



The Emergence of a Global Dynasty

For more than 20 consecutive years, China's economy has grown by more than 9% a year – one of the fastest rates of economic growth in history.¹

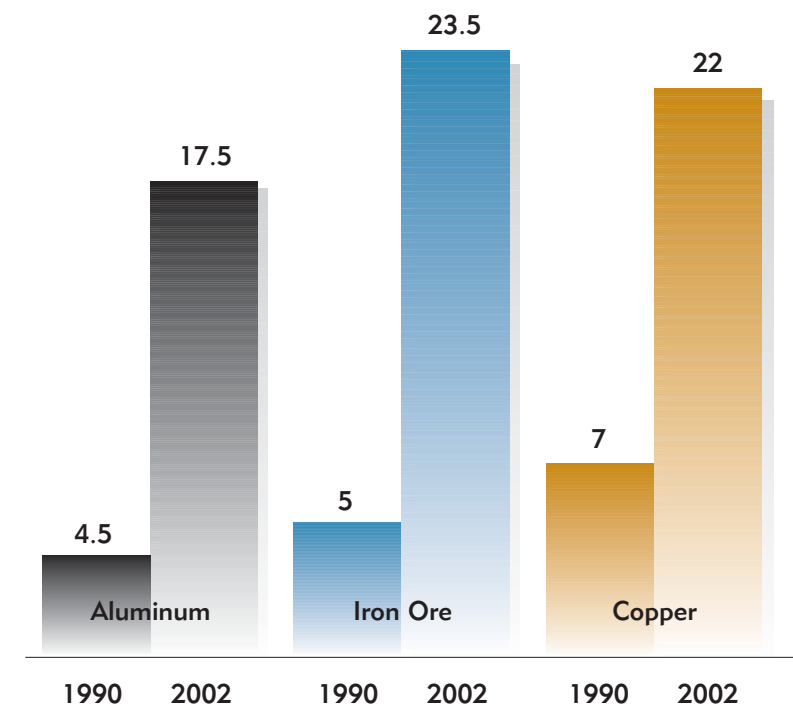
Ivy Funds believes investors can find many growth opportunities from China's surging economic prospects. Investors in mutual funds holding companies associated with natural resources and mineral extraction, as well as technology, may be positioned to benefit from what Ivy Funds is calling *The Great Demand*.

The west deserves its own mention, however. Because of its size and underdevelopment, it is almost a China within China.

Investing in today's China – east, west, north or south – is like taking a time machine back to pre-industrial America.

Increased demand of the world's commodities²

China requires a greater share of the world's natural resources to meet the infrastructure needs of a growing urban population (shown as percentage of world demand).



¹Bloomberg, June 30, 2004

²Defined as primary consumption plus metal content of imported semis (for Cu and Al). Seaborne trade share for iron ore. Source: Macquarie Equities

International investing involves additional risks including currency fluctuations, political or economic conditions affecting the foreign country, and differences in accounting standards and foreign regulations.

Investing in companies involved in one specified sector may be more risky than an investment with greater diversification.



China's industrialization parallels the U.S. industrial revolution of the 1890s

China is attempting to move from industrialization to modernization in less than one generation. It's as if we are watching the emerging prosperity of 19th century America occur before our eyes.

Companies that we believe will benefit from this rapid industrial growth include:

- Natural resources companies
- Companies that support extraction of resources; drilling, etc.
- Consumer technology companies ready to meet needs of China's emerging middle class



From Industrialization to Modernization

Three interconnected themes – population, consumption and growth – are speeding China's transformation from an industrialized to a modern economy.

INDUSTRIALIZATION

MODERNIZATION

DYNAMIC POPULATION

As China's population moves to the cities, demands for infrastructure in the form of roads, communications and buildings become critical.

SOARING CONSUMPTION

China's infrastructures require oil, steel, copper and other commodities in large quantities.

ACCELERATING GROWTH

To buy the resources required, China must manufacture and sell more and more products, leading to an annual real GDP that outpaces the developed world (Source: FactSet).

Opportunities Await You

Explore the implications of China's remarkable economic transformation and its appetite for natural resources. To learn more about *The Great Demand* and Ivy Funds, talk to your financial advisor.

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.ivyfunds.com. Please read the prospectus carefully before investing.