

2015

Tax Guide

FORM 1099-DIV



WI Services Company

Table of contents

| | |
|---|-----------|
| IRS RESOURCES: | 3 |
| FORM 1099-DIV: | |
| DIVIDENDS & DISTRIBUTIONS | 4 |
| Understanding Form 1099-DIV | 4 |
| Frequently Asked Questions | 6 |
| INTEREST FROM | |
| US GOVERNMENT OBLIGATIONS: | 9 |
| MUNICIPAL BOND INTEREST | |
| BY STATE: | 11 |
| RESOURCES & ADDITIONAL ASSISTANCE: | 15 |

IMPORTANT NOTE REGARDING TAX IDENTIFICATION NUMBER (TIN) MASKING AND ADDRESS INFORMATION PRINTED ON TAX FORMS

In order to provide additional security against identity theft, we are masking the first five digits of the TIN on the tax forms for all of our shareholders. This change will not affect how we report information to the IRS, nor will it affect how you would prepare your tax return. It is simply being done to help keep your identity secure.

Information is combined at a TIN level for each form type. This means if you have multiple account types with the same TIN and the accounts qualify to receive the applicable tax form, you will receive a combined tax form that will list all the information for the accounts. Each fund and account will be listed separately so you can identify the applicable taxable information.

The name and address printed on the tax form will be that of the lowest fund/account number of those accounts included on the form.

IRS resources

The information in this guide should not be considered tax or legal advice. Please contact your legal or tax advisor for information regarding your individual situation. Neither WI Services Company, its affiliates nor representatives provide tax advice.

IRS RESOURCES

General Information: (800) 829-1040
(Spanish-speaking assistance available)

TTY/TDD Telephone Service: (800) 829-4059

Note: This number is answered by TTY/TDD equipment only.

Web Site: www.irs.gov

KEY IRS PUBLICATIONS

Forms and publications shown below are available on the IRS website at www.irs.gov.

This information is also available at your local IRS office, post office, library, or by calling (800) TAX-FORM.

- 17: Your Federal Income Tax for Individuals
- 505: Tax Withholding and Estimated Tax
- 509: Tax Calendars for 2016
- 514: Foreign Tax Credit for Individuals
- 525: Taxable and Nontaxable Income
- 550: Investment Income and Expenses
- 560: Retirement Plans for Small Business
- 571: Tax-Sheltered Annuity Plans (403(b) Plans)
- 575: Pension and Annuity Income
- 590: Individual Retirement Arrangements
- 910: Guide to Free Tax Services
- 929: Tax Rules for Children and Dependents
- 970: Tax Benefits for Education

IRS TELE-TAX TOPICS

IRS tax topics have recorded information on about 150 topics that answer many federal tax questions. A complete list can be found in your IRS Form 1040 Instructions or by calling (800) 829-4477.

Form 1099-DIV: Dividends and Distributions

FORM 1099-DIV

1099-DIV (Form 1099-DIV) (Rev. 01-17-15)

WISCONSIN SERVICE COMPANY
PO BOX 28317
SAWAFREE MISSION KS 66201-8217
1-888-923-3200

RECORD TO NAME, STREET ADDRESS, CITY AND STATE, ZIP OR ZIP+4
WISCONSIN SERVICE COMPANY
601 E. LEWISWOOD ST
MISSION KS 66202-4291

Copy # For Recipient
Department of the Treasury Internal Revenue Service

RECIPIENT'S identification number XXX-XX-9875

TAX YEAR 2015

This is important tax information and is being furnished to the Internal Revenue Service (except as indicated). If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

(Keep for your Records)

Corrected (if checked) 1099 (No. 1048-0115) Page 1 of 1

| FORM 1099-DIV • DIVIDENDS AND DISTRIBUTIONS • 2015 | | | | | | | | | | |
|--|---------------------|-----------------------------------|-------------------------|--|-------------------------------|--|-------------------|---|---------------------------|--|
| (1a) | (1b) | (2a) | (2b) | (2d) | (3) | (4) | (5) | (6) | (7) | (8) |
| Total ordinary dividends | Qualified dividends | Total capital gain distributions | Unrecap. sec. 1250 gain | Collectibles (28%) gain | Nondividend distributions | Federal income tax withheld | Foreign tax paid* | Cash liquidation distributions | Exempt-interest dividends | Specified private activity bond interest dividends |
| Fund: IVY SCIENCE AND TECHNOLOGY C | | | Fund-Acct. no.: 308-1 | | FAYD'S FUND (S no. 10-305584) | | | | | |
| 2.36 | 0.00 | 8.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Form 1099-DIV *Please see instructions for additional details. | | | | | | | | | | |
| 1 (1a) Total ordinary dividends | | 2 (1b) Qualified dividends | | 3 (2a) Total capital gain distributions | | 4 (2b) Unrecap. sec. 1250 gain | | 5 (2d) Collectibles (28%) gain | | 6 (3) Nondividend distributions |
| Fund: IVY SCIENCE AND TECHNOLOGY C | | Fund-Acct. no.: 308-1 | | PAYE | | | | | | |
| 2.36 | 0.00 | 8.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 7 (4) Federal income tax withheld | | 8 (6) Foreign tax paid* | | 9 (8) Cash liquidation distributions | | 10 (10) Exempt-interest dividends | | 11 (11) Specified private activity bond interest dividends | | |
| ER'S Fed. ID no.: 74-2831402 | | | | | | | | | | |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Understanding Form 1099-DIV

1 TOTAL ORDINARY DIVIDENDS

Box 1a reports taxable dividends and short-term capital gain distributions. Short-term capital gain distributions are reported in this box as they are included in ordinary income for tax purposes.

2 QUALIFIED DIVIDENDS

Box 1b reports the amount of dividends that may be subject to the same tax rates as long-term capital gains assuming that the 61 day holding period requirement is met. The shareholder is responsible for determining if the holding period was met and for adjusting the amount accordingly. Refer to your December 31st statement to determine the holding period. Please see the instructions for IRS Form 1040 for more information.

- 3 TOTAL CAPITAL GAIN DISTRIBUTIONS**
Box 2a reports the total long-term capital gains.
- 4 UNRECAPTURED SECTION 1250 GAIN**
Box 2b reports section 1250 gain of certain depreciable real property. The amounts in this box will report the reclassified tax character of the distributions.
- 5 COLLECTIBLES (28%) GAIN**
Box 2d reports the 28% rate gain from the sale or exchange of collectibles. The amounts in this box will report the reclassified amounts of long-term capital gains associated with the sale of precious metals including gold.
- 6 NONDIVIDEND DISTRIBUTIONS**
Box 3 reports a nontaxable distribution due to a return of capital distribution.
- 7 FEDERAL INCOME TAX WITHHELD**
Box 4 reports the amount withheld from any dividend or capital gain distribution. This amount is a prepayment of federal income tax.
- 8 FOREIGN TAX PAID**
Box 6 reports foreign tax paid on foreign investments. This amount can be claimed as an itemized deduction, or used to obtain a foreign tax credit.
- 9 CASH LIQUIDATION DISTRIBUTIONS**
Box 8 reports cash liquidation distributions which occur when a fund is liquidated and capital is returned.
- 10 EXEMPT-INTEREST DIVIDENDS**
Box 10 reports exempt-interest dividends from a mutual fund or other regulated investment company paid to you during the calendar year.
- 11 SPECIFIED PRIVATE ACTIVITY BOND INTEREST**
Box 11 reports the exempt-interest dividends subject to the alternative minimum tax (AMT).

Frequently asked questions

Q. WHY DID I RECEIVE A 1099-DIV ON MY ACCOUNT?

- A.** Mutual funds are required to pay distributions of income and realized gains each year. Distributions are taxable to the shareholder even if the distribution is reinvested in the account.

You will not receive a 1099-DIV if:

- The account is a tax deferred account such as an IRA Account
- The fund did not pay any distributions

Q. WHY ARE THE AMOUNTS ON MY 1099-DIV DIFFERENT THAN ON MY YEAR END STATEMENT?

- A.** The fund may determine that distributions paid throughout the year need to be adjusted to properly reflect the fund's taxable income and capital gains. Income and/or realized gains may be reclassified at the end of the year.

Q. WHAT ARE THE TAX RATES FOR CAPITAL GAINS?

- A.** The tax rate for long-term capital gains (assets held for more than 1 year) is determined by an individual's ordinary income tax bracket:
- For individuals whose tax brackets are 10% or 15%, there are no taxes on long-term capital gains.
 - For individuals whose tax brackets are 25%-35%, the rate is 15%.*
 - For individuals in the 39.6% tax bracket, the rate is 20%.*

The tax rate for short-term capital gains (assets held for 1 year or less) are subject to tax at ordinary income rates.*

*This rate does not include the 3.8% Medicare surtax that may be applicable to net investment income for higher income taxpayers.

Q. WHY DID I RECEIVE A 1099-DIV FOR MY TAX-EXEMPT FUND(S)?

- A.** Tax-exempt funds are allowed to invest in taxable securities as outlined in the prospectus. If the tax-exempt funds pay distributions with portions of income and/or realized gains that are taxable, the amounts will be reported on your 1099-DIV. The

distributions of income and/or realized gains that are free from federal income tax will be reported on your 1099-DIV in box 10.

Q. WHY DID MY 1099-DIV REFLECT AMOUNTS IN FOREIGN TAX PAID?

- A. The foreign tax paid is a credit that is intended to relieve U.S. taxpayers from dual taxation when the foreign source income is taxed both by the United States and the foreign country. The foreign tax paid may be taken as a foreign tax credit or an itemized deduction. If foreign taxes total less than \$300 (\$600 if married filing jointly) and if all reported foreign tax is reported on 1099 Forms, you are exempt from the foreign tax credit limitation rules and the credit may be claimed on Form 1040. If not, you must file Form 1116 to claim the credit. To elect the deduction you must itemize deductions on Schedule A, Form 1040. To claim the credit the shares must have been held for at least 16 days. Please consult your tax advisor to determine which option to elect.

Due to changes in the foreign credit provision of the IRS tax law, shareholders generally no longer need the country-by-country information. (An election is available to claim the aggregate foreign tax amount as a credit.) Please contact Client Services at (888) 923-3355 or visit our website for percentages of foreign source income.

Q. WHAT IS ALTERNATIVE MINIMUM TAX?

- A. The AMT is a separately figured tax that expands the amount of income that is taxed by adding back certain deductions and credit items that may be tax-exempt under the regular tax system.

Q. WHAT TAX-EXEMPT INCOME IS SUBJECT TO THE AMT?

- A. Tax-exempt interest on certain private activity bonds is considered a preference item for the AMT calculation. The portion of this interest is reported in box 11 of the 1099-DIV.

Q. HOW DO I DETERMINE IF I AM SUBJECT TO THE AMT?

- A. To determine if you may be subject to the AMT, refer to the Form 1040A and Form 6251 Instructions. You may also use the AMT Assistant on www.irs.gov.

**IMPORTANT INFORMATION FOR ALL INVESTORS
IN THE IVY REAL ESTATE SECURITIES FUND,
IVY GLOBAL REAL ESTATE FUND, IVY GLOBAL
RISK-MANAGED REAL ESTATE FUND AND IVY
APOLLO MULTI-ASSET INCOME FUND**

The Ivy Real Estate Securities Fund, Ivy Global Real Estate Fund, Ivy Global Risk-Managed Real Estate Fund and Ivy Apollo Multi-Asset Income Fund will not mail 2015 tax form statements (1099-DIV and 1099-B) until February 2016. Ivy Real Estate Securities Fund, Ivy Global Real Estate Fund, Ivy Global Risk-Managed Real Estate Fund and Ivy Apollo Multi-Asset Income Fund invest predominantly in real estate investment trusts (REIT S), as defined under Internal Revenue Code Section 856. Although Ivy Real Estate Securities Fund, Ivy Global Real Estate Fund, Ivy Global Risk-Managed Real Estate Fund and Ivy Apollo Multi-Asset Income Fund will identify the total amount of distributions received from the REITs during tax year 2015, the funds cannot identify the tax character of these distributions until at least February 15, 2016, when the form 1099 information is received from the REITs in which the funds are invested.

Shareholders can expect to receive tax statements for these funds in late February. Each year Ivy Real Estate Securities Fund, Ivy Global Real Estate Fund, Ivy Global Risk-Managed Real Estate Fund and Ivy Apollo Multi-Asset Income Fund obtain an extension of the mail date from the Internal Revenue Service.

Interest from U.S. Government Obligations

Some states allow taxpayers to exclude interest received by U.S. Government obligations from taxable income. The information below shows the percentage of ordinary income each fund received from three categories of U.S. Government obligations. Ordinary income, shown in Box 1a on the Form 1099-DIV, includes both investment income and short-term capital gains, if applicable. Please consult your tax advisor to determine which, if any, of the obligations may be exempt under your state's tax laws.

| Waddell & Reed Advisor Funds | Direct U.S. Government Obligations ¹ | Mortgage Backed Securities | Repurchase Agreements |
|------------------------------|---|----------------------------|-----------------------|
| Bond | 6.20% | 4.90% | 0.00% |
| Cash Management | 0.80% | 0.00% | 0.00% |
| Continental Income | 0.40% | 0.10% | 0.00% |
| Global Bond | 5.80% | 0.00% | 0.00% |
| Government Securities | 42.90% | 53.80% | 0.00% |

¹Due to state law, residents of California, Connecticut and New York are subject to State Income Tax on Direct U.S. Government Obligations. Please consult your tax advisor for more information.

Interest from U.S. Government Obligations

Some states allow taxpayers to exclude interest received by U.S. Government obligations from taxable income. The information below shows the percentage of ordinary income each fund received from three categories of U.S. Government obligations. Ordinary income, shown in Box 1a on the Form 1099-DIV, includes both investment income and short-term capital gains, if applicable. Please consult your tax advisor to determine which, if any, of the obligations may be exempt under your state's tax laws.

| Ivy Funds | Direct U.S. Government Obligations ¹ | Mortgage Backed Securities | Repurchase Agreements |
|--------------------------|---|----------------------------|-----------------------|
| Apollo Strategic Income | 1.10% | 1.40% | 0.00% |
| Asset Strategy | 1.70% | 0.00% | 0.00% |
| Balanced | 0.30% | 0.00% | 0.00% |
| Bond | 7.90% | 16.90% | 0.00% |
| Cundill Global Value | 0.10% | 0.00% | 0.00% |
| Global Bond | 5.60% | 0.00% | 0.00% |
| Global Income Allocation | 0.00% | 0.10% | 0.00% |
| Limited-Term Bond | 4.00% | 10.40% | 0.00% |
| Money Market | 0.90% | 0.00% | 0.00% |

¹ Due to state law, residents of California, Connecticut and New York are subject to State Income Tax on Direct U.S. Government Obligations. Please consult your tax advisor for more information.

Municipal Bond Interest by State

Many states require taxpayers to include income derived from municipal bonds as taxable income for state income tax purposes. Some states allow taxpayers to exclude municipal income derived from their state of residence. The information below shows the percentage of tax-exempt earnings of the municipal funds from municipal bonds issued within each state. Please consult your tax advisor as to the reporting of dividends received from these funds as prescribed by your state's tax laws.

| State | Advisors Municipal Bond Fund | Advisors Municipal High Income Fund |
|-------------------------|------------------------------------|---|
| Alabama | 1.49% | 0.70% |
| Alaska | 0.23% | 0.43% |
| Arizona | 1.32% | 2.51% |
| Arkansas | 0.00% | 0.00% |
| California ² | 16.64% ¹ | 6.34% ¹ |
| Colorado | 3.44% | 8.25% |
| Connecticut | 0.46% | 0.80% |
| Delaware | 0.00% | 0.00% |
| Dist. Of Columbia | 0.65% | 0.00% |
| Florida | 7.18% | 3.55% |
| Georgia | 2.11% | 1.32% |
| Hawaii | 0.00% | 0.45% |
| Idaho | 0.70% | 0.00% |
| Illinois | 4.74% ¹ | 9.04% ¹ |
| Indiana | 0.43% | 3.56% |
| Iowa | 1.16% | 0.87% ¹ |
| Kansas | 1.10% | 2.11% |
| Kentucky | 1.31% | 1.03% |
| Louisiana | 2.73% | 5.12% |
| Maine | 0.18% | 0.00% |
| Maryland | 0.77% | 0.42% |
| Massachusetts | 1.01% | 0.70% |
| Michigan | 3.08% | 2.91% |
| Minnesota | 0.77% ¹ | 0.00% ¹ |
| Mississippi | 0.03% | 0.00% |

| State | Advisors Municipal Bond Fund | Advisors Municipal High Income Fund |
|----------------|------------------------------------|---|
| Missouri | 2.11% | 7.87% |
| Montana | 0.00% | 0.00% |
| Nebraska | 0.18% | 1.11% |
| Nevada | 1.17% | 1.65% |
| New Hampshire | 0.93% | 0.00% |
| New Jersey | 4.26% | 1.68% |
| New Mexico | 0.18% | 0.03% |
| New York | 5.23% | 3.07% |
| North Carolina | 0.55% | 0.00% |
| North Dakota | 0.00% | 0.00% |
| Ohio | 2.00% | 0.79% |
| Oklahoma | 0.19% | 0.90% |
| Oregon | 0.57% | 1.27% |
| Pennsylvania | 6.20% | 2.08% |
| Rhode Island | 0.69% | 0.00% |
| South Carolina | 1.22% | 0.73% |
| South Dakota | 0.08% | 0.00% |
| Tennessee | 1.57% | 0.29% |
| Texas | 14.76% | 15.33% |
| Utah | 0.00% | 0.25% |
| Vermont | 0.01% | 0.00% |
| Virginia | 0.90% | 4.17% |
| Washington | 3.52% | 0.97% |
| West Virginia | 0.00% | 0.00% |
| Wisconsin | 0.87% | 0.99% |
| Wyoming | 0.33% | 0.49% |
| Guam | 0.00% | 0.43% |
| Puerto Rico | 0.74% | 5.53% |
| Virgin Islands | 0.21% | 0.00% |
| American Samoa | 0.00% | 0.26% |
| Total | 100.00% | 100.00% |

¹ Due to state law, residents of California, Illinois, Iowa and Minnesota are subject to State Income Tax on all income earned by the fund. Please consult your tax advisor for more information.

² California Residents: The information reported on Form 1099-DIV for federal tax-exempt dividends will also be reported to the California Franchise Tax Board.

Municipal Bond Interest by State

Many states require taxpayers to include income derived from municipal bonds as taxable income for state income tax purposes. Some states allow taxpayers to exclude municipal income derived from their state of residence. The information below shows the percentage of tax-exempt earnings of the municipal funds from municipal bonds issued within each state. Please consult your tax advisor as to the reporting of dividends received from these funds as prescribed by your state's tax laws.

| State | Ivy Municipal Bond Fund | Ivy Municipal High Income Fund |
|-------------------------|-------------------------|--------------------------------|
| Alabama | 2.27% | 1.32% |
| Alaska | 0.00% | 0.67% |
| Arizona | 1.64% | 1.92% |
| Arkansas | 0.00% | 0.00% |
| California ² | 13.55% ¹ | 8.32% ¹ |
| Colorado | 3.05% | 3.86% |
| Connecticut | 0.48% | 0.78% |
| Delaware | 0.00% | 0.56% |
| District Of Columbia | 1.54% | 0.02% |
| Florida | 8.00% | 4.03% |
| Georgia | 0.53% | 0.39% |
| Hawaii | 1.33% | 0.65% |
| Idaho | 0.00% | 0.14% |
| Illinois | 5.23% ¹ | 10.93% ¹ |
| Indiana | 1.04% | 3.33% |
| Iowa | 1.54% | 0.31% ¹ |
| Kansas | 1.15% | 0.67% |
| Kentucky | 2.22% | 2.10% |
| Louisiana | 3.08% | 2.99% |
| Maine | 0.99% | 0.14% |
| Maryland | 0.67% | 0.34% |
| Massachusetts | 1.25% | 0.11% |
| Michigan | 4.08% | 5.21% |
| Minnesota | 0.35% ¹ | 0.31% ¹ |
| Mississippi | 0.67% | 0.01% |

| State | Ivy Municipal Bond Fund | Ivy Municipal High Income Fund |
|----------------|-------------------------|--------------------------------|
| Missouri | 4.26% | 3.91% |
| Montana | 0.00% | 0.00% |
| Nebraska | 0.47% | 0.62% |
| Nevada | 1.17% | 0.17% |
| New Hampshire | 0.90% | 0.24% |
| New Jersey | 3.60% | 1.79% |
| New Mexico | 0.21% | 0.02% |
| New York | 7.34% | 4.80% |
| North Carolina | 0.78% | 0.14% |
| North Dakota | 0.00% | 0.00% |
| Ohio | 1.23% | 2.37% |
| Oklahoma | 0.63% | 0.89% |
| Oregon | 0.69% | 0.91% |
| Pennsylvania | 4.36% | 4.00% |
| Rhode Island | 0.30% | 0.00% |
| South Carolina | 0.50% | 0.13% |
| South Dakota | 0.00% | 0.00% |
| Tennessee | 0.71% | 0.00% |
| Texas | 12.00% | 14.46% |
| Utah | 0.14% | 0.54% |
| Vermont | 0.00% | 0.00% |
| Virginia | 0.84% | 2.16% |
| Washington | 0.53% | 1.80% |
| West Virginia | 0.46% | 0.42% |
| Wisconsin | 1.22% | 1.94% |
| Wyoming | 1.23% | 0.00% |
| Guam | 0.00% | 1.09% |
| Puerto Rico | 0.44% | 8.24% |
| Virgin Islands | 1.33% | 0.07% |
| American Samoa | 0.00% | 0.18% |
| Total | 100.00% | 100.00% |

¹ Due to state law, residents of California, Illinois, Iowa and Minnesota are subject to State Income Tax on all income earned by the fund. Please consult your tax advisor for more information.

² California Residents: The information reported on Form 1099-DIV for federal tax-exempt dividends will also be reported to the California Franchise Tax Board.

Resources and additional assistance

TURBOTAX® AND TURBOTAX FOR THE WEBSM

Fund shareholders who are registered for online account access now have the ability to download and import tax information directly into TurboTax.

The software includes the Instant Data Entry feature, which enables automated import of 1099 investment information directly for your retirement and non-retirement accounts. Once imported, you can download this information directly into your TurboTax return.

H&R BLOCK TAX SOFTWARE™

Fund shareholders who are registered for online account access now have the ability to download and import tax information directly into H&R Block Tax Software.

The software includes a Smart Import feature, which enables automated import of 1099 investment information directly for your retirement and non-retirement accounts. Once imported, you can download this information directly into your H&R Block Tax Software return.

DUPLICATE TAX FORMS ONLINE

Fund shareholders who are registered for online accounts can view and print any tax form that has been generated for your account for the previous tax year.

If you have questions about any of the forms you have received please call one of our Client Service Representatives toll free at (888) 923-3355, Monday through Friday, 7:30 a.m. – 7:00 p.m. Central time.

NOT FDIC/NCUA INSURED | MAY LOSE VALUE
NO BANK GUARANTEE | NOT A DEPOSIT
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY