

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Waddell & Reed Advisors Small Cap Fund		2 Issuer's employer identification number (EIN) 43-1216799	
3 Name of contact for additional information Ivy Investments	4 Telephone No. of contact (888) 923-3355	5 Email address of contact response@waddell.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact P.O. Box 29217		7 City, town, or post office, state, and ZIP code of contact Shawnee Mission, KS 66201-9217	
8 Date of action 02-23-2018	9 Classification and description Regulated Investment Company - Merger		
10 CUSIP number See Attached	11 Serial number(s)	12 Ticker symbol See Attached	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On February 23, 2018, The Waddell & Reed Advisors Small Cap Fund merged into the Ivy Small Cap Growth Fund in a tax-free merger. As a result of the reorganization, the shareholders of all classes of the Waddell & Reed Advisors Small Cap Fund exchanged their shares to the Ivy Small Cap Growth Fund equal in value to the aggregate net asset value of the shares surrendered.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **Each share of The Waddell & Reed Advisors Small Cap Fund (merging fund) is being replaced with shares of the Ivy Small Cap Growth Fund (acquiring fund), at a ratio noted in the attachment for each share class. The basis of the shares received is the same as the aggregate of the shares exchanged. However, the cost basis per share of the Waddell & Reed Advisors Small Cap Fund has changed based upon the number of shares exchanged to the Ivy Small Cap Growth Fund.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **For each tax lot you held in the merging fund:**

1) **Multiply the number of shares held in the lot by the "Merger Ratio" in the attachment to calculate the number of shares that you now hold in the acquiring fund.**

2) **Multiply the per share cost basis by the "Basis Ratio" in the attachment to calculate the per share basis of the shares that you now hold in the acquiring fund.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

IRC Sec. 368(a), 368(b), 354(a), 358(a) and 1223(1) Treas. Reg. Sec. 1.358-2

18 Can any resulting loss be recognized? ▶ There is no gain / loss recognized in a tax-free reorganization.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Reportable tax year is 2018.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶ _____ Date ▶ _____

Print your name ▶ **A signed copy is maintained by the issuer** Title ▶ _____

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

Organizational Action: Fund Merger**Date of Action: 02/23/2018****Tax Year Ending 2018**

<u>Issuer's Name and EIN</u>	<u>Class</u>	<u>CUSIP</u>	<u>Ticker Symbol</u>	<u>NAV</u>	<u>Acquiring Fund</u>	<u>Class</u>	<u>CUSIP</u>	<u>Ticker Symbol</u>	<u>NAV</u>	<u>Merger Ratio</u>	<u>Basis Ratio</u>
Waddell & Reed Small Cap (48-1216799)	A	930057328	UNSAX	\$16.392	Ivy Small Cap Growth	A	466000502	WSGAX	\$18.675	0.877751004	1.139275256
Waddell & Reed Small Cap (48-1216799)	B	930057310	WRSBX	\$10.743	Ivy Small Cap Growth	B	466000601	WSGBX	\$13.593	0.790333260	1.265289025
Waddell & Reed Small Cap (48-1216799)	C	930057294	WSCCX	\$11.915	Ivy Small Cap Growth	C	466000700	WRGCX	\$15.012	0.793698375	1.259924465
Waddell & Reed Small Cap (48-1216799)	Y	930057286	WRSYX	\$19.184	Ivy Small Cap Growth	I	466001872	IYSIX	\$24.409	0.785939612	1.272362385