (C) . . . . .	EUR 4,600	<b>\$ 6,528,446</b>
(Cost: \$6,164,767)		

UNREALIZED GAIN ON OPEN FORWARD CURRENCY CONTRACTS – 0.15%	Face Amount in Thousands	
Australian Dollar, 8–27–08 (C) . . . . .	AUD 4,600	309,322
Japanese Yen, 4–1–08 (C) . . . . .	JPY 490,000	29,582
Swedish Krona, 3–17–08 (C) . . . . .	SEK 17,274	89,912
		<b>\$ 428,816</b>

See Notes to Schedule of Investments on page 151.

# The Investments of Ivy International Core Equity Fund

September 30, 2007

(Unaudited)

SHORT-TERM SECURITIES	Principal Amount in Thousands	Value
<b>Electrical Equipment – 0.70%</b>		
W.W. Grainger, Inc., 4.78%, 10–24–07 .....	\$2,000	<b>\$ 1,993,892</b>
<b>Food and Related – 0.69%</b>		
Archer Daniels Midland Company, 5.1%, 11–6–07 .....	2,000	<b>1,989,800</b>
<b>Mining – 0.33%</b>		
BHP Billiton Finance (USA) Limited (BHP Billiton Limited), 5%, 10–1–07 .....	934	<b>934,000</b>
<b>TOTAL SHORT-TERM SECURITIES – 1.72%</b>		<b>\$ 4,917,692</b>
(Cost: \$4,917,692)		
<b>TOTAL INVESTMENT SECURITIES – 100.66%</b>		<b>\$288,275,600</b>
(Cost: \$247,084,729)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.66%)</b>		<b>(1,899,911)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$286,375,689</b>

## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

\*No dividends were paid during the preceding 12 months.

(A) Listed on an exchange outside the United States.

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At September 30, 2007, the total value of these securities amounted to \$2,461,566 or 0.86% of net assets.

(C) Principal amounts are denominated in the indicated foreign currency, were applicable (AUD – Australian Dollar, EUR – Euro, JPY – Japanese Yen, SEK – Swedish Krona).

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY INTERNATIONAL CORE EQUITY FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$247,085) (Notes 1 and 3) . . . . .	\$288,276
Cash denominated in foreign currencies (cost – \$8,989) . . . . .	9,071
Receivables:	
Investment securities sold . . . . .	13,433
Fund shares sold . . . . .	1,455
Dividends and interest . . . . .	823
Prepaid and other assets . . . . .	49
Total assets . . . . .	<u>313,107</u>

### LIABILITIES

Payable for investment securities purchased . . . . .	25,654
Payable to Fund shareholders . . . . .	635
Accrued management fee (Note 2) . . . . .	188
Accrued shareholder servicing (Note 2) . . . . .	82
Accrued service fee (Note 2) . . . . .	69
Accrued distribution fee (Note 2) . . . . .	35
Accrued accounting services fee (Note 2) . . . . .	6
Due to custodian . . . . .	5
Accrued administrative fee (Note 2) . . . . .	2
Other . . . . .	55
Total liabilities . . . . .	<u>26,731</u>
Total net assets . . . . .	<u>\$286,376</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$221,840
Accumulated undistributed income:	
Accumulated undistributed net investment income . . . . .	1,533
Accumulated undistributed net realized gain on investment transactions . . . . .	21,786
Net unrealized appreciation in value of investments . . . . .	41,217
Net assets applicable to outstanding units of capital . . . . .	<u>\$286,376</u>

### Net asset value per share (net assets divided by shares outstanding):

Class A . . . . .	\$20.02
Class B . . . . .	\$18.46
Class C . . . . .	\$18.45
Class E . . . . .	\$19.97
Class I . . . . .	\$20.16
Class Y . . . . .	\$20.13
Advisor Class . . . . .	\$19.89
Capital shares outstanding:	
Class A . . . . .	10,396
Class B . . . . .	953
Class C . . . . .	2,272
Class E . . . . .	39
Class I . . . . .	631
Class Y . . . . .	257
Advisor Class . . . . .	—*

\*Not shown due to rounding.

See Notes to Financial Statements.



# Statement of Operations

## IVY INTERNATIONAL CORE EQUITY FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

#### Income (Note 1B):

Dividends (net of foreign withholding taxes of \$327) .....	\$ 3,311
Interest and amortization .....	256
Total income .....	<u>3,567</u>

#### Expenses (Note 2):

Investment management fee .....	1,060
Shareholder servicing:	
Class A .....	256
Class B .....	29
Class C .....	39
Class E .....	2
Class I .....	5
Class Y .....	3
Advisor Class .....	—*
Service fee:	
Class A .....	194
Class B .....	22
Class C .....	47
Class Y .....	5
Distribution fee:	
Class A .....	35
Class B .....	65
Class C .....	142
Class E .....	1
Accounting services fee .....	36
Custodian fees .....	34
Audit fees .....	22
Administrative fee .....	13
Legal fees .....	2
Other .....	87
Total expenses .....	<u>2,099</u>
Net investment income .....	<u>1,468</u>

### REALIZED AND UNREALIZED GAIN ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on securities .....	10,422
Realized net gain on foreign currency transactions .....	5
Realized net gain on investments .....	<u>10,427</u>
Unrealized appreciation in value of investments during the period .....	19,503
Net gain on investments .....	<u>29,930</u>
Net increase in net assets resulting from operations .....	<u>\$31,398</u>

\*Not shown due to rounding.

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY INTERNATIONAL CORE EQUITY FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income .....	\$ 1,468	\$ 672
Realized net gain on investments .....	10,427	21,872
Unrealized appreciation .....	19,503	3,107
Net increase in net assets resulting from operations .....	31,398	25,651
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A .....	(—)	(435)
Class B .....	(—)	(—)
Class C .....	(—)	(—)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(7)
Advisor Class .....	(—)	(—)*
Realized gains on investment transactions:		
Class A .....	(—)	(5,291)
Class B .....	(—)	(666)
Class C .....	(—)	(1,213)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(77)
Advisor Class .....	(—)	(—)*
	(—)	(7,689)
Capital share transactions (Note 5) .....	39,543	99,073
Total increase .....	70,941	117,035
<b>NET ASSETS</b>		
Beginning of period .....	215,435	98,400
End of period .....	\$286,376	\$215,435
Undistributed net investment income .....	\$ 1,533	\$ 60

\*Not shown due to rounding.

(1)See "Financial Highlights" on pages 155 - 161.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL CORE EQUITY FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value,							
beginning of period . . . . .	\$17.63	\$15.73	\$11.61	\$10.14	\$ 9.73	\$7.65	\$9.10
Income (loss) from							
investment operations:							
Net investment							
income (loss) . . . . .	0.11	0.10 <sup>(1)</sup>	(0.06)	(0.02)	(0.01)	(0.02)	0.08 <sup>(1)</sup>
Net realized and							
unrealized gain (loss)							
on investments . . . . .	2.28	2.59 <sup>(1)</sup>	4.18	1.49	0.42	2.10	(1.53) <sup>(1)</sup>
Total from investment							
operations . . . . .	2.39	2.69	4.12	1.47	0.41	2.08	(1.45)
Less distributions from:							
Net investment income . .	(0.00)	(0.06)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.73)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.79)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value,							
end of period . . . . .	\$20.02	\$17.63	\$15.73	\$11.61	\$10.14	\$9.73	\$7.65
Total return <sup>(3)</sup> . . . . .	13.61%	17.35%	35.49%	14.50%	4.21%	27.19%	-15.93% <sup>(2)</sup>
Net assets, end of period							
(in millions) . . . . .	\$208	\$161	\$67	\$17	\$10	\$9	\$8
Ratio of expenses to average							
net assets including							
reimbursement . . . . .	1.54% <sup>(4)</sup>	1.56%	1.82%	1.99%	2.16% <sup>(4)</sup>	2.28%	1.77%
Ratio of net investment							
income (loss) to average							
net assets including							
reimbursement . . . . .	1.34% <sup>(4)</sup>	0.63%	0.14%	0.09%	-0.41% <sup>(4)</sup>	-0.19%	0.91%
Ratio of expenses to average							
net assets excluding							
reimbursement . . . . .	1.54% <sup>(4)(5)</sup>	1.56% <sup>(5)</sup>	1.82% <sup>(5)</sup>	1.99% <sup>(5)</sup>	2.16% <sup>(4)(5)</sup>	2.28% <sup>(5)</sup>	2.32%
Ratio of net investment							
income (loss) to average							
net assets excluding							
reimbursement . . . . .	1.34% <sup>(4)(5)</sup>	0.63% <sup>(5)</sup>	0.14% <sup>(5)</sup>	0.09% <sup>(5)</sup>	-0.41% <sup>(4)(5)</sup>	-0.19% <sup>(5)</sup>	0.36%
Portfolio turnover rate . . . . .	56%	108%	90%	106%	23%	148%	48%

(1)Based on average weekly shares outstanding.

(2)Includes redemption fees added to capital.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

(5)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL CORE EQUITY FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the fiscal	
	six months	ended March 31,			fiscal period	year ended	
	ended	2007	2006	2005	ended	December 31,	2002
	9-30-07				3-31-04	2003	2002
Net asset value,							
beginning of period . . . . .	\$16.31	\$14.67	\$10.91	\$ 9.60	\$9.24	\$7.32	\$8.97
Income (loss) from							
investment operations:							
Net investment							
income (loss) . . . . .	0.04	(0.00) <sup>(1)</sup>	(0.12)	(0.08)	(0.03)	(0.08)	0.01 <sup>(1)</sup>
Net realized and							
unrealized gain (loss)							
on investments . . . . .	2.11	2.37 <sup>(1)</sup>	3.88	1.39	0.39	2.00	(1.66) <sup>(1)</sup>
Total from investment							
operations . . . . .	2.15	2.37	3.76	1.31	0.36	1.92	(1.65)
Less distributions from:							
Net investment income . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.73)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.73)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value,							
end of period . . . . .	\$18.46	\$16.31	\$14.67	\$10.91	\$9.60	\$9.24	\$7.32
Total return . . . . .	13.18%	16.39%	34.46%	13.65%	3.90%	26.23%	-18.39%
Net assets, end of period							
(in millions) . . . . .	\$18	\$17	\$15	\$20	\$24	\$25	\$28
Ratio of expenses to average							
net assets including							
reimbursement . . . . .	2.35% <sup>(2)</sup>	2.35%	2.62%	2.76%	2.91% <sup>(2)</sup>	2.95%	2.50%
Ratio of net investment							
income (loss) to average							
net assets including							
reimbursement . . . . .	0.62% <sup>(2)</sup>	-0.03%	-0.41%	-0.58%	-1.20% <sup>(2)</sup>	-0.82%	0.18%
Ratio of expenses to average							
net assets excluding							
reimbursement . . . . .	2.35 % <sup>(2)(3)</sup>	2.35% <sup>(3)</sup>	2.62% <sup>(3)</sup>	2.76% <sup>(3)</sup>	2.91 % <sup>(2)(3)</sup>	2.95% <sup>(3)</sup>	3.05%
Ratio of net investment							
income (loss) to average							
net assets excluding							
reimbursement . . . . .	0.62 % <sup>(2)(3)</sup>	-0.03% <sup>(3)</sup>	-0.41% <sup>(3)</sup>	-0.58% <sup>(3)</sup>	-1.20 % <sup>(2)(3)</sup>	-0.82% <sup>(3)</sup>	-0.37%
Portfolio turnover rate . . . . .	56%	108%	90%	106%	23%	148%	48%

(1)Based on average weekly shares outstanding.

(2)Annualized.

(3)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL CORE EQUITY FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$16.30	\$14.65	\$10.90	\$ 9.59	\$9.23	\$7.32	\$8.97
Income (loss) from investment operations:							
Net investment income (loss) . . . . .	0.06	(0.01) <sup>(1)</sup>	(0.02)	(0.07)	(0.03)	(0.08)	0.01 <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	2.09	2.39 <sup>(1)</sup>	3.77	1.38	0.39	1.99	(1.66) <sup>(1)</sup>
Total from investment operations . . . . .	2.15	2.38	3.75	1.31	0.36	1.91	(1.65)
Less distributions from:							
Net investment income . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.73)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.73)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value, end of period . . . . .	\$18.45	\$16.30	\$14.65	\$10.90	\$9.59	\$9.23	\$7.32
Total return . . . . .	13.25%	16.48%	34.40%	13.66%	3.90%	26.09%	-18.39%
Net assets, end of period (in millions) . . . . .	\$42	\$34	\$15	\$7	\$8	\$8	\$9
Ratio of expenses to average net assets including reimbursement . . . . .	2.21% <sup>(2)</sup>	2.29%	2.58%	2.79%	3.01% <sup>(2)</sup>	3.01%	2.50%
Ratio of net investment income (loss) to average net assets including reimbursement . . . . .	0.67% <sup>(2)</sup>	-0.08%	-0.50%	-0.63%	-1.30% <sup>(2)</sup>	-0.82%	0.18%
Ratio of expenses to average net assets excluding reimbursement . . . . .	2.21% <sup>(2)(3)</sup>	2.29% <sup>(3)</sup>	2.58% <sup>(3)</sup>	2.79% <sup>(3)</sup>	3.01% <sup>(2)(3)</sup>	3.01% <sup>(3)</sup>	3.05%
Ratio of net investment income (loss) to average net assets excluding reimbursement . . . . .	0.67% <sup>(2)(3)</sup>	-0.08% <sup>(3)</sup>	-0.50% <sup>(3)</sup>	-0.63% <sup>(3)</sup>	-1.30% <sup>(2)(3)</sup>	-0.82% <sup>(3)</sup>	-0.37%
Portfolio turnover rate . . . . .	56%	108%	90%	106%	23%	148%	48%

(1)Based on average weekly shares outstanding.

(2)Annualized.

(3)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL CORE EQUITY FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$17.63
Income (loss) from investment operations:	
Net investment loss . . . . .	(0.01) <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	2.35 <sup>(2)</sup>
Total from investment operations . . . . .	<u>2.34</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$19.97</u>
Total return <sup>(3)</sup> . . . . .	13.33%
Net assets, end of period (in thousands) . . . . .	\$790
Ratio of expenses to average net assets . . . . .	2.33% <sup>(4)</sup>
Ratio of net investment loss to average net assets . . . . .	-0.03% <sup>(4)</sup>
Portfolio turnover rate . . . . .	56% <sup>(5)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

(5)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL CORE EQUITY FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$17.71
Income from investment operations:	
Net investment income . . . . .	0.09 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	2.36 <sup>(2)</sup>
Total from investment operations . . . . .	<u>2.45</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$20.16</u>
Total return . . . . .	13.83%
Net assets, end of period (in millions) . . . . .	\$13
Ratio of expenses to average net assets . . . . .	1.16% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	0.96% <sup>(3)</sup>
Portfolio turnover rate . . . . .	56% <sup>(4)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

(4)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL CORE EQUITY FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the
	six months	ended March 31,			fiscal period	period from
	ended	2007	2006	2005	ended	7-24-03 <sup>(1)</sup>
	9-30-07				3-31-04	to
						12-31-03
Net asset value, beginning of period.....	\$17.70	\$15.79	\$11.64	\$10.15	\$ 9.74	\$8.16
Income (loss) from investment operations:						
Net investment income (loss).....	0.11	0.12 <sup>(2)</sup>	(0.06)	(0.01)	(0.01)	(0.01)
Net realized and unrealized gain on investments.....	2.32	2.59 <sup>(2)</sup>	4.21	1.50	0.42	1.59
Total from investment operations.....	2.43	2.71	4.15	1.49	0.41	1.58
Less distributions from:						
Net investment income...	(0.00)	(0.07)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains.....	(0.00)	(0.73)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions.....	(0.00)	(0.80)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value, end of period.....	\$20.13	\$17.70	\$15.79	\$11.64	\$10.15	\$9.74
Total return.....	13.66%	17.47%	35.65%	14.68%	4.21%	19.36%
Net assets, end of period (in thousands).....	\$5,177	\$3,848	\$1,025	\$294	\$145	\$125
Ratio of expenses to average net assets.....	1.41% <sup>(3)</sup>	1.45%	1.72%	1.82%	2.08% <sup>(3)</sup>	1.47% <sup>(3)</sup>
Ratio of net investment income (loss) to average net assets.....	1.39% <sup>(3)</sup>	0.76%	0.13%	0.29%	-0.31% <sup>(3)</sup>	-0.38% <sup>(3)</sup>
Portfolio turnover rate.....	56%	108%	90%	106%	23%	148% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the 12 months ended December 31, 2003.

See Notes to Financial Statements.



# Financial Highlights

## IVY INTERNATIONAL CORE EQUITY FUND

Advisor Class Shares<sup>(1)</sup>

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value,							
beginning of period . . . . .	\$17.54	\$15.65	\$11.52	\$10.04	\$ 9.63	\$7.54	\$9.14
Income (loss) from							
investment operations:							
Net investment							
income (loss) . . . . .	0.10	0.14	0.14 <sup>(2)</sup>	0.03 <sup>(2)</sup>	(0.00)	0.67	0.10 <sup>(2)</sup>
Net realized and							
unrealized gain (loss)							
on investments . . . . .	2.25	2.56	3.99 <sup>(2)</sup>	1.45 <sup>(2)</sup>	0.41	1.42	(1.70) <sup>(2)</sup>
Total from investment							
operations . . . . .	2.35	2.70	4.13	1.48	0.41	2.09	(1.60)
Less distributions from:							
Net investment income . .	(0.00)	(0.08)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.73)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.81)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value,							
end of period . . . . .	\$19.89	\$17.54	\$15.65	\$11.52	\$10.04	\$9.63	\$7.54
Total return . . . . .	13.40%	17.48%	35.85%	14.74%	4.26%	27.72%	-17.51%
Net assets, end of period							
(in thousands) . . . . .	\$1	\$1	\$1	\$31	\$41	\$39	\$124
Ratio of expenses to average							
net assets including							
reimbursement . . . . .	1.82% <sup>(3)</sup>	1.47%	1.84%	1.91%	1.62% <sup>(3)</sup>	2.59%	1.50%
Ratio of net investment							
income to average net							
assets including							
reimbursement . . . . .	1.09% <sup>(3)</sup>	0.85%	1.15%	0.29%	0.11% <sup>(3)</sup>	1.43%	1.18%
Ratio of expenses to average							
net assets excluding							
reimbursement . . . . .	1.82% <sup>(3)(4)</sup>	2.48%	1.84% <sup>(4)</sup>	1.91% <sup>(4)</sup>	1.62% <sup>(3)(4)</sup>	2.59% <sup>(4)</sup>	2.05%
Ratio of net investment							
income (loss) to average							
net assets excluding							
reimbursement . . . . .	1.09% <sup>(3)(4)</sup>	-0.16%	1.15% <sup>(4)</sup>	0.29% <sup>(4)</sup>	0.11% <sup>(3)(4)</sup>	1.43% <sup>(4)</sup>	0.63%
Portfolio turnover rate . . . . .	56%	108%	90%	106%	23%	148%	48%

(1) See Note 5 to financial statements.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) There was no waiver of expenses during the period.

See Notes to Financial Statements.

## SHAREHOLDER SUMMARY OF IVY INTERNATIONAL GROWTH FUND

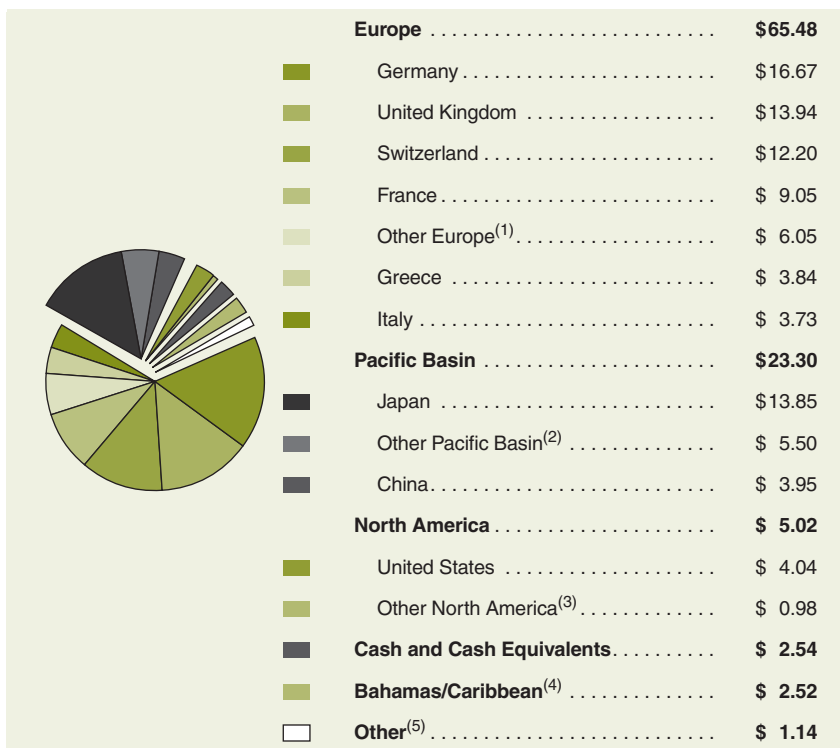
### Portfolio Highlights

On September 30, 2007, Ivy International Growth Fund had net assets totaling \$269,842,322 invested in a diversified portfolio of:

93.42%	Foreign Common Stocks
4.04%	Domestic Common Stocks
2.54%	Cash and Cash Equivalents

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund was invested by country and by industry, respectively, as follows:

### Country Weightings



(1)Includes \$1.01 Belgium, \$2.03 Finland, \$0.94 Ireland, \$ 1.06 Norway and \$1.01 Sweden.

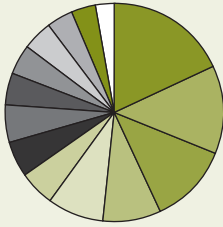
(2)Includes \$2.14 Australia, \$1.79 Hong Kong, \$0.59 India and \$0.98 South Korea.

(3)Includes \$0.98 Canada.

(4)Includes \$1.35 Bermuda and \$1.17 Cayman Islands.

(5)Includes \$1.14 South America.

## Sector Weightings



Capital Goods Stocks . . . . .	\$18.10
Consumer Nondurables Stocks . . . . .	\$13.16
Financial Services Stocks . . . . .	\$12.01
Raw Materials Stocks . . . . .	\$ 8.50
Consumer Durables Stocks . . . . .	\$ 8.24
Technology Stocks . . . . .	\$ 5.46
Business Equipment and Services Stocks . . . . .	\$ 5.33
Health Care Stocks . . . . .	\$ 5.32
Utilities Stocks . . . . .	\$ 4.88
Multi-Industry Stocks . . . . .	\$ 4.54
Retail Stocks . . . . .	\$ 4.29
Energy Stocks . . . . .	\$ 3.98
Miscellaneous Stocks . . . . .	\$ 3.65
Cash and Cash Equivalents . . . . .	\$ 2.54

# The Investments of Ivy International Growth Fund

September 30, 2007

(Unaudited)

COMMON STOCKS	Shares	Value
<b>Australia – 2.14%</b>		
Boart Longyear Limited (A)(B)*	1,545,000	\$ 3,262,878
Novogen LTD (A)*	474,580	791,704
Rio Tinto Limited (A)	18,000	1,728,524
		<u>5,783,106</u>
<b>Belgium – 1.01%</b>		
InBev NV (A)	30,000	<u>2,718,989</u>
<b>Bermuda – 1.35%</b>		
Esprit Holdings Limited (A)	230,000	<u>3,653,917</u>
<b>Brazil – 1.14%</b>		
Petroleo Brasileiro S.A. – Petrobras, ADR	40,600	<u>3,065,300</u>
<b>Canada – 0.98%</b>		
Shoppers Drug Mart Corporation (A)(B)	48,450	<u>2,648,883</u>
<b>Cayman Islands – 1.17%</b>		
Agile Property Holdings Limited (A)	1,500,000	<u>3,149,019</u>
<b>China – 3.95%</b>		
China Mobile Limited (A)	378,000	6,189,906
Qiao Xing Mobile Communication Co., Ltd.*	115,500	1,126,125
SINA Corporation*	70,000	3,351,600
		<u>10,667,631</u>
<b>Finland – 2.03%</b>		
Fortum Oyj (A)	72,000	2,642,673
Nokia OYJ (A)	75,000	2,851,174
		<u>5,493,847</u>
<b>France – 9.05%</b>		
ALSTOM (A)	8,300	1,687,363
LVMH Moët Hennessy – Louis Vuitton (A)	22,000	2,637,340
Pernod Ricard (A)	11,520	2,513,804
SR.Teleperformance (A)(B)	46,666	1,818,622
TOTAL S.A. (A)	51,000	4,146,673
Technip-Coflexip (A)	30,000	2,682,200
VINCI (A)	87,000	6,797,088
Vallourec (A)	7,400	2,131,501
		<u>24,414,591</u>
<b>Germany – 16.67%</b>		
Allianz Aktiengesellschaft, Registered Shares (A)	21,000	4,906,458
Arcandor AG (A)*	50,000	1,661,937
Bayer Aktiengesellschaft (A)	75,000	5,956,879
Beiersdorf Aktiengesellschaft (A)	30,000	2,239,872

See Notes to Schedule of Investments on page 167.

# The Investments of Ivy International Growth Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Germany (Continued)</b>		
Commerzbank Aktiengesellschaft (A) . . . . .	50,000	\$ 2,029,831
Deutsche Borse AG (A) . . . . .	53,200	7,226,443
E.ON AG (A) . . . . .	17,600	3,248,254
elexis AG (A) . . . . .	48,000	1,392,862
Fresenius AG (A) . . . . .	45,000	3,490,710
Siemens AG (A) . . . . .	38,600	5,297,737
Vossloh AG (A) . . . . .	21,450	2,307,445
Wacker Chemie AG (A) . . . . .	12,000	2,823,368
Wacker Construction Equipment AG (A)* . . . . .	36,000	1,012,819
Wacker Construction Equipment AG (A)(B)* . . . . .	49,500	1,392,626
		<u>44,987,241</u>
<b>Greece – 3.84%</b>		
Bank of Cyprus Limited (A) . . . . .	206,000	3,636,555
Hellenic Exchanges Holding S.A. (A) . . . . .	100,000	3,208,373
National Bank of Greece S.A. (A) . . . . .	20,000	1,274,794
Piraeus Bank S.A. (A) . . . . .	62,500	2,233,384
		<u>10,353,106</u>
<b>Hong Kong – 1.79%</b>		
CNOOC Limited (A) . . . . .	2,100,000	3,527,982
Hutchison Whampoa Limited, Ordinary Shares (A) . . . . .	121,000	1,294,230
		<u>4,822,212</u>
<b>India – 0.59%</b>		
ICICI Bank Limited, ADR . . . . .	30,000	1,581,600
<b>Ireland – 0.94%</b>		
CRH public limited company (A) . . . . .	64,700	2,550,026
<b>Italy – 3.73%</b>		
DiaSorin S.p.A. (A)(B)* . . . . .	60,000	1,103,680
Finmeccanica SpA (A) . . . . .	60,000	1,747,922
Saipem S.p.A. (A) . . . . .	89,000	3,797,117
UniCredito Italiano S.p.A. (A) . . . . .	400,001	3,422,273
		<u>10,070,992</u>
<b>Japan – 13.85%</b>		
Astellas Pharma Inc. (A) . . . . .	28,000	1,343,142
Canon Inc. (A) . . . . .	79,200	4,323,197
Hokuhoku Financial Group, Inc. (A) . . . . .	400,000	1,131,763
Hoya Corporation (A) . . . . .	86,000	2,934,924
Japan Tobacco Inc. (A) . . . . .	550	3,021,373
Makita Corporation (A) . . . . .	70,000	3,071,432
Mitsubishi Electric Corporation (A) . . . . .	235,000	2,946,067
Mitsubishi Estate Co., Ltd. (A) . . . . .	120,000	3,437,078

See Notes to Schedule of Investments on page 167.

# The Investments of Ivy International Growth Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Japan (Continued)</b>		
Nintendo Co., Ltd. (A) . . . . .	10,200	\$ 5,310,234
Shin-Etsu Chemical Co., Ltd. (A) . . . . .	42,000	2,903,234
Suzuki Motor Corporation (A) . . . . .	45,000	1,331,998
Toyota Motor Corporation (A) . . . . .	80,000	4,722,065
YAMADA-DENKI Co., Ltd. (A) . . . . .	9,000	890,872
		<u>37,367,379</u>
<b>Norway – 1.06%</b>		
Aker Kvaerner ASA (A) . . . . .	90,000	<u>2,867,146</u>
<b>South Korea – 0.98%</b>		
Samsung Electronics Co., Ltd. (A) . . . . .	4,200	<u>2,638,767</u>
<b>Sweden – 1.01%</b>		
H & M Hennes & Mauritz AB (A) . . . . .	42,900	<u>2,719,488</u>
<b>Switzerland – 12.20%</b>		
ABB Ltd (A) . . . . .	120,000	3,160,146
Compagnie Financiere Richemont SA (A) . . . . .	47,550	3,150,941
Holcim Ltd, Registered Shares (A) . . . . .	35,300	3,899,145
Julius Baer Holding Ltd., Bearer Shares (A) . . . . .	38,000	2,841,228
Nestle S.A., Registered Shares (A) . . . . .	13,000	5,839,811
Nobel Biocare Holding AG (A) . . . . .	9,000	2,436,977
Roche Holdings AG, Genussschein (A) . . . . .	28,500	5,167,576
Swatch Group Ltd (The), Bearer Shares (A) . . . . .	8,200	2,690,487
Syngenta AG (A) . . . . .	5,100	1,099,506
UBS AG (A) . . . . .	49,000	2,634,657
		<u>32,920,474</u>
<b>United Kingdom – 13.94%</b>		
BAE Systems plc (A) . . . . .	451,000	4,553,738
BHP Billiton Plc (A) . . . . .	144,000	5,155,905
British American Tobacco p.l.c. (A) . . . . .	177,000	6,344,709
Diageo plc (A) . . . . .	85,000	1,867,788
IG Group Holdings plc (A)(B) . . . . .	272,000	2,107,783
Informa plc (A) . . . . .	155,000	1,587,231
Intertek Group plc (A) . . . . .	145,000	2,809,457
Reckitt Benckiser plc (A) . . . . .	87,500	5,141,583
Safestore Holdings Limited (A)(B) . . . . .	205,000	772,797
Serco Group plc (A) . . . . .	150,000	1,273,631
Standard Chartered PLC (A) . . . . .	42,500	1,391,276
Tanfield Group PLC (A)* . . . . .	1,000,000	3,539,570
Vodafone Group Plc (A) . . . . .	300,000	1,083,354
		<u>37,628,822</u>

See Notes to Schedule of Investments on page 167.

# The Investments of Ivy International Growth Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>United States – 4.04%</b>		
Research In Motion Limited* .....	110,550	<b>\$ 10,892,491</b>
<b>TOTAL COMMON STOCKS – 97.46%</b>		<b>\$262,995,027</b>
(Cost: \$188,110,051)		
SHORT-TERM SECURITIES	Principal Amount in Thousands	
<b>Finance Companies – 1.48%</b>		
Prudential Funding LLC, 5.23%, 10–5–07 .....	\$4,000	<b>3,997,675</b>
<b>Mining – 0.96%</b>		
BHP Billiton Finance (USA) Limited (BHP Billiton Limited), 5.0%, 10–1–07 .....	2,592	<b>2,592,000</b>
<b>TOTAL SHORT-TERM SECURITIES – 2.44%</b>		<b>\$ 6,589,675</b>
(Cost: \$6,589,675)		
<b>TOTAL INVESTMENT SECURITIES – 99.90%</b>		<b>\$269,584,702</b>
(Cost: \$194,699,726)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.10%</b>		<b>257,620</b>
<b>NET ASSETS – 100.00%</b>		<b>\$269,842,322</b>

## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

\*No dividends were paid during the preceding 12 months.

(A) Listed on an exchange outside the United States.

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At September 30, 2007, the total value of these securities amounted to \$13,107,269 or 4.86% of net assets.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY INTERNATIONAL GROWTH FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$194,700) (Notes 1 and 3) . . . . .	\$269,585
Receivables:	
Dividends and interest . . . . .	892
Fund shares sold . . . . .	321
Prepaid and other assets . . . . .	44
Total assets . . . . .	<u>270,842</u>

### LIABILITIES

Payable to Fund shareholders . . . . .	320
Accrued management fee (Note 2) . . . . .	179
Due to custodian . . . . .	165
Accrued service fee (Note 2) . . . . .	102
Accrued shareholder servicing (Note 2) . . . . .	81
Accrued distribution fee (Note 2) . . . . .	43
Accrued accounting services fee (Note 2) . . . . .	6
Accrued administrative fee (Note 2) . . . . .	2
Other . . . . .	102
Total liabilities . . . . .	<u>1,000</u>
Total net assets . . . . .	<u>\$269,842</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$446,552
Accumulated undistributed income (loss):	
Accumulated undistributed net investment income . . . . .	911
Accumulated undistributed net realized loss on investment transactions . . . . .	(252,571)
Net unrealized appreciation in value of investments . . . . .	74,950
Net assets applicable to outstanding units of capital . . . . .	<u>\$269,842</u>

### Net asset value per share (net assets divided by shares outstanding):

Class A . . . . .	\$40.01
Class B . . . . .	\$36.56
Class C . . . . .	\$36.48
Class E . . . . .	\$40.04
Class I . . . . .	\$40.39
Class Y . . . . .	\$39.99
Advisor Class . . . . .	\$37.18
Class II . . . . .	\$40.46

### Capital shares outstanding:

Class A . . . . .	4,441
Class B . . . . .	330
Class C . . . . .	1,682
Class E . . . . .	3
Class I . . . . .	356
Class Y . . . . .	99
Advisor Class . . . . .	—*
Class II . . . . .	7

\*Not shown due to rounding.

See Notes to Financial Statements.



# Statement of Operations

## IVY INTERNATIONAL GROWTH FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):	
Dividends (net of foreign withholding taxes of \$280) .....	\$ 2,661
Interest and amortization .....	176
Total income .....	<u>2,837</u>
Expenses (Note 2):	
Investment management fee .....	1,063
Shareholder servicing:	
Class A .....	185
Class B .....	27
Class C .....	128
Class E .....	—*
Class I .....	5
Class Y .....	4
Advisor Class .....	—*
Class II .....	—*
Distribution fee:	
Class A .....	14
Class B .....	44
Class C .....	218
Class E .....	—*
Service fee:	
Class A .....	176
Class B .....	15
Class C .....	73
Class Y .....	5
Custodian fees .....	65
Accounting services fee .....	37
Audit fees .....	23
Administrative fee .....	13
Other .....	66
Total expenses .....	<u>2,161</u>
Net investment income .....	<u>676</u>

### REALIZED AND UNREALIZED GAIN

#### (LOSS) ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on securities .....	18,900
Realized net loss on foreign currency transactions .....	(16)
Realized net gain on investments .....	<u>18,884</u>
Unrealized appreciation in value of investments during the period .....	<u>16,862</u>
Net gain on investments .....	<u>35,746</u>
Net increase in net assets resulting from operations .....	<u>\$36,422</u>

\*Not shown due to rounding.

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY INTERNATIONAL GROWTH FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income .....	\$ 676	\$ 535
Realized net gain on investments .....	18,884	34,584
Unrealized appreciation (depreciation) .....	16,862	(1,366)
Net increase in net assets resulting from operations .....	36,422	33,753
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A .....	(—)	(236)
Class B .....	(—)	(—)
Class C .....	(—)	(—)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(8)
Advisor Class .....	(—)	(—)
Class II .....	(—)	(1)
Realized gains on investment transactions:		
Class A .....	(—)	(—)
Class B .....	(—)	(—)
Class C .....	(—)	(—)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(—)
Advisor Class .....	(—)	(—)
Class II .....	(—)	(—)
	(—)	(245)
Capital share transactions (Note 5) .....	(4,813)	(26,372)
Total increase .....	31,609	7,136
<b>NET ASSETS</b>		
Beginning of period .....	238,233	231,097
End of period .....	\$269,842	\$238,233
Undistributed net investment income .....	\$ 911	\$ 251

(1) See "Financial Highlights" on pages 171 - 178.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL GROWTH FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$34.60	\$29.74	\$22.86	\$21.34	\$20.64	\$16.35	\$20.69
Income (loss) from investment operations:							
Net investment income (loss) . . . . .	0.18	0.19	0.08	(0.02)	(0.01)	(0.02)	0.06 <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	5.23	4.72	6.97	1.54	0.71	4.31	(4.40) <sup>(1)</sup>
Total from investment operations . . . . .	5.41	4.91	7.05	1.52	0.70	4.29	(4.34)
Less distributions from:							
Net investment income . . . . .	(0.00)	(0.05)	(0.17)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.05)	(0.17)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value, end of period . . . . .	\$40.01	\$34.60	\$29.74	\$22.86	\$21.34	\$20.64	\$16.35
Total return <sup>(2)</sup> . . . . .	15.64%	16.51%	30.92%	7.12%	3.39%	26.24%	-20.96%
Net assets, end of period (in millions) . . . . .	\$178	\$165	\$156	\$122	\$125	\$124	\$127
Ratio of expenses to average net assets . . . . .	1.45% <sup>(3)</sup>	1.46%	1.59%	1.61%	1.69% <sup>(3)</sup>	1.81%	1.89%
Ratio of net investment income (loss) to average net assets . . . . .	0.83% <sup>(3)</sup>	0.55%	0.25%	-0.15%	-0.26% <sup>(3)</sup>	-0.07%	0.32%
Portfolio turnover rate . . . . .	50%	97%	75%	76%	27%	136%	34%

(1)Based on average weekly shares outstanding.

(2)Total return calculated without taking into account the sales load deducted on an initial purchase.

(3)Annualized.

# Financial Highlights

## IVY INTERNATIONAL GROWTH FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$31.79	\$27.58	\$21.30	\$20.12	\$19.52	\$15.62	\$20.03
Income (loss) from investment operations:							
Net investment loss . . . . .	(0.03) <sup>(1)</sup>	(0.15)	(0.17) <sup>(1)</sup>	(0.22) <sup>(1)</sup>	(0.07)	(0.23)	(0.12) <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	4.80 <sup>(1)</sup>	4.36	6.45 <sup>(1)</sup>	1.40 <sup>(1)</sup>	0.67	4.13	(4.29) <sup>(1)</sup>
Total from investment operations . . . . .	4.77	4.21	6.28	1.18	0.60	3.90	(4.41)
Less distributions from:							
Net investment income . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value, end of period . . . . .	\$36.56	\$31.79	\$27.58	\$21.30	\$20.12	\$19.52	\$15.62
Total return . . . . .	15.07%	15.23%	29.48%	5.87%	3.08%	24.97%	-22.00%
Net assets, end of period (in millions) . . . . .	\$12	\$11	\$13	\$17	\$49	\$55	\$68
Ratio of expenses to average net assets . . . . .	2.49% <sup>(2)</sup>	2.55%	2.74%	2.75%	2.75% <sup>(2)</sup>	2.84%	2.85%
Ratio of net investment loss to average net assets . . . . .	-0.21% <sup>(2)</sup>	-0.53%	-0.72%	-1.09%	-1.35% <sup>(2)</sup>	-1.06%	-0.64%
Portfolio turnover rate . . . . .	50%	97%	75%	76%	27%	136%	34%

(1)Based on average weekly shares outstanding.

(2)Annualized.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL GROWTH FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$31.71	\$27.52	\$21.20	\$20.00	\$19.39	\$15.52	\$19.90
Income (loss) from investment operations:							
Net investment loss . . . . .	(0.04)	(0.15)	(0.09) <sup>(1)</sup>	(0.32)	(0.07)	(0.20)	(0.11) <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	4.81	4.34	6.41 <sup>(1)</sup>	1.52	0.68	4.07	(4.27) <sup>(1)</sup>
Total from investment operations . . . . .	4.77	4.19	6.32	1.20	0.61	3.87	(4.38)
Less distributions from:							
Net investment income . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value, end of period . . . . .	\$36.48	\$31.71	\$27.52	\$21.20	\$20.00	\$19.39	\$15.52
Total return . . . . .	15.08%	15.23%	29.81%	6.00%	3.15%	24.94%	-22.00%
Net assets, end of period (in millions) . . . . .	\$62	\$57	\$56	\$9	\$11	\$12	\$14
Ratio of expenses to average net assets . . . . .	2.47% <sup>(2)</sup>	2.54%	2.43%	2.64%	2.67% <sup>(2)</sup>	2.80%	2.83%
Ratio of net investment loss to average net assets . . . . .	-0.20% <sup>(2)</sup>	-0.53%	-0.39%	-1.14%	-1.25% <sup>(2)</sup>	-0.94%	-0.62%
Portfolio turnover rate . . . . .	50%	97%	75%	76%	27%	136%	34%

(1)Based on average weekly shares outstanding.

(2)Annualized.

# Financial Highlights

## IVY INTERNATIONAL GROWTH FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$34.60
Income from investment operations:	
Net investment income . . . . .	0.19 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	5.25 <sup>(2)</sup>
Total from investment operations . . . . .	5.44
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	(0.00)
Net asset value, end of period . . . . .	\$40.04
Total return <sup>(3)</sup> . . . . .	15.92%
Net assets, end of period (in thousands) . . . . .	\$116
Ratio of expenses to average net assets . . . . .	1.30% <sup>(4)</sup>
Ratio of net investment income to average net assets . . . . .	0.99% <sup>(4)</sup>
Portfolio turnover rate . . . . .	50% <sup>(5)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Total return calculated without taking into account the sales load deducted on an initial purchase.

(4) Annualized.

(5) For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL GROWTH FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$34.59
Income from investment operations:	
Net investment income . . . . .	0.12 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	5.68 <sup>(2)</sup>
Total from investment operations . . . . .	5.80
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	(0.00)
Net asset value, end of period . . . . .	\$40.39
Total return . . . . .	17.01%
Net assets, end of period (in millions) . . . . .	\$14
Ratio of expenses to average net assets . . . . .	1.18% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	0.64% <sup>(3)</sup>
Portfolio turnover rate . . . . .	50% <sup>(4)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

(4)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL GROWTH FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the
	six months	ended March 31,			fiscal period	period from
	ended	2007	2006	2005	ended	7-24-03 <sup>(1)</sup>
	9-30-07				3-31-04	to
						12-31-03
Net asset value,						
beginning of period . . . . .	\$34.59	\$29.74	\$22.86	\$21.35	\$20.65	\$17.69
Income (loss) from						
investment operations:						
Net investment						
income (loss) . . . . .	0.15 <sup>(2)</sup>	0.28	0.18 <sup>(2)</sup>	(0.09)	(0.02)	0.02
Net realized and						
unrealized gain						
on investments . . . . .	5.25 <sup>(2)</sup>	4.63	6.87 <sup>(2)</sup>	1.60	0.72	2.94
Total from investment						
operations . . . . .	5.40	4.91	7.05	1.51	0.70	2.96
Less distributions from:						
Net investment						
income . . . . .	(0.00)	(0.06)	(0.17)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.06)	(0.17)	(0.00)	(0.00)	(0.00)
Net asset value,						
end of period . . . . .	\$39.99	\$34.59	\$29.74	\$22.86	\$21.35	\$20.65
Total return . . . . .	15.64%	16.50%	30.95%	7.07%	3.39%	16.73%
Net assets, end of period						
(in thousands) . . . . .	\$3,967	\$4,960	\$6,144	\$229	\$140	\$135
Ratio of expenses to						
average net assets . . . . .	1.46% <sup>(3)</sup>	1.46%	1.58%	1.66%	1.76% <sup>(3)</sup>	0.59% <sup>(3)</sup>
Ratio of net investment						
income (loss) to						
average net assets . . . . .	0.80% <sup>(3)</sup>	0.65%	0.81%	-0.33%	-0.32% <sup>(3)</sup>	0.24% <sup>(3)</sup>
Portfolio turnover rate . . . . .	50%	97%	75%	76%	27%	136% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the 12 months ended December 31, 2003.

See Notes to Financial Statements.



# Financial Highlights

## IVY INTERNATIONAL GROWTH FUND

Advisor Class Shares<sup>(1)</sup>

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002 <sup>(2)</sup>
Net asset value,							
beginning of period . . . . .	\$32.66	\$28.96	\$22.84	\$21.66	\$21.00	\$16.85	\$20.67
Income (loss) from							
investment operations:							
Net investment loss . . . . .	(0.38)	(0.79)	(0.75)	(0.38)	(0.08)	(1.00)	(0.24)
Net realized and							
unrealized gain							
(loss) on							
investments . . . . .	4.90	4.49	6.87	1.56	0.74	5.15	(3.58)
Total from investment							
operations . . . . .	4.52	3.70	6.12	1.18	0.66	4.15	(3.82)
Less distributions from:							
Net investment							
income . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value,							
end of period . . . . .	\$37.18	\$32.66	\$28.96	\$22.84	\$21.66	\$21.00	\$16.85
Total return . . . . .	13.84%	12.81%	26.80%	5.45%	3.14%	25.00%	-18.71%
Net assets, end of period							
(in thousands) . . . . .	\$1	\$1	\$1	\$1	\$1	\$1	\$2
Ratio of expenses to							
average net assets . . . . .	4.57% <sup>(3)</sup>	4.66%	4.71%	3.11%	2.35% <sup>(3)</sup>	2.72%	3.46%
Ratio of net investment							
loss to average							
net assets . . . . .	-2.20% <sup>(3)</sup>	-2.68%	-3.03%	-1.75%	-1.58% <sup>(3)</sup>	-0.98%	-1.24%
Portfolio turnover rate . . . . .	50%	97%	75%	76%	27%	136%	34%

(1) See Note 5 to financial statements.

(2) Advisor Class Shares were outstanding for the period from 1-1-02 through 6-11-02 and from 7-3-02 through 12-31-02.

(3) Annualized.

See Notes to Financial Statements.

# Financial Highlights

## IVY INTERNATIONAL GROWTH FUND

Class II Shares<sup>(1)</sup>

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$34.98	\$30.07	\$23.13	\$21.58	\$20.86	\$16.48	\$20.85
Income (loss) from investment operations:							
Net investment income (loss) . . . . .	0.40	0.39	0.15 <sup>(2)</sup>	0.29	(0.00)	(0.08)	0.14 <sup>(2)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	5.08	4.66	7.02 <sup>(2)</sup>	1.26	0.72	4.46	(4.51) <sup>(2)</sup>
Total from investment operations . . . . .	5.48	5.05	7.17	1.55	0.72	4.38	(4.37)
Less distributions from:							
Net investment income . . . . .	(0.00)	(0.14)	(0.23)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.14)	(0.23)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value, end of period . . . . .	\$40.46	\$34.98	\$30.07	\$23.13	\$21.58	\$20.86	\$16.48
Total return . . . . .	15.70%	16.83%	31.12%	7.18%	3.45%	26.58%	-20.95%
Net assets, end of period (in thousands) . . . . .	\$302	\$303	\$299	\$345	\$669	\$684	\$1,304
Ratio of expenses to average net assets . . . . .	1.20% <sup>(3)</sup>	1.20%	1.39%	1.47%	1.38% <sup>(3)</sup>	1.66%	1.51%
Ratio of net investment income to average net assets . . . . .	1.13% <sup>(3)</sup>	0.81%	0.51%	0.20%	0.04% <sup>(3)</sup>	0.06%	0.70%
Portfolio turnover rate . . . . .	50%	97%	75%	76%	27%	136%	34%

(1) See Note 5 to financial statements.

(2) Based on average weekly shares outstanding.

(3) Annualized.

See Notes to Financial Statements.

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## SHAREHOLDER SUMMARY OF IVY MANAGED EUROPEAN/PACIFIC FUND

### Portfolio Highlights

As a shareholder of Ivy Managed European/Pacific Fund, for every \$100 you had invested on September 30, 2007, your Fund owned:



# The Investments of Ivy Managed European/Pacific Fund

September 30, 2007

(Unaudited)

AFFILIATED MUTUAL FUNDS	Shares	Value
Ivy European Opportunities Fund, Class I . . . . .	420,342	\$ 18,532,888
Ivy Pacific Opportunities Fund, Class I . . . . .	614,432	<u>14,389,999</u>
<b>TOTAL AFFILIATED MUTUAL FUNDS – 99.63%</b>		<b>\$32,922,887</b>
(Cost: \$30,090,800)		
<b>SHORT-TERM SECURITIES – 1.31%</b>	<b>Principal Amount in Thousands</b>	
<b>Repurchase Agreement</b>		
J.P. Morgan Securities, Inc., 3.85%		
Repurchase Agreement dated 9–28–07 to be repurchased at \$434,139 on 10–1–07 (A) . . . . .	\$434	<b>\$ 434,000</b>
(Cost: \$434,000)		
<b>TOTAL INVESTMENT SECURITIES – 100.94%</b>		<b>\$33,356,887</b>
(Cost: \$30,524,800)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.94%)</b>		<b>(309,867)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$33,047,020</b>

## Notes to Schedule of Investments

(A) Collateralized by \$372,000 United States Treasury Bond, 6.375% due 8–15–27; market value and accrued interest aggregate \$444,556.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY MANAGED EUROPEAN/PACIFIC FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (Notes 1 and 3):	
Investments in affiliated mutual funds (cost – \$30,091) .....	\$32,923
Repurchase agreement (cost – \$434) .....	434
	<u>33,357</u>
Cash .....	1
Receivable for Fund shares sold .....	521
Prepaid and other assets .....	51
Total assets .....	<u>33,930</u>

### LIABILITIES

Payable for investment securities purchased .....	840
Payable to Fund shareholders .....	28
Accrued shareholder servicing (Note 2) .....	3
Accrued accounting services fee (Note 2) .....	1
Accrued distribution fee (Note 2) .....	1
Accrued management fee (Note 2) .....	1
Accrued service fee (Note 2) .....	1
Other .....	8
Total liabilities .....	<u>883</u>
Total net assets .....	<u>\$33,047</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) .....	\$30,309
Accumulated undistributed income (loss):	
Accumulated undistributed net investment loss .....	(91)
Accumulated undistributed net realized loss on investment transactions .....	(3)
Net unrealized appreciation in value of investments .....	2,832
Net assets applicable to outstanding units of capital .....	<u>\$33,047</u>
Net asset value per share (net assets divided by shares outstanding):	
Class A .....	\$11.91
Class B .....	\$11.88
Class C .....	\$11.87
Class E .....	\$11.92
Class I .....	\$11.94
Class Y .....	\$11.92
Capital shares outstanding:	
Class A .....	2,499
Class B .....	86
Class C .....	126
Class E .....	20
Class I .....	20
Class Y .....	24

See Notes to Financial Statements.

# Statement of Operations

## IVY MANAGED EUROPEAN/PACIFIC FUND

For the Period from April 2, 2007 through September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT LOSS

Income (Note 1B):	
Interest and amortization .....	\$ 10
Expenses (Note 2):	
Registration fees .....	55
Service fee:	
Class A .....	17
Class B .....	1
Class C .....	1
Class Y .....	—*
Shareholder servicing:	
Class A .....	7
Class B .....	—*
Class C .....	—*
Class E .....	—*
Class I .....	—*
Class Y .....	—*
Distribution fee:	
Class B .....	2
Class C .....	3
Class E .....	—*
Investment management fee .....	4
Accounting services fee .....	3
Custodian fees .....	2
Audit fees .....	—*
Legal fees .....	—*
Other .....	8
Total .....	103
Less voluntary waiver of investment management fee (Note 2) .....	(2)
Total expenses .....	101
Net investment loss .....	(91)

### REALIZED AND UNREALIZED GAIN (LOSS)

#### ON INVESTMENTS (NOTES 1 AND 3)

Realized net loss on investments in affiliated mutual funds .....	(3)
Unrealized appreciation in value of affiliated mutual funds during the period ..	2,832
Net gain on investments .....	2,829
Net increase in net assets resulting from operations .....	<u>\$2,738</u>

\*Not shown due to rounding.

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY MANAGED EUROPEAN/PACIFIC FUND

(In Thousands)

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
<b>INCREASE IN NET ASSETS</b>	
Operations:	
Net investment loss . . . . .	\$ (91)
Realized net loss on investments . . . . .	(3)
Unrealized appreciation . . . . .	2,832
Net increase in net assets resulting from operations . . . . .	<u>2,738</u>
Distributions to shareholders from (Note 1F): <sup>(2)</sup>	
Net investment income:	
Class A . . . . .	(—)
Class B . . . . .	(—)
Class C . . . . .	(—)
Class E . . . . .	(—)
Class I . . . . .	(—)
Class Y . . . . .	(—)
Realized gains on investment transactions:	
Class A . . . . .	(—)
Class B . . . . .	(—)
Class C . . . . .	(—)
Class E . . . . .	(—)
Class I . . . . .	(—)
Class Y . . . . .	(—)
	<u>(—)</u>
Capital share transactions (Note 5) . . . . .	30,309
Total increase . . . . .	<u>33,047</u>
<b>NET ASSETS</b>	
Beginning of period . . . . .	—
End of period . . . . .	<u>\$33,047</u>
Undistributed net investment loss . . . . .	<u>\$ (91)</u>

(1) Commencement of operations.

(2) See "Financial Highlights" on pages 184 - 189.

See Notes to Financial Statements.

# Financial Highlights

## IVY MANAGED EUROPEAN/PACIFIC FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income (loss) from investment operations:	
Net investment loss . . . . .	(0.07) <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	1.98 <sup>(2)</sup>
Total from investment operations . . . . .	1.91
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	(0.00)
Net asset value, end of period . . . . .	<u>\$11.91</u>
Total return <sup>(3)</sup> . . . . .	19.10%
Net assets, end of period (in millions) . . . . .	\$30
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	1.27% <sup>(4)</sup>
Ratio of net investment loss to average net assets including voluntary expense waiver . . . . .	-1.17% <sup>(4)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	1.30% <sup>(4)</sup>
Ratio of net investment loss to average net assets excluding voluntary expense waiver . . . . .	-1.19% <sup>(4)</sup>
Portfolio turnover rate . . . . .	0%*

\*Not shown due to rounding.

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

See Notes to Financial Statements.



# Financial Highlights

## IVY MANAGED EUROPEAN/PACIFIC FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income (loss) from investment operations:	
Net investment loss . . . . .	(0.10) <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	1.98 <sup>(2)</sup>
Total from investment operations . . . . .	<u>1.88</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$11.88</u>
Total return . . . . .	18.80%
Net assets, end of period (in millions) . . . . .	\$1
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	2.06% <sup>(3)</sup>
Ratio of net investment loss to average net assets including voluntary expense waiver . . . . .	-1.85% <sup>(3)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	2.09% <sup>(3)</sup>
Ratio of net investment loss to average net assets excluding voluntary expense waiver . . . . .	-1.88% <sup>(3)</sup>
Portfolio turnover rate . . . . .	0%*

\*Not shown due to rounding.

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

# Financial Highlights

## IVY MANAGED EUROPEAN/PACIFIC FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income (loss) from investment operations:	
Net investment loss . . . . .	(0.10) <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	1.97 <sup>(2)</sup>
Total from investment operations . . . . .	<u>1.87</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$11.87</u>
Total return . . . . .	18.80%
Net assets, end of period (in millions) . . . . .	\$1
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	2.03% <sup>(3)</sup>
Ratio of net investment loss to average net assets including voluntary expense waiver . . . . .	-1.80% <sup>(3)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	2.06% <sup>(3)</sup>
Ratio of net investment loss to average net assets excluding voluntary expense waiver . . . . .	-1.83% <sup>(3)</sup>
Portfolio turnover rate . . . . .	0%*

\*Not shown due to rounding.

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

See Notes to Financial Statements.

# Financial Highlights

## IVY MANAGED EUROPEAN/PACIFIC FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income (loss) from investment operations:	
Net investment loss . . . . .	(0.04) <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	1.96 <sup>(2)</sup>
Total from investment operations . . . . .	<u>1.92</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$11.92</u>
Total return <sup>(3)</sup> . . . . .	19.20%
Net assets, end of period (in thousands) . . . . .	\$238
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	1.20% <sup>(4)</sup>
Ratio of net investment loss to average net assets including voluntary expense waiver . . . . .	-0.71% <sup>(4)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	1.23% <sup>(4)</sup>
Ratio of net investment loss to average net assets excluding voluntary expense waiver . . . . .	-0.74% <sup>(4)</sup>
Portfolio turnover rate . . . . .	0%*

\*Not shown due to rounding.

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

See Notes to Financial Statements.

# Financial Highlights

## IVY MANAGED EUROPEAN/PACIFIC FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income (loss) from investment operations:	
Net investment loss . . . . .	(0.03) <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	1.97 <sup>(2)</sup>
Total from investment operations . . . . .	1.94
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	(0.00)
Net asset value, end of period . . . . .	<u>\$11.94</u>
Total return . . . . .	19.40%
Net assets, end of period (in thousands) . . . . .	\$239
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	0.94% <sup>(3)</sup>
Ratio of net investment loss to average net assets including voluntary expense waiver . . . . .	-0.45% <sup>(3)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	0.97% <sup>(3)</sup>
Ratio of net investment loss to average net assets excluding voluntary expense waiver . . . . .	-0.48% <sup>(3)</sup>
Portfolio turnover rate . . . . .	0%*

\*Not shown due to rounding.

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

See Notes to Financial Statements.

# Financial Highlights

## IVY MANAGED EUROPEAN/PACIFIC FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income (loss) from investment operations:	
Net investment loss . . . . .	(0.04) <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	1.96 <sup>(2)</sup>
Total from investment operations . . . . .	1.92
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	(0.00)
Net asset value, end of period . . . . .	<u>\$11.92</u>
Total return . . . . .	19.20%
Net assets, end of period (in thousands) . . . . .	\$291
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	1.19% <sup>(3)</sup>
Ratio of net investment loss to average net assets including voluntary expense waiver . . . . .	-0.76% <sup>(3)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	1.22% <sup>(3)</sup>
Ratio of net investment loss to average net assets excluding voluntary expense waiver . . . . .	-0.79% <sup>(3)</sup>
Portfolio turnover rate . . . . .	0%*

\*Not shown due to rounding.

(1)Commencement of operations of the class.

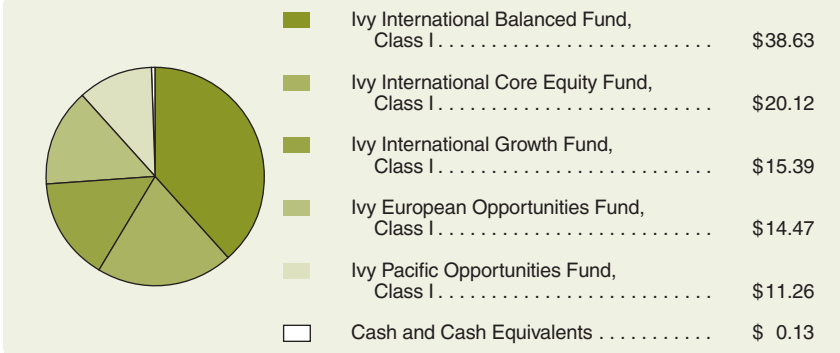
(2)Based on average weekly shares outstanding.

(3)Annualized.

## SHAREHOLDER SUMMARY OF IVY MANAGED INTERNATIONAL OPPORTUNITIES FUND

### Portfolio Highlights

As a shareholder of Ivy Managed International Opportunities Fund, for every \$100 you had invested on September 30, 2007, your Fund owned:



# The Investments of Ivy Managed International Opportunities Fund

September 30, 2007

(Unaudited)

<b>AFFILIATED MUTUAL FUNDS</b>	<b>Shares</b>	<b>Value</b>
Ivy European Opportunities Fund, Class I . . . . .	193,551	\$ 8,533,662
Ivy International Balanced Fund, Class I . . . . .	1,289,772	22,790,277
Ivy International Core Equity Fund, Class I . . . . .	588,778	11,869,753
Ivy International Growth Fund, Class I . . . . .	224,773	9,078,596
Ivy Pacific Opportunities Fund, Class I . . . . .	283,617	6,642,308
<b>TOTAL AFFILIATED MUTUAL FUNDS – 99.87%</b>		<b>\$58,914,596</b>
(Cost: \$55,696,326)		
	<b>Principal Amount in Thousands</b>	
<b>SHORT-TERM SECURITIES – 1.29%</b>		
<b>Repurchase Agreement</b>		
J.P. Morgan Securities, Inc., 3.85%		
Repurchase Agreement dated 9–28–07 to be repurchased at \$759,244 on 10–1–07 (A) . . . . .	\$759	<b>\$ 759,000</b>
(Cost: \$759,000)		
<b>TOTAL INVESTMENT SECURITIES – 101.16%</b>		<b>\$59,673,596</b>
(Cost: \$56,455,326)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (1.16%)</b>		<b>(684,532)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$58,989,064</b>

## Notes to Schedule of Investments

(A) Collateralized by \$652,000 United States Treasury Bond, 6.375% due 8–15–27; market value and accrued interest aggregate \$779,167.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY MANAGED INTERNATIONAL OPPORTUNITIES FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (Notes 1 and 3):	
Investments in affiliated mutual funds (cost – \$55,696) . . . . .	\$58,915
Repurchase agreement (cost – \$759) . . . . .	759
	<u>59,674</u>
Cash . . . . .	1
Receivables:	
Fund shares sold . . . . .	513
Interest . . . . .	—*
Prepaid and other assets . . . . .	56
Total assets . . . . .	<u>\$60,244</u>

### LIABILITIES

Payable for investment securities purchased . . . . .	1,233
Accrued shareholder servicing (Note 2) . . . . .	4
Payable to Fund shareholders . . . . .	3
Accrued accounting services fee (Note 2) . . . . .	2
Accrued distribution fee (Note 2) . . . . .	2
Accrued management fee (Note 2) . . . . .	2
Accrued service fee (Note 2) . . . . .	1
Other . . . . .	8
Total liabilities . . . . .	<u>1,255</u>

Total net assets . . . . .	<u>\$58,989</u>
----------------------------	-----------------

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$55,684
Accumulated undistributed income:	
Accumulated undistributed net investment income . . . . .	87
Accumulated undistributed net realized gain on investment transactions . . . . .	—
Net unrealized appreciation in value of investments . . . . .	3,218
Net assets applicable to outstanding units of capital . . . . .	<u>\$58,989</u>

### Net asset value per share (net assets divided by shares outstanding):

Class A . . . . .	\$11.25
Class B . . . . .	\$11.21
Class C . . . . .	\$11.22
Class E . . . . .	\$11.26
Class I . . . . .	\$11.27
Class Y . . . . .	\$11.26

### Capital shares outstanding:

Class A . . . . .	4,787
Class B . . . . .	176
Class C . . . . .	203
Class E . . . . .	20
Class I . . . . .	20
Class Y . . . . .	38

\*Not shown due to rounding.

See Notes to Financial Statements.



# Statement of Operations

## IVY MANAGED INTERNATIONAL OPPORTUNITIES FUND

For the Period from April 2, 2007 through September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):	
Dividends from affiliated mutual funds . . . . .	\$ 200
Interest and amortization . . . . .	18
Total income . . . . .	<u>218</u>
Expenses (Note 2):	
Registration fees . . . . .	56
Service fee:	
Class A . . . . .	31
Class B . . . . .	1
Class C . . . . .	2
Class Y . . . . .	—*
Shareholder servicing:	
Class A . . . . .	9
Class B . . . . .	1
Class C . . . . .	—*
Class E . . . . .	—*
Class I . . . . .	—*
Class Y . . . . .	—*
Distribution fee:	
Class B . . . . .	4
Class C . . . . .	5
Class E . . . . .	—*
Investment management fee . . . . .	7
Accounting services fee . . . . .	6
Custodian fees . . . . .	2
Audit fees . . . . .	—*
Legal fees . . . . .	—*
Other . . . . .	8
Total . . . . .	<u>132</u>
Less voluntary waiver of investment management fee (Note 2) . . . .	(1)
Total expenses . . . . .	<u>131</u>
Net investment income . . . . .	<u>87</u>

### REALIZED AND UNREALIZED GAIN ON INVESTMENTS (NOTES 1 AND 3)

Unrealized appreciation in value of affiliated mutual funds during the period . .	3,218
Net gain on investments . . . . .	<u>3,218</u>
Net increase in net assets resulting from operations . . . . .	<u>\$3,305</u>

\*Not shown due to rounding.

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY MANAGED INTERNATIONAL OPPORTUNITIES FUND

(In Thousands)

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
<b>INCREASE IN NET ASSETS</b>	
Operations:	
Net investment income .....	\$ 87
Realized net gain on investments .....	—
Unrealized appreciation .....	3,218
Net increase in net assets resulting from operations .....	<u>3,305</u>
Distributions to shareholders from (Note 1F): <sup>(2)</sup>	
Net investment income:	
Class A .....	(—)
Class B .....	(—)
Class C .....	(—)
Class E .....	(—)
Class I .....	(—)
Class Y .....	(—)
Realized gains on investment transactions:	
Class A .....	(—)
Class B .....	(—)
Class C .....	(—)
Class E .....	(—)
Class I .....	(—)
Class Y .....	(—)
	<u>(—)</u>
Capital share transactions (Note 5) .....	55,684
Total increase .....	<u>58,989</u>
<b>NET ASSETS</b>	
Beginning of period .....	—
End of period .....	<u>\$58,989</u>
Undistributed net investment income .....	<u>\$ 87</u>

(1) Commencement of operations.

(2) See "Financial Highlights" on pages 195 - 200.

See Notes to Financial Statements.

# Financial Highlights

## IVY MANAGED INTERNATIONAL OPPORTUNITIES FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income from investment operations:	
Net investment income . . . . .	0.04 <sup>(2)</sup>
Net realized and unrealized gain on investments. . . . .	1.21 <sup>(2)</sup>
Total from investment operations . . . . .	<u>1.25</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$11.25</u>
Total return <sup>(3)</sup> . . . . .	12.50%
Net assets, end of period (in millions) . . . . .	\$54
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	0.89% <sup>(4)</sup>
Ratio of net investment income to average net assets including voluntary expense waiver . . . . .	0.68% <sup>(4)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	0.90% <sup>(4)</sup>
Ratio of net investment income to average net assets excluding voluntary expense waiver . . . . .	0.67% <sup>(4)</sup>
Portfolio turnover rate . . . . .	0%

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

# Financial Highlights

## IVY MANAGED INTERNATIONAL OPPORTUNITIES FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income (loss) from investment operations:	
Net investment loss . . . . .	(0.00) <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	1.21 <sup>(2)</sup>
Total from investment operations . . . . .	<u>1.21</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$11.21</u>
Total return . . . . .	12.20%
Net assets, end of period (in millions) . . . . .	\$2
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	1.69% <sup>(3)</sup>
Ratio of net investment loss to average net assets including voluntary expense waiver . . . . .	-0.07% <sup>(3)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	1.70% <sup>(3)</sup>
Ratio of net investment loss to average net assets excluding voluntary expense waiver . . . . .	-0.08% <sup>(3)</sup>
Portfolio turnover rate . . . . .	0%

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

See Notes to Financial Statements.

# Financial Highlights

## IVY MANAGED INTERNATIONAL OPPORTUNITIES FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income from investment operations:	
Net investment income . . . . .	0.00 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	1.22 <sup>(2)</sup>
Total from investment operations . . . . .	<u>1.22</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$11.22</u>
Total return . . . . .	12.20%
Net assets, end of period (in millions) . . . . .	\$2
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	1.63% <sup>(3)</sup>
Ratio of net investment income to average net assets including voluntary expense waiver . . . . .	0.04% <sup>(3)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	1.64% <sup>(3)</sup>
Ratio of net investment income to average net assets excluding voluntary expense waiver . . . . .	0.03% <sup>(3)</sup>
Portfolio turnover rate . . . . .	0%

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

# Financial Highlights

## IVY MANAGED INTERNATIONAL OPPORTUNITIES FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income from investment operations:	
Net investment income . . . . .	0.04 <sup>(2)</sup>
Net realized and unrealized gain on investments. . . . .	1.22 <sup>(2)</sup>
Total from investment operations . . . . .	<u>1.26</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$11.26</u>
Total return <sup>(3)</sup> . . . . .	12.60%
Net assets, end of period (in thousands) . . . . .	\$225
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	0.85% <sup>(4)</sup>
Ratio of net investment income to average net assets including voluntary expense waiver . . . . .	0.77% <sup>(4)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	0.86% <sup>(4)</sup>
Ratio of net investment income to average net assets excluding voluntary expense waiver . . . . .	0.76% <sup>(4)</sup>
Portfolio turnover rate . . . . .	0%

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

See Notes to Financial Statements.

# Financial Highlights

## IVY MANAGED INTERNATIONAL OPPORTUNITIES FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income from investment operations:	
Net investment income . . . . .	0.06 <sup>(2)</sup>
Net realized and unrealized gain on investments. . . . .	1.21 <sup>(2)</sup>
Total from investment operations . . . . .	<u>1.27</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$11.27</u>
Total return . . . . .	12.70%
Net assets, end of period (in thousands) . . . . .	\$225
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	0.29% <sup>(3)</sup>
Ratio of net investment income to average net assets including voluntary expense waiver . . . . .	1.02% <sup>(3)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	0.30% <sup>(3)</sup>
Ratio of net investment income to average net assets excluding voluntary expense waiver . . . . .	1.01% <sup>(3)</sup>
Portfolio turnover rate . . . . .	0%

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

See Notes to Financial Statements.

# Financial Highlights

## IVY MANAGED INTERNATIONAL OPPORTUNITIES FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.00
Income from investment operations:	
Net investment income . . . . .	0.03 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	1.23 <sup>(2)</sup>
Total from investment operations . . . . .	<u>1.26</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$11.26</u>
Total return . . . . .	12.60%
Net assets, end of period (in millions) . . . . .	\$1
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	0.85% <sup>(3)</sup>
Ratio of net investment income to average net assets including voluntary expense waiver . . . . .	0.61% <sup>(3)</sup>
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	0.86% <sup>(3)</sup>
Ratio of net investment income to average net assets excluding voluntary expense waiver . . . . .	0.60% <sup>(3)</sup>
Portfolio turnover rate . . . . .	0%

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

See Notes to Financial Statements.



## SHAREHOLDER SUMMARY OF IVY MORTGAGE SECURITIES FUND

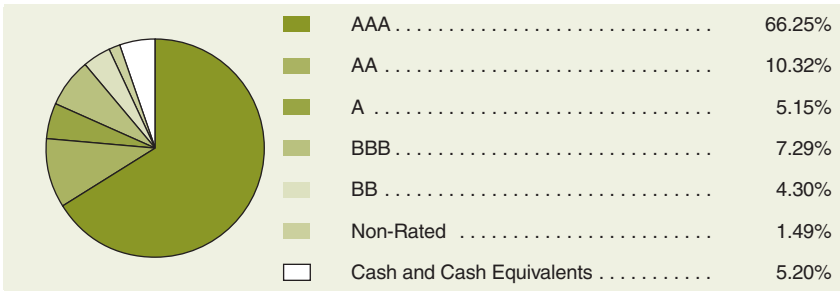
### Portfolio Highlights

On September 30, 2007, Ivy Mortgage Securities Fund had net assets totaling \$344,476,317 invested in a diversified portfolio of:

56.27%	Corporate Bonds
38.53%	United States Government Agency Obligations
5.20%	Cash and Cash Equivalents

### Quality Weightings

On September 30, 2007, the breakdown of bonds (by ratings) held by the Fund was as follows:



Ratings reflected in the wheel are taken from the following sources in order of preference: Standard & Poor's, Moody's or management's internal ratings, where no other ratings are available.

Certain U.S. government securities in which the Fund may invest, such as Treasury securities and securities issued by the Government National Mortgage Association (Ginnie Mae), are backed by the full faith and credit of the U.S. government. However, other U.S. government securities in which the Fund may invest, such as securities issued by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal Home Loan Banks (FHLB) are not backed by the full faith and credit of the U.S. government, are not insured or guaranteed by the U.S. government and, instead, may be supported only by the right of the issuer to borrow from the U.S. Treasury or by the credit of the issuer.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES	Principal Amount in Thousands	Value
<b>Finance Companies</b>		
ABFS Mortgage Loan Trust:		
2001-2,		
6.99%, 12-25-31 (A) .....	\$1,074	\$ 1,076,724
2002-4,		
7.423%, 12-15-33 (A) .....	1,485	1,421,585
Aames Mortgage Trust 2001-4,		
6.65%, 1-25-32 (A) .....	501	481,633
Asset Securitization Corporation:		
1.6136%, 10-13-26 (Interest Only) (A)(B) .....	4,115	169,866
8.62125%, 8-13-29 (Interest Only) (A) .....	1,384	329,330
7.66418%, 2-14-43 (A) .....	1,430	1,556,925
Associates Manufactured Housing Contract		
Pass-Through Certificates,		
7.9%, 3-15-27 .....	1,313	1,340,166
Banc of America Alternative Loan Trust:		
2004-11,		
6.0%, 12-25-34 .....	1,135	1,122,204
2005-6,		
6.0%, 7-25-35 .....	863	861,143
2005-8:		
5.57587%, 9-25-35 (A) .....	2,049	1,895,418
5.57587%, 9-25-35 (A) .....	407	351,195
2005-10,		
5.66892%, 11-25-35 (A) .....	1,157	908,277
2005-12,		
5.80813%, 1-25-36 (A) .....	1,635	1,449,669
2006-4:		
6.2253%, 5-25-46 (A) .....	896	685,705
6.2253%, 5-25-46 (A) .....	642	605,396
2006-6,		
6.0%, 6-25-46 .....	3,070	3,016,611
Banc of America Commercial Mortgage Inc.,		
Commercial Mortgage Pass-Through Certificates:		
Series 2002-2,		
6.2%, 7-11-43 (B) .....	1,200	1,190,680
Series 2003-1,		
4.9%, 9-11-36 (B) .....	1,000	931,966
Series 2004-6,		
5.104%, 12-10-42 (A)(B) .....	800	733,458

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Finance Companies (Continued)</b>		
Banc of America Commercial Mortgage Trust 2007-1, 5.451%, 1-15-49 .....	\$1,000	\$ 987,194
Banc of America Funding 2004-2 Trust, 6.5%, 7-20-32 .....	1,213	1,205,246
Banc of America Funding Corporation, 5.00739%, 9-20-34 (A) .....	1,284	1,264,904
Banc of America Mortgage 2005-J Trust, 5.08948%, 11-25-35 (A) .....	2,031	2,018,731
Banc of America Mortgage 2007-1 Trust:		
6.0%, 3-25-37 .....	3,618	3,398,794
6.0%, 3-25-37 .....	1,000	973,750
Banc of America Mortgage Alternative Loan Trust 2003-5, 5.5%, 7-25-33 .....	1,276	1,078,357
Banc of America Mortgage Trust:		
2003-9, 5.5%, 12-25-33 .....	816	636,052
2004-1, 5.5%, 2-25-34 .....	1,910	1,722,614
2004-2: 5.0%, 3-25-19 .....	299	287,756
5.0%, 3-25-19 .....	233	220,311
5.5%, 3-25-34 .....	471	430,041
2004-3: 4.875%, 4-25-19 .....	403	383,930
4.875%, 4-25-19 .....	216	201,884
2004-7, 5.75%, 8-25-34 .....	1,106	1,091,981
Banc of America Structured Securities Trust 2002-X1 F, 6.274%, 10-11-33 (B) .....	1,750	1,764,036
Banco Hipotecario Nacional:		
7.916%, 7-25-09 (C) .....	23	233
2.57%, 3-25-11 (C) .....	10	100
7.54%, 5-31-17 (C) .....	—*	1
BankAmerica Manufactured Housing Contract Trust:		
7.8%, 10-10-26 .....	2,000	2,043,964
7.015%, 1-10-28 .....	1,041	1,054,148

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Finance Companies (Continued)</b>		
Bear Stearns Commercial Mortgage Securities Inc.:		
Series 2001-TOP2 Trust Fund, 7.49057%, 2-15-35 (A)(B) . . . . .	\$3,000	\$ 3,130,055
Series 2000-WF1 Trust Fund, 6.5%, 2-15-32 . . . . .	1,015	1,022,902
Bear Stearns Commercial Mortgage Securities Trust 2002-TOP6, 6.0%, 10-15-36 (B) . . . . .	938	936,422
Bear Stearns Mortgage Funding Trust 2006-SL2, 5.54125%, 9-25-36 (A) . . . . .	2,295	1,000,680
Bear Stearns Mortgage Securities Inc., 8.0%, 11-25-29 . . . . .	419	418,026
BlackRock Capital Finance, 7.75%, 9-25-26 (B) . . . . .	567	566,230
C-Bass:		
2005-CB3 Trust, 5.109%, 12-25-34 (A) . . . . .	1,254	1,179,768
2006-CB2 Trust, 5.717%, 12-25-36 (A) . . . . .	394	392,561
2006-MH1 Trust, 5.97%, 9-25-36 (A)(B) . . . . .	1,444	1,467,222
Mortgage Loan Trust 2007-CB2, 5.891%, 2-25-37 (A) . . . . .	436	434,312
CHL Mortgage Pass-Through Trust:		
2002-32, 5.5314%, 1-25-33 (A) . . . . .	1,381	1,308,461
2003-28, 4.15%, 8-25-33 . . . . .	1,500	1,422,028
2003-HYB2, 3.96935%, 7-19-33 (A) . . . . .	2,019	1,946,185
COMM 2006-CNL2, 5.5699%, 2-5-19 (A)(B) . . . . .	925	887,290
CSAB Mortgage-Backed Trust 2006-2, 6.08%, 9-25-36 (A) . . . . .	3,540	3,470,990
CSFB Commercial Mortgage Trust 2003-C4, 5.322%, 8-15-36 (A)(B) . . . . .	1,000	960,384
CWHEQ Home Equity Loan Trust, Series 2006-S3, 6.518%, 1-25-29 (A) . . . . .	2,135	2,065,044

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Finance Companies (Continued)</b>		
Capital Auto Receivables Asset Trust:		
2006-1,		
7.16%, 1-15-13 (B) . . . . .	\$1,140	\$ 1,164,097
2007-2,		
8.3%, 2-15-14 (B) . . . . .	1,105	1,179,405
Centex Home Equity Loan Trust 2005-C,		
5.048%, 6-25-35 (A) . . . . .	2,301	2,223,044
Chase Mortgage Finance Trust:		
Series 2003-S2,		
5.0%, 3-25-18 . . . . .	1,646	1,624,174
Series 2003-S11,		
5.5%, 10-25-33 . . . . .	867	841,844
Citicorp Residential Mortgage Trust Series 2006-2,		
5.872%, 9-25-36 (A) . . . . .	1,217	1,211,071
CitiMortgage Alternative Loan Trust:		
Series 2006-A7,		
0.0%, 12-25-36 (D) . . . . .	3,417	3,363,250
Series 2007-A7,		
6.23737%, 7-25-37 (A) . . . . .	644	410,905
Collateralized Mortgage Obligation Trust,		
5.0%, 7-1-18 . . . . .	33	32,548
Commercial Mortgage Asset Trust,		
7.8%, 11-17-32 (A) . . . . .	1,000	1,123,146
Conseco Finance Securitizations Corp.,		
6.981%, 6-15-32 . . . . .	1,035	976,442
CountryPlace Manufactured Housing Contract		
Trust 2005-1,		
4.8%, 12-15-35 (A)(C) . . . . .	1,275	1,232,368
Countrywide Home Loans Alternative Loan		
Trust 2004-J9,		
4.586%, 10-25-34 (A) . . . . .	1,984	1,968,716
Countrywide Home Loans, Inc. Asset-Backed		
Certificates, Series 2005-10,		
4.915%, 2-25-36 (A) . . . . .	5,000	4,744,372
Credit Suisse Commercial Mortgage Trust		
Series 2006-C5,		
5.311%, 12-15-39 . . . . .	1,000	981,401
Credit Suisse First Boston Mortgage Securities Corp.,		
6.0%, 11-25-18 . . . . .	473	475,524

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Finance Companies (Continued)</b>		
DLJ Commercial Mortgage Corp. 1998-CG1, 7.35697%, 6-10-31 (A)(B) . . . . .	\$1,640	\$ 1,745,879
FFCA Secured Lending Corporation:		
6.71375%, 2-18-22 (A)(C) . . . . .	1,500	1,425,904
6.96375%, 2-18-22 (A)(C) . . . . .	1,000	941,842
First Horizon Mortgage Pass-Through Trust 2003-8, 5.12611%, 10-25-33 (A) . . . . .	369	266,300
Flagstar Home Equity Loan Trust 2007-1, 5.997%, 1-25-35 (A)(C) . . . . .	1,630	1,589,736
Ford Credit Auto Owner Trust:		
2006-B, 7.12%, 2-15-13 (B) . . . . .	635	616,952
2007-A, 7.05%, 12-15-13 (B) . . . . .	390	374,283
GMAC Commercial Mortgage Securities, 5.94%, 7-1-13 (B) . . . . .	131	128,653
GS Mortgage Securities Trust 2007-GG10, 5.93329%, 8-10-45 (A) . . . . .	1,500	1,525,522
Global Mortgage Securitization 2005-A Ltd. and Global Mortgage Securitization 2005-A LLC:		
5.25%, 4-25-32 . . . . .	780	709,902
5.39485%, 4-25-32 (A) . . . . .	1,214	1,049,308
Global Mortgage Securitization Ltd. and Global Mortgage Securitization, LLC:		
5.25%, 11-25-32 (C) . . . . .	1,075	1,024,496
5.25%, 11-25-32 (C) . . . . .	501	481,315
Green Tree Financial Corporation:		
7.65%, 4-15-19 . . . . .	683	712,035
8.3%, 11-15-19 . . . . .	500	521,883
9.1%, 4-15-25 . . . . .	1,075	1,121,981
9.0%, 6-15-25 . . . . .	1,052	1,104,004
Greenwich Capital Commercial Funding Corp., Commercial Mortgage Trust 2002-C1, 5.5%, 1-11-35 (B) . . . . .	780	746,915
Hilton Hotel Pool Trust:		
6.165%, 10-3-15 (A)(B) . . . . .	500	493,816
7.653%, 10-3-15 (B) . . . . .	1,955	2,076,284
Home Equity Loan Trust 2003-HS2, 5.09%, 7-25-33 (A) . . . . .	178	168,340

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Finance Companies (Continued)</b>		
Hometown Commercial Capital, LLC Hometown Commercial Mortgage Pass-Through Notes 2006-1, 5.506%, 11-11-38 (C) .....	\$2,091	\$ 2,079,393
Impac CMB Trust Series 2003-2F, 6.0%, 1-25-33 (A) .....	893	636,382
J.P. Morgan Alternative Loan Trust 2005-S1 Mortgage Pass-Through Certificates, Series 2005-S1, 6.0%, 12-25-35 .....	998	988,868
J.P. Morgan Alternative Loan Trust 2006-A6, 5.95%, 11-25-36 (A) .....	2,500	2,497,758
J.P. Morgan Chase Commercial Mortgage Securities Corp., 6.2207%, 10-12-37 (B) .....	2,300	2,341,995
J.P. Morgan Chase Commercial Mortgage Securities Trust 2007-LDP10, 5.42%, 1-15-49 .....	3,000	2,955,937
J.P. Morgan Mortgage Acquisition Trust: 2006-CW2, 6.337%, 8-25-36 (A) .....	2,725	2,711,729
2006-WF1, 6.41%, 7-25-36 (A) .....	2,510	2,502,625
J.P. Morgan Mortgage Trust: 2004-A3, 4.29236%, 7-25-34 (A) .....	1,399	1,364,468
2005-S2: 5.67065%, 9-25-35 (A) .....	2,231	2,041,903
6.5%, 9-25-35 .....	2,310	2,343,268
2006-A2: 3.75609%, 11-25-33 (A) .....	1,551	1,529,560
3.8175%, 8-25-34 (A) .....	2,128	2,074,864
2006-A6, 6.04729%, 10-25-36 (A) .....	2,510	2,582,748
2006-S3: 6.187%, 8-25-36 .....	1,200	1,097,503
6.5%, 8-25-36 .....	1,810	1,801,689
2007-A1, 4.82%, 7-25-35 (A) .....	2,188	2,080,856
2007-A2, 5.7161%, 4-25-37 (A) .....	3,519	3,518,621

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Finance Companies (Continued)</b>		
LB-UBS Commercial Mortgage Trust 2003-C3, 4.846%, 2-15-37 (A)(B) . . . . .	\$ 300	\$ 278,866
Lehman Mortgage Trust Mortgage Pass-Through Certificates, Series 2006-5, 6.88956%, 9-25-36 (A) . . . . .	2,004	1,952,420
Lehman XS Trust, Series 2005-8, 5.69%, 12-25-35 . . . . .	3,057	3,030,779
MASTR Asset Securitization Trust: 2003-10, 5.5%, 11-25-33 . . . . .	1,442	1,400,775
2003-6, 5.5%, 7-25-33 . . . . .	1,677	1,618,507
Metropolitan Asset Funding, Inc., 6.98%, 5-20-12 (B) . . . . .	9	9,400
Mid-State Capital Corporation 2004-1 Trust: 6.005%, 8-15-37 . . . . .	334	342,272
6.497%, 8-15-37 . . . . .	1,215	1,234,604
Morgan Stanley Capital I Trust 2003-IQ5, 5.93473%, 4-15-38 (A)(B) . . . . .	2,348	2,215,119
Morgan Stanley Dean Witter Capital I Inc. Trust 2002-WL1, 6.51994%, 4-25-17 (A) . . . . .	261	260,929
Multi Security Asset Trust LP, Commercial Mortgage-Backed Securities Pass-Through Certificates, Series 2005-RR4: 1.09475%, 11-28-35 (Interest Only) (A)(C) . . . . .	30,757	692,029
5.88%, 11-28-35 (A)(C) . . . . .	680	652,821
5.88%, 11-28-35 (A)(C) . . . . .	340	333,838
Multi Security Asset Trust, Commercial Mortgage Pass-Through Certificates, Series 2005-RR4, 5.0%, 11-28-35 (C) . . . . .	2,000	1,957,500
NationsLink Funding Corporation, Commercial Mortgage Pass-Through Certificates, Series 1998-2, 5.0%, 8-20-30 (B) . . . . .	1,000	966,132
Nomura Asset Securities Corporation, Commercial Mortgage Pass-Through Certificates, Series 1998-D6, 6.0%, 3-15-30 (B) . . . . .	2,250	2,302,955

See Notes to Schedule of Investments on page 216.



# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Finance Companies (Continued)</b>		
Oakwood Mortgage Investors, Inc.:		
8.1%, 10-15-21 (B) .....	\$ 310	\$ 312,536
7.375%, 8-15-27 .....	287	289,605
Origen Manufactured Housing Contract Trust:		
2004-A,		
5.7%, 1-15-35 .....	543	527,502
2004-B,		
4.75%, 8-15-21 .....	400	386,809
2005-A,		
4.97%, 10-15-21 .....	935	926,020
Trust 2005-B:		
5.605%, 5-15-22 .....	360	361,838
5.91%, 1-15-37 .....	700	693,306
PHH Alternative Mortgage Trust, Series 2007-1,		
Class II-B-2,		
6.0%, 2-25-37 .....	1,563	1,379,008
Prudential Home Mortgage Securities:		
6.98002%, 9-28-08 (A)(B) .....	3	2,994
6.73%, 4-28-24 (A)(C) .....	3	3,262
8.04423%, 9-28-24 (A)(B) .....	24	23,668
RALI Series:		
2003-QS10 Trust,		
5.5%, 5-25-33 .....	2,202	2,144,510
2003-QS11 Trust,		
5.75%, 6-25-33 .....	2,495	2,391,758
RAMP Series 2005-RS1 Trust,		
5.145%, 1-25-35 (A) .....	1,075	921,509
RASC Series 2003-KS10 Trust,		
6.41%, 12-25-33 .....	313	261,335
RESI Finance Limited Partnership 2003-C and RESI Finance DE Corporation 2003-C,		
7.22%, 9-10-35 (A)(C) .....	1,427	1,402,600
RFMSI Series 2004-S5 Trust:		
4.5%, 5-25-19 .....	337	315,659
4.5%, 5-25-19 .....	168	154,346
Salomon Brothers Mortgage Securities VII, Inc., Mortgage Pass-Through Certificates, Series 1997-HUD1,		
7.75%, 12-25-30 (A) .....	1,202	1,241,170

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

CORPORATE DEBT SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Finance Companies (Continued)</b>		
Structured Adjustable Rate Mortgage Loan Trust, Series 2005–21, 5.4%, 11–25–35 (A) . . . . .	\$1,575	\$ 1,527,750
Structured Asset Mortgage Investments, Inc.:		
5.85515%, 4–30–30 (A) . . . . .	19	19,281
5.85515%, 4–30–30 (A) . . . . .	9	8,786
Structured Asset Securities Corporation:		
5.54%, 11–25–32 (A) . . . . .	225	224,362
5.25%, 8–25–33 . . . . .	1,311	1,207,502
5.25%, 8–25–33 . . . . .	571	511,764
5.63%, 5–25–34 (A) . . . . .	811	807,619
6.0%, 6–25–34 (A) . . . . .	2,247	2,253,115
Vanderbilt Mortgage and Finance, Inc.:		
7.955%, 12–7–24 . . . . .	657	692,369
7.525%, 11–7–26 . . . . .	915	914,784
Wachovia Bank Commercial Mortgage Trust (The), 4.942%, 11–15–34 (B) . . . . .	964	881,421
Washington Mutual MSC Mortgage Pass-Through Certificates Series 2002-MS11 Trust, 5.60537%, 12–25–32 (A) . . . . .	958	905,393
Wells Fargo Alternative Loan 2007-PA3 Trust:		
5.75%, 7–25–37 . . . . .	1,079	997,648
6.20114%, 7–25–37 (A) . . . . .	1,787	1,622,121
6.20114%, 7–25–37 (A) . . . . .	1,563	1,300,973
Wells Fargo Mortgage Backed Securities:		
2003–2 Trust, 5.25%, 2–25–18 . . . . .	269	249,694
2003–4 Trust, 5.5%, 6–25–33 . . . . .	938	814,603
2003–9 Trust, 5.25%, 8–25–33 (B) . . . . .	1,135	838,283
2004–1 Trust (The), 5.5%, 2–25–34 . . . . .	1,636	1,537,284
2005–16 Trust, 5.75%, 1–25–36 . . . . .	500	482,751
<b>TOTAL CORPORATE DEBT SECURITIES – 56.27%</b>		<b>\$193,814,246</b>
(Cost: \$200,401,875)		

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

UNITED STATES GOVERNMENT AGENCY OBLIGATIONS	Principal Amount in Thousands	Value
<b>Agency Obligations – 0.20%</b>		
Federal Home Loan Mortgage Corporation, 2.75%, 3–15–08 (E) . . . . .	\$ 200	\$ 198,062
Federal National Mortgage Association, 5.0%, 9–15–08 (E) . . . . .	500	503,212
		<u>701,274</u>
<b>Mortgage-Backed Obligations – 38.33%</b>		
Federal Home Loan Mortgage Corporation Adjustable Rate Participation Certificates, 9.97667%, 3–15–09 (A) . . . . .	358	364,152
Federal Home Loan Mortgage Corporation Agency REMIC/CMO, 5.0%, 6–15–31 . . . . .	2,000	1,932,939
Federal Home Loan Mortgage Corporation Fixed Rate Participation Certificates:		
5.5%, 12–1–17 . . . . .	679	679,919
5.5%, 9–1–19 . . . . .	1,172	1,170,070
3.5%, 2–15–30 . . . . .	1,826	1,740,549
6.5%, 9–1–32 . . . . .	1,119	1,152,776
5.3%, 1–15–33 . . . . .	206	198,728
5.0%, 7–15–33 . . . . .	2,080	1,977,794
5.5%, 5–1–34 . . . . .	837	821,812
5.5%, 5–1–34 . . . . .	1,240	1,218,331
6.5%, 5–1–34 . . . . .	805	822,301
5.5%, 10–1–34 . . . . .	994	975,381
5.0%, 5–15–35 . . . . .	2,196	2,010,326
5.5%, 7–1–35 . . . . .	2,775	2,720,281
5.0%, 8–1–35 . . . . .	897	856,818
5.5%, 10–1–35 . . . . .	1,628	1,597,680
5.0%, 12–1–35 . . . . .	843	805,446
6.0%, 10–1–37 . . . . .	1,000	1,000,938
Federal National Mortgage Association Adjustable Rate Pass-Through Certificates, 4.659%, 7–1–35 (A) . . . . .	1,239	1,224,979
Federal National Mortgage Association Fixed Rate Pass-Through Certificates:		
6.0%, 1–1–18 . . . . .	432	437,881
5.5%, 2–1–18 . . . . .	426	426,876
5.5%, 3–1–18 . . . . .	1,968	1,969,152
5.0%, 5–1–18 . . . . .	1,339	1,317,165
5.0%, 10–1–18 . . . . .	1,324	1,301,490
5.5%, 9–1–19 . . . . .	343	342,501
5.5%, 10–1–20 . . . . .	5,300	5,286,750
5.5%, 2–1–24 . . . . .	509	504,108
6.0%, 8–1–29 . . . . .	414	417,331
7.0%, 11–1–31 . . . . .	198	207,195

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

UNITED STATES GOVERNMENT AGENCY OBLIGATIONS (Continued)	Principal Amount in Thousands	Value
<b>Mortgage-Backed Obligations (Continued)</b>		
Federal National Mortgage Association Fixed Rate		
Pass-Through Certificates (Continued):		
6.5%, 2-1-32 .....	\$ 139	\$ 142,959
6.5%, 2-1-32 .....	124	127,352
6.5%, 2-1-32 .....	180	185,902
7.0%, 2-1-32 .....	248	259,434
7.0%, 3-1-32 .....	338	353,465
6.5%, 4-1-32 .....	76	77,851
6.5%, 5-1-32 .....	133	136,754
6.5%, 5-1-32 .....	88	89,732
6.5%, 7-1-32 .....	662	681,788
6.0%, 9-1-32 .....	150	151,874
6.5%, 9-1-32 .....	79	81,169
6.0%, 10-1-32 .....	979	988,261
6.0%, 10-1-32 .....	945	953,533
6.5%, 10-1-32 .....	63	64,973
6.0%, 11-1-32 .....	826	833,749
6.0%, 11-1-32 .....	485	489,630
6.0%, 3-1-33 .....	1,259	1,270,099
6.0%, 3-1-33 .....	1,159	1,169,045
6.0%, 3-1-33 .....	817	824,796
6.0%, 3-1-33 .....	248	249,778
5.5%, 4-1-33 .....	1,694	1,665,468
5.5%, 5-1-33 .....	544	534,458
5.5%, 5-1-33 .....	290	285,313
6.0%, 6-1-33 .....	2,722	2,735,438
6.5%, 8-1-33 .....	44	45,396
6.0%, 10-1-33 .....	267	268,347
5.0%, 11-1-33 .....	1,709	1,635,790
6.0%, 12-1-33 .....	513	516,463
5.0%, 1-1-34 .....	1,644	1,573,811
5.5%, 1-1-34 .....	1,498	1,470,549
5.0%, 3-1-34 .....	963	921,439
5.0%, 3-1-34 .....	406	388,731
5.5%, 3-1-34 .....	2,241	2,203,683
5.5%, 4-1-34 .....	1,932	1,899,382
5.5%, 4-1-34 .....	1,577	1,547,548
5.5%, 4-1-34 .....	610	599,111

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

UNITED STATES GOVERNMENT AGENCY OBLIGATIONS (Continued)	Principal Amount in Thousands	Value
<b>Mortgage-Backed Obligations (Continued)</b>		
Federal National Mortgage Association Fixed Rate		
Pass-Through Certificates (Continued):		
5.0%, 5-1-34 .....	\$ 186	\$ 178,171
5.5%, 7-1-34 .....	1,793	1,762,068
6.0%, 8-1-34 .....	633	634,861
5.5%, 9-1-34 .....	1,270	1,247,000
6.0%, 9-1-34 .....	841	844,349
6.5%, 9-1-34 .....	985	1,006,150
5.5%, 10-1-34 .....	7,125	6,978,047
5.5%, 10-1-34 .....	1,929	1,895,129
6.0%, 10-1-34 .....	1,000	1,001,250
5.5%, 11-1-34 .....	716	702,822
6.0%, 11-1-34 .....	397	398,821
6.5%, 11-1-34 .....	73	74,115
6.0%, 12-1-34 .....	2,389	2,397,766
5.5%, 1-1-35 .....	635	622,664
4.5%, 2-1-35 .....	468	434,725
5.5%, 2-1-35 .....	2,364	2,320,913
5.5%, 2-1-35 .....	1,911	1,877,497
5.5%, 2-1-35 .....	1,111	1,090,597
6.5%, 3-1-35 .....	1,199	1,227,755
6.0%, 4-1-35 .....	1,681	1,684,630
6.0%, 6-1-35 .....	2,713	2,722,985
5.0%, 7-1-35 .....	801	764,893
5.5%, 7-1-35 .....	796	780,938
5.5%, 10-1-35 .....	1,700	1,669,213
5.5%, 10-1-35 .....	943	926,091
5.5%, 2-1-36 .....	1,638	1,587,864
6.5%, 2-1-36 .....	673	685,382
6.5%, 6-1-36 .....	1,234	1,256,430
6.0%, 8-1-36 .....	2,057	2,060,596
6.5%, 10-1-36 .....	2,935	2,988,197
6.0%, 11-1-36 .....	2,307	2,310,346
6.0%, 5-1-37 .....	988	989,542
6.5%, 8-1-37 .....	1,990	2,026,030
Government National Mortgage Association		
Agency REMIC/CMO (Interest Only):		
1.13796%, 3-16-34 (A) .....	7,622	302,696
0.84617%, 7-16-40 (A) .....	3,952	127,564
0.25135%, 3-16-42 (A) .....	15,044	159,687
0.93645%, 6-17-45 (A) .....	19,635	1,000,993

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

UNITED STATES GOVERNMENT AGENCY OBLIGATIONS (Continued)	Principal Amount in Thousands	Value
<b>Mortgage-Backed Obligations (Continued)</b>		
Government National Mortgage Association Fixed		
Rate Pass-Through Certificates:		
7.875%, 5-15-17 .....	\$ 621	\$ 678,023
6.25%, 7-15-24 .....	283	289,361
5.5%, 3-16-32 .....	4,575	4,562,096
5.0%, 7-15-33 .....	1,014	982,278
5.0%, 7-15-34 .....	883	855,642
5.0%, 10-1-34 .....	700	677,032
5.5%, 12-15-34 .....	1,030	1,016,267
5.5%, 12-15-34 .....	601	593,171
5.0%, 1-15-35 .....	1,758	1,701,578
5.5%, 10-1-35 .....	3,000	2,957,814
5.0%, 12-15-35 .....	1,940	1,877,602
6.0%, 10-1-36 .....	1,875	1,886,719
United States Department of Veterans Affairs,		
Guaranteed REMIC Pass-Through Certificates,		
Vendee Mortgage Trust:		
1995-1 Class 1,		
7.20763%, 2-15-25 (A) .....	225	237,077
1995-1 Class 2,		
7.7925%, 2-15-25 .....	72	76,592
		<u>132,034,769</u>
<b>TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 38.53%</b>		<b>\$132,736,043</b>
(Cost: \$135,428,208)		

## SHORT-TERM SECURITIES

### Commercial Paper

#### Chemicals – Petroleum and Inorganic – 1.45%

E.I. du Pont de Nemours and Company,

4.75%, 10-9-07 .....

	5,000	<u>4,994,722</u>
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#### Finance Companies – 0.87%

Prudential Funding LLC,

5.15%, 10-11-07 .....

	3,000	<u>2,995,708</u>
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#### Food and Related – 1.88%

ConAgra Foods, Inc.,

5.23%, 10-3-07 .....

	1,500	1,499,564
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General Mills, Inc.,

5.31%, 10-10-07 .....

	5,000	4,993,363
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6,492,927

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

SHORT-TERM SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Commercial Paper (Continued)</b>		
<b>Health Care – Drugs – 1.74%</b>		
GlaxoSmithKline Finance plc, 5.4%, 10–5–07 .....	\$6,000	<u>\$ 5,996,400</u>
<b>Household – General Products – 2.03%</b>		
Procter & Gamble International Funding S.C.A. (Procter & Gamble Company (The)): 5.2%, 10–9–07 .....	4,000	3,995,378
4.8%, 10–17–07 .....	3,000	<u>2,993,600</u>
		<u><b>6,988,978</b></u>
<b>Leisure Time Industry – 1.45%</b>		
Walt Disney Company (The), 5.365%, 10–3–07 .....	5,000	<u>4,998,510</u>
<b>Mining – 1.07%</b>		
BHP Billiton Finance (USA) Limited (BHP Billiton Limited), 5.0%, 10–1–07 .....	3,675	<u>3,675,000</u>
<b>Publishing – 0.58%</b>		
Gannett Co., Inc., 5.35%, 10–25–07 .....	2,000	<u>1,992,867</u>
<b>Total Commercial Paper – 11.07%</b>		<u><b>38,135,112</b></u>
<b>Commercial Paper (backed by irrevocable bank letter of credit) – 0.58%</b>		
<b>Finance Companies</b>		
ED&F Man Treasury Management PLC (Royal Bank of Scotland PLC (The)), 5.0%, 10–2–07 .....	2,000	<u>1,999,722</u>
<b>TOTAL SHORT-TERM SECURITIES – 11.65%</b>		<u><b>\$ 40,134,834</b></u>
(Cost: \$40,134,834)		
<b>TOTAL INVESTMENT SECURITIES – 106.45%</b>		<u><b>\$366,685,123</b></u>
(Cost: \$375,964,917)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (6.45%)</b>		<u><b>(22,208,806)</b></u>
<b>NET ASSETS – 100.00%</b>		<u><b>\$344,476,317</b></u>

See Notes to Schedule of Investments on page 216.

# The Investments of Ivy Mortgage Securities Fund

September 30, 2007

(Unaudited)

## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

\*Not shown due to rounding.

- (A) Variable rate security. Interest rate disclosed is that which is in effect at September 30, 2007.
- (B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At September 30, 2007, the total value of these securities amount to \$31,437,262 or 9.13% of net assets.
- (C) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At September 30, 2007, the total value of these securities amount to \$13,817,438 or 4.01% of net assets.
- (D) This security does not bear interest for an initial period of time and subsequently becomes interest bearing.
- (E) Securities serve as collateral for the following open futures contracts at September 30, 2007. (See Note 7 to financial statements):

Description	Type	Expiration Date	Number of Contracts	Market Value	Unrealized Appreciation (Depreciation)
United States 5 Year Treasury Note	Short	12–31–07	6	\$ 642,188	\$ (4,436)
United States 10 Year Treasury Note	Short	12–19–07	97	10,600,281	41,577
				<u>\$11,242,469</u>	<u>\$ 37,141</u>

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.



# Statement of Assets and Liabilities

## IVY MORTGAGE SECURITIES FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$375,965) (Notes 1 and 3) . . . . .	\$366,685
Receivables:	
Interest . . . . .	1,532
Fund shares sold . . . . .	656
Variation margin (Note 7) . . . . .	9
Prepaid and other assets . . . . .	43
Total assets . . . . .	<u>368,925</u>

### LIABILITIES

Payable for investment securities purchased . . . . .	22,897
Payable to Fund shareholders . . . . .	610
Due to custodian . . . . .	309
Accrued management fee (Note 2) . . . . .	139
Dividends payable . . . . .	130
Accrued service fee (Note 2) . . . . .	127
Accrued shareholder servicing (Note 2) . . . . .	102
Accrued distribution fee (Note 2) . . . . .	20
Accrued accounting services fee (Note 2) . . . . .	9
Other . . . . .	106
Total liabilities . . . . .	<u>24,449</u>
Total net assets . . . . .	<u>\$344,476</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$355,140
Accumulated undistributed income (loss):	
Accumulated undistributed net investment income . . . . .	—
Accumulated undistributed net realized loss on investment transactions . . . . .	(1,421)
Net unrealized depreciation in value of investments . . . . .	(9,243)
Net assets applicable to outstanding units of capital . . . . .	<u>\$344,476</u>

### Net asset value per share (net assets divided by shares outstanding):

Class A . . . . .	\$10.39
Class B . . . . .	\$10.39
Class C . . . . .	\$10.39
Class E . . . . .	\$10.39
Class I . . . . .	\$10.39
Class Y . . . . .	\$10.39

### Capital shares outstanding:

Class A . . . . .	28,759
Class B . . . . .	1,281
Class C . . . . .	1,889
Class E . . . . .	17
Class I . . . . .	24
Class Y . . . . .	1,188

See Notes to Financial Statements.

# Statement of Operations

## IVY MORTGAGE SECURITIES FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):	
Interest and amortization . . . . .	\$ 9,876
Expenses (Note 2):	
Investment management fee . . . . .	834
Shareholder servicing:	
Class A . . . . .	378
Class B . . . . .	30
Class C . . . . .	29
Class E . . . . .	1
Class I . . . . .	—*
Class Y . . . . .	10
Service fee:	
Class A . . . . .	350
Class B . . . . .	15
Class C . . . . .	24
Class Y . . . . .	16
Distribution fee:	
Class A . . . . .	11
Class B . . . . .	45
Class C . . . . .	73
Class E . . . . .	—*
Accounting services fee . . . . .	53
Audit fees . . . . .	15
Custodian fees . . . . .	15
Legal fees . . . . .	4
Other . . . . .	121
Total expenses . . . . .	<u>2,024</u>
Net investment income . . . . .	<u>7,852</u>

### REALIZED AND UNREALIZED GAIN (LOSS)

#### ON INVESTMENTS (NOTES 1 AND 3)

Realized net loss on securities . . . . .	(568)
Realized net gain on futures . . . . .	87
Realized net loss on investments . . . . .	<u>(481)</u>
Unrealized depreciation in value of securities during the period . . . . .	(5,779)
Unrealized appreciation in value of futures contracts during the period . . . . .	46
Unrealized depreciation in value of investments during the period . . . . .	<u>(5,733)</u>
Net loss on investments . . . . .	<u>(6,214)</u>
Net increase in net assets resulting from operations . . . . .	<u>\$ 1,638</u>

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY MORTGAGE SECURITIES FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income .....	\$ 7,852	\$ 14,172
Realized net loss on investments .....	(481)	(111)
Unrealized appreciation (depreciation) .....	(5,733)	3,634
Net increase in net assets resulting from operations .....	1,638	17,695
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A .....	(6,900)	(12,512)
Class B .....	(230)	(422)
Class C .....	(388)	(765)
Class E .....	(3)	NA
Class I .....	(6)	NA
Class Y .....	(325)	(473)
Realized gains on investment transactions:		
Class A .....	(—)	(—)
Class B .....	(—)	(—)
Class C .....	(—)	(—)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(—)
	(7,852)	(14,172)
Capital share transactions (Note 5) .....	29,187	38,091
Total increase .....	22,973	41,614
<b>NET ASSETS</b>		
Beginning of period .....	321,503	279,889
End of period .....	\$344,476	\$321,503
Undistributed net investment income .....	\$ —	\$ —

(1) See "Financial Highlights" on pages 220 - 225.

See Notes to Financial Statements.

# Financial Highlights

## IVY MORTGAGE SECURITIES FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the	
	six months	ended March 31,			fiscal period	fiscal year ended	
	ended	2007	2006	2005	ended	2003	2002
	9-30-07				3-31-04		
Net asset value, beginning of period . . . . .	\$10.59	\$10.44	\$10.68	\$10.96	\$10.97	\$11.07	\$10.99
Income (loss) from investment operations:							
Net investment income . . . . .	0.25	0.51	0.48	0.49	0.25	0.59	0.70
Net realized and unrealized gain (loss) on investments . . . . .	(0.20)	0.15	(0.24)	(0.27)	0.03	(0.12)	0.11
Total from investment operations . . . . .	0.05	0.66	0.24	0.22	0.28	0.47	0.81
Less distributions from:							
Net investment income . . . . .	(0.25)	(0.51)	(0.48)	(0.49)	(0.25)	(0.57)	(0.72)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.01)	(0.04)	(0.00)	(0.00)
Tax return of capital . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Total distributions . . . . .	(0.25)	(0.51)	(0.48)	(0.50)	(0.29)	(0.57)	(0.73)
Net asset value, end of period . . . . .	\$10.39	\$10.59	\$10.44	\$10.68	\$10.96	\$10.97	\$11.07
Total return <sup>(1)</sup> . . . . .	0.50%	6.52%	2.24%	2.12%	2.70%	4.19% <sup>(2)</sup>	7.88%
Net assets, end of period (in millions) . . . . .	\$299	\$278	\$243	\$188	\$134	\$91	\$67
Ratio of expenses to average net assets including reimbursement . . . . .	1.14% <sup>(3)</sup>	1.14%	1.05%	0.95%	1.05% <sup>(3)(4)</sup>	0.97%	0.95%
Ratio of net investment income to average net assets including reimbursement . . . . .	4.78% <sup>(3)</sup>	4.90%	4.51%	4.59%	4.56% <sup>(3)(4)</sup>	5.27%	6.24%
Ratio of expenses to average net assets excluding reimbursement . . . . .	1.14% <sup>(3)(5)</sup>	1.14% <sup>(5)</sup>	1.16%	1.23%	1.38% <sup>(3)(4)</sup>	1.12%	1.21%
Ratio of net investment income to average net assets excluding reimbursement . . . . .	4.78% <sup>(3)(5)</sup>	4.90% <sup>(5)</sup>	4.40%	4.31%	4.22% <sup>(3)(4)</sup>	5.12%	5.98%
Portfolio turnover rate . . . . .	48%	121%	154%	200%	57%	83%	99%

(1) Total return calculated without taking into account the sales load deducted on an initial purchase.

(2) Adventus Capital reimbursed the Fund for losses related to certain investment trades. With reimbursed losses, the total return for Class A, for the year ended September 30, 2003, would have been 4.28%.

(3) Annualized.

(4) In connection with the reorganization plan effected December 8, 2003, Class B and Class C shares of the predecessor Adventus Fund were exchanged into Class A shares at the time of the merger. The ratios shown reflect a blended rate that includes income and expenses for those Class B and Class C shares before October 1, 2003 up to the time of merger. Expenses for Class A shares before and after the merger were limited to 0.95% of average net assets.

(5) There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY MORTGAGE SECURITIES FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$10.59	\$10.44	\$10.68	\$10.96	\$10.87
Income (loss) from investment operations:					
Net investment income . . . . .	0.20	0.40	0.36	0.37	0.12
Net realized and unrealized gain (loss) on investments . . . . .	(0.20)	0.15	(0.24)	(0.27)	0.13
Total from investment operations . . . . .	0.00	0.55	0.12	0.10	0.25
Less distributions from:					
Net investment income . . . . .	(0.20)	(0.40)	(0.36)	(0.37)	(0.12)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.01)	(0.04)
Total distributions . . . . .	(0.20)	(0.40)	(0.36)	(0.38)	(0.16)
Net asset value, end of period . . . . .	\$10.39	\$10.59	\$10.44	\$10.68	\$10.96
Total return . . . . .	0.01%	5.45%	1.12%	0.92%	2.32%
Net assets, end of period (in millions) . . . . .	\$13	\$12	\$11	\$7	\$1
Ratio of expenses to average net assets . . . . .	2.12% <sup>(2)</sup>	2.16%	2.16%	2.16%	1.89% <sup>(2)</sup>
Ratio of net investment income to average net assets . . . . .	3.80% <sup>(2)</sup>	3.88%	3.41%	3.29%	3.59% <sup>(2)</sup>
Portfolio turnover rate . . . . .	48%	121%	154%	200%	57% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the six months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY MORTGAGE SECURITIES FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$10.59	\$10.44	\$10.68	\$10.96	\$10.87
Income (loss) from investment operations:					
Net investment income . . . . .	0.21	0.42	0.38	0.38	0.12
Net realized and unrealized gain (loss) on investments. . . . .	(0.20)	0.15	(0.24)	(0.27)	0.13
Total from investment operations . . . . .	0.01	0.57	0.14	0.11	0.25
Less distributions from:					
Net investment income . . . . .	(0.21)	(0.42)	(0.38)	(0.38)	(0.12)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.01)	(0.04)
Total distributions . . . . .	(0.21)	(0.42)	(0.38)	(0.39)	(0.16)
Net asset value, end of period . . . . .	\$10.39	\$10.59	\$10.44	\$10.68	\$10.96
Total return . . . . .	0.11%	5.69%	1.34%	1.05%	2.32%
Net assets, end of period (in millions) . . . . .	\$20	\$19	\$19	\$12	\$2
Ratio of expenses to average net assets . . . . .	1.92% <sup>(2)</sup>	1.93%	1.93%	2.03%	1.86% <sup>(2)</sup>
Ratio of net investment income to average net assets . . . . .	4.00% <sup>(2)</sup>	4.11%	3.63%	3.41%	3.61% <sup>(2)</sup>
Portfolio turnover rate . . . . .	48%	121%	154%	200%	57% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the six months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY MORTGAGE SECURITIES FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.59
Income (loss) from investment operations:	
Net investment income . . . . .	0.24 <sup>(2)</sup>
Net realized and unrealized loss on investments . . . . .	(0.20) <sup>(2)</sup>
Total from investment operations . . . . .	0.04
Less distributions from:	
Net investment income . . . . .	(0.24)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	(0.24)
Net asset value, end of period . . . . .	\$10.39
Total return <sup>(3)</sup> . . . . .	0.37%
Net assets, end of period (in thousands) . . . . .	\$179
Ratio of expenses to average net assets . . . . .	1.29% <sup>(4)</sup>
Ratio of net investment income to average net assets . . . . .	4.62% <sup>(4)</sup>
Portfolio turnover rate . . . . .	48% <sup>(5)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Total return calculated without taking into account the sales load deducted on an initial purchase.

(4) Annualized.

(5) For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY MORTGAGE SECURITIES FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$10.59
Income (loss) from investment operations:	
Net investment income . . . . .	0.31 <sup>(2)</sup>
Net realized and unrealized loss on investments . . . . .	(0.20) <sup>(2)</sup>
Total from investment operations . . . . .	0.11
Less distributions from:	
Net investment income . . . . .	(0.31)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	(0.31)
Net asset value, end of period . . . . .	\$10.39
Total return . . . . .	1.00%
Net assets, end of period (in thousands) . . . . .	\$256
Ratio of expenses to average net assets . . . . .	0.79% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	5.13% <sup>(3)</sup>
Portfolio turnover rate . . . . .	48% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the six months ended September 30, 2007.

See Notes to Financial Statements.



# Financial Highlights

## IVY MORTGAGE SECURITIES FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$10.59	\$10.44	\$10.68	\$10.96	\$10.87
Income (loss) from investment operations:					
Net investment income . . . . .	0.25	0.52	0.48	0.48	0.15
Net realized and unrealized gain (loss) on investments . . . . .	(0.20)	0.15	(0.24)	(0.27)	0.13
Total from investment operations . . . . .	0.05	0.67	0.24	0.21	0.28
Less distributions from:					
Net investment income . . . . .	(0.25)	(0.52)	(0.48)	(0.48)	(0.15)
Capital gains . . . . .	(0.00)	(0.00)	(0.00)	(0.01)	(0.04)
Total distributions . . . . .	(0.25)	(0.52)	(0.48)	(0.49)	(0.19)
Net asset value, end of period . . . . .	\$10.39	\$10.59	\$10.44	\$10.68	\$10.96
Total return . . . . .	0.57%	6.66%	2.26%	1.95%	2.56%
Net assets, end of period (in millions) . . . . .	\$12	\$13	\$7	\$6	\$3
Ratio of expenses to average net assets . . . . .	1.01% <sup>(2)</sup>	1.00%	1.03%	1.12%	1.09% <sup>(2)</sup>
Ratio of net investment income to average net assets . . . . .	4.92% <sup>(2)</sup>	5.04%	4.53%	4.41%	4.38% <sup>(2)</sup>
Portfolio turnover rate . . . . .	48%	121%	154%	200%	57% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the six months ended March 31, 2004.

See Notes to Financial Statements.

## SHAREHOLDER SUMMARY OF IVY PACIFIC OPPORTUNITIES FUND

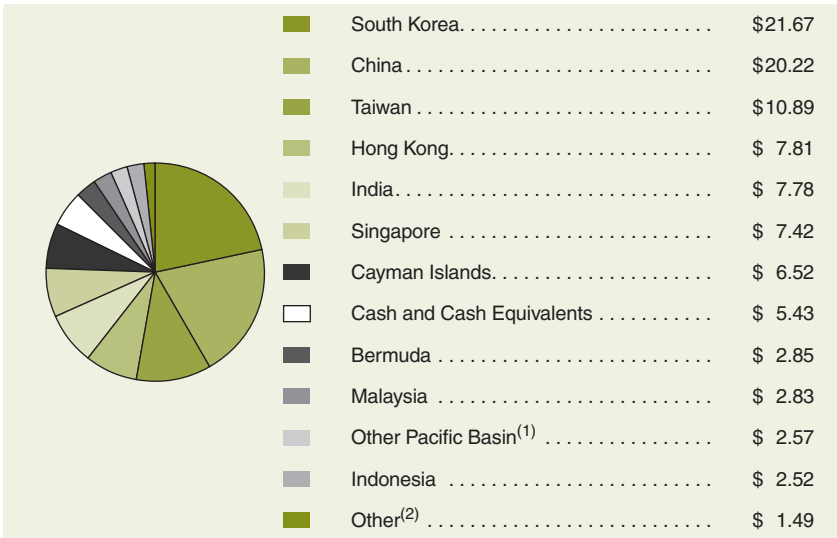
### Portfolio Highlights

On September 30, 2007, Ivy Pacific Opportunities Fund had net assets totaling \$666,587,513 invested in a diversified portfolio of:

94.57%	Foreign Common Stocks and Investment Funds
5.43%	Cash and Cash Equivalents

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund was invested by country and by industry, respectively, as follows:

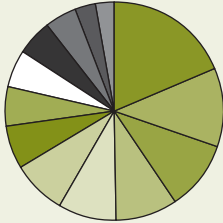
### Country Weightings



(1)Includes \$1.63 Australia, \$0.10 Philippines and \$0.84 Thailand.

(2)Includes \$0.36 Canada and \$1.13 United Kingdom.

## Sector Weightings



Financial Services Stocks . . . . .	\$18.79
Raw Materials Stocks . . . . .	\$11.57
Capital Goods Stocks . . . . .	\$10.38
Business Equipment and Services Stocks . . . . .	\$ 9.00
Technology Stocks . . . . .	\$ 8.87
Utilities Stocks . . . . .	\$ 7.79
Shelter Stocks . . . . .	\$ 6.51
Multi-Industry Stocks . . . . .	\$ 5.89
Cash and Cash Equivalents . . . . .	\$ 5.43
Energy Stocks . . . . .	\$ 5.38
Retail Stocks . . . . .	\$ 4.58
Consumer Nondurables Stocks . . . . .	\$ 3.30
Miscellaneous Stocks . . . . .	\$ 2.51

# The Investments of Ivy Pacific Opportunities Fund

September 30, 2007

(Unaudited)

COMMON STOCKS	Shares	Value
<b>Australia – 1.63%</b>		
Rio Tinto Limited (A) . . . . .	113,430	<b>\$ 10,892,581</b>
<b>Bermuda – 2.85%</b>		
China Yurun Food Group Limited (A) . . . . .	5,000,000	7,203,638
Enerchina Holdings Limited (A)* . . . . .	56,718,000	3,210,240
REXCAPITAL Financial Holdings Limited (A)* . . . . .	52,975,000	8,586,286
Wah Sang Gas Holdings Limited (A)(B)* . . . . .	736,000	15,148
		<b>19,015,312</b>
<b>Canada – 0.36%</b>		
Canadian Solar Inc.* . . . . .	250,000	<b>2,393,750</b>
<b>Cayman Islands – 6.25%</b>		
Agile Property Holdings Limited (A) . . . . .	4,678,000	9,820,740
Heng Tai Consumables Group Limited (A)* . . . . .	18,000,000	2,894,319
Shimao Property Holdings Limited (A) . . . . .	2,167,500	6,594,078
Simcere Pharmaceutical Group* . . . . .	350,000	5,575,500
Suntech Power Holdings Co., Ltd., ADR* . . . . .	161,400	6,439,860
Tencent Holdings Limited (A) . . . . .	1,600,000	10,332,075
		<b>41,656,572</b>
<b>China – 20.22%</b>		
Acorn International, Inc., ADR* . . . . .	127,700	2,640,836
Aluminum Corporation of China Limited (A)(D) . . . . .	750,000	2,156,268
China BlueChemical Ltd., H Shares (A) . . . . .	7,604,000	5,027,697
China Merchants Bank Co., Limited, H Shares (A) . . . . .	1,329,500	5,840,404
China Merchants Bank Co., Limited, H Shares (A)(D) . . . . .	2,000,000	8,785,865
China Mobile Limited (A) . . . . .	1,277,500	20,919,589
China Oilfield Services Limited (A) . . . . .	5,190,000	11,950,449
China Resources Power Holdings Company Limited (A) . . . . .	2,500,000	7,766,422
China Shenhua Energy Company Limited, H Shares (A) . . . . .	1,400,000	8,410,247
China Shenhua Energy Company Limited, H shares (A)(D) . . . . .	1,200,000	7,208,783
Hunan Nonferrous Metals Corporation Limited (A) . . . . .	8,204,000	8,463,770
PetroChina Company Limited, H Shares (A) . . . . .	2,222,000	4,213,135
PetroChina Company Limited, H Shares (A)(C) . . . . .	1,526,000	2,893,449

See Notes to Schedule of Investments on page 233.

# The Investments of Ivy Pacific Opportunities Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>China (Continued)</b>		
Ping An Insurance (Group) Company of China, Ltd., H Shares (A) . . . . .	1,094,500	\$ 15,149,276
SINA Corporation* . . . . .	67,000	3,207,960
Sino-Ocean Land Holdings Limited (A)(C)* . . . . .	1,000,000	1,415,000
Sinopec Shanghai Petrochemical Company Limited (A) . . . . .	7,000,000	5,735,897
Xinhua Finance Media, ADR* . . . . .	598,100	4,581,446
Yingli Green Energy Holding Company Limited* . . . . .	324,200	8,451,894
		<b><u>134,818,387</u></b>
<b>Hong Kong – 7.81%</b>		
Bank of East Asia, Limited (The) (A) . . . . .	1,178,600	6,610,233
Beijing Enterprises Holdings Limited (A) . . . . .	1,538,000	7,814,789
CNOOC Limited (A) . . . . .	6,000,000	10,079,948
Cheung Kong (Holdings) Limited (A) . . . . .	450,000	7,421,033
China Aoyuan Property Group Limited (A) . . . . .	300,000	200,673
Hang Lung Properties Limited (A) . . . . .	1,651,000	7,390,778
Hutchison Whampoa Limited, Ordinary Shares (A) . . . . .	498,000	5,326,666
Lee & Man Paper Manufacturing Limited (A) . . . . .	1,658,000	7,198,171
		<b><u>52,042,291</u></b>
<b>India – 7.78%</b>		
Ambuja Cements Limited (A) . . . . .	1,699,734	6,163,789
Bharat Heavy Electricals Limited (A) . . . . .	225,860	11,545,656
ICICI Bank Limited, ADR . . . . .	200,000	10,544,000
Infosys Technologies Limited (A) . . . . .	120,000	5,699,981
Reliance Industries Limited (A) . . . . .	168,940	9,742,959
Satyam Computer Services Limited (A) . . . . .	440,000	4,926,432
TATA POWER COMPANY LIMITED (THE) (A) . . . . .	150,000	3,215,886
		<b><u>51,838,703</u></b>
<b>Indonesia – 2.52%</b>		
PT Astra International Tbk (A) . . . . .	2,866,000	6,032,860
PT Bank Rakyat Indonesia (A) . . . . .	6,778,500	4,892,083
Perusahaan Perseroan (Persero) PT Telekomunikasi Indonesia Tbk . . . . .	120,000	5,858,400
		<b><u>16,783,343</u></b>
<b>Malaysia – 2.83%</b>		
Bumiputra-Commerce Holdings Berhad (A) . . . . .	1,356,000	4,258,019
Genting Berhad (A) . . . . .	2,067,900	4,885,281
IOI Corporation Berhad (A) . . . . .	1,748,950	3,105,252
LION DIVERSIFIED HOLDINGS BERHAD (A) . . . . .	1,946,300	6,625,702
		<b><u>18,874,254</u></b>

See Notes to Schedule of Investments on page 233.

# The Investments of Ivy Pacific Opportunities Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Philippines – 0.10%</b>		
Vista Land & Lifescapes, Inc. (A)(D)*	6,000,000	<b>\$ 679,245</b>
<b>Singapore – 7.42%</b>		
DBS Group Holdings Ltd (A)	626,000	9,102,390
K-REIT Asia (A)	1,205,940	2,183,762
Keppel Corporation Limited (A)	725,080	7,028,712
Keppel Land Limited (A)	1,426,000	7,967,553
SembCorp Industries Ltd (A)	1,424,000	6,182,969
Singapore Telecommunications Limited (A)	2,139,350	5,789,422
United Overseas Bank Limited (A)	365,000	5,430,158
Wilmar International Limited (A)	2,356,000	5,804,753
		<b>49,489,719</b>
<b>South Korea – 21.67%</b>		
Daegu Bank, Ltd. (A)	443,300	8,210,156
Daelim Industrial Co., Ltd. (A)	55,000	10,186,298
Daewoo Shipbuilding & Marine Engineering Co., Ltd. (A)	106,240	6,721,259
Dongkuk Steel Mill Co., Ltd. (A)	140,450	7,412,298
ForHuman Co., Ltd. (A)*	194,760	5,990,487
GMARKET INC., ADR*	300,000	7,042,500
Hana Financial Group, Inc. (A)	100,000	4,714,816
Hyundai Department Store Co., Ltd. (A)	70,510	8,474,760
Hyundai Development Company – Engineering & Construction (A)	80,720	7,541,040
KCC Corporation (A)	11,340	6,926,420
Kookmin Bank (A)	138,140	11,501,604
Korea Investment Holdings Co., Ltd. (A)	37,650	2,476,541
Korea Tobacco & Ginseng Corporation (A)	67,710	5,289,844
Kyeryong Construction Industrial Co. Ltd (A)	102,500	6,215,855
LG Chem, Ltd. (A)	85,000	8,916,084
Lotte Shopping Co., Ltd. (A)	17,000	7,244,318
NHN Corporation (A)*	28,620	6,623,379
Samsung Corporation (A)	148,250	10,901,688
Samsung Electronics Co., Ltd. (A)	19,160	12,037,806
		<b>144,427,153</b>

See Notes to Schedule of Investments on page 233.

# The Investments of Ivy Pacific Opportunities Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Taiwan – 10.89%</b>		
Cathay Financial Holding Co., Ltd. (A) . . . . .	2,145,662	\$ 5,075,689
Foxconn Technology Co., Ltd. (A) . . . . .	557,635	6,458,895
Fubon Financial Holding Co., Ltd. (A) . . . . .	5,573,000	4,755,877
Hon Hai Precision Ind. Co., Ltd. (A)* . . . . .	1,219,200	9,190,231
MediaTek Incorporation (A) . . . . .	539,700	9,724,026
Nan Ya Plastics Corporation (A) . . . . .	2,496,000	6,500,996
TSRC Corporation (A) . . . . .	3,195,000	5,482,458
Taiwan Fertilizer Co., Ltd. (A) . . . . .	4,000,000	9,658,342
Taiwan Semiconductor Manufacturing Company Ltd. (A) . . . . .	3,546,005	6,910,554
Wistron Corporation (A) . . . . .	4,874,978	8,813,351
		<u>72,570,419</u>
<b>Thailand – 0.84%</b>		
Advanced Info Service Public Company Limited (A) . . . . .	961,500	2,496,674
PTT Public Company Limited (A) . . . . .	315,000	3,087,965
		<u>5,584,639</u>
<b>United Kingdom – 1.13%</b>		
Standard Chartered PLC (A) . . . . .	231,500	<u>7,534,169</u>
<b>TOTAL COMMON STOCKS – 94.30%</b>		<b>\$628,600,537</b>
(Cost: \$399,015,932)		
<b>INVESTMENT FUNDS – 0.27%</b>		
<b>Multiple Industry</b>		
Vietnam Azalea Fund Limited (E)(F)* . . . . .	500,000	<b>\$ 1,777,000</b>
(Cost: \$1,900,000)		
	<b>Principal Amount in Thousands</b>	
<b>SHORT-TERM SECURITIES</b>		
<b>Commercial Paper</b>		
<b>Banks – 0.82%</b>		
Lloyds TSB Bank PLC:		
4.97%, 10–17–07 . . . . .	\$1,500	1,496,687
5.59%, 10–17–07 . . . . .	4,000	3,990,062
		<u>5,486,749</u>
<b>Beverages – 0.52%</b>		
Coca-Cola Company (The),		
4.82%, 10–12–07 . . . . .	3,500	<u>3,494,845</u>
<b>Food and Related – 0.30%</b>		
Archer Daniels Midland Company,		
5.1%, 11–6–07 . . . . .	2,000	<u>1,989,800</u>

See Notes to Schedule of Investments on page 233.

# The Investments of Ivy Pacific Opportunities Fund

September 30, 2007

(Unaudited)

SHORT-TERM SECURITIES (Continued)	Principal Amount in Thousands	Value
<b>Commercial Paper (Continued)</b>		
<b>Health Care – Drugs – 0.75%</b>		
GlaxoSmithKline Finance plc, 5.4%, 10–5–07 .....	\$5,000	<u>\$ 4,997,000</u>
<b>Health Care – General – 0.30%</b>		
Johnson & Johnson, 4.72%, 11–20–07 .....	2,000	<u>1,986,889</u>
<b>Household – General Products – 1.31%</b>		
Procter & Gamble International Funding S.C.A. (Procter & Gamble Company (The)):		
5.2%, 10–9–07 .....	5,000	4,994,222
4.8%, 10–17–07 .....	3,750	<u>3,742,000</u>
		<u><b>8,736,222</b></u>
<b>Mining – 0.74%</b>		
BHP Billiton Finance (USA) Limited (BHP Billiton Limited), 5.0%, 10–1–07 .....	4,920	<u>4,920,000</u>
<b>Security and Commodity Brokers – 0.45%</b>		
UBS Finance Delaware LLC (UBS AG), 5.52%, 10–15–07 .....	3,000	<u>2,993,560</u>
<b>Total Commercial Paper – 5.19%</b>		<u><b>34,605,065</b></u>
<b>Commercial Paper (backed by irrevocable bank letter of credit) – 0.45%</b>		
<b>Finance Companies</b>		
ED&F Man Treasury Management PLC (Royal Bank of Scotland PLC (The)), 5.0%, 10–2–07 .....	3,000	<u>2,999,584</u>
<b>TOTAL SHORT-TERM SECURITIES – 5.64%</b>		<u><b>\$ 37,604,649</b></u>
(Cost: \$37,604,649)		
<b>TOTAL INVESTMENT SECURITIES – 100.21%</b>		<u><b>\$667,982,186</b></u>
(Cost: \$438,520,581)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.21%)</b>		<u><b>(1,394,673)</b></u>
<b>NET ASSETS – 100.00%</b>		<u><b>\$666,587,513</b></u>

See Notes to Schedule of Investments on page 233.



# The Investments of Ivy Pacific Opportunities Fund

September 30, 2007

(Unaudited)

## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

The following written options were outstanding as of September 30, 2007. (See Note 6 to financial statements):

Underlying Security	Contracts Subject to Call	Premium Received	Market Value
MSCI AC Asia Excluding Japan Index	321,429	\$ 1,476,002	\$ 6,615,009

Underlying Security	Contracts Subject to Put	Premium Received	Market Value
MSCI AC Asia Excluding Japan Index	321,429	\$ 540,001	\$ 77,143

\*No dividends were paid during the preceding 12 months.

(A) Listed on an exchange outside the United States.

(B) Security was valued in good faith by the Valuation Committee subject to the supervision of the Board of Trustees.

(C) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be illiquid under guidelines established by the Board of Trustees. At September 30, 2007, the total value of these securities amount to \$4,308,449 or 0.65% of net assets.

(D) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. These securities have been determined to be liquid under guidelines established by the Board of Trustees. At September 30, 2007, the total value of these securities amount to \$18,830,161 or 2.82% of net assets.

(E) Deemed to be an affiliate due to the Fund having at least 5% of the voting securities.

(F) Restricted security. At September 30, 2007, the total value of restricted securities owned were:

Security	Acquisition Date	Shares	Cost	Market Value
Vietnam Azalea Fund Limited	8-3-07	500,000	\$ 1,900,000	\$ 1,777,000

The total market value of restricted securities represents approximately 0.27% of net assets at September 30, 2007.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY PACIFIC OPPORTUNITIES FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$438,521) (Notes 1 and 3) . . . . .	\$667,982
Cash denominated in foreign currencies (cost – \$7,188). . . . .	7,238
Receivables:	
Fund shares sold . . . . .	3,619
Investment securities sold . . . . .	3,121
Dividends and interest. . . . .	1,818
Prepaid and other assets . . . . .	63
Total assets . . . . .	<u>683,841</u>

### LIABILITIES

Payable for investment securities purchased . . . . .	7,904
Outstanding written options – at value (premium received – \$2,016) (Note 6) . . . . .	6,692
Payable to Fund shareholders . . . . .	650
Accrued management fee (Note 2) . . . . .	490
Due to custodian. . . . .	361
Accrued service fee (Note 2) . . . . .	234
Accrued shareholder servicing (Note 2). . . . .	173
Accrued distribution fee (Note 2) . . . . .	42
Accrued accounting services fee (Note 2) . . . . .	9
Accrued administrative fee (Note 2) . . . . .	5
Other . . . . .	693
Total liabilities . . . . .	<u>17,253</u>
Total net assets . . . . .	<u>\$666,588</u>

See Notes to Financial Statements.

# Statement of Assets and Liabilities

(Continued)

## IVY PACIFIC OPPORTUNITIES FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$397,509
Accumulated undistributed income:	
Accumulated undistributed net investment income. . . . .	654
Accumulated undistributed net realized gain on investment transactions . . . . .	44,048
Net unrealized appreciation in value of investments . . . . .	224,377
Net assets applicable to outstanding units of capital. . . . .	<u>\$666,588</u>
Net asset value per share (net assets divided by shares outstanding):	
Class A . . . . .	\$23.18
Class B . . . . .	\$21.13
Class C . . . . .	\$21.47
Class E . . . . .	\$23.21
Class I . . . . .	\$23.42
Class Y . . . . .	\$23.37
Advisor Class . . . . .	\$22.73
Capital shares outstanding:	
Class A . . . . .	24,078
Class B . . . . .	1,314
Class C . . . . .	2,180
Class E . . . . .	6
Class I . . . . .	1,082
Class Y . . . . .	356
Advisor Class . . . . .	5

See Notes to Financial Statements.

# Statement of Operations

## IVY PACIFIC OPPORTUNITIES FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):	
Dividends (net of foreign withholding taxes of \$672) .....	\$ 6,038
Interest and amortization .....	366
Total income .....	<u>6,404</u>
Expenses (Note 2):	
Investment management fee .....	2,615
Shareholder servicing:	
Class A .....	730
Class B .....	65
Class C .....	62
Class E .....	—*
Class I .....	11
Class Y .....	5
Advisor Class .....	—*
Service fee:	
Class A .....	525
Class B .....	29
Class C .....	48
Class Y .....	8
Custodian fee .....	283
Distribution fee:	
Class A .....	33
Class B .....	87
Class C .....	145
Class E .....	—*
Accounting services fee .....	50
Administrative fee .....	27
Audit fees .....	12
Legal fees .....	4
Other .....	156
Total expenses .....	<u>4,895</u>
Net investment income .....	<u>1,509</u>

\*Not shown due to rounding.

See Notes to Financial Statements.

# Statement of Operations

(Continued)

## IVY PACIFIC OPPORTUNITIES FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### REALIZED AND UNREALIZED GAIN

#### (LOSS) ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on securities . . . . .	\$ 25,861
Realized net loss on foreign currency transactions . . . . .	(177)
Realized net gain on investments . . . . .	<u>25,684</u>
Unrealized appreciation in value of securities during the period <sup>(1)</sup> . . . . .	148,015
Unrealized depreciation in value of written options during the period . . . . .	(4,676)
Unrealized appreciation in value of foreign currency exchange transactions during the period . . . . .	<u>49</u>
Unrealized appreciation in value of investments during the period . . . . .	<u>143,388</u>
Net gain on investments . . . . .	<u>169,072</u>
Net increase in net assets resulting from operations . . . . .	<u>\$170,581</u>

(1)Includes \$123 in depreciation of affiliated security.

# Statement of Changes in Net Assets

## IVY PACIFIC OPPORTUNITIES FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income (loss) . . . . .	\$ 1,509	\$ (768)
Realized net gain on investments . . . . .	25,684	26,457
Unrealized appreciation. . . . .	143,388	41,957
Net increase in net assets resulting from operations. . . . .	170,581	67,646
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A. . . . .	(—)	(189)
Class B. . . . .	(—)	(—)
Class C. . . . .	(—)	(—)
Class E. . . . .	(—)	NA
Class I . . . . .	(—)	NA
Class Y. . . . .	(—)	(18)
Advisor Class . . . . .	(—)	(—)*
Realized gains on investment transactions:		
Class A. . . . .	(—)	(11,514)
Class B. . . . .	(—)	(669)
Class C. . . . .	(—)	(1,077)
Class E. . . . .	(—)	NA
Class I . . . . .	(—)	NA
Class Y. . . . .	(—)	(239)
Advisor Class . . . . .	(—)	(3)
	(—)	(13,709)
Capital share transactions (Note 5) . . . . .	58,877	159,167
Total increase . . . . .	229,458	213,104
<b>NET ASSETS</b>		
Beginning of period. . . . .	437,130	224,026
End of period. . . . .	\$666,588	\$437,130
Undistributed net investment income (loss) . . . . .	\$ 654	\$ (678)

\*Not shown due to rounding.

(1)See "Financial Highlights" on pages 239 - 245.

See Notes to Financial Statements.

# Financial Highlights

## IVY PACIFIC OPPORTUNITIES FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$16.91	\$14.32	\$10.61	\$ 9.55	\$9.11	\$5.96	\$6.72
Income (loss) from investment operations:							
Net investment income (loss) . . . . .	0.06	(0.02)	0.02 <sup>(1)</sup>	(0.07)	0.00	(0.02)	0.01 <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	6.21	3.23	3.83 <sup>(1)</sup>	1.13	0.44	3.17	(0.77) <sup>(2)</sup>
Total from investment operations . . . . .	6.27	3.21	3.85	1.06	0.44	3.15	(0.76)
Less distributions from:							
Net investment income . . .	(0.00)	(0.01)	(0.04)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.61)	(0.10)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.62)	(0.14)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value, end of period . . . . .	\$23.18	\$16.91	\$14.32	\$10.61	\$9.55	\$9.11	\$5.96
Total return <sup>(3)</sup> . . . . .	37.08%	22.60%	36.51%	11.10%	4.83%	52.85%	-11.31% <sup>(2)</sup>
Net assets, end of period (in millions) . . . . .	\$558	\$375	\$191	\$64	\$29	\$18	\$5
Ratio of expenses to average net assets including reimbursement . . . . .	1.77% <sup>(4)</sup>	1.84%	1.95%	2.22%	2.07% <sup>(4)</sup>	2.64%	2.21%
Ratio of net investment income (loss) to average net assets including reimbursement . . . . .	0.66% <sup>(4)</sup>	-0.14%	0.24%	-0.80%	-1.07% <sup>(4)</sup>	-0.39%	0.20%
Ratio of expenses to average net assets excluding reimbursement . . . . .	1.77% <sup>(4)(5)</sup>	1.84% <sup>(5)</sup>	1.95% <sup>(5)</sup>	2.22% <sup>(5)</sup>	2.07% <sup>(4)(5)</sup>	2.73%	3.52%
Ratio of net investment income (loss) to average net assets excluding reimbursement . . . . .	0.66% <sup>(4)(5)</sup>	-0.14% <sup>(5)</sup>	0.24% <sup>(5)</sup>	-0.80% <sup>(5)</sup>	-1.07% <sup>(4)(5)</sup>	-0.48%	-1.11%
Portfolio turnover rate . . . . .	42%	74%	87%	87%	61%	187%	16%

(1)Based on average shares outstanding.

(2)Includes redemption fees added to capital.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

(5)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY PACIFIC OPPORTUNITIES FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the fiscal	
	six months	ended March 31,			fiscal period	year ended	
	ended	2007	2006	2005	ended	December 31,	2002
	9-30-07				3-31-04	2003	2002
Net asset value,							
beginning of period . . . . .	\$15.49	\$13.29	\$ 9.91	\$9.01	\$8.61	\$5.75	\$6.56
Income (loss) from							
investment operations:							
Net investment loss . . . . .	(0.02)	(0.07)	(0.06) <sup>(1)</sup>	(0.13)	(0.04)	(0.06)	(0.04) <sup>(1)</sup>
Net realized and							
unrealized gain							
(loss) on investments . . . . .	5.66	2.88	3.54 <sup>(1)</sup>	1.03	0.44	2.92	(0.77)
Total from investment							
operations . . . . .	5.64	2.81	3.48	0.90	0.40	2.86	(0.81)
Less distributions from:							
Net investment income . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.61)	(0.10)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.61)	(0.10)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value,							
end of period . . . . .	\$21.13	\$15.49	\$13.29	\$9.91	\$9.01	\$8.61	\$5.75
Total return . . . . .	36.41%	21.33%	35.26%	9.99%	4.65%	49.74%	-12.35%
Net assets, end of period							
(in millions) . . . . .	\$28	\$20	\$11	\$6	\$6	\$6	\$3
Ratio of expenses to average							
net assets including							
reimbursement . . . . .	2.77% <sup>(2)</sup>	2.88%	2.91%	3.06%	2.86% <sup>(2)</sup>	3.46%	2.96%
Ratio of net investment							
loss to average net							
assets including							
reimbursement . . . . .	-0.33% <sup>(2)</sup>	-1.15%	-0.51%	-1.57%	-1.92% <sup>(2)</sup>	-1.15%	-0.55%
Ratio of expenses to average							
net assets excluding							
reimbursement . . . . .	2.77% <sup>(2)(3)</sup>	2.88% <sup>(3)</sup>	2.91% <sup>(3)</sup>	3.06% <sup>(3)</sup>	2.86% <sup>(2)(3)</sup>	3.55%	4.27%
Ratio of net investment							
loss to average net							
assets excluding							
reimbursement . . . . .	-0.33% <sup>(2)(3)</sup>	-1.15% <sup>(3)</sup>	-0.51% <sup>(3)</sup>	-1.57% <sup>(3)</sup>	-1.92% <sup>(2)(3)</sup>	-1.24%	-1.86%
Portfolio turnover rate . . . . .	42%	74%	87%	87%	61%	187%	16%

(1)Based on average shares outstanding.

(2)Annualized.

(3)There was no waiver of expenses during the period.

See Notes to Financial Statements.



# Financial Highlights

## IVY PACIFIC OPPORTUNITIES FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the fiscal period ended 3-31-04	For the fiscal year ended December 31,	
		2007	2006	2005		2003	2002
Net asset value, beginning of period . . . . .	\$15.73	\$13.45	\$10.01	\$ 9.09	\$8.68	\$5.75	\$6.55
Income (loss) from investment operations:							
Net investment loss . . . . .	(0.00)	(0.08)	(0.06) <sup>(1)</sup>	(0.09)	(0.02)	(0.05)	(0.03) <sup>(1)</sup>
Net realized and unrealized gain (loss) on investments . . . . .	5.74	2.97	3.60 <sup>(1)</sup>	1.01	0.43	2.98	(0.77)
Total from investment operations . . . . .	5.74	2.89	3.54	0.92	0.41	2.93	(0.80)
Less distributions from:							
Net investment income . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.61)	(0.10)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.61)	(0.10)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value, end of period . . . . .	\$21.47	\$15.73	\$13.45	\$10.01	\$9.09	\$8.68	\$5.75
Total return . . . . .	36.56%	21.68%	35.51%	10.12%	4.72%	50.96%	-12.21%
Net assets, end of period (in millions) . . . . .	\$47	\$34	\$18	\$7	\$3	\$2	\$1
Ratio of expenses to average net assets including reimbursement . . . . .	2.51% <sup>(2)</sup>	2.60%	2.75%	3.06%	2.57% <sup>(2)</sup>	3.48%	2.94%
Ratio of net investment loss to average net assets including reimbursement . . . . .	-0.07% <sup>(2)</sup>	-0.87%	-0.50%	-1.68%	-1.59% <sup>(2)</sup>	-1.14%	-0.53%
Ratio of expenses to average net assets excluding reimbursement . . . . .	2.51% <sup>(2)(3)</sup>	2.60% <sup>(3)</sup>	2.75% <sup>(3)</sup>	3.06% <sup>(3)</sup>	2.57% <sup>(2)(3)</sup>	3.57%	4.25%
Ratio of net investment loss to average net assets excluding reimbursement . . . . .	-0.07% <sup>(2)(3)</sup>	-0.87% <sup>(3)</sup>	-0.50% <sup>(3)</sup>	-1.68% <sup>(3)</sup>	-1.59% <sup>(2)(3)</sup>	-1.23%	-1.84%
Portfolio turnover rate . . . . .	42%	74%	87%	87%	61%	187%	16%

(1)Based on average shares outstanding.

(2)Annualized.

(3)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY PACIFIC OPPORTUNITIES FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$16.91
Income from investment operations:	
Net investment income . . . . .	0.14 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	6.16 <sup>(2)</sup>
Total from investment operations . . . . .	<u>6.30</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$23.21</u>
Total return <sup>(3)</sup> . . . . .	37.50%
Net assets, end of period (in thousands) . . . . .	\$137
Ratio of expenses to average net assets . . . . .	1.45% <sup>(4)</sup>
Ratio of net investment income to average net assets . . . . .	1.01% <sup>(4)</sup>
Portfolio turnover rate . . . . .	42% <sup>(5)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Total return calculated without taking into account the sales load deducted on an initial purchase.

(4) Annualized.

(5) For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY PACIFIC OPPORTUNITIES FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$17.03
Income from investment operations:	
Net investment income . . . . .	0.11 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	6.28 <sup>(2)</sup>
Total from investment operations . . . . .	<u>6.39</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$23.42</u>
Total return . . . . .	37.77%
Net assets, end of period (in millions) . . . . .	\$25
Ratio of expenses to average net assets . . . . .	1.34% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	0.87% <sup>(3)</sup>
Portfolio turnover rate . . . . .	42% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY PACIFIC OPPORTUNITIES FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the
	six months	ended March 31,			fiscal period	period from
	ended	2007	2006	2005	ended	7-24-03 <sup>(1)</sup>
	9-30-07				3-31-04	to
						12-31-03
Net asset value,						
beginning of period . . . . .	\$17.03	\$14.41	\$10.67	\$ 9.58	\$ 9.13	\$ 6.85
Income (loss) from						
investment operations:						
Net investment						
income (loss) . . . . .	0.07	0.02	0.04 <sup>(2)</sup>	(0.04)	(0.00)	(0.01)
Net realized and unrealized						
gain on investments . . . . .	6.27	3.26	3.87 <sup>(2)</sup>	1.13	0.45	2.29
Total from investment operations . . . . .	6.34	3.28	3.91	1.09	0.45	2.28
Less distributions from:						
Net investment income . . . . .	(0.00)	(0.05)	(0.07)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.61)	(0.10)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.66)	(0.17)	(0.00)	(0.00)	(0.00)
Net asset value, end of period . . . . .	\$23.37	\$17.03	\$14.41	\$10.67	\$ 9.58	\$ 9.13
Total return . . . . .	37.23%	22.95%	36.90%	11.38%	4.93%	33.28%
Net assets, end of period						
(in thousands) . . . . .	\$8,329	\$8,101	\$3,790	\$1,100	\$707	\$497
Ratio of expenses to average						
net assets including						
reimbursement . . . . .	1.56% <sup>(3)</sup>	1.58%	1.68%	1.88%	1.64% <sup>(3)</sup>	2.01% <sup>(3)</sup>
Ratio of net investment income						
(loss) to average net assets						
including reimbursement . . . . .	0.84% <sup>(3)</sup>	0.11%	0.46%	-0.47%	-0.68% <sup>(3)</sup>	-0.40% <sup>(3)</sup>
Ratio of expenses to average						
net assets excluding						
reimbursement . . . . .	1.56% <sup>(3)(4)</sup>	1.58% <sup>(4)</sup>	1.68% <sup>(4)</sup>	1.88% <sup>(4)</sup>	1.64% <sup>(3)(4)</sup>	2.18% <sup>(3)</sup>
Ratio of net investment income						
(loss) to average net assets						
excluding reimbursement . . . . .	0.84% <sup>(3)(4)</sup>	0.11% <sup>(4)</sup>	0.46% <sup>(4)</sup>	-0.47% <sup>(4)</sup>	-0.68% <sup>(3)(4)</sup>	-0.57% <sup>(3)</sup>
Portfolio turnover rate . . . . .	42%	74%	87%	87%	61%	187% <sup>(5)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) There was no waiver of expenses during the period.

(5) For the 12 months ended December 31, 2003.

See Notes to Financial Statements.

# Financial Highlights

## IVY PACIFIC OPPORTUNITIES FUND

Advisor Class Shares<sup>(1)</sup>

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the	For the fiscal year			For the	For the fiscal	
	six months	ended March 31,			fiscal period	year ended	
	ended	2007	2006	2005	ended	December 31,	2002
	9-30-07				3-31-04	2003	2002
Net asset value,							
beginning of period . . . . .	\$16.54	\$14.01	\$10.38	\$ 9.28	\$8.85	\$5.81	\$6.59
Income (loss) from							
investment operations:							
Net investment							
income (loss) . . . . .	0.11	0.09	0.14 <sup>(2)</sup>	(0.01)	(0.01)	(0.01)	0.04 <sup>(2)</sup>
Net realized and							
unrealized gain (loss)							
on investments . . . . .	6.08	3.15	3.70 <sup>(2)</sup>	1.11	0.44	3.05	(0.82)
Total from investment							
operations . . . . .	6.19	3.24	3.84	1.10	0.43	3.04	(0.78)
Less distributions from:							
Net investment income . . .	(0.00)	(0.10)	(0.11)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(0.61)	(0.10)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.71)	(0.21)	(0.00)	(0.00)	(0.00)	(0.00)
Net asset value,							
end of period . . . . .	\$22.73	\$16.54	\$14.01	\$10.38	\$9.28	\$8.85	\$5.81
Total return . . . . .	37.42%	23.33%	37.28%	11.85%	4.86%	52.32%	-11.84%
Net assets, end of period							
(in thousands) . . . . .	\$122	\$89	\$76	\$64	\$58	\$55	\$34
Ratio of expenses to average							
net assets including							
reimbursement . . . . .	1.24% <sup>(3)</sup>	1.28%	1.42%	1.56%	1.82% <sup>(3)</sup>	2.49%	1.74%
Ratio of net investment							
income (loss) to average							
net assets including							
reimbursement . . . . .	1.20% <sup>(3)</sup>	0.55%	1.12%	-0.06%	-0.88% <sup>(3)</sup>	-0.09%	0.67%
Ratio of expenses to average							
net assets excluding							
reimbursement . . . . .	1.24% <sup>(3)(4)</sup>	1.28% <sup>(4)</sup>	1.42% <sup>(4)</sup>	1.56% <sup>(4)</sup>	1.82% <sup>(3)(4)</sup>	2.65%	3.05%
Ratio of net investment							
income (loss) to average							
net assets excluding							
reimbursement . . . . .	1.20% <sup>(3)(4)</sup>	0.55% <sup>(4)</sup>	1.12% <sup>(4)</sup>	-0.06% <sup>(4)</sup>	-0.88% <sup>(3)(4)</sup>	-0.25%	-0.64%
Portfolio turnover rate . . . . .	42%	74%	87%	87%	61%	187%	16%

(1) See Note 5 to financial statements.

(2) Based on average shares outstanding.

(3) Annualized.

(4) There was no waiver of expenses during the period.

See Notes to Financial Statements.

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## SHAREHOLDER SUMMARY OF IVY REAL ESTATE SECURITIES FUND

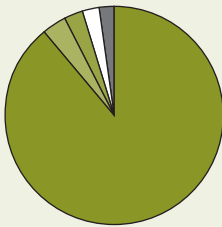
### Portfolio Highlights

On September 30, 2007, Ivy Real Estate Securities Fund had net assets totaling \$532,314,297 invested in a diversified portfolio of:

94.27%	Domestic Common Stocks
3.24%	Foreign Common Stocks
2.49%	Cash and Cash Equivalents

### Sector Weightings

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund owned:



■ Shelter Stocks	.....	\$89.10
■ Business Equipment and Services Stocks	.....	\$ 3.58
■ Consumer Services Stocks	.....	\$ 2.65
□ Cash and Cash Equivalents	.....	\$ 2.49
■ Miscellaneous Stocks	.....	\$ 2.18

# The Investments of Ivy Real Estate Securities Fund

September 30, 2007

(Unaudited)

COMMON STOCKS	Shares	Value
<b>Business Equipment and Services – 3.58%</b>		
Brookfield Properties Corporation . . . . .	692,000	\$ 17,230,800
CB Richard Ellis Group, Inc., Class A* . . . . .	64,700	1,801,248
		<u>19,032,048</u>
<b>Health Care – General – 0.32%</b>		
Brookdale Senior Living, Inc. . . . .	42,700	<u>1,699,887</u>
<b>Hotels and Gaming – 2.65%</b>		
Hilton Hotels Corporation . . . . .	185,800	8,637,842
Marriott International, Inc., Class A . . . . .	42,200	1,834,434
Starwood Hotels & Resorts Worldwide, Inc. . . . .	59,600	3,620,700
		<u>14,092,976</u>
<b>Multiple Industry – 1.45%</b>		
Forest City Enterprises, Inc., Class A . . . . .	101,278	5,586,494
Macquarie Infrastructure Company Trust . . . . .	55,800	2,153,322
		<u>7,739,816</u>
<b>Real Estate Investment Trust – 89.10%</b>		
AMB Property Corporation . . . . .	188,600	11,280,166
Acadia Realty Trust . . . . .	101,300	2,748,269
Alexandria Real Estate Equities, Inc. . . . .	67,900	6,536,054
American Campus Communities, Inc. . . . .	174,500	5,111,105
Archstone-Smith Trust . . . . .	357,100	21,475,994
Associated Estates Realty Corporation . . . . .	133,000	1,734,320
AvalonBay Communities, Inc. . . . .	148,100	17,484,686
BRE Properties, Inc., Class A . . . . .	55,000	3,076,150
BioMed Realty Trust, Inc. . . . .	322,012	7,760,489
Boston Properties, Inc. . . . .	206,400	21,444,960
Brandywine Realty Trust . . . . .	301,700	7,636,027
Camden Property Trust . . . . .	165,500	10,633,375
Corporate Office Properties Trust . . . . .	190,500	7,930,515
DCT Industrial Trust Inc. . . . .	459,600	4,812,012
Developers Diversified Realty Corporation . . . . .	220,300	12,308,161
Digital Realty Trust, Inc. . . . .	142,500	5,613,075
Douglas Emmett, Inc. . . . .	119,400	2,952,762
EastGroup Properties, Inc. . . . .	68,300	3,091,258
Equity Inns, Inc. . . . .	93,500	2,111,230
Equity Lifestyle Properties, Inc. . . . .	41,800	2,165,240
Equity Residential . . . . .	413,600	17,520,096
Essex Property Trust, Inc. . . . .	91,000	10,698,870
Extra Space Storage Inc. . . . .	161,200	2,480,868

See Notes to Schedule of Investments on page 249.

# The Investments of Ivy Real Estate Securities Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Real Estate Investment Trust (Continued)</b>		
Federal Realty Investment Trust . . . . .	103,700	\$ 9,187,820
General Growth Properties, Inc. . . . .	251,432	13,481,784
Gramercy Capital Corp. . . . .	55,000	1,384,350
Health Care REIT, Inc. . . . .	81,800	3,618,832
Healthcare Realty Trust Incorporated . . . . .	42,700	1,138,382
Hersha Hospitality Trust . . . . .	195,600	1,936,440
Home Properties, Inc. . . . .	70,500	3,678,690
Hospitality Properties Trust . . . . .	50,400	2,048,760
Host Hotels & Resorts, Inc. . . . .	899,447	20,183,591
Kilroy Realty Corporation . . . . .	108,800	6,596,544
Kimco Realty Corporation . . . . .	339,000	15,326,190
Kite Realty Group Trust . . . . .	100,500	1,889,400
LaSalle Hotel Properties . . . . .	71,600	3,012,928
Liberty Property Trust . . . . .	137,900	5,544,959
Macerich Company (The) . . . . .	139,800	12,243,684
Maguire Properties, Inc. . . . .	201,300	5,199,579
Mid-America Apartment Communities, Inc. . . . .	67,500	3,364,875
National Retail Properties, Inc. . . . .	71,800	1,750,484
Nationwide Health Properties, Inc. . . . .	122,500	3,690,925
PS Business Parks, Inc. . . . .	71,900	4,087,515
ProLogis . . . . .	541,465	35,926,203
Public Storage, Inc. . . . .	254,600	20,024,290
Regency Centers Corporation . . . . .	114,800	8,810,900
SL Green Realty Corp. . . . .	112,400	13,124,948
Simon Property Group, Inc. . . . .	402,200	40,220,000
Tanger Factory Outlet Centers, Inc. . . . .	86,700	3,519,153
Taubman Centers, Inc. . . . .	142,500	7,801,875
Ventas, Inc. . . . .	168,300	6,967,620
Vornado Realty Trust . . . . .	249,600	27,293,760
Weingarten Realty Investors . . . . .	63,600	2,636,856
		<b>474,297,019</b>
<b>Utilities – Telephone – 0.41%</b>		
Crown Castle International Corp.* . . . . .	54,200	<b>2,202,146</b>
<b>TOTAL COMMON STOCKS – 97.51%</b>		<b>\$519,063,892</b>
(Cost: \$388,911,445)		

See Notes to Schedule of Investments on page 249.



# The Investments of Ivy Real Estate Securities Fund

September 30, 2007

(Unaudited)

SHORT-TERM SECURITIES	Principal Amount in Thousands	Value
<b>Finance Companies – 0.90%</b>		
ED&F Man Treasury Management PLC (Royal Bank of Scotland PLC (The)), 5.0%, 10–2–07 .....	\$2,000	\$ 1,999,722
Prudential Funding LLC, 5.15%, 10–11–07 .....	2,800	<u>2,795,995</u>
		<u><b>4,795,717</b></u>
<b>Household – General – 0.56%</b>		
Procter & Gamble International Funding S.C.A. (Procter & Gamble Company (The)), 4.8%, 10–17–07 .....	3,000	<u><b>2,993,600</b></u>
<b>Mining – 0.31%</b>		
BHP Billiton Finance (USA) Limited (BHP Billiton Limited), 5.1%, 10–1–07 .....	1,612	<u><b>1,612,000</b></u>
<b>Retail – General Merchandise – 0.56%</b>		
Target Corporation, 5.0%, 10–19–07 .....	3,000	<u><b>2,992,500</b></u>
<b>TOTAL SHORT-TERM SECURITIES – 2.33%</b>		<u><b>\$ 12,393,817</b></u>
(Cost: \$12,393,817)		
<b>TOTAL INVESTMENT SECURITIES – 99.84%</b>		<u><b>\$531,457,709</b></u>
(Cost: \$401,305,262)		
<b>CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.16%</b>		<u><b>856,588</b></u>
<b>NET ASSETS – 100.00%</b>		<u><b>\$532,314,297</b></u>

## Notes to Schedule of Investments

\*No dividends were paid during the preceding 12 months.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY REAL ESTATE SECURITIES FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$401,305) (Notes 1 and 3) . . . . .	\$531,458
Cash . . . . .	15
Receivables:	
Dividends and interest . . . . .	1,841
Investment securities sold . . . . .	997
Fund shares sold . . . . .	551
Prepaid and other assets . . . . .	44
Total assets . . . . .	<u>\$534,906</u>

### LIABILITIES

Payable for investment securities purchased . . . . .	900
Payable to Fund shareholders . . . . .	886
Accrued management fee (Note 2) . . . . .	385
Accrued shareholder servicing (Note 2) . . . . .	174
Accrued service fee (Note 2) . . . . .	117
Accrued distribution fee (Note 2) . . . . .	22
Accrued accounting services fee (Note 2) . . . . .	12
Other . . . . .	96
Total liabilities . . . . .	<u>2,592</u>
Total net assets . . . . .	<u>\$532,314</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$377,591
Accumulated undistributed income:	
Accumulated undistributed net investment income . . . . .	26
Accumulated undistributed net realized gain on investment transactions . . . . .	24,545
Net unrealized appreciation in value of investments . . . . .	130,152
Net assets applicable to outstanding units of capital . . . . .	<u>\$532,314</u>

### Net asset value per share (net assets divided by shares outstanding):

Class A . . . . .	\$24.20
Class B . . . . .	\$23.91
Class C . . . . .	\$24.02
Class E . . . . .	\$24.14
Class I . . . . .	\$24.30
Class R . . . . .	\$24.21
Class Y . . . . .	\$24.22

### Capital shares outstanding:

Class A . . . . .	13,729
Class B . . . . .	742
Class C . . . . .	785
Class E . . . . .	16
Class I . . . . .	62
Class R . . . . .	7
Class Y . . . . .	6,664

See Notes to Financial Statements.

# Statement of Operations

## IVY REAL ESTATE SECURITIES FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):

Dividends (net of foreign withholding taxes of \$36) .....	\$ 5,639
Interest and amortization .....	108
Total income .....	<u>5,747</u>

Expenses (Note 2):

Investment management fee .....	2,751
Shareholder servicing:	
Class A .....	686
Class B .....	61
Class C .....	49
Class E .....	2
Class I .....	1
Class R .....	—*
Class Y .....	156
Service fee:	
Class A .....	430
Class B .....	25
Class C .....	28
Class R .....	—*
Class Y .....	257
Distribution fee:	
Class A .....	21
Class B .....	74
Class C .....	85
Class E .....	—*
Class R .....	—*
Accounting services fee .....	84
Custodian fees .....	22
Audit fees .....	15
Legal fees .....	7
Other .....	162
Total expenses .....	<u>4,916</u>
Net investment income .....	<u>831</u>

### REALIZED AND UNREALIZED GAIN (LOSS)

#### ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on investments .....	5,760
Unrealized depreciation in value of investments during the period .....	(60,404)
Net loss on investments .....	<u>(54,644)</u>
Net decrease in net assets resulting from operations .....	<u><u>\$(53,813)</u></u>

\*Not shown due to rounding

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY REAL ESTATE SECURITIES FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE (DECREASE) IN NET ASSETS</b>		
Operations:		
Net investment income . . . . .	\$ 831	\$ 3,791
Realized net gain on investments . . . . .	5,760	36,618
Unrealized appreciation (depreciation) . . . . .	(60,404)	57,001
Net increase (decrease) in net assets resulting from operations . . . . .	<u>(53,813)</u>	<u>97,410</u>
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A . . . . .	(579)	(1,898)
Class B . . . . .	(—)	(—)
Class C . . . . .	(—)	(—)
Class E . . . . .	(—)*	NA
Class I . . . . .	(6)	NA
Class R . . . . .	(—)*	(1)
Class Y . . . . .	(514)	(1,896)
Realized gains on investment transactions:		
Class A . . . . .	(—)	(13,023)
Class B . . . . .	(—)	(719)
Class C . . . . .	(—)	(855)
Class E . . . . .	(—)	NA
Class I . . . . .	(—)	NA
Class R . . . . .	(—)	(5)
Class Y . . . . .	(—)	(9,462)
	<u>(1,099)</u>	<u>(27,859)</u>
Capital share transactions (Note 5) . . . . .	(120,550)	134,609
Total increase (decrease) . . . . .	<u>(175,462)</u>	<u>204,160</u>
<b>NET ASSETS</b>		
Beginning of period . . . . .	707,776	503,616
End of period . . . . .	<u>\$532,314</u>	<u>\$707,776</u>
Undistributed net investment income . . . . .	<u>\$ 26</u>	<u>\$ 294</u>

\*Not shown due to rounding.

(1)See "Financial Highlights" on pages 253 - 258.

See Notes to Financial Statements.

# Financial Highlights

## IVY REAL ESTATE SECURITIES FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the	For the fiscal year			For the	For the fiscal	
	six months	ended March 31,			fiscal period	year ended	
	ended	2007	2006	2005	ended	2003	2002
	9-30-07				3-31-04		
Net asset value, beginning of period.....	\$26.14	\$23.11	\$18.13	\$16.99	\$13.42	\$11.93	\$11.67
Income (loss) from investment operations:							
Net investment income....	0.04	0.10	0.15	0.15 <sup>(1)</sup>	0.62	0.48	0.32
Net realized and unrealized gain (loss) on investments.....	(1.94)	4.05	5.81	1.93 <sup>(1)</sup>	3.38	1.72	1.01
Total from investment operations.....	(1.90)	4.15	5.96	2.08	4.00	2.20	1.33
Less distributions from:							
Net investment income....	(0.04)	(0.15)	(0.18)	(0.25)	(0.24)	(0.48)	(0.28)
Capital gains.....	(0.00)	(0.97)	(0.80)	(0.69)	(0.19)	(0.23)	(0.79)
Total distributions.....	(0.04)	(1.12)	(0.98)	(0.94)	(0.43)	(0.71)	(1.07)
Net asset value, end of period.....	\$24.20	\$26.14	\$23.11	\$18.13	\$16.99	\$13.42	\$11.93
Total return <sup>(2)</sup> .....	-7.23%	18.09%	33.53%	12.09%	29.78%	19.65%	12.31%
Net assets, end of period (in millions).....	\$332	\$395	\$256	\$155	\$44	\$60	\$32
Ratio of expenses to average net assets including voluntary expense waiver.....	1.63% <sup>(3)</sup>	1.57%	1.64%	1.67%	1.48% <sup>(3)(4)</sup>	1.46%	1.50%
Ratio of net investment income to average net assets including voluntary expense waiver.....	0.19% <sup>(3)</sup>	0.54%	0.91%	0.95%	4.35% <sup>(3)(4)</sup>	2.95%	2.83%
Ratio of expenses to average net assets excluding voluntary expense waiver.....	1.63% <sup>(3)(5)</sup>	1.57% <sup>(5)</sup>	1.64% <sup>(5)</sup>	1.67% <sup>(5)</sup>	1.49% <sup>(3)(4)</sup>	1.46% <sup>(5)</sup>	1.69%
Ratio of net investment income to average net assets excluding voluntary expense waiver.....	0.19% <sup>(3)(5)</sup>	0.54% <sup>(5)</sup>	0.91% <sup>(5)</sup>	0.95% <sup>(5)</sup>	4.34% <sup>(3)(4)</sup>	2.95% <sup>(5)</sup>	2.64%
Portfolio turnover rate.....	4%	35%	35%	48%	35%	48%	101%

(1)Based on average weekly shares outstanding.

(2)Total return calculated without taking into account the sales load deducted on an initial purchase.

(3)Annualized.

(4)In connection with the reorganization plan effected December 8, 2003, Class B and Class C shares of the predecessor Advantus Fund were exchanged into Class A shares at the time of the merger. The ratios shown above reflect a blended rate that includes the effect of income and expenses for those Class B and Class C shares from August 1, 2003 up to the time of merger. Actual expenses that applied to Class A shareholders were lower than shown above.

(5)There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY REAL ESTATE SECURITIES FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$25.91	\$23.00	\$18.08	\$16.97	\$15.18
Income (loss) from investment operations:					
Net investment income (loss) . . . . .	(0.11)	(0.09)	0.01	(0.07) <sup>(2)</sup>	0.07
Net realized and unrealized gain (loss) on investments . . . . .	(1.89)	3.97	5.72	1.95 <sup>(2)</sup>	2.08
Total from investment operations . . . . .	(2.00)	3.88	5.73	1.88	2.15
Less distributions from:					
Net investment income . . . . .	(0.00)	(0.00)	(0.01)	(0.08)	(0.17)
Capital gains . . . . .	(0.00)	(0.97)	(0.80)	(0.69)	(0.19)
Total distributions . . . . .	(0.00)	(0.97)	(0.81)	(0.77)	(0.36)
Net asset value, end of period . . . . .	<u>\$23.91</u>	<u>\$25.91</u>	<u>\$23.00</u>	<u>\$18.08</u>	<u>\$16.97</u>
Total return . . . . .	-7.72%	16.93%	32.19%	10.91%	14.46%
Net assets, end of period (in millions) . . . . .	\$18	\$22	\$15	\$10	\$2
Ratio of expenses to average net assets . . . . .	2.63% <sup>(3)</sup>	2.57%	2.66%	2.73%	3.02% <sup>(3)</sup>
Ratio of net investment income (loss) to average net assets . . . . .	-0.79% <sup>(3)</sup>	-0.42%	0.01%	-0.24%	-5.40% <sup>(3)</sup>
Portfolio turnover rate . . . . .	4%	35%	35%	48%	35% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the eight months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY REAL ESTATE SECURITIES FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$26.01	\$23.04	\$18.10	\$16.99	\$15.18
Income (loss) from investment operations:					
Net investment income (loss) . . . . .	(0.08)	(0.06)	0.03	0.12	0.08
Net realized and unrealized gain (loss) on investments . . . . .	(1.91)	4.00	5.73	1.82	2.09
Total from investment operations . . . . .	(1.99)	3.94	5.76	1.94	2.17
Less distributions from:					
Net investment income . . . . .	(0.00)	(0.00)	(0.02)	(0.14)	(0.17)
Capital gains . . . . .	(0.00)	(0.97)	(0.80)	(0.69)	(0.19)
Total distributions . . . . .	(0.00)	(0.97)	(0.82)	(0.83)	(0.36)
Net asset value, end of period . . . . .	\$24.02	\$26.01	\$23.04	\$18.10	\$16.99
Total return . . . . .	-7.65%	17.17%	32.38%	11.21%	14.59%
Net assets, end of period (in millions) . . . . .	\$19	\$26	\$17	\$10	\$2
Ratio of expenses to average net assets . . . . .	2.44% <sup>(2)</sup>	2.39%	2.46%	2.49%	2.82% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets . . . . .	-0.51% <sup>(2)</sup>	-0.28%	0.15%	0.14%	-4.46% <sup>(2)</sup>
Portfolio turnover rate . . . . .	4%	35%	35%	48%	35% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the eight months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY REAL ESTATE SECURITIES FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$26.14
Loss from investment operations:	
Net investment loss . . . . .	(0.15) <sup>(2)</sup>
Net realized and unrealized loss on investments . . . . .	(1.83) <sup>(2)</sup>
Total from investment operations . . . . .	<u>(1.98)</u>
Less distributions from:	
Net investment income . . . . .	(0.02)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.02)</u>
Net asset value, end of period . . . . .	<u>\$24.14</u>
Total return <sup>(3)</sup> . . . . .	-8.34%
Net assets, end of period (in thousands) . . . . .	\$396
Ratio of expenses to average net assets . . . . .	2.56% <sup>(4)</sup>
Ratio of net investment loss to average net assets . . . . .	-1.25% <sup>(4)</sup>
Portfolio turnover rate . . . . .	4% <sup>(5)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Total return calculated without taking into account the sales load deducted on an initial purchase.

(4) Annualized.

(5) For the six months ended September 30, 2007.

See Notes to Financial Statements.



# Financial Highlights

## IVY REAL ESTATE SECURITIES FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$26.15
Income (loss) from investment operations:	
Net investment income . . . . .	0.07 <sup>(2)</sup>
Net realized and unrealized loss on investments . . . . .	(1.83) <sup>(2)</sup>
Total from investment operations . . . . .	<u>(1.76)</u>
Less distributions from:	
Net investment income . . . . .	(0.09)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.09)</u>
Net asset value, end of period . . . . .	<u>\$24.30</u>
Total return . . . . .	-7.55%
Net assets, end of period (in millions) . . . . .	\$2
Ratio of expenses to average net assets . . . . .	1.16% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	0.58% <sup>(3)</sup>
Portfolio turnover rate . . . . .	4% <sup>(4)</sup>

- (1) Commencement of operations of the class.  
(2) Based on average weekly shares outstanding.  
(3) Annualized.  
(4) For the six months ended September 30, 2007.

# Financial Highlights

## IVY REAL ESTATE SECURITIES FUND

Class R Shares

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended 3-31-07	For the period from 12-29-05 <sup>(1)</sup> to 3-31-06
Net asset value, beginning of period . . . . .	\$26.14	\$23.11	\$20.55
Income (loss) from investment operations:			
Net investment income (loss) . . . . .	0.03	0.15	(0.20)
Net realized and unrealized gain (loss) on investments . . . . .	(1.93)	3.98	2.79
Total from investment operations . . . . .	(1.90)	4.13	2.59
Less distributions from:			
Net investment income . . . . .	(0.03)	(0.13)	(0.03)
Capital gains . . . . .	(0.00)	(0.97)	(0.00)
Total distributions . . . . .	(0.03)	(1.10)	(0.03)
Net asset value, end of period . . . . .	\$24.21	\$26.14	\$23.11
Total return . . . . .	-7.28%	17.98%	12.59%
Net assets, end of period (in thousands) . . . . .	\$166	\$158	\$113
Ratio of expenses to average net assets . . . . .	1.68% <sup>(2)</sup>	1.68%	1.73% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets . . . . .	0.05% <sup>(2)</sup>	0.43%	-3.64% <sup>(2)</sup>
Portfolio turnover rate . . . . .	4%	35%	35% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the 12 months ended March 31, 2006.

See Notes to Financial Statements.

# Financial Highlights

## IVY REAL ESTATE SECURITIES FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$26.15	\$23.12	\$18.14	\$16.99	\$15.18
Income (loss) from investment operations:					
Net investment income . . .	0.12	0.23	0.27	0.26 <sup>(2)</sup>	0.04
Net realized and unrealized gain (loss) on investments . . . . .	(1.98)	3.97	5.75	1.87 <sup>(2)</sup>	2.15
Total from investment operations . . . . .	(1.86)	4.20	6.02	2.13	2.19
Less distributions from:					
Net investment income . . . . .	(0.07)	(0.20)	(0.24)	(0.29)	(0.19)
Capital gains . . . . .	(0.00)	(0.97)	(0.80)	(0.69)	(0.19)
Total distributions . . . . .	(0.07)	(1.17)	(1.04)	(0.98)	(0.38)
Net asset value, end of period . . . . .	\$24.22	\$26.15	\$23.12	\$18.14	\$16.99
Total return . . . . .	-7.12%	18.32%	33.86%	12.40%	14.78%
Net assets, end of period (in millions) . . . . .	\$161	\$265	\$216	\$148	\$91
Ratio of expenses to average net assets . . . . .	1.38% <sup>(3)</sup>	1.37%	1.39%	1.44%	1.60% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	0.60% <sup>(3)</sup>	0.94%	1.27%	1.59%	0.14% <sup>(3)</sup>
Portfolio turnover rate . . . . .	4%	35%	35%	48%	35% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the eight months ended March 31, 2004.

See Notes to Financial Statements.

## SHAREHOLDER SUMMARY OF IVY SMALL CAP VALUE FUND

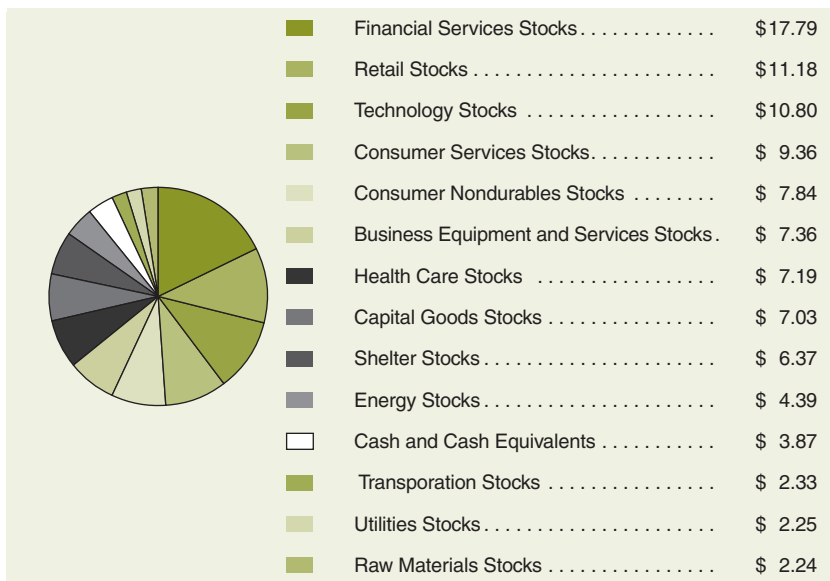
### Portfolio Highlights

On September 30, 2007, Ivy Small Cap Value Fund had net assets totaling \$162,383,365 invested in a diversified portfolio of:

86.25%	Domestic Common Stocks
9.88%	Foreign Common Stocks
3.87%	Cash and Cash Equivalents

### Sector Weightings

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund owned:



# The Investments of Ivy Small Cap Value

September 30, 2007

(Unaudited)

COMMON STOCKS	Shares	Value
<b>Air Transportation – 0.88%</b>		
ABX Air, Inc.*	201,884	<u>\$ 1,428,329</u>
<b>Aircraft – 1.50%</b>		
Orbital Sciences Corporation*	109,600	<u>2,437,504</u>
<b>Apparel – 1.75%</b>		
Albany International Corp., Class A	27,000	1,012,230
Fossil, Inc.*	49,000	1,829,170
		<u>2,841,400</u>
<b>Banks – 9.62%</b>		
Boston Private Financial Holdings, Inc.	30,400	845,880
Cathay General Bancorp	61,698	1,986,676
Columbia Banking System, Inc.	23,212	737,561
First Midwest Bancorp, Inc.	60,700	2,071,084
First Niagara Financial Group, Inc.	190,300	2,693,696
KBW, Inc.*	78,500	2,259,230
Sterling Bancshares, Inc.	126,915	1,446,196
Umpqua Holdings Corporation	49,066	980,829
United Bankshares, Inc.	47,970	1,459,008
Wintrust Financial Corporation	26,811	1,144,830
		<u>15,624,990</u>
<b>Broadcasting – 0.90%</b>		
Belo Corp., Class A	57,300	994,728
Outdoor Channel Holdings, Inc.*	50,900	459,882
		<u>1,454,610</u>
<b>Business Equipment and Services – 6.90%</b>		
Brink's Company (The)	60,600	3,386,328
Great Lakes Dredge & Dock Corporation*	101,600	889,000
H&E Equipment Services, Inc.*	50,900	915,691
Heidrick & Struggles International, Inc.*	52,700	1,918,807
SkillSoft Public Limited Company*	114,800	1,030,904
Waste Connections, Inc.*	71,350	2,266,076
Watson Wyatt & Company Holdings, Inc., Class A	17,900	804,426
		<u>11,211,232</u>
<b>Capital Equipment – 4.07%</b>		
Actuant Corporation, Class A*	14,200	922,574
Astec Industries, Inc.*	25,100	1,441,242
Chart Industries, Inc.*	54,400	1,752,224
Goodman Global, Inc.*	104,139	2,486,839
		<u>6,602,879</u>
<b>Chemicals – Specialty – 1.72%</b>		
H.B. Fuller Company	94,100	<u>2,792,888</u>

See Notes to Schedule of Investments on page 265.

# The Investments of Ivy Small Cap Value

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Communications Equipment – 1.61%</b>		
Dycom Industries, Inc.* . . . . .	85,229	<b>\$ 2,610,564</b>
<b>Computers – Micro – 0.39%</b>		
Tech Data Corporation* . . . . .	15,600	<b>625,482</b>
<b>Computers – Peripherals – 3.76%</b>		
Electronics for Imaging, Inc.* . . . . .	87,000	2,334,645
Epicor Software Corporation* . . . . .	45,100	620,351
Lawson Software, Inc.* . . . . .	225,000	2,251,125
Mentor Graphics Corporation* . . . . .	60,000	906,600
		<b>6,112,721</b>
<b>Construction Materials – 1.55%</b>		
Texas Industries, Inc. . . . .	32,100	<b>2,519,850</b>
<b>Containers – 1.98%</b>		
Silgan Holdings Inc. . . . .	59,951	<b>3,219,968</b>
<b>Cosmetics and Toiletries – 1.38%</b>		
Elizabeth Arden, Inc.* . . . . .	83,043	<b>2,238,424</b>
<b>Electronic Components – 3.54%</b>		
Cirrus Logic, Inc.* . . . . .	114,500	731,083
PMC-Sierra, Inc.* . . . . .	107,600	903,302
RF Micro Devices, Inc.* . . . . .	366,600	2,465,385
Tessera Technologies, Inc.* . . . . .	21,213	795,912
Trident Microsystems, Inc.* . . . . .	53,300	848,003
		<b>5,743,685</b>
<b>Food and Related – 2.73%</b>		
Hain Celestial Group, Inc. (The)* . . . . .	95,011	3,050,328
Sensient Technologies Corporation . . . . .	47,700	1,377,099
		<b>4,427,427</b>
<b>Forest and Paper Products – 1.19%</b>		
Louisiana-Pacific Corporation . . . . .	113,400	<b>1,924,398</b>
<b>Health Care – Drugs – 3.05%</b>		
Axcan Pharma Inc.* . . . . .	193,048	4,004,781
PharMerica Corporation* . . . . .	63,787	951,702
		<b>4,956,483</b>
<b>Health Care – General – 2.07%</b>		
Amedisys, Inc.* . . . . .	45,166	1,734,374
Invacare Corporation . . . . .	69,900	1,634,262
		<b>3,368,636</b>

See Notes to Schedule of Investments on page 265.

# The Investments of Ivy Small Cap Value

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Hospital Supply and Management – 2.07%</b>		
Kindred Healthcare, Inc.*	64,200	\$ 1,149,822
Magellan Health Services, Inc.*	53,700	2,176,729
Orthofix International N.V.*	730	35,770
		<u>3,362,321</u>
<b>Hotels and Gaming – 6.59%</b>		
Morgans Hotel Group Co.*	108,336	2,356,850
Orient-Express Hotels Ltd.	62,500	3,204,375
Pinnacle Entertainment, Inc.*	126,900	3,455,487
Vail Resorts, Inc.*	26,987	1,681,020
		<u>10,697,732</u>
<b>Insurance – Property and Casualty – 4.18%</b>		
Aspen Insurance Holdings Limited	40,300	1,124,773
Endurance Specialty Holdings Ltd.	30,361	1,261,500
IPC Holdings, Ltd.	88,549	2,555,967
Platinum Underwriters Holdings, Ltd.	51,391	1,848,020
		<u>6,790,260</u>
<b>Leisure Time Industry – 0.41%</b>		
LeapFrog Enterprises, Inc.*	80,838	<u>666,913</u>
<b>Metal Fabrication – 0.41%</b>		
A.M. Castle & Co.	20,300	<u>661,780</u>
<b>Mining – 0.52%</b>		
USEC Inc.*	83,000	<u>850,750</u>
<b>Motor Vehicle Parts – 1.46%</b>		
LKQ Corporation*	68,100	<u>2,369,199</u>
<b>Non-Residential Construction – 1.00%</b>		
Perini Corporation*	29,088	<u>1,626,892</u>
<b>Petroleum – Domestic – 0.98%</b>		
Delta Petroleum Corporation*	89,100	<u>1,595,336</u>
<b>Petroleum – International – 1.30%</b>		
Swift Energy Company*	51,600	<u>2,111,472</u>
<b>Petroleum – Services – 2.11%</b>		
Cal Dive International, Inc.*	75,800	1,137,000
Hercules Offshore, Inc.*	48,583	1,268,016
North American Energy Partners Inc.*	58,700	1,013,162
		<u>3,418,178</u>

See Notes to Schedule of Investments on page 265.

# The Investments of Ivy Small Cap Value

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Real Estate Investment Trust – 5.18%</b>		
Arbor Realty Trust, Inc. . . . .	116,029	\$ 2,191,788
Capital Trust, Inc., Class A . . . . .	31,509	1,118,570
Gramercy Capital Corp. . . . .	109,819	2,764,144
LaSalle Hotel Properties . . . . .	55,600	2,339,648
		<u>8,414,150</u>
<b>Retail – Food Stores – 3.53%</b>		
Longs Drug Stores Corporation . . . . .	46,200	2,294,754
Ruddick Corporation . . . . .	102,500	3,437,850
		<u>5,732,604</u>
<b>Retail – General Merchandise – 3.00%</b>		
BJ's Wholesale Club, Inc.* . . . . .	147,000	<u>4,874,520</u>
<b>Retail – Specialty Stores – 4.65%</b>		
AnnTaylor Stores Corporation* . . . . .	46,300	1,466,321
Carter's, Inc.* . . . . .	48,600	969,570
Dress Barn, Inc. (The)* . . . . .	55,700	948,293
Jos. A. Bank Clothiers, Inc.* . . . . .	5,400	180,684
Sally Holdings, Inc.* . . . . .	95,234	804,727
Talbots, Inc. (The) . . . . .	85,100	1,531,800
Tween Brands, Inc.* . . . . .	50,000	1,642,000
		<u>7,543,395</u>
<b>Savings and Loans – 1.82%</b>		
Sterling Financial Corporation* . . . . .	82,548	2,220,128
WSFS Financial Corporation* . . . . .	11,892	739,385
		<u>2,959,513</u>
<b>Security and Commodity Brokers – 2.17%</b>		
Piper Jaffray Companies* . . . . .	65,613	<u>3,516,857</u>
<b>Timesharing and Software – 0.46%</b>		
TradeStation Group, Inc.* . . . . .	64,600	<u>752,913</u>
<b>Trucking and Shipping – 1.45%</b>		
Kirby Corporation* . . . . .	26,700	1,178,538
Knight Transportation, Inc. . . . .	68,600	1,180,606
		<u>2,359,144</u>
<b>Utilities – Electric – 1.43%</b>		
Black Hills Corporation . . . . .	19,100	783,482
UIL Holdings Corporation . . . . .	48,700	1,534,050
		<u>2,317,532</u>
<b>Utilities – Gas and Pipeline – 0.82%</b>		
Southwest Gas Corporation . . . . .	46,958	<u>1,328,442</u>
<b>TOTAL COMMON STOCKS – 96.13%</b>		<u><b>\$156,091,373</b></u>
(Cost: \$146,946,011)		

See Notes to Schedule of Investments on page 265.



# The Investments of Ivy Small Cap Value

September 30, 2007

(Unaudited)

SHORT-TERM SECURITIES	Principal Amount in Thousands	Value
<b>Banks – 1.77%</b>		
Rabobank USA Financial Corp. (Rabobank Nederland), 4.99%, 10–1–07 .....	\$2,882	<u>\$ 2,882,000</u>
<b>Household – General – 1.23%</b>		
Procter & Gamble International Funding S.C.A. (Procter & Gamble Company (The)), 5.2%, 10–9–07 .....	2,000	<u>1,997,689</u>
<b>Leisure Time Industry – 1.23%</b>		
Walt Disney Company (The), 5.2%, 10–11–07 .....	2,000	<u>1,997,111</u>
<b>TOTAL SHORT-TERM SECURITIES – 4.23%</b>		<b>\$ 6,876,800</b>
(Cost: \$6,876,800)		
<b>TOTAL INVESTMENT SECURITIES – 100.36%</b>		<b>\$162,968,173</b>
(Cost: \$153,822,811)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.36%)</b>		<b>(584,808)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$162,383,365</b>

## Notes to Schedule of Investments

\*No dividends were paid during the preceding 12 months.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY SMALL CAP VALUE FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$153,823) (Notes 1 and 3) . . . . .	\$162,968
Receivables:	
Investment securities sold . . . . .	441
Fund shares sold . . . . .	196
Dividends and interest . . . . .	191
Prepaid and other assets . . . . .	33
Total assets . . . . .	<u>163,829</u>

### LIABILITIES

Payable to Fund shareholders . . . . .	597
Payable for investment securities purchased . . . . .	560
Accrued management fee (Note 2) . . . . .	115
Accrued shareholder servicing (Note 2) . . . . .	74
Accrued service fee (Note 2) . . . . .	42
Accrued distribution fee (Note 2) . . . . .	12
Accrued accounting services fee (Note 2) . . . . .	6
Due to custodian . . . . .	3
Other . . . . .	37
Total liabilities . . . . .	<u>1,446</u>
Total net assets . . . . .	<u>\$162,383</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$145,255
Accumulated undistributed income (loss):	
Accumulated undistributed net investment loss . . . . .	(441)
Accumulated undistributed net realized gain on investment transactions . . . . .	8,424
Net unrealized appreciation in value of investments . . . . .	9,145
Net assets applicable to outstanding units of capital . . . . .	<u>\$162,383</u>

### Net asset value per share (net assets divided by shares outstanding):

Class A . . . . .	\$15.97
Class B . . . . .	\$15.16
Class C . . . . .	\$15.38
Class E . . . . .	\$16.01
Class I . . . . .	\$16.29
Class Y . . . . .	\$16.19

### Capital shares outstanding:

Class A . . . . .	7,799
Class B . . . . .	498
Class C . . . . .	712
Class E . . . . .	6
Class I . . . . .	35
Class Y . . . . .	1,152

See Notes to Financial Statements.

# Statement of Operations

## IVY SMALL CAP VALUE FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT LOSS

#### Income (Note 1B):

Dividends . . . . .	\$ 897
Interest and amortization . . . . .	206
Total income . . . . .	<u>1,103</u>

#### Expenses (Note 2):

Investment management fee . . . . .	723
Shareholder servicing:	
Class A . . . . .	300
Class B . . . . .	34
Class C . . . . .	31
Class E . . . . .	—*
Class I . . . . .	1
Class Y . . . . .	15
Service fee:	
Class A . . . . .	153
Class B . . . . .	11
Class C . . . . .	15
Class Y . . . . .	25
Distribution fee:	
Class A . . . . .	7
Class B . . . . .	32
Class C . . . . .	46
Class E . . . . .	—*
Accounting services fee . . . . .	36
Audit fees . . . . .	13
Custodian fees . . . . .	10
Legal fees . . . . .	1
Other . . . . .	77
Total expenses . . . . .	<u>1,530</u>
Net investment loss . . . . .	<u>(427)</u>

### REALIZED AND UNREALIZED GAIN (LOSS)

#### ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on investments . . . . .	2,383
Unrealized depreciation in value of investments during the period . . . . .	(4,784)
Net loss on investments . . . . .	<u>(2,401)</u>
Net decrease in net assets resulting from operations . . . . .	<u><u>\$(2,828)</u></u>

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY SMALL CAP VALUE FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE (DECREASE) IN NET ASSETS</b>		
Operations:		
Net investment loss . . . . .	\$ (427)	\$ (428)
Realized net gain on investments . . . . .	2,383	13,402
Unrealized depreciation . . . . .	(4,784)	(1,667)
Net increase (decrease) in net assets resulting from operations . . . . .	<u>(2,828)</u>	<u>11,307</u>
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A . . . . .	(—)	(—)
Class B . . . . .	(—)	(—)
Class C . . . . .	(—)	(—)
Class E . . . . .	(—)	NA
Class I . . . . .	(—)	NA
Class Y . . . . .	(—)	(—)
Realized gains on investment transactions:		
Class A . . . . .	(—)	(8,051)
Class B . . . . .	(—)	(627)
Class C . . . . .	(—)	(925)
Class E . . . . .	(—)	NA
Class I . . . . .	(—)	NA
Class Y . . . . .	(—)	(1,624)
	<u>(—)</u>	<u>(11,227)</u>
Capital share transactions (Note 5) . . . . .	2,147	35,884
Total increase (decrease) . . . . .	<u>(681)</u>	<u>35,964</u>
<b>NET ASSETS</b>		
Beginning of period . . . . .	163,064	127,100
End of period . . . . .	<u>\$162,383</u>	<u>\$163,064</u>
Undistributed net investment loss . . . . .	<u>\$ (441)</u>	<u>\$ (14)</u>

(1) See "Financial Highlights" on pages 269 - 274.

See Notes to Financial Statements.

# Financial Highlights

## IVY SMALL CAP VALUE FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the	For the	
	six months	ended March 31,			fiscal period	fiscal year	
	ended	ended			ended	ended	
	9-30-07	2007	2006	2005	3-31-04	2003	2002
Net asset value, beginning of period . . . .	\$16.22	\$16.24	\$16.88	\$16.68	\$13.02	\$12.25	\$15.05
Income (loss) from investment operations:							
Net investment loss . . . .	(0.04)	(0.03)	(0.11)	(0.13)	(0.08)	(0.09)	(0.08)
Net realized and unrealized gain (loss) on investments . . . . .	(0.21)	1.35	2.62	1.52	3.76	1.74	(1.84)
Total from investment operations . . . . .	(0.25)	1.32	2.51	1.39	3.68	1.65	(1.92)
Less distributions from:							
Net investment income . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)*	(0.00)
Capital gains . . . . .	(0.00)	(1.34)	(3.15)	(1.19)	(0.02)	(0.88)	(0.88)
Total distributions . . . . .	(0.00)	(1.34)	(3.15)	(1.19)	(0.02)	(0.88)	(0.88)
Net asset value, end of period . . . . .	\$15.97	\$16.22	\$16.24	\$16.88	\$16.68	\$13.02	\$12.25
Total return <sup>(1)</sup> . . . . .	-1.54%	8.26%	16.44%	8.23%	28.29%	14.91%	-13.27%
Net assets, end of period (in millions) . . . . .	\$125	\$121	\$86	\$66	\$65	\$59	\$53
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	1.73% <sup>(2)</sup>	1.74%	1.80%	1.76%	1.65% <sup>(2)(3)</sup>	1.53%	1.27%
Ratio of net investment loss to average net assets including voluntary expense waiver . . . . .	-0.43% <sup>(2)</sup>	-0.24%	-0.76%	-0.79%	-0.76% <sup>(2)(3)</sup>	-0.82%	-0.57%
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	1.73% <sup>(2)(4)</sup>	1.74% <sup>(4)</sup>	1.80% <sup>(4)</sup>	1.76% <sup>(4)</sup>	1.65% <sup>(2)(3)(4)</sup>	1.53% <sup>(4)</sup>	1.37%
Ratio of net investment loss to average net assets excluding voluntary expense waiver . . . . .	-0.43% <sup>(2)(4)</sup>	-0.24% <sup>(4)</sup>	-0.76% <sup>(4)</sup>	-0.79% <sup>(4)</sup>	-0.76% <sup>(2)(3)(4)</sup>	-0.82% <sup>(4)</sup>	-0.67%
Portfolio turnover rate . . . . .	63%	123%	157%	124%	27%	54%	37%

\*Not shown due to rounding.

(1) Total return calculated without taking into account the sales load deducted on an initial purchase.

(2) Annualized.

(3) In connection with the reorganization plan effected December 8, 2003, Class B and Class C shares of the predecessor Advantus Fund were exchanged into Class A shares at the time of the merger.

The ratios shown above reflect a blended rate that includes the effect of income and expenses for those Class B and Class C shares from August 1, 2003 up to the time of the merger. Actual expenses that applied to Class A shareholders were lower than shown above.

(4) There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY SMALL CAP VALUE FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$15.48	\$15.72	\$16.59	\$16.61	\$15.27
Income (loss) from investment operations:					
Net investment loss . . . . .	(0.16)	(0.14)	(0.25)	(0.23)	(0.05)
Net realized and unrealized gain (loss) on investments . . . . .	(0.16)	1.24	2.53	1.40	1.41
Total from investment operations . . . . .	(0.32)	1.10	2.28	1.17	1.36
Less distributions from:					
Net investment income . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(1.34)	(3.15)	(1.19)	(0.02)
Total distributions . . . . .	(0.00)	(1.34)	(3.15)	(1.19)	(0.02)
Net asset value, end of period . . . . .	\$15.16	\$15.48	\$15.72	\$16.59	\$16.61
Total return . . . . .	-2.07%	7.11%	15.28%	6.92%	8.93%
Net assets, end of period (in millions) . . . . .	\$7	\$9	\$7	\$5	\$1
Ratio of expenses to average net assets . . . . .	2.82% <sup>(2)</sup>	2.82%	2.84%	3.02%	3.79% <sup>(2)</sup>
Ratio of net investment loss to average net assets . . . . .	-1.53% <sup>(2)</sup>	-1.33%	-1.80%	-1.88%	-2.93% <sup>(2)</sup>
Portfolio turnover rate . . . . .	63%	123%	157%	124%	27% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the eight months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY SMALL CAP VALUE FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$15.69	\$15.87	\$16.67	\$16.63	\$15.27
Income (loss) from investment operations:					
Net investment loss . . . . .	(0.13)	(0.12)	(0.21)	(0.19)	(0.05)
Net realized and unrealized gain (loss) on investments . . . . .	(0.18)	1.28	2.56	1.42	1.43
Total from investment operations . . . . .	(0.31)	1.16	2.35	1.23	1.38
Less distributions from:					
Net investment income . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(1.34)	(3.15)	(1.19)	(0.02)
Total distributions . . . . .	(0.00)	(1.34)	(3.15)	(1.19)	(0.02)
Net asset value, end of period . . . . .	\$15.38	\$15.69	\$15.87	\$16.67	\$16.63
Total return . . . . .	-1.91%	7.43%	15.64%	7.28%	9.06%
Net assets, end of period (in millions) . . . . .	\$11	\$12	\$10	\$8	\$2
Ratio of expenses to average net assets . . . . .	2.52% <sup>(2)</sup>	2.52%	2.54%	2.65%	2.83% <sup>(2)</sup>
Ratio of net investment loss to average net assets . . . . .	-1.23% <sup>(2)</sup>	-1.04%	-1.50%	-1.53%	-2.00% <sup>(2)</sup>
Portfolio turnover rate . . . . .	63%	123%	157%	124%	27% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the eight months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY SMALL CAP VALUE FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$16.22
Income (loss) from investment operations:	
Net investment income . . . . .	0.05 <sup>(2)</sup>
Net realized and unrealized loss on investments . . . . .	(0.26) <sup>(2)</sup>
Total from investment operations . . . . .	<u>(0.21)</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$16.01</u>
Total return <sup>(3)</sup> . . . . .	-1.36%
Net assets, end of period (in thousands) . . . . .	\$98
Ratio of expenses to average net assets . . . . .	1.27% <sup>(4)</sup>
Ratio of net investment income to average net assets . . . . .	0.03% <sup>(4)</sup>
Portfolio turnover rate . . . . .	63% <sup>(5)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

(5)For the six months ended September 30, 2007.

See Notes to Financial Statements.



# Financial Highlights

## IVY SMALL CAP VALUE FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$16.42
Income (loss) from investment operations:	
Net investment income . . . . .	0.05 <sup>(2)</sup>
Net realized and unrealized loss on investments . . . . .	(0.18) <sup>(2)</sup>
Total from investment operations . . . . .	<u>(0.13)</u>
Less distributions from:	
Net investment income . . . . .	(0.00)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.00)</u>
Net asset value, end of period . . . . .	<u>\$16.29</u>
Total return . . . . .	-0.85%
Net assets, end of period (in thousands) . . . . .	\$570
Ratio of expenses to average net assets . . . . .	1.18% <sup>(3)</sup>
Ratio of net investment loss to average net assets . . . . .	-0.11% <sup>(3)</sup>
Portfolio turnover rate . . . . .	63% <sup>(4)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

(4)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY SMALL CAP VALUE FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the	For the fiscal year			For the
	six months	ended March 31,			period from
	ended	2007	2006	2005	12-8-03 <sup>(1)</sup>
	9-30-07				to
					3-31-04
Net asset value,					
beginning of period . . . . .	\$16.42	\$16.36	\$16.92	\$16.68	\$15.27
Income (loss) from					
investment operations:					
Net investment					
income (loss) . . . . .	(0.01)	0.03	(0.06)	(0.10)	(0.04)
Net realized and					
unrealized gain					
(loss) on investments. . . . .	(0.22)	1.37	2.65	1.53	1.47
Total from investment					
operations . . . . .	(0.23)	1.40	2.59	1.43	1.43
Less distributions from:					
Net investment income . . . . .	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Capital gains . . . . .	(0.00)	(1.34)	(3.15)	(1.19)	(0.02)
Total distributions . . . . .	(0.00)	(1.34)	(3.15)	(1.19)	(0.02)
Net asset value,					
end of period . . . . .	\$16.19	\$16.42	\$16.36	\$16.92	\$16.68
Total return . . . . .	-1.40%	8.70%	16.88%	8.48%	9.38%
Net assets, end of period					
(in millions) . . . . .	\$19	\$21	\$24	\$25	\$25
Ratio of expenses to					
average net assets . . . . .	1.38% <sup>(2)</sup>	1.39%	1.41%	1.53%	1.60% <sup>(2)</sup>
Ratio of net investment					
income (loss) to					
average net assets . . . . .	-0.09% <sup>(2)</sup>	0.08%	-0.37%	-0.56%	-0.82% <sup>(2)</sup>
Portfolio turnover rate . . . . .	63%	123%	157%	124%	27% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the eight months ended March 31, 2004.

See Notes to Financial Statements.

## SHAREHOLDER SUMMARY OF IVY VALUE FUND

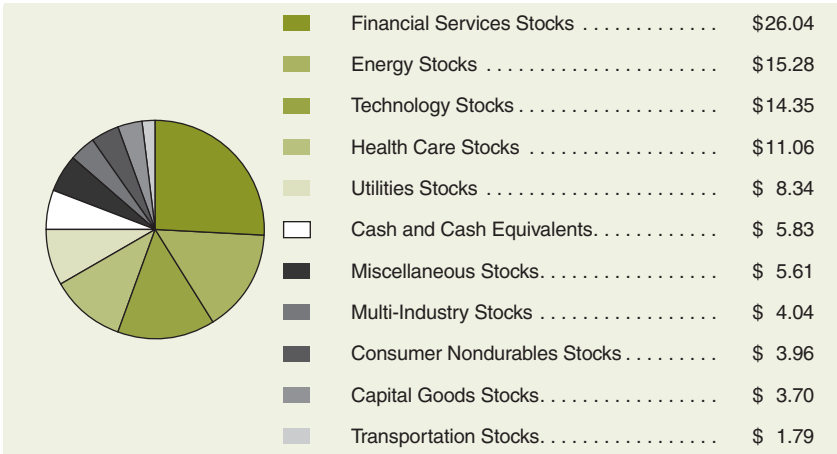
### Portfolio Highlights

On September 30, 2007, Ivy Value Fund had net assets totaling \$90,201,620 invested in a diversified portfolio of:

89.24%	Domestic Common Stocks
5.83%	Cash and Cash Equivalents
4.93%	Foreign Common Stocks

### Sector Weightings

As a shareholder of the Fund, for every \$100 you had invested on September 30, 2007, your Fund owned:



# The Investments of Ivy Value Fund

September 30, 2007

(Unaudited)

COMMON STOCKS	Shares	Value
<b>Aircraft – 4.25%</b>		
Lockheed Martin Corporation .....	9,600	\$ 1,041,504
Raytheon Company .....	43,800	2,795,316
		<u>3,836,820</u>
<b>Banks – 6.47%</b>		
Bank of America Corporation .....	71,056	3,571,985
Citigroup Inc. ....	28,613	1,335,369
Wachovia Corporation .....	18,450	925,267
		<u>5,832,621</u>
<b>Beverages – 1.45%</b>		
Diageo plc, ADR .....	14,950	<u>1,311,564</u>
<b>Business Equipment and Services – 1.12%</b>		
Waste Management, Inc. ....	26,700	<u>1,007,658</u>
<b>Capital Equipment – 2.07%</b>		
Illinois Tool Works Inc. ....	31,280	<u>1,865,539</u>
<b>Chemicals – Petroleum and Inorganic – 0.87%</b>		
E.I. du Pont de Nemours and Company .....	15,850	<u>785,526</u>
<b>Communications Equipment – 1.37%</b>		
Nokia Corporation, Series A, ADR .....	32,600	<u>1,236,518</u>
<b>Computers – Main and Mini – 7.89%</b>		
Hewlett-Packard Company (A) .....	84,000	4,182,360
International Business Machines Corporation (A) .....	17,300	2,037,940
Xerox Corporation* .....	51,700	896,478
		<u>7,116,778</u>
<b>Defense – 0.84%</b>		
General Dynamics Corporation .....	9,000	<u>760,230</u>
<b>Finance Companies – 8.15%</b>		
Capital One Financial Corporation .....	41,000	2,723,630
CIT Group Inc. (A) .....	21,000	844,200
Discover Financial Services* .....	10,650	221,520
Fannie Mae .....	33,300	2,024,973
Freddie Mac .....	26,000	1,534,260
		<u>7,348,583</u>
<b>Food and Related – 2.51%</b>		
General Mills, Inc. ....	22,800	1,322,628
Kraft Foods Inc. ....	27,321	942,848
		<u>2,265,476</u>
<b>Forest and Paper Products – 0.67%</b>		
Weyerhaeuser Company .....	8,400	<u>607,320</u>

See Notes to Schedule of Investments on page 279.

# The Investments of Ivy Value Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Health Care – Drugs – 4.40%</b>		
Endo Pharmaceuticals Holdings Inc.*	30,200	\$ 935,898
McKesson Corporation	32,200	1,893,038
Pfizer Inc.	46,600	1,138,438
		<u>3,967,374</u>
<b>Health Care – General – 1.52%</b>		
AmerisourceBergen Corporation	30,300	<u>1,373,499</u>
<b>Hospital Supply and Management – 5.14%</b>		
Aetna Inc.	25,200	1,367,604
Coventry Health Care, Inc.*	30,400	1,891,184
Humana Inc. (A)*	19,700	1,376,636
		<u>4,635,424</u>
<b>Insurance – Property and Casualty – 6.27%</b>		
Everest Re Group, Ltd.	17,200	1,896,128
MBIA Inc.	21,400	1,306,470
Travelers Companies, Inc. (The)	48,752	2,454,176
		<u>5,656,774</u>
<b>Metal Fabrication – 1.63%</b>		
Loews Corporation, Carolina Group	17,900	<u>1,471,917</u>
<b>Mining – 0.37%</b>		
Freeport-McMoRan Copper & Gold Inc., Class B	3,200	<u>335,648</u>
<b>Multiple Industry – 4.04%</b>		
Altria Group, Inc.	52,400	<u>3,643,372</u>
<b>Petroleum – International – 15.28%</b>		
Apache Corporation	11,100	999,666
Chevron Corporation	37,800	3,537,324
ConocoPhillips	28,800	2,527,776
Devon Energy Corporation	16,000	1,331,200
Exxon Mobil Corporation	42,706	3,952,867
Marathon Oil Corporation	25,200	1,436,904
		<u>13,785,737</u>
<b>Railroad – 1.79%</b>		
Union Pacific Corporation	14,300	<u>1,616,758</u>
<b>Real Estate Investment Trust – 1.03%</b>		
Vornado Realty Trust	8,400	<u>918,540</u>
<b>Retail – General Merchandise – 1.55%</b>		
Macy's Inc. (A)	43,300	<u>1,399,456</u>

See Notes to Schedule of Investments on page 279.

# The Investments of Ivy Value Fund

September 30, 2007

(Unaudited)

COMMON STOCKS (Continued)	Shares	Value
<b>Security and Commodity Brokers – 5.15%</b>		
Bear Stearns Companies Inc. (The) (A) .....	7,300	\$ 896,513
J.P. Morgan Chase & Co. ....	67,402	3,088,359
Morgan Stanley (A) .....	10,500	661,500
		<u>4,646,372</u>
<b>Utilities – Electric – 4.60%</b>		
Mirant Corporation* .....	68,700	2,794,716
NRG Energy, Inc.* .....	32,000	1,353,280
		<u>4,147,996</u>
<b>Utilities – Telephone – 3.74%</b>		
AT&T Inc. (A) .....	42,100	1,781,251
Sprint Nextel Corporation .....	22,200	421,800
Verizon Communications Inc. ....	26,400	1,168,992
		<u>3,372,043</u>
<b>TOTAL COMMON STOCKS – 94.17%</b>		<b>\$84,945,543</b>
(Cost: \$66,638,827)		
	<b>Principal Amount in Thousands</b>	
<b>SHORT-TERM SECURITIES</b>		
<b>Chemicals – Speciality – 2.23%</b>		
Air Products and Chemicals, Inc., 5.05%, 10–1–07 .....	\$2,010	<u>2,010,000</u>
<b>Health Care – General – 3.32%</b>		
Johnson & Johnson, 4.73%, 10–9–07 .....	3,000	<u>2,996,847</u>
<b>Leisure Time Industries – 2.22%</b>		
Walt Disney Company (The), 5.2%, 10–11–07 .....	2,000	<u>1,997,111</u>
<b>TOTAL SHORT-TERM SECURITIES – 7.77%</b>		<b>\$ 7,003,958</b>
(Cost: \$7,003,958)		
<b>TOTAL INVESTMENT SECURITIES – 101.94%</b>		<b>\$91,949,501</b>
(Cost: \$73,642,785)		
<b>LIABILITIES, NET OF CASH AND OTHER ASSETS – (1.94%)</b>		<b>(1,747,881)</b>
<b>NET ASSETS – 100.00%</b>		<b>\$90,201,620</b>

See Notes to Schedule of Investments on page 279.

# The Investments of Ivy Value Fund

September 30, 2007

(Unaudited)

## Notes to Schedule of Investments

Certain acronyms may be used within the body of the Fund's holdings. The definitions of these acronyms are as follows: ADR – American Depositary Receipts; CMO – Collateralized Mortgage Obligation; GDR – Global Depositary Receipts; and REMIC – Real Estate Mortgage Investment Conduit.

\*No dividends were paid during the preceding 12 months.

(A) Securities serve as cover for the following written options outstanding at September 30, 2007. (See Note 6 to financial statements):

Underlying Security	Contracts Subject to Call	Expiration Month/ Exercise Price	Premium Received	Market Value
AT&T Inc.	59	October/42.5	\$ 3,717	\$ 3,776
Hewlett-Packard Company	36	November/52.5	2,088	3,060
Humana Inc.	218	October/72.5	18,094	20,771
			<u>\$23,899</u>	<u>\$27,607</u>

Underlying Security	Contracts Subject to Put	Expiration Month/ Exercise Price	Premium Received	Market Value
Bear Stearns Companies Inc. (The)	31	October/90	\$ 8,969	\$ 465
CIT Group Inc.	78	November/30	3,042	3,510
International Business Machines Corporation:	25	October/100	2,863	188
	32	October/105	4,864	608
Macy's Inc.	145	November/22.5	4,205	1,812
Morgan Stanley	51	October/50	3,085	255
			<u>\$27,028</u>	<u>\$ 6,838</u>

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

# Statement of Assets and Liabilities

## IVY VALUE FUND

September 30, 2007

(In Thousands, Except for Per Share Amounts)

(Unaudited)

### ASSETS

Investment securities – at value (cost – \$73,643) (Notes 1 and 3) . . . . .	\$91,949
Receivables:	
Dividends and interest . . . . .	121
Fund shares sold . . . . .	76
Prepaid and other assets . . . . .	30
Total assets . . . . .	<u>92,176</u>

### LIABILITIES

Payable for investment securities purchased . . . . .	1,582
Payable to Fund shareholders . . . . .	171
Accrued management fee (Note 2) . . . . .	52
Accrued shareholder servicing (Note 2) . . . . .	42
Outstanding written options – at value (premium received – \$51) (Note 6) . . . . .	34
Accrued service fee (Note 2) . . . . .	31
Due to custodian . . . . .	27
Accrued distribution fee (Note 2) . . . . .	7
Accrued accounting services fee (Note 2) . . . . .	4
Other . . . . .	24
Total liabilities . . . . .	<u>1,974</u>
Total net assets . . . . .	<u>\$90,202</u>

### NET ASSETS

Capital paid in (shares authorized – unlimited) . . . . .	\$67,783
Accumulated undistributed income:	
Accumulated undistributed net investment income . . . . .	88
Accumulated undistributed net realized gain on investment transactions . . . . .	4,008
Net unrealized appreciation in value of investments . . . . .	<u>18,323</u>
Net assets applicable to outstanding units of capital . . . . .	<u>\$90,202</u>

### Net asset value per share (net assets divided by shares outstanding):

Class A . . . . .	\$19.86
Class B . . . . .	\$19.61
Class C . . . . .	\$19.69
Class E . . . . .	\$19.88
Class I . . . . .	\$19.87
Class Y . . . . .	\$19.86

### Capital shares outstanding:

Class A . . . . .	3,931
Class B . . . . .	317
Class C . . . . .	275
Class E . . . . .	5
Class I . . . . .	5
Class Y . . . . .	16

See Notes to Financial Statements.



# Statement of Operations

## IVY VALUE FUND

For the Six Months Ended September 30, 2007

(In Thousands)

(Unaudited)

### INVESTMENT INCOME

Income (Note 1B):

Dividends (net of foreign withholding taxes of \$1) .....	\$ 937
Interest and amortization .....	83
Total income .....	<u>1,020</u>

Expenses (Note 2):

Investment management fee .....	320
Shareholder servicing:	
Class A .....	127
Class B .....	17
Class C .....	12
Class E .....	—*
Class I .....	—*
Class Y .....	—*
Service fee:	
Class A .....	96
Class B .....	8
Class C .....	7
Class Y .....	—*
Distribution fee:	
Class A .....	3
Class B .....	24
Class C .....	21
Class E .....	—*
Accounting services fee .....	25
Audit fees .....	13
Custodian fees .....	5
Legal fees .....	1
Other .....	54
Total expenses .....	<u>733</u>
Net investment income .....	<u>287</u>

### REALIZED AND UNREALIZED GAIN (LOSS)

#### ON INVESTMENTS (NOTES 1 AND 3)

Realized net gain on securities .....	3,159
Realized net loss on written options .....	(489)
Realized net gain on investments .....	<u>2,670</u>
Unrealized appreciation in value of securities during the period .....	804
Unrealized depreciation in value of written options during the period .....	(7)
Unrealized appreciation in value of investments during the period .....	<u>797</u>
Net gain on investments .....	<u>3,467</u>
Net increase in net assets resulting from operations .....	<u>\$3,754</u>

See Notes to Financial Statements.

# Statement of Changes in Net Assets

## IVY VALUE FUND

(In Thousands)

(Unaudited)

	For the six months ended September 30, 2007	For the fiscal year ended March 31, 2007
<b>INCREASE IN NET ASSETS</b>		
Operations:		
Net investment income .....	\$ 287	\$ 544
Realized net gain on investments .....	2,670	2,770
Unrealized appreciation .....	797	7,603
Net increase in net assets resulting from operations .....	3,754	10,917
Distributions to shareholders from (Note 1F):(1)		
Net investment income:		
Class A .....	(241)	(470)
Class B .....	(—)	(—)
Class C .....	(—)	(1)
Class E .....	(—)*	NA
Class I .....	(1)	NA
Class Y .....	(1)	(51)
Realized gains on investment transactions:		
Class A .....	(—)	(1,502)
Class B .....	(—)	(120)
Class C .....	(—)	(106)
Class E .....	(—)	NA
Class I .....	(—)	NA
Class Y .....	(—)	(8)
	(243)	(2,258)
Capital share transactions (Note 5) .....	2,947	(4,333)
Total increase .....	6,458	4,326
<b>NET ASSETS</b>		
Beginning of period .....	83,744	79,418
End of period .....	\$90,202	\$83,744
Undistributed net investment income .....	\$ 88	\$ 44

\*Not shown due to rounding

(1) See "Financial Highlights" on pages 283 - 288.

See Notes to Financial Statements.

# Financial Highlights

## IVY VALUE FUND

Class A Shares

For a Share of Capital Stock Outstanding Throughout Each Period: (Unaudited)

	For the	For the fiscal year			For the	For the	For the	For the
	six months	ended March 31,			fiscal	fiscal	period	fiscal
	ended	2007	2006	2005	period	year	from	year
	9-30-07				ended	ended	10-1-01 to	ended
					3-31-04	7-31-03	7-31-02	9-30-01
Net asset value, beginning of period . . .	\$19.04	\$17.17	\$16.04	\$14.54	\$12.54	\$11.81	\$12.59	\$15.08
Income (loss) from investment operations:								
Net investment income . . .	0.07	0.13	0.10	0.15	0.08	0.12	0.08	0.09
Net realized and unrealized gain (loss) on investments . . . . .	0.81	2.28	1.14	1.48	1.98	0.72	(0.78)	(2.50)
Total from investment operations . . . . .	0.88	2.41	1.24	1.63	2.06	0.84	(0.70)	(2.41)
Less distributions from:								
Net investment income . . . . .	(0.06)	(0.13)	(0.11)	(0.13)	(0.06)	(0.11)	(0.08)	(0.08)
Capital gains . . . . .	(0.00)	(0.41)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.06)	(0.54)	(0.11)	(0.13)	(0.06)	(0.11)	(0.08)	(0.08)
Net asset value, end of period . . . . .	\$19.86	\$19.04	\$17.17	\$16.04	\$14.54	\$12.54	\$11.81	\$12.59
Total return <sup>(1)</sup> . . . . .	4.62%	14.12%	7.75%	11.21%	16.32%	7.23%	-5.72%	-15.97%
Net assets, end of period (in millions) . . . . .	\$78	\$73	\$58	\$41	\$52	\$64	\$58	\$66
Ratio of expenses to average net assets including voluntary expense waiver . . . . .	1.48% <sup>(2)</sup>	1.49%	1.53%	1.47%	1.45% <sup>(2)(3)</sup>	1.29%	1.24% <sup>(2)</sup>	1.24%
Ratio of net investment income to average net assets including voluntary expense waiver . . . . .	0.74% <sup>(2)</sup>	0.76%	0.65%	0.92%	0.61% <sup>(2)(3)</sup>	1.05%	0.70% <sup>(2)</sup>	0.61%
Ratio of expenses to average net assets excluding voluntary expense waiver . . . . .	1.48% <sup>(2)(4)</sup>	1.49% <sup>(4)</sup>	1.53% <sup>(4)</sup>	1.47% <sup>(4)</sup>	1.52% <sup>(2)(3)</sup>	1.50%	1.41% <sup>(2)</sup>	1.39%
Ratio of net investment income to average net assets excluding voluntary expense waiver . . . . .	0.74% <sup>(2)(4)</sup>	0.76% <sup>(4)</sup>	0.65% <sup>(4)</sup>	0.92% <sup>(4)</sup>	0.53% <sup>(2)(3)</sup>	0.84%	0.53% <sup>(2)</sup>	0.46%
Portfolio turnover rate . . . . .	35%	61%	63%	81%	86%	123%	95%	148%

(1) Total return calculated without taking into account the sales load deducted on an initial purchase.

(2) Annualized.

(3) In connection with the reorganization plan effected December 8, 2003, Class B and Class C shares of the predecessor Advantus Fund were exchanged into Class A shares at the time of the merger. The ratios shown above reflect a blended rate that includes the effect of income and expenses for those Class B and Class C shares from August 1, 2003 up to the time of the merger. Actual expenses that applied to Class A shareholders were lower than shown above.

(4) There was no waiver of expenses during the period.

See Notes to Financial Statements.

# Financial Highlights

## IVY VALUE FUND

Class B Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$18.83	\$17.04	\$15.97	\$14.50	\$13.63
Income (loss) from investment operations:					
Net investment income (loss) . . . . .	(0.02)	(0.03)	(0.04)	0.03	0.01
Net realized and unrealized gain on investments . . . . .	0.80	2.23	1.12	1.44	0.90
Total from investment operations . . . . .	0.78	2.20	1.08	1.47	0.91
Less distributions from:					
Net investment income . . . .	(0.00)	(0.00)	(0.01)	(0.00)	(0.04)
Capital gains . . . . .	(0.00)	(0.41)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.41)	(0.01)	(0.00)	(0.04)
Net asset value, end of period . . . . .	\$19.61	\$18.83	\$17.04	\$15.97	\$14.50
Total return . . . . .	4.09%	12.99%	6.73%	10.14%	6.65%
Net assets, end of period (in millions) . . . . .	\$6	\$6	\$5	\$2	\$1
Ratio of expenses to average net assets . . . . .	2.44% <sup>(2)</sup>	2.46%	2.50%	2.53%	3.12% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets . . . . .	-0.20% <sup>(2)</sup>	-0.21%	-0.33%	0.07%	-1.29% <sup>(2)</sup>
Portfolio turnover rate . . . . .	35%	61%	63%	81%	86% <sup>(3)</sup>

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the eight months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY VALUE FUND

Class C Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$18.90	\$17.08	\$16.00	\$14.51	\$13.63
Income (loss) from investment operations:					
Net investment income (loss) . . . . .	(0.01)	(0.01)	(0.04)	0.03	0.02
Net realized and unrealized gain on investments . . . . .	0.80	2.24	1.13	1.46	0.90
Total from investment operations . . . . .	0.79	2.23	1.09	1.49	0.92
Less distributions from:					
Net investment income . . . . .	(0.00)	(0.00)*	(0.01)	(0.00)	(0.04)
Capital gains . . . . .	(0.00)	(0.41)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.00)	(0.41)	(0.01)	(0.00)	(0.04)
Net asset value, end of period . . . . .	\$19.69	\$18.90	\$17.08	\$16.00	\$14.51
Total return . . . . .	4.18%	13.09%	6.80%	10.27%	6.73%
Net assets, end of period (in millions) . . . . .	\$6	\$5	\$4	\$3	\$1
Ratio of expenses to average net assets . . . . .	2.34% <sup>(2)</sup>	2.38%	2.41%	2.42%	2.90% <sup>(2)</sup>
Ratio of net investment income (loss) to average net assets . . . . .	-0.12% <sup>(2)</sup>	-0.12%	-0.23%	0.15%	-1.18% <sup>(2)</sup>
Portfolio turnover rate . . . . .	35%	61%	63%	81%	86% <sup>(3)</sup>

\*Not shown due to rounding.

(1) Commencement of operations of the class.

(2) Annualized.

(3) For the eight months ended March 31, 2004.

See Notes to Financial Statements.

# Financial Highlights

## IVY VALUE FUND

Class E Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$19.04
Income from investment operations:	
Net investment income . . . . .	0.11 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	0.80 <sup>(2)</sup>
Total from investment operations . . . . .	<u>0.91</u>
Less distributions from:	
Net investment income . . . . .	(0.07)
Capital gains . . . . .	0.00
Total distributions . . . . .	<u>(0.07)</u>
Net asset value, end of period . . . . .	<u>\$19.88</u>
Total return <sup>(3)</sup> . . . . .	4.49%
Net assets, end of period (in thousands) . . . . .	\$105
Ratio of expenses to average net assets . . . . .	1.18% <sup>(4)</sup>
Ratio of net investment income to average net assets . . . . .	1.08% <sup>(4)</sup>
Portfolio turnover rate . . . . .	35% <sup>(5)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Total return calculated without taking into account the sales load deducted on an initial purchase.

(4)Annualized.

(5)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY VALUE FUND

Class I Shares

For a Share of Capital Stock Outstanding Throughout the Period:

(Unaudited)

	For the period from 4-2-07 <sup>(1)</sup> through 9-30-07
Net asset value, beginning of period . . . . .	\$19.04
Income from investment operations:	
Net investment income . . . . .	0.12 <sup>(2)</sup>
Net realized and unrealized gain on investments . . . . .	0.81 <sup>(2)</sup>
Total from investment operations . . . . .	<u>0.93</u>
Less distributions from:	
Net investment income . . . . .	(0.10)
Capital gains . . . . .	(0.00)
Total distributions . . . . .	<u>(0.10)</u>
Net asset value, end of period . . . . .	<u>\$19.87</u>
Total return . . . . .	4.53%
Net assets, end of period (in thousands) . . . . .	\$105
Ratio of expenses to average net assets . . . . .	1.08% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	1.18% <sup>(3)</sup>
Portfolio turnover rate . . . . .	35% <sup>(4)</sup>

(1)Commencement of operations of the class.

(2)Based on average weekly shares outstanding.

(3)Annualized.

(4)For the six months ended September 30, 2007.

See Notes to Financial Statements.

# Financial Highlights

## IVY VALUE FUND

Class Y Shares

For a Share of Capital Stock Outstanding Throughout Each Period:

(Unaudited)

	For the six months ended 9-30-07	For the fiscal year ended March 31,			For the period from 12-8-03 <sup>(1)</sup> to 3-31-04
		2007	2006	2005	
Net asset value, beginning of period . . . . .	\$19.04	\$17.18	\$16.05	\$14.54	\$13.63
Income from investment operations:					
Net investment income . . . . .	0.10	0.22 <sup>(2)</sup>	0.13	0.17	0.01
Net realized and unrealized gain on investments . . . . .	0.80	2.22 <sup>(2)</sup>	1.15	1.49	0.95
Total from investment operations . . . . .	0.90	2.44	1.28	1.66	0.96
Less distributions from:					
Net investment income . . . . .	(0.08)	(0.17)	(0.15)	(0.15)	(0.05)
Capital gains . . . . .	(0.00)	(0.41)	(0.00)	(0.00)	(0.00)
Total distributions . . . . .	(0.08)	(0.58)	(0.15)	(0.15)	(0.05)
Net asset value, end of period . . . . .	\$19.86	\$19.04	\$17.18	\$16.05	\$14.54
Total return . . . . .	4.76%	14.28%	7.99%	11.44%	7.05%
Net assets, end of period (in thousands) . . . . .	\$308	\$294	\$12,286	\$20,286	\$22,379
Ratio of expenses to average net assets . . . . .	1.30% <sup>(3)</sup>	1.29%	1.31%	1.34%	1.48% <sup>(3)</sup>
Ratio of net investment income to average net assets . . . . .	0.92% <sup>(3)</sup>	0.96%	0.89%	1.09%	0.35% <sup>(3)</sup>
Portfolio turnover rate . . . . .	35%	61%	63%	81%	86% <sup>(4)</sup>

(1) Commencement of operations of the class.

(2) Based on average weekly shares outstanding.

(3) Annualized.

(4) For the eight months ended March 31, 2004.

See Notes to Financial Statements.



# Notes to Financial Statements

September 30, 2007

(Unaudited)

## NOTE 1 – Significant Accounting Policies

Ivy Funds (the Trust) is organized as a Massachusetts business trust under a Declaration of Trust dated December 21, 1983 and is registered under the Investment Company Act of 1940 as a diversified, open-end management investment company. The Trust issues sixteen series of capital shares; each series represents ownership of a separate mutual fund (Fund). The assets belonging to each Fund are held separately by the custodian. The capital shares of each Fund represent a pro rata beneficial interest in the principal, net income and realized and unrealized capital gains or losses of its respective investments and other assets. The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America.

- A. Security valuation** – Each stock and convertible bond is valued at the latest sale price thereof on each business day of the fiscal period as reported by the principal securities exchange on which the issue is traded or, if no sale is reported for a stock, the average of the latest bid and asked prices. Bonds, other than convertible bonds, are valued using a pricing system provided by a pricing service or dealer in bonds. Convertible bonds are valued using this pricing system only on days when there is no sale reported. Stocks which are traded over-the-counter are priced using the Nasdaq Stock Market, which provides information on bid and asked prices quoted by major dealers in such stocks. Securities for which quotations are not readily available or are deemed not to be reliable because of significant events or circumstances identified between the closing of their principal markets and the closing of the New York Stock Exchange are valued at fair value as determined in good faith under procedures established by and under the general supervision of the Trust's Board of Trustees. Management's valuation committee makes fair value determinations for the Trust, subject to the supervision of the Board of Trustees. Short-term debt securities, purchased with less than 60 days to maturity, are valued at amortized cost, which approximates market value. Short-term debt securities denominated in foreign currencies are valued at amortized cost in that currency.
- B. Security transactions and related investment income** – Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Securities gains and losses are calculated on the identified cost basis. Premium and discount on the purchase of bonds are amortized for both financial and tax reporting purposes over the remaining lives of the bonds. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Fund is informed of the ex-dividend date. Interest income is recorded on the accrual basis. See Note 3 – Investment Securities Transactions.
- C. Foreign currency translations** – All assets and liabilities denominated in foreign currencies are translated into United States dollars daily. Purchases and sales of investment securities and accruals of income and expenses are translated at the rate of exchange prevailing on the date of the transaction. For assets and liabilities other than investments in securities, net realized and unrealized gains and losses from foreign currency translation arise from changes in currency exchange rates. The Trust combines fluctuations from currency exchange rates and fluctuations in market value when computing net realized and unrealized gain or loss from investments.

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- D. Forward foreign currency exchange contracts** – A forward foreign currency exchange contract (Forward Contract) is an obligation to purchase or sell a specific currency at a future date at a fixed price. Forward Contracts are marked-to-market daily at the applicable translation rates and the resulting unrealized gains or losses are reflected in the Trust's financial statements. Gains or losses are realized by the Trust at the time the Forward Contract is extinguished. Contracts may be extinguished either by entry into a closing transaction or by delivery of the currency. Risks may arise from the possibility that the other party will not complete the obligations of the contract and from unanticipated movements in the value of the foreign currency relative to the United States dollar. The Trust uses Forward Contracts to attempt to reduce the overall risk of its investments.
- E. Federal income taxes** – It is the Trust's policy to distribute all of its taxable income and capital gains to its shareholders and otherwise qualify as a regulated investment company under Subchapter M of the Internal Revenue Code. In addition, the Trust intends to pay distributions as required to avoid imposition of excise tax. Accordingly, provision has not been made for Federal income taxes. See Note 4 – Federal Income Tax Matters.
- F. Dividends and distributions** – Dividends and distributions to shareholders are recorded by each Fund on the business day following record date. Net investment income dividends and capital gains distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences are due to differing treatments for items such as deferral of wash sales and post-October losses, foreign currency transactions, net operating losses and expiring capital loss carryovers.
- G. Repurchase agreements** – Repurchase agreements are collateralized by the value of the resold securities which, during the entire period of the agreement, remains at least equal to the value of the loan, including accrued interest thereon. The collateral for the repurchase agreement is held by the custodian bank.
- H. New Accounting Pronouncements** – In June 2006, Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* (FIN 48), was issued and is effective on the last business day of the semiannual reporting period for fiscal years beginning after December 16, 2006. FIN 48 sets forth a threshold for financial statement recognition, measurement and disclosure of a tax position taken or expected to be taken on a tax return. Management has concluded that the adoption of FIN 48 will not result in a material impact on the Trust's net assets, results of operations and financial statement disclosures. In September 2006, FASB issued Statement on Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements." SFAS 157 defines fair value for purposes of financial statement presentation, establishes a hierarchy for measuring fair value in generally accepted accounting principles and expands financial statement disclosures about fair value measurements that are relevant to mutual funds. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Trust will adopt SFAS 157 during 2008 and its potential impact, if any, on each Fund's financial statements is currently being assessed by management.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

## NOTE 2 – Investment Management and Payments to Affiliated Persons

Ivy Investment Management Company (IICO), a wholly owned subsidiary of Waddell & Reed Financial, Inc. (WDR), serves as the investment manager for each Fund. IICO provides advice and supervises investments for which services it is paid a fee. The fee is payable by each Fund at the following annual rates:

<b>Fund</b>	<b>Net Asset Breakpoints</b>	<b>Annual Rate</b>
Ivy Balanced Fund	Up to \$1 Billion	0.70%
	Over \$1 Billion up to \$2 Billion	0.65%
	Over \$2 Billion up to \$3 Billion	0.60%
	Over \$3 Billion	0.55%
Ivy Bond Fund	Up to \$500 Million	0.525%
	Over \$500 Million and up to \$1 Billion	0.50%
	Over \$1 Billion and up to \$1.5 Billion	0.45%
	Over \$1.5 Billion	0.40%
Ivy Cundill Global Value Fund	Up to \$500 Million	1.00%
	Over \$500 Million and up to \$1 Billion	0.85%
	Over \$1 Billion and up to \$2 Billion	0.83%
	Over \$2 Billion and up to \$3 Billion	0.80%
	Over \$3 Billion	0.76%
Ivy Dividend Income Fund	Up to \$1 Billion	0.70%
	Over \$1 Billion up to \$2 Billion	0.65%
	Over \$2 Billion up to \$3 Billion	0.60%
	Over \$3 Billion	0.55%
Ivy European Opportunities Fund	Up to \$250 Million	1.00%
	Over \$250 Million up to \$500 Million	0.85%
	Over \$500 Million	0.75%
Ivy Global Natural Resources Fund	Up to \$500 Million	1.00%
	Over \$500 Million and up to \$1 Billion	0.85%
	Over \$1 Billion and up to \$2 Billion	0.83%
	Over \$2 Billion and up to \$3 Billion	0.80%
	Over \$3 Billion	0.76%
Ivy International Balanced Fund	Up to \$1 Billion	0.70%
	Over \$1 Billion and up to \$2 Billion	0.65%
	Over \$2 Billion and up to \$3 Billion	0.60%
	Over \$3 Billion	0.55%
Ivy International Core Equity Fund	Up to \$1 Billion	0.85%
	Over \$1 Billion and up to \$2 Billion	0.83%
	Over \$2 Billion and up to \$3 Billion	0.80%
	Over \$3 Billion	0.70%
Ivy International Growth Fund	Up to \$1 Billion	0.85%
	Over \$1 Billion and up to \$2 Billion	0.83%
	Over \$2 Billion and up to \$3 Billion	0.80%
	Over \$3 Billion	0.70%

<b>Fund (Continued)</b>	<b>Net Asset Breakpoints</b>	<b>Annual Rate</b>
Ivy Managed European/Pacific Fund	All levels	0.05%
Ivy Managed International Opportunities Fund	All levels	0.05%
Ivy Mortgage Securities Fund	Up to \$500 Million	0.50%
	Over \$500 Million and up to \$1 Billion	0.45%
	Over \$1 Billion and up to \$1.5 Billion	0.40%
	Over \$1.5 Billion	0.35%
Ivy Pacific Opportunities Fund	Up to \$500 Million	1.00%
	Over \$500 Million and up to \$1 Billion	0.85%
	Over \$1 Billion and up to \$2 Billion	0.83%
	Over \$2 Billion and up to \$3 Billion	0.80%
	Over \$3 Billion	0.76%
Ivy Real Estate Securities Fund	Up to \$1 Billion	0.90%
	Over \$1 Billion up to \$2 Billion	0.87%
	Over \$2 Billion up to \$3 Billion	0.84%
	Over \$3 Billion	0.80%
Ivy Small Cap Value Fund	Up to \$1 Billion	0.85%
	Over \$1 Billion up to \$2 Billion	0.83%
	Over \$2 Billion up to \$3 Billion	0.80%
	Over \$3 Billion	0.76%
Ivy Value Fund	Up to \$1 Billion	0.70%
	Over \$1 Billion up to \$2 Billion	0.65%
	Over \$2 Billion up to \$3 Billion	0.60%
	Over \$3 Billion	0.55%

These fees are accrued daily and are paid monthly. However, IICO has voluntarily agreed to waive its management fee for Ivy Dividend Income Fund, Ivy Managed European/Pacific Fund and Ivy Managed International Opportunities Fund on any day that the Fund's net assets are less than \$25 million, subject to IICO's right to change or modify this waiver. During the six-month period ending September 30, 2007, IICO voluntarily waived its fee (in thousands) as shown in the following table:

Ivy Managed European/Pacific Fund . . . . .	\$2
Ivy Managed International Opportunities Fund . . . . .	1

Mackenzie Financial Corporation (MFC) serves as subadvisor to Ivy Global Natural Resources Fund under an agreement with IICO and receives a fee as follows: 0.50% of the Fund's average daily net assets up to \$500 million, 0.425% of net assets over \$500 million and up to \$1 billion, 0.415% of net assets over \$1 billion and up to \$2 billion, 0.40% of net assets over \$2 billion and up to \$3 billion, and 0.38% of net assets over \$3 billion.

Effective December 7, 2006, MFC serves as subadvisor to Ivy Cundill Global Value Fund under an agreement with IICO and receives a fee as follows:

<b>Fund</b>	<b>Net Asset Breakpoints</b>	<b>Annual Rate</b>
Ivy Cundill Global Value Fund	On the first \$500 Million	0.50%
	On the next \$500 Million	0.425%
	On the next \$1 Billion	0.415%
	On the next \$1 Billion	0.40%
	On all assets exceeding \$3 Billion	0.38%

MFC was the interim subadvisor to Ivy Cundill Global Value Fund from September 22, 2006 until December 7, 2006. Prior to September 22, 2006, Cundill Investment Research Ltd. served as subadvisor to the Fund.

Henderson Global Investors (North America) Inc. (HGINA) serves as subadvisor to Ivy European Opportunities Fund under an agreement with IICO. Henderson Investment Management Ltd., under a subadvisory agreement with HGINA, serves as subadvisor to the Fund. HGINA receives a fee payable monthly at an annual rate of 0.50% of average net assets.

Advantus Capital Management, Inc. serves as subadvisor to Ivy Bond Fund, Ivy Mortgage Securities Fund and Ivy Real Estate Securities Fund under an agreement with IICO and receives a fee equal to, on an annual basis, 0.27%, 0.30% and 0.55% of the respective Fund's average net assets.

Effective February 2, 2007, BlackRock Capital Management, Inc. serves as subadvisor to Ivy Small Cap Value Fund under an agreement with IICO and receives a fee equal to, on an annual basis, 0.50% of the Fund's average net assets.

BlackRock Capital Management, Inc. was the interim subadvisor to the Fund from September 27, 2006 until February 2, 2007. Prior to September 27, 2006, Blackrock Financial Management Inc. served as subadvisor to the Fund.

Templeton Investment Counsel, LLC serves as subadvisor to Ivy International Balanced Fund under an agreement with IICO and receives a fee that is shown in the following table:

<b>Fund</b>	<b>Net Asset Breakpoints</b>	<b>Annual Rate</b>
Ivy International Balanced Fund	On the first \$100 Million	0.50%
	All net assets exceeding \$100 Million	0.40%

Pursuant to a Master Fund Accounting Services Agreement, IICO provides certain accounting and pricing services for each Fund. As of March 18, 2003, IICO assigned its responsibilities under the Accounting Services Agreement to Waddell & Reed Services Company (WRSCO), an indirect subsidiary of WDR. For these services, each Fund, other than Ivy Managed European/Pacific Fund and Ivy Managed International Opportunities Fund (the Ivy Managed Funds), pays WRSCO a monthly fee of one-twelfth of the annual fee shown in the following table:

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**Accounting Services Fee**

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<b>Average Net Asset Level (in millions)</b>	<b>Annual Fee Rate for Each Level</b>
From \$ 0 to \$ 10	\$ 0
From \$ 10 to \$ 25	\$ 11,500
From \$ 25 to \$ 50	\$ 23,100
From \$ 50 to \$ 100	\$ 35,500
From \$100 to \$ 200	\$ 48,400
From \$200 to \$ 350	\$ 63,200
From \$350 to \$ 550	\$ 82,500
From \$550 to \$ 750	\$ 96,300
From \$750 to \$1,000	\$121,600
\$1,000 and Over	\$148,500

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In addition, for each class of shares in excess of one, each Fund pays WRSCO a monthly per-class fee equal to 2.5% of the monthly accounting services base fee.

Under the Accounting and Administrative Services Agreement for the Ivy Managed Funds, each Fund pays WRSCO, for its services, a monthly fee of one-twelfth of the annual fee shown in the following table:

**Accounting Services Fee**

<b>Average Net Asset Level (in millions)</b>	<b>Annual Fee Rate for Each Level</b>
From \$ 0 to \$ 10	\$ 0
From \$ 10 to \$ 25	\$ 5,748
From \$ 25 to \$ 50	\$11,550
From \$ 50 to \$ 100	\$17,748
From \$100 to \$ 200	\$24,198
From \$200 to \$ 350	\$31,602
From \$350 to \$ 550	\$41,250
From \$550 to \$ 750	\$48,150
From \$750 to \$1,000	\$60,798
\$1,000 and Over	\$74,250

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In addition, for each class of shares in excess of one, each of the Ivy Managed Funds pays WRSCO a monthly per-class fee equal to 1.25% of the monthly accounting services base fee.

Under the Shareholder Servicing Agreement, except for the Ivy Managed Funds, with respect to Class A, Class B, Class C, Class E, Advisor Class and Class II shares, for each shareholder account that was in existence at any time during the prior month: Ivy Balanced Fund, Ivy Dividend Income Fund, Ivy International Balanced Fund, Ivy Real Estate Securities Fund, Ivy Small Cap Value Fund and Ivy Value Fund pay WRSCO a monthly fee of \$1.5792; Ivy Bond Fund and Ivy Mortgage Securities Fund pay WRSCO a monthly fee of \$1.6958; and Ivy Cundill Global Value Fund, Ivy European Opportunities Fund, Ivy Global Natural Resources Fund, Ivy International Growth Fund, Ivy International Core Equity Fund and Ivy Pacific Opportunities Fund each pay WRSCO a monthly fee of \$1.5042. For Class I and Class Y shares, each Fund pays WRSCO a monthly fee at an annual rate of 0.15% of the average daily net assets of the class for the preceding month. For Class R shares, each Fund pays WRSCO a monthly fee at an annual rate of 0.20% of the average daily net assets of the class for the preceding month. Effective September 1, 2006, the Shareholder Servicing Agreement with respect to Class A, Class B and Class C shares has been revised so that each Fund pays WRSCO an annual fee (payable monthly) for each account of the Fund that is non-networked and is as shown above; however, WRSCO has agreed to reduce those

fees if the number of total shareholders accounts within the Complex (Waddell & Reed Advisors Funds, Waddell & Reed InvestEd Portfolios, Inc., Ivy Funds and Ivy Funds, Inc.) reaches certain levels. For certain networked accounts (that is, those accounts whose Fund shares are purchased through certain intermediaries), WRSCO has agreed to reduce its per account fees charged to the Funds to \$0.50 per month per shareholder account. Additional fees may be paid by the Funds to those intermediaries. Each Fund also reimburses WRSCO for certain out-of-pocket costs for all classes. Certain broker-dealers that maintain shareholder accounts with each Fund through an omnibus account provide transfer agent and other shareholder-related services that would otherwise be provided by WRSCO if the individual accounts that comprise the omnibus account were opened by their beneficial owners directly. WRSCO pays such broker-dealers a per account fee for each open account within the omnibus account, or a fixed rate (e.g., 0.10%) fee, based on the average daily net asset value of the omnibus account (or a combination thereof).

Under the Shareholder Servicing Agreement for the Ivy Managed Funds, no fee is charged to the Ivy Managed Funds as compensation for services rendered under this Shareholder Servicing Agreement. The Ivy Managed Funds do, however, reimburse any out-of-pocket expenses incurred by WRSCO in the performance of its duties under this Agreement, including long distance telephone communications costs; microfilm and storage costs for certain documents; forms, printing and mailing costs; charges of any sub-agent used by WRSCO in performing services under the Shareholder Servicing Agreement; and costs of legal and special services not provided by IFDI, IICO or WRSCO.

Pursuant to an Administrative Services Agreement, IICO provides certain administrative services to each Fund. The administrative fee for each Fund is a monthly fee at the annual rate of 0.01% of each Fund's average daily net assets.

As principal underwriter for the Trust's shares, Ivy Funds Distributor, Inc. (IFDI) receives sales commissions (which are not an expense of the Trust) for Class A and Class E shares. A contingent deferred sales charge (CDSC) may be assessed against a shareholder's redemption amount of Class B, Class C or certain Class A and Class E shares and is paid to IFDI. During the six-month period ended September 30, 2007, IFDI received the following amounts in sales commissions and CDSC:

	Sales Commissions	CDSC			
		Class A	Class B	Class C	Class E
Ivy Balanced Fund . . . . .	\$ 45,115	\$ —	\$ 1,695	\$ 401	\$ —
Ivy Bond Fund . . . . .	83,193	246	999	257	—
Ivy Cundill Global Value Fund . . . . .	629,640	1,916	53,892	4,490	—
Ivy Dividend Income Fund . . . . .	249,624	2	6,952	1,037	—
Ivy European Opportunities Fund . . . . .	771,824	—	14,646	5,047	—
Ivy Global Natural Resources Fund . . . . .	3,050,203	—	192,933	70,761	—
Ivy International Balanced Fund . . . . .	380,253	2,348	4,342	4,247	—
Ivy International Core Equity Fund . . . . .	333,175	90	3,082	1,284	—
Ivy International Growth Fund . . . . .	89,989	57	6,713	657	—
Ivy Managed European/ Pacific Fund . . . . .	322,542	—	235	105	—

(Continued)	Sales Commissions	CDSC			
		Class A	Class B	Class C	Class E
Ivy Managed International Opportunities Fund . . .	199,305	—	185	21	—
Ivy Mortgage Securities Fund . . . . .	266,320	392	15,840	1,589	—
Ivy Pacific Opportunities Fund . . .	957,419	—	11,458	1,915	—
Ivy Real Estate Securities Fund . . . . .	609,404	1,440	15,130	3,166	—
Ivy Small Cap Value Fund . . . . .	227,597	1,494	3,632	235	—
Ivy Value Fund . . . . .	85,524	—	1,450	377	—

With respect to Class A, Class B, Class C and Class E shares, IFDI pays sales commissions and all expenses in connection with the sale of the Trust's shares, except for registration fees and related expenses. During the six-month period ended September 30, 2007, IFDI paid the following amounts:

Ivy Balanced Fund . . . . .	\$ 44,551
Ivy Bond Fund . . . . .	87,839
Ivy Cundill Global Value Fund . . . . .	746,783
Ivy Dividend Income Fund . . . . .	284,079
Ivy European Opportunities Fund . . . . .	879,221
Ivy Global Natural Resources Fund . . . . .	5,740,767
Ivy International Balanced Fund . . . . .	482,212
Ivy International Core Equity Fund . . . . .	412,838
Ivy International Growth Fund . . . . .	111,880
Ivy Managed European/Pacific Fund . . . . .	171,632
Ivy Managed International Opportunities Fund . . . . .	299,254
Ivy Mortgage Securities Fund . . . . .	277,043
Ivy Pacific Opportunities Fund . . . . .	1,016,007
Ivy Real Estate Securities Fund . . . . .	645,782
Ivy Small Cap Value Fund . . . . .	240,148
Ivy Value Fund . . . . .	94,945

Under a Distribution and Service Plan for Class A shares adopted by the Trust pursuant to Rule 12b-1 under the Investment Company Act of 1940, each Fund may pay a distribution and/or service fee to IFDI in an amount not to exceed 0.25% of the Fund's average annual net assets attributable to that class. The fee is to be paid to reimburse IFDI for amounts it expends in connection with the distribution of the Class A shares and/or provision of personal services to Fund shareholders and/or maintenance of shareholder accounts. Under a Distribution and Service Plan for Class B and Class C shares adopted by the Trust pursuant to Rule 12b-1 under the Investment Company Act of 1940, each Fund may pay IFDI a service fee in an amount not to exceed 0.25% of the Fund's average annual net assets attributable to that class. The fee is to be paid to reimburse IFDI for amounts it expends in connection with the provision of personal services to Fund shareholders and/or maintenance of shareholder accounts. Under the Distribution and Service Plan for Class B shares and Class C shares adopted by the Trust pursuant to Rule 12b-1 under the Investment Company Act of 1940, each Fund may pay IFDI a distribution fee not to exceed 0.75% of the Fund's average annual net assets attributable to that class to compensate IFDI for its services in connection with the distribution of shares of that class. The Class B Plan and the Class C Plan each permit IFDI to receive compensation, through



the distribution fee, for its distribution activities for that class. Under the Distribution and Service Plan for Class E shares adopted by the Trust on behalf of each of the Ivy Funds pursuant to Rule 12b-1 under the 1940 Act, each Fund may pay IFDI, the principal underwriter for the Fund, a fee up to 0.25% of the Fund's average annual net assets attributable to Class E shares, paid daily, to compensate IFDI for its costs and expenses in connection with, either directly or through others, the distribution of the Class E shares, the provision of personal services to Class E shareholders and/or maintenance of Class E shareholder accounts. The Class E Plan permits IFDI to be compensated for these Class E-related distribution activities through the distribution fee, subject to the limit contained in the Plan. The Class E Plan also permits IFDI to be compensated for amounts it expends: in compensating, training and supporting registered financial advisors, sales manager and/or other appropriate personnel in providing personal services to Class E shareholders of the funds and/or maintaining Class E shareholder accounts; increasing services provided to Class E shareholders of the Funds by office personnel located at field sales offices; engaging in other activities useful in providing personal service to Class E shareholders of the Funds and/or maintenance of Class E shareholder accounts; and in compensating broker-dealers and other third parties who may regularly sell Class E shares of the Funds, and may regularly provide shareholder services and/or maintain shareholder accounts with respect to Class E shares. Under the Class R Plan, each Fund may pay IFDI a fee of up to 0.50%, on an annual basis, of the average daily net assets attributable to that class to compensate IFDI for, either directly or through third parties, distributing the Class R shares of that Fund, providing personal service to Class R shareholders and/or maintenance of Class R shareholder accounts. Under the Class Y Plan, each Fund may pay IFDI a fee of up to 0.25%, on an annual basis, of the average daily net assets attributable to that class to compensate IFDI for, either directly or through third parties, distributing the Class Y shares of that Fund, providing personal service to Class Y shareholders and/or maintenance of Class Y shareholder accounts.

For Ivy Cundill Global Value Fund, Ivy Global Natural Resources Fund, Ivy International Core Equity Fund and Ivy Pacific Opportunities Fund, IICO has contractually agreed to reimburse a Fund's expenses, for the calendar year ended December 31, 2006, and for the following five years, to the extent necessary to ensure that the Fund's annual operating expenses, when calculated at the Fund level, do not exceed 2.50% of the Fund's average net assets (excluding 12b-1 fees and certain other expenses). During the six-month period ended September 30, 2007, IICO did not reimburse any of the Fund's expenses.

In addition, IFDI and WRSCO have voluntarily agreed to waive sufficient Fund expenses to ensure that the total annual fund operating expenses do not exceed the following levels for the specified funds/classes:

<b>Fund and Class</b>	<b>Expense Limitation (as a percentage of average net assets of each Class)</b>
Ivy Cundill Global Value Fund, Class A . . . . .	1.90%
Ivy Cundill Global Value Fund, Class C . . . . .	2.55%
Ivy Cundill Global Value Fund, Class Y . . . . .	1.20%
Ivy Global Natural Resources Fund, Class A . . . . .	1.70%
Ivy Global Natural Resources Fund, Class C . . . . .	2.40%
Ivy Global Natural Resources Fund, Class Y . . . . .	1.20%

During the six-month period ended September 30, 2007, IFDI reimbursed the Fund's service fees (in thousands) as shown:

Ivy Cundill Global Value Fund, Class Y . . . . .	\$ 15
Ivy Global Natural Resources Fund, Class Y . . . . .	132

During the six-month period ended September 30, 2007, the Funds paid Trustees' regular compensation of \$220,538, which is included in other expenses.

### NOTE 3 – Investment Securities Transactions

Investment securities transactions for the six-month period ended September 30, 2007 are summarized as follows:

	Ivy Balanced Fund	Ivy Bond Fund	Ivy Cundill Global Value Fund
Purchases of investment securities, excluding short-term and U.S. government securities . . . . .	\$ 3,369,048	\$ 20,727,596	\$ 231,976,666
Purchases of U.S. government securities . . . . .	—	16,726,929	—
Purchases of short-term securities . . . . .	355,666,440	384,900,946	14,057,618,583
Proceeds from maturities and sales of investment securities, excluding short-term and U.S. government securities . . . . .	8,877,948	9,849,967	244,752,711
Proceeds from maturities and sales of U.S. government securities . . . . .	408,645	13,723,122	—
Proceeds from maturities and sales of short-term securities . . . . .	352,786,927	380,638,693	14,131,855,000
	Ivy Dividend Income Fund	Ivy European Opportunities Fund	Ivy Global Natural Resources Fund
Purchases of investment securities, excluding short-term and U.S. government securities . . . . .	\$ 38,689,398	\$ 201,219,097	\$4,750,012,824
Purchases of U.S. government securities . . . . .	—	—	—
Purchases of short-term securities . . . . .	802,885,737	1,385,403,926	9,022,749,613
Proceeds from maturities and sales of investment securities, excluding short-term and U.S. government securities . . . . .	14,152,543	144,948,635	3,856,325,651
Proceeds from maturities and sales of U.S. government securities . . . . .	—	—	—
Proceeds from maturities and sales of short-term securities . . . . .	797,098,767	1,384,119,195	8,989,325,651

	Ivy International Balanced Fund	Ivy International Core Equity Fund	Ivy International Growth Fund
Purchases of investment securities, excluding short-term and U.S. government securities. . . .	\$ 70,036,503	\$176,456,642	\$122,734,364
Purchases of U.S. government securities. . . . .	—	—	—
Purchases of short-term securities. . . . .	861,721,262	662,267,306	623,649,791
Proceeds from maturities and sales of investment securities, excluding short-term and U.S. government securities. . . .	23,063,885	132,352,893	127,518,708
Proceeds from maturities and sales of U.S. government securities. . . . .	—	—	—
Proceeds from maturities and sales of short-term securities . .	861,454,617	660,684,148	620,127,026
	Ivy Managed European/ Pacific Fund	Ivy Managed International Opportunities Fund	Ivy Mortgage Securities Fund
Purchases of investment securities, excluding short- term and U.S. government securities. . . . .	\$30,165,562	\$55,696,326	\$ 40,695,970
Purchases of U.S. government securities. . . . .	—	—	133,334,172
Purchases of short-term securities. . . . .	49,200,000	91,168,000	1,160,569,186
Proceeds from maturities and sales of investment securities, excluding short-term and U.S. government securities. . .	71,307	—	22,566,166
Proceeds from maturities and sales of U.S. government securities. . . . .	—	—	133,612,283
Proceeds from maturities and sales of short-term securities .	48,766,000	90,409,000	1,138,712,000

	Ivy Pacific Opportunities Fund	Ivy Real Estate Securities Fund	Ivy Small Cap Value Fund
Purchases of investment securities, excluding short-term and U.S. government securities. . . .	\$245,085,925	\$ 57,848,415	\$106,877,105
Purchases of U.S. government securities. . . . .	—	—	—
Purchases of short-term securities. . . . .	802,249,878	322,997,391	564,294,682
Purchases of options . . . . .	3,600,005	—	—
Proceeds from maturities and sales of investment securities, excluding short-term and U.S. government securities. . . .	214,748,359	178,139,142	101,797,205
Proceeds from maturities and sales of U.S. government securities. . . . .	—	—	—
Proceeds from maturities and sales of short-term securities . .	778,577,216	320,023,520	567,872,878
Proceeds from options . . . . .	2,353,503	—	—
			Ivy Value Fund
Purchases of investment securities, excluding short-term and U.S. government securities. . . . .			\$ 31,644,471
Purchases of U.S. government securities . . . . .			—
Purchases of short-term securities . . . . .			345,018,479
Proceeds from maturities and sales of investment securities, excluding short-term and U.S. government securities . . . . .			30,653,743
Proceeds from maturities and sales of U.S. government securities . . . . .			—
Proceeds from maturities and sales of short-term securities . . . . .			341,791,806

For Federal income tax purposes, cost of investments owned at September 30, 2007 and the related unrealized appreciation (depreciation) were as follows:

	Cost	Appreciation	Depreciation	Aggregate Appreciation (Depreciation)
Ivy Balanced Fund . . .	\$ 76,420,713	\$ 24,537,969	\$ 499,995	\$ 24,037,974
Ivy Bond Fund . . . . .	90,009,791	407,237	2,242,890	(1,835,653)
Ivy Cundill Global Value Fund . . . . .	812,645,276	159,911,997	105,092,155	54,819,842
Ivy Dividend Income Fund . . . . .	145,409,966	44,450,564	1,404,607	43,045,957
Ivy European Opportunities Fund . . . . .	502,643,002	127,794,040	14,740,936	113,053,104
Ivy Global Natural Resources Fund . .	5,712,255,476	1,904,547,422	31,533,919	1,873,013,503
Ivy International Balanced Fund . . .	296,183,993	50,894,612	5,416,073	45,478,539
Ivy International Core Equity Fund .	247,092,280	42,959,946	2,115,530	40,844,416
Ivy International Growth Fund . . . . .	194,727,906	77,058,835	2,202,039	74,856,796
Ivy Managed European/Pacific Fund . . . . .	30,524,800	2,832,087	—	2,832,087
Ivy Managed International Opportunities Fund . . . . .	56,455,326	3,218,270	—	3,218,270
Ivy Mortgage Securities Fund. . .	375,980,810	1,543,922	10,839,609	(9,295,687)
Ivy Pacific Opportunities Fund . . . . .	439,115,590	236,060,737	7,194,141	228,866,596
Ivy Real Estate Securities Fund. . .	401,940,249	135,412,897	5,895,437	129,517,460
Ivy Small Cap Value Fund . . . . .	153,856,923	15,592,003	6,480,753	9,111,250
Ivy Value Fund . . . . .	73,987,693	19,225,202	1,263,394	17,961,808

## NOTE 4 – Federal Income Tax Matters

For Federal income tax purposes, the Funds' distributed and undistributed earnings and profit for the fiscal year ended March 31, 2007 and the related net capital losses and post-October activity were as follows:

	Ivy Balanced Fund	Ivy Bond Fund	Ivy Cundill Global Value Fund
Net ordinary income . . . . .	\$ 988,959	\$2,847,833	\$25,207,346
Distributed ordinary income . . . . .	1,085,606	2,841,082	14,086,154
Undistributed ordinary income . . . . .	38,786*	36,210*	11,236,019
Realized long-term capital gains . . . . .	653,025	—	51,372,008
Distributed long-term capital gains . . . . .	—	—	35,772,161
Undistributed long-term capital gains . . . . .	653,025	—	19,196,641
Net capital losses . . . . .	—	461,131	—
Post-October losses deferred . . . . .	—	—	287,658
	Ivy Dividend Income Fund	Ivy European Opportunities Fund	Ivy Global Natural Resources Fund
Net ordinary income . . . . .	\$1,068,470	\$ 4,879,556	\$142,452,257
Distributed ordinary income . . . . .	1,079,904	4,118,063	197,937,422
Undistributed ordinary income . . . . .	28,255*	761,493	54,518,171
Realized long-term capital gains . . . . .	2,824,612	10,359,289	250,403,581
Distributed long-term capital gains . . . . .	1,389,185	—	220,660,776
Undistributed long-term capital gains . . . . .	1,435,427	10,359,289	78,900,749
Net capital losses . . . . .	—	—	—
Post-October losses deferred . . . . .	—	—	573,848
	Ivy International Balanced Fund	Ivy International Core Equity Fund	Ivy International Growth Fund
Net ordinary income . . . . .	\$6,270,627	\$ 7,228,646	\$566,909
Distributed ordinary income . . . . .	5,842,010	837,091	244,825
Undistributed ordinary income . . . . .	1,949,547	6,391,555	322,084
Realized long-term capital gains . . . . .	4,862,347	12,068,191	—
Distributed long-term capital gains . . . . .	5,666,925	6,971,717	—
Undistributed long-term capital gains . . . . .	1,924,208	5,096,474	—
Net capital losses . . . . .	—	—	—
Post-October losses deferred . . . . .	—	44,740	—

\*This entire amount was distributed prior to September 30, 2007.

	Ivy Mortgage Securities Fund	Ivy Pacific Opportunities Fund	Ivy Real Estate Securities Fund
Net ordinary income . . . . .	\$14,179,448	\$16,574,426	\$13,944,969
Distributed ordinary income . . . . .	14,174,142	6,928,367	8,767,618
Undistributed ordinary income . . . . .	176,961*	14,509,064	7,085,430
Realized long-term capital gains . . .	—	9,390,595	26,471,724
Distributed long-term capital gains . .	—	6,780,715	19,091,476
Undistributed long-term capital gains . . . . .	—	4,211,703	12,870,552
Net capital losses . . . . .	484,106	—	—
Post-October losses deferred . . . . .	275,654	129,873	—

	Ivy Small Cap Value Fund	Ivy Value Fund
Net ordinary income . . . . .	\$7,736,967	\$1,503,840
Distributed ordinary income . . . . .	6,874,058	521,854
Undistributed ordinary income . . . . .	4,223,778	1,011,126
Realized long-term capital gains . . . . .	5,487,432	2,139,011
Distributed long-term capital gains . . . . .	4,367,343	1,735,651
Undistributed long-term capital gains . . . . .	2,187,065	878,555
Net capital losses . . . . .	—	—
Post-October losses deferred . . . . .	—	—

Internal Revenue Code regulations permit each Fund to defer into its next fiscal year net capital losses or net long-term capital losses and currency losses incurred between each November 1 and the end of its fiscal year (post-October losses).

Capital Loss Carryovers are available to offset future realized capital gain net income incurred in the 8 taxable years succeeding the loss year for Federal income tax purposes. The following shows the totals by year in which the capital loss carryovers will expire if not utilized.

	Ivy Bond Fund	Ivy Global Natural Resources Fund	Ivy International Growth Fund
March 31, 2008 . . . . .	\$ —	\$ —	\$ 407,464
March 31, 2009 . . . . .	28,681	—	77,610,725
March 31, 2010 . . . . .	—	167,845	146,210,535
March 31, 2011 . . . . .	—	—	47,213,802
March 31, 2015 . . . . .	461,131	—	—
Total carryover . . . . .	<u>\$489,812</u>	<u>\$167,845</u>	<u>\$271,442,526</u>

\*This entire amount was distributed prior to September 30, 2007.

	Ivy Mortgage Securities Fund	Ivy Pacific Opportunities Fund
March 31, 2008 .....	\$ —	\$157,220
March 31, 2009 .....	—	157,220
March 31, 2010 .....	—	157,220
March 31, 2014 .....	164,447	—
March 31, 2015 .....	484,106	—
Total carryover .....	<u>\$648,553</u>	<u>\$471,660</u>

Ivy Developing Markets Fund was merged into Ivy Pacific Opportunities Fund as of June 16, 2003. At the time of the merger, Ivy Developing Markets Fund had capital loss carryovers available to offset future gains of the Ivy Pacific Opportunities Fund. These carryovers are limited to \$157,220 for each period ending from March 31, 2008 through 2010 plus any unused limitations from prior years.

Ivy International Growth Fund was merged into Ivy International Growth Fund (formerly, Ivy International Fund) as of March 27, 2006. At the time of the merger, Ivy International Growth Fund had capital loss carryovers available to offset future gains of the Ivy International Fund. These carryovers are limited to \$7,403,026 for the period ending March 31, 2008 and \$3,234,412 for each period ending from March 31, 2009 through 2010 plus any unused limitations from prior years and the amount of certain built-in gains realized, if any.

### Note 5 – Multiclass Operations

Each Fund within the Trust offers five classes of shares, Class A, Class B, Class C, Class I and Class Y, and all Funds except Ivy Balanced Fund, Ivy European Opportunities Fund, Ivy International Growth Fund, Ivy Managed European/Pacific Fund, Ivy Managed International Opportunities Fund, Ivy Pacific Opportunities Fund, Ivy Small Cap Value Fund and Ivy Value Fund offer Class E shares. Each share class has equal rights as to assets and voting privileges. In addition, Ivy Global Natural Resources Fund and Ivy Real Estate Securities Fund offer Class R shares, which also have equal rights as to assets and voting privileges. Ivy Cundill Global Value Fund, Ivy European Opportunities Fund, Ivy Global Natural Resources Fund, Ivy International Core Equity Fund, Ivy International Growth Fund and Ivy Pacific Opportunities Fund also offered Advisor Class shares and Ivy Cundill Global Value Fund and Ivy International Growth Fund also offered Class II shares. Advisor Class and Class II shares are no longer available for investment. A comprehensive discussion of the terms under which shares of each class are offered is contained in the Prospectuses and the Statement of Additional Information for the Trust.

Income, non-class specific expenses, and realized and unrealized gains and losses are allocated daily to each class of shares based on the value of their relative net assets as of the beginning of each day adjusted for the prior day's capital share activity.



Transactions in capital stock for the six-month period ended September 30, 2007 are summarized below. Amounts are in thousands.

	Ivy Balanced Fund	Ivy Bond Fund
Shares issued from sale of shares:		
Class A .....	322	2,165
Class B .....	18	64
Class C .....	39	273
Class E .....	6	40
Class I .....	6	16
Class Y .....	52	1
Shares issued from reinvestment of dividends and/or capital gains distribution:		
Class A .....	18	91
Class B .....	—*	3
Class C .....	—*	7
Class E .....	—*	1
Class I .....	—*	—*
Class Y .....	10	—*
Shares redeemed:		
Class A .....	(377)	(564)
Class B .....	(13)	(32)
Class C .....	(34)	(265)
Class E .....	(—)	(—)*
Class I .....	(—)	(1)
Class Y .....	(217)	(4)
Increase (decrease) in outstanding capital shares .....	<u>(170)</u>	<u>1,795</u>

\*Not shown due to rounding.

(Continued)	Ivy Balanced Fund	Ivy Bond Fund
Value issued from sale of shares:		
Class A .....	\$ 5,497	\$22,271
Class B .....	296	658
Class C .....	670	2,799
Class E .....	100	417
Class I .....	100	164
Class Y .....	897	8
Value issued from reinvestment of dividends and/or capital gains distribution:		
Class A .....	312	940
Class B .....	1	33
Class C .....	4	72
Class E .....	1	7
Class I .....	1	4
Class Y .....	165	—*
Value redeemed:		
Class A .....	(6,408)	(5,812)
Class B .....	(226)	(328)
Class C .....	(577)	(2,710)
Class E .....	(—)	(2)
Class I .....	(—)	(10)
Class Y .....	(3,698)	(42)
Increase (decrease) in outstanding capital .....	<u>\$ (2,865)</u>	<u>\$18,469</u>

\*Not shown due to rounding.

	Ivy Cundill Global Value Fund	Ivy Dividend Income Fund	Ivy European Opportunities Fund
Shares issued from sale of shares:			
Class A .....	4,618	2,203	2,072
Class B .....	140	114	169
Class C .....	799	254	203
Class E .....	20	41	2
Class I .....	156	6	697
Class Y .....	108	338	37
Advisor Class .....	—	NA	—
Class II .....	—	NA	NA
Shares issued from reinvestment of dividends and/or capital gains distribution:			
Class A .....	—	35	—
Class B .....	—	—*	—
Class C .....	—	1	—
Class E .....	—	—*	—
Class I .....	—	—*	—
Class Y .....	—	1	—
Advisor Class .....	—	NA	—
Class II .....	—	NA	NA
Shares redeemed:			
Class A .....	(6,959)	(1,053)	(1,199)
Class B .....	(468)	(69)	(129)
Class C .....	(3,089)	(147)	(164)
Class E .....	(—)*	(—)*	(—)
Class I .....	(29)	(—)	(13)
Class Y .....	(279)	(29)	(80)
Advisor Class .....	(16)	NA	(4)
Class II .....	(—)	NA	NA
Increase (decrease) in outstanding capital shares .....	(4,999)	1,695	1,591

\*Not shown due to rounding.

	Ivy Cundill Global Value Fund	Ivy Dividend Income Fund	Ivy European Opportunities Fund
<b>(Continued)</b>			
Value issued from sale of shares:			
Class A .....	\$ 75,677	\$36,907	\$88,620
Class B .....	2,262	1,892	7,009
Class C .....	12,916	4,240	8,420
Class E .....	332	676	100
Class I .....	2,557	100	29,817
Class Y .....	1,795	5,708	1,554
Advisor Class .....	—	NA	—
Class II .....	—	NA	NA
Value issued from reinvestment of dividends and/or capital gains distribution:			
Class A .....	—	599	—
Class B .....	—	3	—
Class C .....	—	18	—
Class E .....	—	1	—
Class I .....	—	1	—
Class Y .....	—	13	—
Advisor Class .....	—	NA	—
Class II .....	—	NA	NA
Value redeemed:			
Class A .....	(112,487)	(17,742)	(51,078)
Class B .....	(7,423)	(1,161)	(5,306)
Class C .....	(48,118)	(2,462)	(6,736)
Class E .....	(1)	(6)	(—)
Class I .....	(475)	(—)	(561)
Class Y .....	(4,502)	(486)	(3,278)
Advisor Class .....	(264)	NA	(193)
Class II .....	(—)	NA	NA
Increase (decrease) in outstanding capital ...	<u>\$(77,731)</u>	<u>\$28,301</u>	<u>\$68,368</u>

	Ivy Global Natural Resources Fund	Ivy International Balanced Fund	Ivy International Core Equity Fund
Shares issued from sale of shares:			
Class A .....	28,702	2,791	2,816
Class B .....	944	116	141
Class C .....	8,170	637	398
Class E .....	39	25	40
Class I .....	1,108	1,332	639
Class R .....	221	NA	NA
Class Y .....	6,784	81	108
Advisor Class .....	—	NA	—
Shares issued from reinvestment of dividends and/or capital gains distribution:			
Class A .....	—	192	—
Class B .....	—	7	—
Class C .....	—	19	—
Class E .....	—	—*	—
Class I .....	—	12	—
Class R .....	—	NA	NA
Class Y .....	—	—*	—
Advisor Class .....	—	NA	—
Shares redeemed:			
Class A .....	(12,899)	(2,372)	(1,535)
Class B .....	(663)	(62)	(233)
Class C .....	(2,751)	(298)	(205)
Class E .....	(—)*	(—)*	(—)*
Class I .....	(21)	(6)	(8)
Class R .....	(52)	NA	NA
Class Y .....	(1,024)	(73)	(69)
Advisor Class .....	(1)	NA	(—)
Increase in outstanding capital shares . . . .	<u>28,557</u>	<u>2,401</u>	<u>2,092</u>

\*Not shown due to rounding.

<b>(Continued)</b>	<b>Ivy Global Natural Resources Fund</b>	<b>Ivy International Balanced Fund</b>	<b>Ivy International Core Equity Fund</b>
Value issued from sale of shares:			
Class A .....	\$1,033,693	\$48,404	\$53,110
Class B .....	31,899	2,003	2,454
Class C .....	270,732	11,016	6,916
Class E .....	1,377	439	740
Class I .....	39,715	23,112	12,003
Class R .....	8,019	NA	NA
Class Y .....	243,824	1,403	2,035
Advisor Class .....	—	NA	—
Value issued from reinvestment of dividends and/or capital gains distribution:			
Class A .....	—	3,295	—
Class B .....	—	112	—
Class C .....	—	332	—
Class E .....	—	4	—
Class I .....	—	213	—
Class R .....	—	NA	NA
Class Y .....	—	7	—
Advisor Class .....	—	NA	—
Value redeemed:			
Class A .....	(459,693)	(41,162)	(28,758)
Class B .....	(22,219)	(1,061)	(4,022)
Class C .....	(90,557)	(5,152)	(3,546)
Class E .....	(2)	(1)	(5)
Class I .....	(781)	(98)	(151)
Class R .....	(1,864)	NA	NA
Class Y .....	(36,152)	(1,243)	(1,233)
Advisor Class .....	(26)	NA	(—)
Increase in outstanding capital .....	<u>\$1,017,965</u>	<u>\$41,623</u>	<u>\$39,543</u>

	Ivy International Growth Fund	Ivy Managed European/ Pacific Fund	Ivy Managed International Opportunities Fund
Shares issued from sale of shares:			
Class A .....	307	2,581	4,917
Class B .....	21	94	182
Class C .....	50	128	216
Class E .....	3	20	20
Class I .....	366	20	20
Class Y .....	9	24	38
Advisor Class .....	—	NA	NA
Class II .....	—	NA	NA
Shares issued from reinvestment of dividends and/or capital gains distribution:			
Class A .....	—	—	—
Class B .....	—	—	—
Class C .....	—	—	—
Class E .....	—	—	—
Class I .....	—	—	—
Class Y .....	—	—	—
Advisor Class .....	—	NA	NA
Class II .....	—	NA	NA
Shares redeemed:			
Class A .....	(636)	(82)	(131)
Class B .....	(52)	(8)	(5)
Class C .....	(147)	(2)	(13)
Class E .....	(—)	(—)	(—)
Class I .....	(11)	(—)	(—)
Class Y .....	(53)	(—)	(—)
Advisor Class .....	(—)	NA	NA
Class II .....	(1)	NA	NA
Increase (decrease) in outstanding capital shares .....	(144)	2,775	5,244

(Continued)	Ivy International Growth Fund	Ivy Managed European/ Pacific Fund	Ivy Managed International Opportunities Fund
Value issued from sale of shares:			
Class A .....	\$11,295	\$28,282	\$52,267
Class B .....	717	1,011	1,918
Class C .....	1,657	1,383	2,274
Class E .....	100	200	200
Class I .....	13,508	200	200
Class Y .....	325	251	398
Advisor Class .....	—	NA	NA
Class II .....	—	NA	NA
Value issued from reinvestment of dividends and/or capital gains distribution:			
Class A .....	—	—	—
Class B .....	—	—	—
Class C .....	—	—	—
Class E .....	—	—	—
Class I .....	—	—	—
Class Y .....	—	—	—
Advisor Class .....	—	NA	NA
Class II .....	—	NA	NA
Value redeemed:			
Class A .....	(23,412)	(909)	(1,376)
Class B .....	(1,751)	(84)	(57)
Class C .....	(4,943)	(25)	(140)
Class E .....	(—)	(—)	(—)
Class I .....	(401)	(—)	(—)
Class Y .....	(1,864)	(—)	(—)
Advisor Class .....	(—)	NA	NA
Class II .....	(44)	NA	NA
Increase (decrease) in outstanding capital . . . .	<u>\$ (4,813)</u>	<u>\$30,309</u>	<u>\$55,684</u>



	Ivy Mortgage Securities Fund	Ivy Pacific Opportunities Fund	Ivy Real Estate Securities Fund
Shares issued from sale of shares:			
Class A .....	6,209	4,980	1,965
Class B .....	327	230	63
Class C .....	400	332	91
Class E .....	17	6	16
Class I .....	30	1,144	85
Class R .....	NA	NA	2
Class Y .....	332	137	113
Advisor Class .....	NA	—	NA
Shares issued from reinvestment of dividends and/or capital gains distribution:			
Class A .....	600	—	23
Class B .....	20	—	—
Class C .....	33	—	—
Class E .....	—*	—	—*
Class I .....	1	—	—*
Class R .....	NA	NA	—*
Class Y .....	23	—	21
Advisor Class .....	NA	—	NA
Shares redeemed:			
Class A .....	(4,258)	(3,104)	(3,377)
Class B .....	(151)	(194)	(158)
Class C .....	(366)	(293)	(302)
Class E .....	(—)*	(—)	(—)*
Class I .....	(6)	(62)	(23)
Class R .....	NA	NA	(1)
Class Y .....	(413)	(257)	(3,597)
Advisor Class .....	NA	(—)	NA
Increase (decrease) in outstanding capital shares .....	<u>2,798</u>	<u>2,919</u>	<u>(5,079)</u>

\*Not shown due to rounding.

<b>(Continued)</b>	<b>Ivy Mortgage Securities Fund</b>	<b>Ivy Pacific Opportunities Fund</b>	<b>Ivy Real Estate Securities Fund</b>
Value issued from sale of shares:			
Class A .....	\$64,764	\$97,948	\$ 48,699
Class B .....	3,401	4,093	1,557
Class C .....	4,168	6,091	2,268
Class E .....	181	100	420
Class I .....	323	21,954	2,222
Class R .....	NA	NA	40
Class Y .....	3,472	2,793	2,762
Advisor Class .....	NA	—	NA
Value issued from reinvestment of dividends and/or capital gains distribution:			
Class A .....	6,256	—	559
Class B .....	209	—	—
Class C .....	348	—	—
Class E .....	3	—	—
Class I .....	6	—	6
Class R .....	NA	NA	—*
Class Y .....	239	—	513
Advisor Class .....	NA	—	NA
Value redeemed:			
Class A .....	(44,412)	(59,620)	(81,238)
Class B .....	(1,575)	(3,443)	(3,736)
Class C .....	(3,819)	(5,215)	(7,161)
Class E .....	(3)	(—)	(1)
Class I .....	(67)	(1,242)	(560)
Class R .....	NA	NA	(17)
Class Y .....	(4,307)	(4,582)	(86,883)
Advisor Class .....	NA	(—)	NA
Increase (decrease) in outstanding capital	<u>\$29,187</u>	<u>\$58,877</u>	<u>\$(120,550)</u>

\*Not shown due to rounding.

	Ivy Small Cap Value Fund	Ivy Value Fund
Shares issued from sale of shares:		
Class A .....	1,907	767
Class B .....	66	61
Class C .....	83	56
Class E .....	6	5
Class I .....	43	5
Class Y .....	67	—*
Shares issued from reinvestment of dividends and/or capital gains distribution:		
Class A .....	—	12
Class B .....	—	—
Class C .....	—	—
Class E .....	—	—*
Class I .....	—	—*
Class Y .....	—	—*
Shares redeemed:		
Class A .....	(1,557)	(648)
Class B .....	(120)	(57)
Class C .....	(158)	(56)
Class E .....	(—)	(—)
Class I .....	(8)	(—)
Class Y .....	(216)	(—)*
Increase in outstanding capital shares .....	113	145

\*Not shown due to rounding.

(Continued)	Ivy Small Cap Value Fund	Ivy Value Fund
Value issued from sale of shares:		
Class A .....	\$31,112	\$15,302
Class B .....	1,021	1,192
Class C .....	1,307	1,123
Class E .....	100	100
Class I .....	717	100
Class Y .....	1,111	—*
Value issued from reinvestment of dividends and/or capital gains distribution:		
Class A .....	—	237
Class B .....	—	—
Class C .....	—	—
Class E .....	—	—*
Class I .....	—	1
Class Y .....	—	—*
Value redeemed:		
Class A .....	(25,246)	(12,874)
Class B .....	(1,842)	(1,127)
Class C .....	(2,480)	(1,107)
Class E .....	(—)	(—)
Class I .....	(139)	(—)
Class Y .....	(3,514)	(—)*
Increase in outstanding capital .....	<u>\$ 2,147</u>	<u>\$ 2,947</u>

\*Not shown due to rounding.

Transactions in capital stock for the fiscal year ended March 31, 2007 are summarized below. Amounts are in thousands.

	Ivy Balanced Fund	Ivy Bond Fund
Shares issued from sale of shares:		
Class A .....	763	1,752
Class B .....	74	96
Class C .....	117	403
Class Y .....	605	4
Shares issued from reinvestment of dividends and/or capital gains distribution:		
Class A .....	40	123
Class B .....	—*	5
Class C .....	1	8
Class Y .....	26	—*
Shares redeemed:		
Class A .....	(891)	(1,129)
Class B .....	(50)	(67)
Class C .....	(62)	(189)
Class Y .....	(1,352)	(2)
Increase (decrease) in outstanding capital shares .....	<u>(729)</u>	<u>1,004</u>
Value issued from sale of shares:		
Class A .....	\$ 11,988	\$18,156
Class B .....	1,146	996
Class C .....	1,841	4,183
Class Y .....	9,521	42
Value issued from reinvestment of dividends and/or capital gains distribution:		
Class A .....	636	1,280
Class B .....	3	50
Class C .....	8	80
Class Y .....	411	2
Value redeemed:		
Class A .....	(13,917)	(11,724)
Class B .....	(773)	(699)
Class C .....	(968)	(1,956)
Class Y .....	(21,240)	(24)
Increase (decrease) in outstanding capital .....	<u>\$(11,344)</u>	<u>\$10,386</u>

\*Not shown due to rounding.

	Ivy Cundill Global Value Fund	Ivy Dividend Income Fund	Ivy European Opportunities Fund
Shares issued from sale of shares:			
Class A . . . . .	11,695	3,823	4,299
Class B . . . . .	586	242	270
Class C . . . . .	3,326	498	431
Class Y . . . . .	196	137	110
Advisor Class . . . . .	—	NA	—
Class II . . . . .	—	NA	NA
Shares issued from reinvestment of dividends and/or capital gains distribution:			
Class A . . . . .	2,079	127	88
Class B . . . . .	161	8	4
Class C . . . . .	641	17	5
Class Y . . . . .	39	2	2
Advisor Class . . . . .	11	NA	—*
Class II . . . . .	—*	NA	NA
Shares redeemed:			
Class A . . . . .	(11,797)	(1,412)	(1,798)
Class B . . . . .	(831)	(107)	(310)
Class C . . . . .	(3,225)	(240)	(348)
Class Y . . . . .	(361)	(26)	(50)
Advisor Class . . . . .	(20)	NA	(19)
Class II . . . . .	(—)	NA	NA
Increase in outstanding capital shares . . . .	<u>2,500</u>	<u>3,069</u>	<u>2,684</u>

\*Not shown due to rounding.

<b>(Continued)</b>	<b>Ivy Cundill Global Value Fund</b>	<b>Ivy Dividend Income Fund</b>	<b>Ivy European Opportunities Fund</b>
Value issued from sale of shares:			
Class A . . . . .	\$181,422	\$57,590	\$155,748
Class B . . . . .	8,886	3,622	9,546
Class C . . . . .	50,324	7,446	15,127
Class Y . . . . .	3,046	2,107	4,028
Advisor Class . . . . .	—	NA	—
Class II . . . . .	—	NA	NA
Value issued from reinvestment of dividends and/or capital gains distribution:			
Class A . . . . .	32,120	1,941	3,391
Class B . . . . .	2,444	126	136
Class C . . . . .	9,682	259	198
Class Y . . . . .	602	26	68
Advisor Class . . . . .	173	NA	12
Class II . . . . .	1	NA	NA
Value redeemed:			
Class A . . . . .	(182,765)	(21,237)	(64,019)
Class B . . . . .	(12,526)	(1,609)	(10,625)
Class C . . . . .	(48,759)	(3,596)	(11,838)
Class Y . . . . .	(5,541)	(392)	(1,746)
Advisor Class . . . . .	(321)	NA	(672)
Class II . . . . .	(—)	NA	NA
Increase in outstanding capital . . . . .	<u>\$ 38,788</u>	<u>\$46,283</u>	<u>\$ 99,354</u>

	Ivy Global Natural Resources Fund	Ivy International Balanced Fund	Ivy International Core Equity Fund
Shares issued from sale of shares:			
Class A . . . . .	44,041	7,862	5,938
Class B . . . . .	2,245	576	464
Class C . . . . .	14,135	1,287	1,226
Class R . . . . .	128	NA	NA
Class Y . . . . .	6,910	83	199
Advisor Class . . . . .	—	NA	—
Class II . . . . .	NA	NA	NA
Shares issued from reinvestment of dividends and/or capital gains distribution:			
Class A . . . . .	7,438	566	292
Class B . . . . .	648	29	21
Class C . . . . .	2,648	56	56
Class R . . . . .	3	NA	NA
Class Y . . . . .	425	3	5
Advisor Class . . . . .	1	NA	—
Class II . . . . .	NA	NA	NA
Shares redeemed:			
Class A . . . . .	(23,141)	(1,840)	(1,416)
Class B . . . . .	(1,584)	(253)	(440)
Class C . . . . .	(6,347)	(182)	(231)
Class R . . . . .	(12)	NA	NA
Class Y . . . . .	(1,415)	(31)	(52)
Advisor Class . . . . .	(3)	NA	(—)
Class II . . . . .	NA	NA	NA
Increase in outstanding capital shares . . .	46,120	8,156	6,062



<b>(Continued)</b>	<b>Ivy Global Natural Resources Fund</b>	<b>Ivy International Balanced Fund</b>	<b>Ivy International Core Equity Fund</b>
Value issued from sale of shares:			
Class A .....	\$1,355,319	\$127,445	\$97,987
Class B .....	65,627	9,278	7,113
Class C .....	404,164	20,788	18,787
Class R .....	3,867	NA	NA
Class Y .....	214,763	1,362	3,361
Advisor Class .....	—	NA	—
Class II .....	NA	NA	NA
Value issued from reinvestment of dividends and/or capital gains distribution:			
Class A .....	228,809	9,230	4,915
Class B .....	18,786	472	328
Class C .....	75,247	914	877
Class R .....	110	NA	NA
Class Y .....	13,131	53	83
Advisor Class .....	25	NA	—
Class II .....	NA	NA	NA
Value redeemed:			
Class A .....	(705,593)	(29,494)	(23,415)
Class B .....	(45,518)	(4,181)	(6,571)
Class C .....	(178,056)	(2,929)	(3,545)
Class R .....	(369)	NA	NA
Class Y .....	(43,417)	(502)	(847)
Advisor Class .....	(90)	NA	(—)
Class II .....	NA	NA	NA
Increase in outstanding capital .....	<u>\$1,406,805</u>	<u>\$132,436</u>	<u>\$99,073</u>

	Ivy International Growth Fund	Ivy Mortgage Securities Fund	Ivy Pacific Opportunities Fund
Shares issued from sale of shares:			
Class A . . . . .	672	9,873	12,129
Class B . . . . .	81	358	699
Class C . . . . .	133	806	1,079
Class Y . . . . .	44	926	444
Advisor Class . . . . .	—	NA	—
Class II . . . . .	—	NA	NA
Shares issued from reinvestment of dividends and/or capital gains distribution:			
Class A . . . . .	6	1,061	702
Class B . . . . .	—	36	43
Class C . . . . .	—	63	61
Class Y . . . . .	—*	36	15
Advisor Class . . . . .	—	NA	—*
Class II . . . . .	—*	NA	NA
Shares redeemed:			
Class A . . . . .	(1,134)	(7,938)	(3,940)
Class B . . . . .	(192)	(327)	(298)
Class C . . . . .	(396)	(854)	(371)
Class Y . . . . .	(108)	(425)	(246)
Advisor Class . . . . .	(—)	NA	(—)*
Class II . . . . .	(1)	NA	NA
Increase (decrease) in outstanding capital shares . . . . .	(895)	3,615	10,317

\*Not shown due to rounding.

<b>(Continued)</b>	<b>Ivy International Growth Fund</b>	<b>Ivy Mortgage Securities Fund</b>	<b>Ivy Pacific Opportunities Fund</b>
Value issued from sale of shares:			
Class A . . . . .	\$ 20,944	\$103,705	\$186,431
Class B . . . . .	2,325	3,756	9,928
Class C . . . . .	3,806	8,470	15,685
Class Y . . . . .	1,416	9,736	6,813
Advisor Class . . . . .	—	NA	—
Class II . . . . .	—	NA	NA
Value issued from reinvestment of dividends and/or capital gains distribution:			
Class A . . . . .	187	11,153	11,390
Class B . . . . .	—	375	636
Class C . . . . .	—	665	927
Class Y . . . . .	7	380	250
Advisor Class . . . . .	—	NA	1
Class II . . . . .	1	NA	NA
Value redeemed:			
Class A . . . . .	(34,986)	(83,295)	(59,663)
Class B . . . . .	(5,467)	(3,431)	(4,184)
Class C . . . . .	(11,362)	(8,958)	(5,310)
Class Y . . . . .	(3,203)	(4,465)	(3,734)
Advisor Class . . . . .	(—)	NA	(3)
Class II . . . . .	(40)	NA	NA
Increase (decrease) in outstanding capital . . . . .	<u>\$ (26,372)</u>	<u>\$ 38,091</u>	<u>\$159,167</u>

	Ivy Real Estate Securities Fund	Ivy Small Cap Value Fund	Ivy Value Fund
Shares issued from sale of shares:			
Class A .....	6,162	3,124	1,485
Class B .....	273	170	130
Class C .....	402	279	118
Class R .....	1	NA	NA
Class Y .....	2,397	328	78
Shares issued from reinvestment of dividends and/or capital gains distribution:			
Class A .....	564	494	105
Class B .....	27	38	6
Class C .....	31	57	6
Class R .....	—*	NA	NA
Class Y .....	446	100	3
Shares redeemed:			
Class A .....	(2,689)	(1,460)	(1,195)
Class B .....	(108)	(98)	(94)
Class C .....	(162)	(172)	(85)
Class R .....	(—)*	NA	NA
Class Y .....	(2,052)	(615)	(780)
Increase (decrease) in outstanding capital shares .....	<u>5,292</u>	<u>2,245</u>	<u>(223)</u>
Value issued from sale of shares:			
Class A .....	\$153,443	\$50,177	\$26,492
Class B .....	6,799	2,628	2,306
Class C .....	9,917	4,335	2,080
Class R .....	26	NA	NA
Class Y .....	59,904	5,363	1,375
Value issued from reinvestment of dividends and/or capital gains distribution:			
Class A .....	14,369	7,895	1,951
Class B .....	693	582	119
Class C .....	802	882	104
Class R .....	5	NA	NA
Class Y .....	11,342	1,623	59
Value redeemed:			
Class A .....	(66,195)	(23,341)	(21,241)
Class B .....	(2,682)	(1,509)	(1,660)
Class C .....	(3,986)	(2,691)	(1,501)
Class R .....	(—)*	NA	NA
Class Y .....	(49,828)	(10,060)	(14,417)
Increase (decrease) in outstanding capital ..	<u>\$134,609</u>	<u>\$35,884</u>	<u>\$ (4,333)</u>

\*Not shown due to rounding.

## NOTE 6 – Options

Options purchased by a Fund are accounted for in the same manner as marketable portfolio securities. The cost of portfolio securities acquired through the exercise of call options is increased by the premium paid to purchase the call. The proceeds from securities sold through the exercise of put options are decreased by the premium paid to purchase the put.

When a Fund writes (sells) an option, an amount equal to the premium received by the Fund is recorded as a liability. The amount of the liability is subsequently adjusted to reflect the current market value of the option written. The current market value of an option is the last sales price on the principal exchange on which the option is traded or, in the absence of transactions, the mean between the bid and asked prices or at a value supplied by a broker-dealer. When an option expires on its stipulated expiration date or a Fund enters into a closing purchase transaction, the Fund realizes a gain (or loss if the cost of a closing purchase transaction exceeds the premium received when the call option was sold) and the liability related to such option is extinguished. When a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Fund has realized a gain or loss. For each Fund, when a written put is exercised, the cost basis of the securities purchased by the Fund is reduced by the amount of the premium received.

For Ivy Pacific Opportunities Fund, transactions in written call options were as follows:

	Number of Contracts	Premiums Received
Outstanding at March 31, 2007 . . . . .	—	\$ —
Options written . . . . .	321,429	1,476,002
Options terminated in closing purchase transactions . .	(—)	(—)
Options exercised . . . . .	(—)	(—)
Options expired . . . . .	(—)	(—)
Outstanding at September 30, 2007 . . . . .	<u>321,429</u>	<u>\$1,476,002</u>

For Ivy Pacific Opportunities Fund, transactions in written put options were as follows:

	Number of Contracts	Premiums Received
Outstanding at March 31, 2007 . . . . .	—	\$ —
Options written . . . . .	321,429	540,001
Options terminated in closing purchase transactions . . . .	(—)	(—)
Options exercised . . . . .	(—)	(—)
Options expired . . . . .	(—)	(—)
Outstanding at September 30, 2007 . . . . .	<u>321,429</u>	<u>\$540,001</u>

For Ivy Value Fund, transactions in written call options were as follows:

	Number of Contracts	Premiums Received
Outstanding at March 31, 2007 . . . . .	977	\$ 51,169
Options written . . . . .	2,010	153,630
Options terminated in closing purchase transactions . . . . .	(110)	(4,020)
Options exercised . . . . .	(937)	(69,463)
Options expired . . . . .	(1,627)	(107,417)
Outstanding at September 30, 2007 . . . . .	<u>313</u>	<u>\$ 23,899</u>

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For Ivy Value Fund, transactions in written put options were as follows:

	<b>Number of Contracts</b>	<b>Premiums Received</b>
Outstanding at March 31, 2007 .....	214	\$ 34,127
Options written .....	1,873	252,568
Options terminated in closing purchase transactions .....	(832)	(171,790)
Options exercised. ....	(466)	(49,870)
Options expired .....	(427)	(38,007)
Outstanding at September 30, 2007 .....	<u>362</u>	<u>\$ 27,028</u>

### **NOTE 7 – Futures**

The Trust may engage in buying and selling futures contracts. Upon entering into a futures contract, the Trust is required to deposit, in a segregated account, an amount of cash or United States Treasury Bills equal to a varying specified percentage of the contract amount. This amount is known as the initial margin. Subsequent payments (variation margins) are made or received by the Trust each day, dependent on the daily fluctuations in the value of the underlying debt security or index. These changes in the variation margins are recorded by the Trust as unrealized gains or losses. Upon the closing of the contracts, the cumulative net change in the variation margin is recorded as realized gain or loss. The Trust uses futures to attempt to reduce the overall risk of its investments.

## NOTE 8 – Affiliated Company Transactions

The Ivy Managed Funds make investments in funds within the Ivy Funds family, which funds may be deemed to be under common control because the Funds share the same board of trustees. A summary of the transactions in each underlying fund during the six months ended September 30, 2007 follows:

	3/31/07 Share Balance	Purchase Cost	Sales Cost	Realized Gain/ (Loss)	Distributions Received <sup>(1)</sup>	9/30/07 Share Balance	9/30/07 Market Value
<b>Ivy Managed European/Pacific Fund</b>							
Ivy European Opportunities Fund, Class I	—	\$18,099,337	\$45,766	\$(2,982)	\$ —	420,342	\$18,532,888
Ivy Pacific Opportunities Fund, Class I	—	12,066,225	28,995	(472)	—	614,432	14,389,999
<b>Ivy Managed International Opportunities Fund</b>							
Ivy European Opportunities Fund, Class I	—	8,324,452	—	—	—	193,551	8,533,662
Ivy International Balanced Fund, Class I	—	22,398,517	—	—	199,927	1,289,772	22,790,277
Ivy International Core Equity Fund, Class I	—	11,099,270	—	—	—	588,778	11,869,753
Ivy International Growth Fund, Class I	—	8,324,452	—	—	—	224,773	9,078,596
Ivy Pacific Opportunities Fund, Class I	—	5,549,635	—	—	—	283,617	6,642,308

(1) Distributions received includes distributions from net investment income and/or from capital gains from the underlying funds.

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# Renewal of Investment Management Agreements for the Ivy Funds

At a Meeting of the Board of Trustees of Ivy Funds (the “Trust”) held on August 28 and 29, 2007, the Trustees, including all of the Trustees who are not “interested persons” as defined in Section 2(a)(19) of the 1940 Act, unanimously approved the continuance of the existing management agreements between Ivy Investment Management Company (“IICO”) and the Trust. The existing management agreements considered were (i) the Master Business Management and Investment Advisory Agreement between the Trust and IICO (with respect to the Ivy Cundill Global Value Fund, Ivy European Opportunities Fund, Ivy International Growth Fund, Ivy International Core Equity Fund and the Ivy Pacific Opportunities Fund); (ii) the Investment Management Agreement between the Trust and IICO (with respect to the Ivy Dividend Fund, Ivy Managed European/Pacific Fund and Ivy Managed International Opportunities Fund); (iii) the Investment Management Agreement between the Trust and IICO (with respect to the Ivy Balanced Fund, Ivy Bond Fund, Ivy International Balanced Fund, Ivy Mortgage Securities Fund, Ivy Real Estate Securities Fund, Ivy Small Cap Value Fund, Ivy Value Fund and the Ivy Global Natural Resources Fund); and (iv) the Subadvisory Agreements between IICO and:

- Henderson Investment Management Limited and Henderson Global Investors (North America) Inc. (Ivy European Opportunities Fund)
- Adventus Capital Management, Inc. (Ivy Bond Fund, Ivy Mortgage Securities Fund, Ivy Real Estate Securities Fund)
- Templeton Investment Counsel, LLC (Ivy International Balanced Fund)
- BlackRock Capital Management, Inc. (Ivy Small Cap Value Fund)
- Mackenzie Financial Corporation (Ivy Cundill Global Value Fund and Ivy Global Natural Resources Fund).

(each such subadviser referred to herein as a “Subadviser”).

The Board’s Independent Trustees were assisted in their review by independent legal counsel, and met with such counsel separately from representatives of IICO. Independent legal counsel provided the Board with a memorandum that discussed the various factors that the Board should consider as part of its review of the various agreements, including, among other things, the nature and the quality of the services provided by IICO, profitability (including any fall-out benefits) from the relationships with the Funds, economies of scale, the role played by the Independent Trustees, and information on comparative fees and expenses. The Board also considered the written responses and supplementary materials produced by IICO and each Subadviser in response to a 15(c) due diligence request list submitted by the Independent Trustees’ counsel prior to the meeting. Included in those responses, which had been provided to the Board prior to the meeting, was a Fund-by-Fund profitability analysis prepared by IICO. The Board also received extensive materials on performance, expenses and comparable fund information from Lipper, Inc., an independent mutual fund rating service. Finally, the Independent Trustees received and reviewed a considerable amount of information that their independent fee consultant had provided to them. The Independent Trustees discussed this material extensively among themselves, with their independent legal counsel and independent fee consultant, and with the other Board members, after which the Board considered various factors described below, none of which by itself was considered dispositive. However, the material factors and conclusions that formed the basis for the Board’s determination to approve the agreements are discussed separately below.



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## **Nature, Extent and Quality of Services**

The Board considered the fact that they were provided with performance and expense information for each of the Funds during the year in regularly scheduled Board meetings, during which they met with the Funds' portfolio managers and other investment personnel. In that regard, they discussed the nature, extent and quality of services provided to each Fund by IICO and each Subadviser, taking into account the investment objective and strategy of the Fund and the knowledge the Board gained from those regular meetings, including from the materials provided in connection with those meetings. In addition, the Board reviewed the resources and key personnel of IICO and each Subadviser. The Board also considered other services provided to the Funds by IICO and each Subadviser, such as managing the quality of execution of portfolio transactions and the selection of broker-dealers for those transactions, monitoring adherence to the Funds' investment restrictions, producing reports, providing support services for the Board and Board committees, communicating with shareholders and overseeing the activities of other service providers, including monitoring compliance with various Fund policies and procedures and with applicable securities laws and regulations. The Board concluded that the nature and extent of the services provided by IICO and each Subadviser were appropriate, that the quality of those services had been consistent with quality norms in the industry and that the Funds were likely to benefit from the continued provision of those services.

## **Benefits from the Relationship with the Funds**

The Board next discussed whether IICO or any Subadviser derives any other direct or indirect benefit from serving the Funds. The Board considered benefits that accrue to each organization from its respective relationship with a Fund, including the fact that a variety of services are provided by affiliates of IICO, including distribution, shareholder servicing and transfer agency services. After full consideration of these and other factors, the Board concluded that none of IICO, any Subadviser or any of their affiliates receive any additional direct or indirect benefits that would preclude the Board from approving the continuation of the investment advisory contract with IICO or the investment sub-advisory agreements.

## **Economies of Scale**

The Board discussed whether economies of scale are being realized by the Funds and whether fee levels reflect those economies of scale for the benefit of the Funds' shareholders. In that context, the Board discussed the current level of the Funds' advisory fee breakpoints and also considered the current and anticipated asset levels of the Funds and the potential for growth in each Fund. With respect to the Global Natural Resources Fund, the Board requested that management examine the continuing appropriateness of that Fund's breakpoint schedule. The Board also noted that as the assets of the Funds continue to increase, the Funds' expense ratios generally continue to fall. Except as noted, the Board concluded that the current asset size of the Funds and other relevant factors did not warrant further reevaluation or restructuring of the fee breakpoints for the Funds at this time.

## **Performance of the Funds and Costs of Services Provided**

The Board considered, on a Fund by Fund basis, the performance of each Fund and the costs of the services provided. The Board focused particularly on the Ivy Real Estate Securities Fund, Ivy Cundill Global Value Fund, Ivy Small Cap Value Fund and Ivy Pacific Opportunities Fund.

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Specifically, the Board examined the investment performance of each Fund, including quintile ranking for short- and long-term time periods and each Fund's performance against its peers. The Board also examined the performance of each Fund against its respective Lipper index for the same periods. After extensively reviewing all of the performance information provided, the Board concluded that the Funds' performance in each asset class was acceptable. Although the performance of some of the focus Funds identified by the independent fee consultant lagged that of their peers or respective Lipper index, the Board recognized that IICO or the applicable subadviser had taken, or was taking, steps to address that underperformance, and determined to continue to monitor closely the performance of those Funds.

The Board also considered the expenses of each Fund, the expense ratio of each Fund, and the expense limitation arrangements entered into by IICO in light of the services provided by IICO and each Sub-Adviser. The Board also compared each Fund's expenses, including advisory, distribution and shareholder servicing fees, with the expenses and advisory fees of other investment advisers managing similarly situated funds, as well as the advisory fees that IICO (or an affiliate) charges for providing advisory services to separately managed accounts in the same asset class for certain Funds. In that regard, the Board noted that IICO performs significant additional services for those Funds. The Board also took into account the information on IICO's profitability in managing the Funds, including the methodology used to calculate profitability. The Board finally considered the amount of assets in each Fund, each Fund's average account size and how those factors affect the Funds' expense ratios. After completing this examination, the Independent Directors concluded that the Fund's expenses are appropriate at the current time.

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The Board of Directors/Trustees for each of the mutual funds has appointed an independent fee consultant. Posted below is a summary of the written fee evaluation of such consultant for the most recent year.

During August of 2007, and as part of their regularly scheduled meetings, the Boards of Trustees of Ivy Funds and the Board of Directors of Ivy Funds, Inc. (collectively, the “Ivy Funds” and any separate series thereof an “Ivy Fund”) reviewed significant information in connection with considering the continuation of existing investment management agreements currently in effect between Ivy Investment Management Company (“IICO”) and the Ivy Funds. Pursuant to the Assurance of Discontinuance between Waddell & Reed, Inc., Waddell & Reed Services Company (“WRSCO”), and Waddell & Reed Investment Management Company (collectively, “Waddell”) and the Office of the New York Attorney General dated July 10, 2006 (“Assurance of Discontinuance”), the Trustees/Directors of the Ivy Funds engaged an independent fee consultant to assist them in evaluating the reasonableness of the management fees charged by IICO, an affiliate of Waddell, to the Ivy Funds. The independent fee consultant’s review addressed the following fee-related factors:

1. The nature and quality of IICO’s services to the Ivy Funds, including performance
2. Management fees (including any components thereof) charged by other mutual fund companies for like services
3. Management fees (including any components thereof) charged to institutional and other clients of IICO for like services
4. Costs to IICO and its affiliates of supplying services pursuant to the management fee agreements, excluding any intra-corporate profit
5. Profit margins of IICO and its affiliates from supplying such services
6. Possible economies of scale as a fund grows larger

The following summarizes the findings of the independent fee consultant retained by the Trustees/Directors.<sup>1</sup>

## Summary Findings

The independent fee consultant believes that IICO delivers strong levels of performance and service to the Ivy Funds in relation to IICO management fees and relative to investment advisers of comparable mutual funds. For the 36 months ended April 30, 2007, when compared to their respective peer groups established by Lipper, Inc. (“Lipper”) approximately: (a) 21% of the Ivy Funds were in the top 10 percentiles; (b) 33% of the Ivy Funds were in the top quartile of performance; and (c) 62% of the Ivy Funds were in the top two quartiles. The independent fee consultant noted that the Ivy Funds’ performance appears to be grounded in a number of institutional competitive advantages at IICO, including stock selection ability, ability to attract top talent, strategic vision, performance-focused culture, ability to manage smaller AUM funds, ability to serve small account sizes and an effective trading infrastructure.

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<sup>1</sup>The independent fee consultant’s evaluation was based on information provided by IICO, Lipper, Inc., other information providers and other independent analyses. The term “management fees” refers to the actual annual advisory and administrative fees, net of any fee waivers, paid by an Ivy Fund, as a percentage of such fund’s average net assets. The term “total expenses” refers to the total annual expenses, net of any fee waivers, paid by an Ivy Fund, as a percentage of such fund’s average net assets. Where these terms are used in reference to groups of Ivy Funds, numbers expressed are on an asset-weighted basis. Fee and performance data used in screening methodologies are usually for the period ending February 28, 2007. In other areas, data is from various periods ending between December 31, 2006 and July 31, 2007.

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For the 12 months ended March 31, 2007, the total expenses of the Ivy Funds on average were 7% above the mean total expenses of their respective Lipper Expense Group peers and 1% below the mean total expenses for their Lipper Expense Universes. The management fees for the Ivy Funds on average were 9% above the mean management fees for their Lipper Expense Groups and 10% above the means for their Lipper Expense Universes. Ivy Funds' small average account size and small fund AUM introduces certain biases in the Lipper analyses that can work against Ivy Funds in Lipper expense comparisons. As a result, the Lipper findings can be considered conservative. Within the larger Lipper averages, the management fees and total expenses of individual Ivy Funds and share classes are reasonable relative to their performance.

The independent fee consultant believes that the management fees IICO charges to the Ivy Funds also are reasonable in relation to the management fees it charges to its other institutional accounts. These institutional accounts have different service and infrastructure needs. Moreover, based on industry data, the average spread between management fees charged to the Ivy Funds and those charged to institutional accounts is below the average fee spreads observed at other investment advisers.

The independent fee consultant found that the level of profit earned by IICO from managing the Ivy Funds does not appear to be unreasonable. Waddell's overall profitability from managing the Ivy Funds and its other operations is below the mean profitability of other publicly traded peers, but appears adequate to enable IICO to continue to provide quality support to the Ivy Funds and their shareholders.

Analyses was undertaken by the independent fee consultant to measure economies of scale in the industry in a manner that would give an overall "net" view of any economies or diseconomies of scale across all cost elements. This analysis, however, was unable to quantitatively assess or confirm overall economies of scale in the IICO complex. A separate economy of pricing analysis, also undertaken by the independent fee consultant, did show that Ivy Funds incur lower fees and expenses with increasing fund AUM and with increasing average account size which the independent fee consultant believes should benefit Ivy Fund investors as the Ivy Funds mature.

## **Conclusions**

The independent fee consultant concluded that the services provided by IICO and its affiliates and expenses incurred by the Ivy Funds over the year ending August 31, 2007 are reasonable and provide adequate justification for renewal of the Ivy Funds' existing advisory agreements.

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# Proxy Voting Information

## **Proxy Voting Guidelines**

A description of the policies and procedures Ivy Funds uses to determine how to vote proxies relating to portfolio securities is available (i) without charge, upon request, by calling 800.777.6472 and (ii) on the Securities and Exchange Commission's (SEC) website at [www.sec.gov](http://www.sec.gov).

## **Proxy Voting Records**

Information regarding how Ivy Funds voted proxies relating to portfolio securities during the most recent 12 month period ending June 30 is available on Form N-PX through the Ivy Funds' website at [www.ivyfund.com](http://www.ivyfund.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).

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## Quarterly Portfolio Schedule Information

A complete schedule of portfolio holdings for the first and third quarters of each fiscal year is filed with the Securities and Exchange Commission (SEC) on the Fund's Form N-Q. This form may be obtained in the following ways:

- On the SEC's website at [www.sec.gov](http://www.sec.gov).
- For review and copy at the SEC's Public Reference Room in Washington, DC. Information on the operations of the Public Reference Room may be obtained by calling 1.800.SEC.0330.
- On the Ivy Funds' website at [www.ivyfund.com](http://www.ivyfund.com).

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## To All Traditional IRA Planholders:

As required by law, we are hereby providing notice to you that income tax may be withheld automatically from any distribution or withdrawal from a traditional IRA. A Fund is generally required to withhold taxes unless you make a written election not to have taxes withheld. The election may be made on the distribution/withdrawal form provided by Waddell & Reed, Inc. which can be obtained from your Waddell & Reed representative or by submitting Internal Revenue Service Form W-4P. Once made, an election can be revoked by providing written notice to Waddell & Reed, Inc. If you elect not to have tax withheld you may be required to make payments of estimated tax. Penalties may be imposed by the IRS if withholding and estimated tax payments are not adequate.

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## THE IVY FUNDS FAMILY

### Global/International Funds

- Cundill Global Value Fund
- European Opportunities Fund
- International Balanced Fund
- International Core Equity Fund
- International Growth Fund
- Managed European/Pacific Fund
- Managed International Opportunities Fund
- Pacific Opportunities Fund

### Domestic Equity Funds

- Capital Appreciation Fund
- Core Equity Fund
- Dividend Income Fund
- Large Cap Growth Fund
- Mid Cap Growth Fund
- Small Cap Growth Fund
- Small Cap Value Fund
- Value Fund

### Fixed Income Funds

- Bond Fund
- High Income Fund
- Limited-Term Bond Fund
- Mortgage Securities Fund
- Municipal Bond Fund

### Money Market Funds

- Money Market Fund

### Specialty Funds

- Asset Strategy Fund
- Balanced Fund
- Energy Fund
- Global Natural Resources Fund
- Real Estate Securities Fund
- Science and Technology Fund

1.800.777.6472

Visit us online at [www.ivyfund.com](http://www.ivyfund.com)

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

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](http://www.ivyfund.com). Please read the prospectus carefully before investing.



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