Waddell & Reed: Seven Decades as a Mutual Fund Pioneer

The Founders

An Ohio native, Chauncey Waddell was a former reporter with *The Wall Street Journal* before he became a Wall Street investment broker.

Cameron Reed, a Canadian and World War I veteran, had a background in selling securities and founded United Funds, Inc., one of the first mutual funds to be registered under the Investment Company Act of 1940.

The History

In 1937, Cameron Reed accepts an invitation to join Chauncey Waddell to form Waddell & Reed, Inc., which ultimately becomes the principal underwriter and marketing component for United Funds, Inc. With assets of approximately $123,000, United Funds is established as an open-end investment company and becomes the centerpiece of Waddell & Reed, headquartered in downtown Kansas City, Missouri. Waddell & Reed also is among the first companies to offer its products through its own sales force, bypassing the more traditional arrangement of working directly with brokerages and outside agents.

On October 9, 1940, Waddell & Reed officially launches its first two mutual fund products under the United Funds name: the Accumulative Fund (now called the W&R Advisors Accumulative Fund) and the Income Fund (now called the W&R Advisors Core Investment Fund).

By 1959, Waddell & Reed's assets under management reach more than $700 million with a sales force active in Latin America, Alaska, Hawaii and Puerto Rico. By 1961, Waddell & Reed's assets under management would reach $1 billion.

On October 9, 1961, United Investors Life Insurance Company becomes a Waddell & Reed subsidiary, fulfilling a longstanding goal of the company's founders to offer its customers high-quality insurance products and services.

By 1969, following the retirement of Chauncey Waddell and Cameron Reed, Monte and Neil Wallace assume ownership of Waddell & Reed, Inc., establishing Continental Investment Corporation ("CIC") as a vehicle to acquire the company and its affiliates.

On October 26, 1981, Liberty National Insurance Holding Company acquires CIC, assuming several valuable assets, which include Waddell & Reed, UILIC and a strong national sales force.

In 1985, Waddell & Reed's assets under management reach the $5 billion mark.

In 1987, Waddell & Reed launches the W&R Target Portfolios, a fund family providing underlying investments within annuities and variable universal life products. W&R Target Portfolios today comprise 20 funds that span a variety of investment classes, including domestic and international equity, fixed income, and specialty categories.[1]

In 1990, Waddell & Reed moves its corporate offices from downtown Kansas City, Missouri, to United Investors Park in Overland Park, Kansas.

In 1992, Waddell & Reed creates Waddell & Reed Funds, Inc. as a complementary fund family to United Funds, offering clients a choice between two fee structures.

On March 5 1998, Waddell & Reed Financial, Inc.'s initial public offering of Class A common stock begins trading on the New York Stock Exchange under the ticker symbol WDR.

In 2000, the United Group of Mutual Funds, the company's proprietary fund family, is renamed Waddell & Reed Advisors Funds, Inc., available for sale by the company's financial advisors. Separately, Waddell & Reed Funds, Inc. changes its name to W&R Funds, Inc., available for sale by the company's financial advisors as well as select third parties.

On October 1, 2001, Waddell & Reed launches the InvestEd 529 college savings plan.[2]

By early 2003, Waddell & Reed acquires the investment advisor to the Ivy Funds from Mackenzie Investment Management Company, the U.S. investment management subsidiary of Toronto-based Mackenzie Financial Corporation and advisor of U.S.-sold Ivy Funds. Certain W&R Funds merge with select Ivy Funds to create a broader fund family with representation in all major investment categories. The remaining W&R Funds are renamed Ivy Funds, Inc.

On July 1, 2003, Waddell & Reed officially launches the Ivy Funds family. The Ivy Funds are sold primarily through the company's new wholesaling distribution channel. What started as a team of three national wholesalers has grown to 28 wholesalers just three years later.

In 2005, demonstrating its commitment as a communitywide, corporate partner, Waddell & Reed becomes the title sponsor of the Waddell & Reed Kansas City Marathon.

In 2007, with more than $45 billion in assets under management (as of December 31, 2006)[3], Waddell & Reed officially commemorates its 70th anniversary.

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[1] W&R Target Funds are only available as investment options in variable annuity and variable life insurance contracts issued by life insurance companies. They are not offered or made available directly to the general public.
[2] The Waddell & Reed InvestEd Plan is a Section 529 college savings plan.
[3] Includes assets under management by all investment managers within the Waddell & Reed organization. Assets under management will change over time.