


# The Investment Profile Page User's Guide

This guide will help you use the Morningstar Investment Profile to your advantage.  
For more information, we recommend you read all disclosure information before investing.

- 1 Morningstar Rating™
- 2 Morningstar Category
- 3 Investment Objective & Strategy
- 4 Broad Asset Class
- 5 Notes
- 6 Principal Risks



Release Date: 03-31-2012

## XYZ Fund

**Category**  
Large Blend

**Investment Information** from investment's prospectus  
**Investment Objective & Strategy**  
 The investment seeks long-term growth of capital. The fund invests primarily in equity securities. The advisor seeks to construct a portfolio of issuers that have high or improving return on invested capital (ROIC), quality management, a strong competitive position and which are trading at compelling valuations. The fund may invest up to 25% of total assets in foreign securities, which includes debt and equity securities.  
 Past name(s): AIM Charter A.

**Broad Asset Class: Large Cap Stocks**  
 Shares of ownership in large corporations.

**Notes**  
 This material is authorized for client use only when preceded or accompanied by a Disclosure Statement and a fund prospectus and/or informational brochure containing more complete information. These can be obtained from your investment professional or your plan's website and should be read carefully before investing or sending money.  
 Morningstar ratings reflect the reduction of the fund's expense ratio. However, your plan may charge an administrative fee and/or plan-level fee, which is not reflected in this rating.  
 To determine a fund's star rating for a given period, the fund's Morningstar risk score is subtracted from its Morningstar return score. If the fund scores in the top 10% of its respective Morningstar category, it receives five stars; if it falls in the next 22.5%, it receives four stars; a place in the middle 35% earns it three stars; those in the next 22.5% receive two stars; and the bottom 10% get one star.  
 NOT A DEPOSIT - NOT FDIC INSURED - NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY - NOT GUARANTEED BY THE INSTITUTION - MAY GO DOWN IN VALUE  
 The Broad Asset Class identifies a fund's investment style. The Broad Asset Class was developed by Nationwide in conjunction with Ibbotson Associates for asset allocation. Asset Allocation does not assure a profit or guarantee against loss in a declining market.

**Principal Risks**  
 Foreign Securities, Loss of Money, Not FDIC Insured, Market/Market Volatility, Derivatives, Cash Drag, Management

**Overall Morningstar Rating™**  
 ★★★★★  
 Out of 1579 Large Blend funds. An investment's overall Morningstar Rating, based on its risk-adjusted return, is a weighted average of its applicable 3-, 5-, and 10-year Ratings. See disclosure for details.

**Morningstar Return**  
 Average

**Morningstar Risk**  
 Low

**Morningstar Proprietary Statistics**

	YTD	1-Year	3-Year	5-Year	10-Year
Morningstar Rating	—	—	★	★★★★	★★★★★
Fund Rank Percentile	85	63	87	11	12
Out of # of Investments	1,888	1,778	1,578	1,387	843

**Portfolio Analysis** as of 12-31-11

**Composition** as of 12-31-11

	% Assets
U.S. Stocks	67.2
Non-U.S. Stocks	16.6
Bonds	0.0
Cash	16.2
Other	0.0

**Morningstar Style Box™** as of 12-31-11

	% Mkt Cap
Giant	41.53
Large	50.61
Medium	7.86
Small	0.00
Micro	0.00

**Statistics** as of 12-31-11

	Stk Port Avg	Rel S&P 500	Rel Cat
P/E Ratio	11.60	0.84	0.94
P/B Ratio	1.80	0.87	0.94
P/C Ratio	7.88	1.11	1.17
GeoAvgCap (\$mil)	32,541.42	0.58	0.86

**Risk Measures** as of 03-31-12

	Port Avg	Rel S&P 500	Rel Cat
3 Yr Std Dev	15.01	0.92	0.87
3 Yr Beta	0.90	—	0.87
3 Yr Sharpe Ratio	1.23	0.89	0.99
3 Yr Alpha	-1.76	—	0.86
3 Yr R-squared	94.89	—	0.99

**Morningstar Sectors** as of 12-31-11

	% Fund	S&P 500 %
Cyclical	26.91	27.96
Basic Materials	4.53	2.79
Consumer Cyclical	6.86	9.57
Financial Services	15.52	13.75
Real Estate	0.00	1.85
Sensitive	50.17	46.17
Communication Services	2.14	4.17
Energy	13.05	11.16
Industrials	11.72	11.80
Technology	23.26	19.04
Defensive	22.92	25.86
Consumer Defensive	6.92	11.34
Healthcare	13.54	11.22
Utilities	2.46	3.30

**Volatility Analysis**

Investment: Moderate  
Category: Moderate

In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

- 7 Morningstar Proprietary Statistics
- 8 Composition
- 9 Morningstar Style Box™
- 10 Statistics
- 11 Risk Measures
- 12 Top Holdings
- 13 Morningstar Sectors
- 14 Volatility Analysis
- 15 Operations

©2012 Morningstar, Inc. Morningstar Investment Profiles™ 312-696-6000. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of information. Past performance is no guarantee of future performance. Visit our investment website at [www.morningstar.com](http://www.morningstar.com).

MORNINGSTAR®

©2012 Morningstar. All rights reserved. Product specifications are subject to change without notice.

MORNINGSTAR®

**1 Morningstar Rating™** See “How to Use the Morningstar Rating.”

**2 Morningstar Category** The Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings (portfolio statistics and compositions over the past three years). If the fund is new and has no portfolio, we estimate where it will fall before assigning a more permanent category.

**3 Investment Objective & Strategy** For investment products, this is a summary of the Investment Objectives and Policy section found in every prospectus. It states the objective of the fund and how the manager(s) intend to invest to achieve this objective. It includes any limitations to the fund's investment policies, as well as any share class structure differences, previous names, mergers, liquidation, and opening and closing information.

**4 Broad Asset Class** The Broad Asset Class categories listed correspond to the diversification approaches shown on the investment guides and were identified by Nationwide in conjunction with Ibbotson Associates. Diversification does not assure a profit or guarantee against loss in a declining market.

**5 Notes** Important disclosure and reference information.

**6 Principal Risks** The risks of an investment with the most potential to have an adverse effect on its performance. These are the risks of an investment that are not otherwise depicted as “additional,” “supplementary,” or “other”. For investments that have a prospectus, including Open-end Mutual funds, Money Market funds, insurance funds and Exchange-traded funds (ETFs), principal risks are collected from the Fund Summary section of the fund's prospectus. For unregistered investments that do not have a prospectus, Principal Risk data is collected from the investment manager.

**7 Morningstar Proprietary Statistics** See “How to Use the Morningstar Rating.” The Fund

Rank Percentile shown provides a standardized way of ranking returns of funds with the same Morningstar Category.

**8 Composition** See “How to Use Morningstar's Composition Graphics.”

**9 Morningstar® Style Box™** See “How to Use the Morningstar Style Box.”

**10 Statistics Price/Earnings Ratio:** The price to prospective earnings yield for a fund is the asset-weighted average of the prospective earnings yields of all the domestic stocks in the fund's portfolio as of the date of the portfolio. A stock's prospective earnings yield is calculated by dividing the company's estimated earnings per share for the current fiscal year by the company's month-end share price as of the portfolio date. In computing the fund's average, Morningstar weights each portfolio holding by the percentage of domestic equity assets it represents; therefore, larger positions have proportionately greater influence on the fund's aggregate earnings yield. The reciprocal can also be expressed as a price/prospective earnings ratio.

*Price/Book Ratio:* The price to prospective book value yield for a fund is the asset-weighted average of the prospective book value yields of all the domestic stocks in the fund's portfolio as of the date of the portfolio. A stock's prospective book value yield is calculated by dividing the company's estimated shareholders' equity per share for the current fiscal year by the company's month-end stock price as of the portfolio date. In computing the fund's average, Morningstar weights each portfolio holding by the percentage of domestic equity assets it represents; therefore, larger positions have proportionately greater influence on the fund's aggregate book value yield. The reciprocal can also be expressed as a price/book ratio.

*Price/Cash Ratio:* The price to prospective cash flow represents the weighted average of the price/cash-flow ratios of the stocks in a fund's portfolio. Price/cash-flow represents the amount an investor is willing to pay for a

dollar generated from a particular company's operations. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency. Because accounting conventions differ among nations, reported earnings (and P/E ratios) may not be comparable across national boundaries. Price/cash-flow attempts to provide an internationally-standard measure of a firm's stock price relative to its financial performance.

*Geometric Average Cap \$mil:* Morningstar defines the overall “size” of a stock fund's portfolio as the geometric mean of the market capitalization for all of the stocks it owns. It's calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization. For example, if a fund currently held equal stakes in three stocks, with market capitalizations of \$2 billion, \$10 billion, and \$25 billion, the geometric mean would equal:

$$(\$2 \text{ billion } 1/3) \times (\$10 \text{ billion } 1/3) \times (\$25 \text{ billion } 1/3) = \$7.94 \text{ billion}$$

This number is different from the fund's median market cap—the capitalization of the median stock in its portfolio. The geometric mean better identifies the portfolio's “center of gravity.” That is, it provides more accurate insight into how market trends (as defined by capitalization) might affect the portfolio.

**11 Risk Measures Standard deviation:** is a statistical measure of the volatility of the fund's returns.

*Beta:* is a measure of a fund's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market and a portfolio with a beta less than 1 is less volatile than the market.

*Sharpe ratio:* uses standard deviation and excess return to determine reward per unit of risk.

*Alpha:* measures the difference between a fund's actual returns and its expected performance, given its level of risk (as measured by beta).

*R-squared:* reflects the percentage of a fund's movements that are explained by movements in its benchmark index, showing the degree of correlation between the fund and the benchmark.

**12 Top Holdings** The top holdings are the stocks or bonds with the most influence on a portfolio's returns. Conservative portfolios typically devote no more than 3% to 4% of their assets to any one stock or bond. More daring portfolios may devote 7% or more to one stock. Add up the weighting of the top five holdings for another measure of risk. A conservative option generally bets 15% or less on the top 5 holdings, while a portfolio with more than 25% in the top five may be considered aggressive.

**13 Morningstar Sectors** Morningstar determines how much of each stock portfolio is held in each of Morningstar's 11 major industrial sectors, which roll up into three broader categories.

*Fixed Income Sectors:* Morningstar determines how much of each bond portfolio is held in each of Morningstar's 5 major fixed-income sectors.

*Credit Analysis (Fixed Income only):* The credit analysis depicts the quality of US and non-US bonds in the fund's portfolio. The analysis reveals the percentage of fixed-income securities that fall within each credit-quality rating as assigned by Standard & Poor's or Moody's.

*Morningstar World Regions (International only):* A breakdown of the geographical exposure of a fund's stock assets. Regional exposure summarizes a portfolio's exposure to geopolitical risk, and it also provides a reference point for understanding fund returns.

**14 Volatility Analysis** We classify investment portfolios as having one of three volatility levels relative to all types of mutual funds:

Low, Moderate, and High. Investments with wider ranges of returns are labeled "high," as they are considered riskier than "low" volatility investments, which have had smaller ranges of returns. We also show where the portfolio's category lands. For portfolios that haven't been in existence for three years, we simply show the category average.

**15 Operations** Find out where to write or call for more information, along with the name of the person who determines which stocks or bonds belong in the investment portfolio (the "portfolio manager") and how long that manager has been working on the portfolio.

*Fees and Expenses:* The amount of money taken out of your investment each year to pay for the operation and management of an investment portfolio, expressed as a percentage.

*Prospectus Gross Expense Ratio:* The forward looking estimate of the percentage of fund assets that will be used to pay for operating expenses and management fees. The gross expense ratio should represent the true operating expense of the fund, including those expenses borne by the fund companies.

*Prospectus Net Expense Ratio:* The amount of money taken out of your investment each year to pay for the operation and management of an investment portfolio, expressed as a percentage. The net expenses are calculated by taking the total gross expenses, less applicable waivers and interest expense for any municipal bonds held in the portfolio, divided by the fund's average net assets.

*Expense cap:* The highest level of expenses a fund company is willing to charge its shareholders. The fund's actual total annual operating expenses may be higher or lower than this cap. If the gross expense ratio is higher than the expense cap, the fund company will typically waive the amount exceeding the cap in order to bring the net expense ratio to the cap level.

*Waiver Data:* A fee waiver is the elimination

of all or part of a fund's expenses and fees. Funds, particularly fixed-income funds, adopt this practice at various times to make their returns more competitive.

*Portfolio Manager(s):* The name of the person who determines which stocks or bonds belong in the investment portfolio.

## How to Use the Morningstar Rating™

The Morningstar Rating is a useful tool for identifying investments worthy of further research, but it's not the only thing to consider.

The Morningstar Rating, commonly called the "star rating," tells you how well an investment has performed relative to similar offerings after adjusting for all costs and risk. It rates investments from one to five stars, with the best performers receiving five stars and the worst performers receiving a single star.

The star rating is best used as an initial screen to identify investments worthy of further research, those that have performed well relative to their peers. It's a strictly quantitative measure—a high rating doesn't imply the

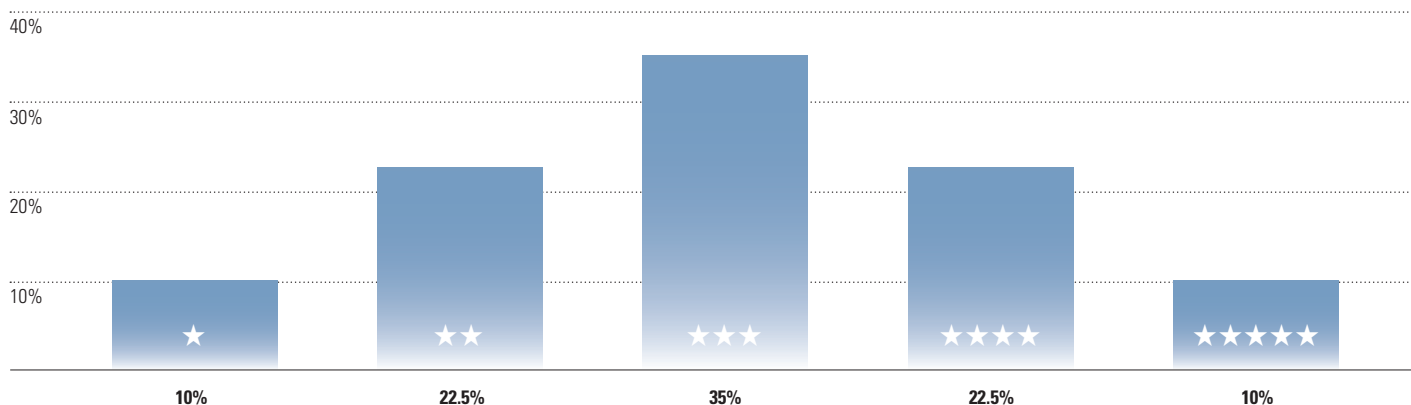
approval or endorsement of a Morningstar analyst. Keep in mind that the rating is based solely on historical performance, and a highly rated offering may no longer have the portfolio manager responsible for that performance. Or—conversely—a lower-rated or non-rated offering might now employ a manager who produced excellent results with other managed investment products.

Also, because ratings are based on performance within specific categories, it's important to note that not all five-star offerings are equal or even interchangeable.

A five-star sector fund, for example, might have the best risk-adjusted return within its specific category, but it's probably far riskier than a highly rated diversified offering. Rather than choosing investments according to their ratings, investors should first decide on an overall portfolio strategy and then seek the best investments for each portion of their portfolio. The Morningstar Rating can then be used to identify possible candidates, but you should never make a buy or sell decision based solely on the rating. ■■■

### Morningstar Rating

■ Percent of all rated investments



The Morningstar Rating is based on risk-adjusted return, which is calculated by subtracting a risk penalty from total return, after accounting for all sales charges, loads, and redemption fees. The penalty is determined by the amount of variation in monthly returns, with an emphasis on downward variation. The greater the variation, the larger the penalty. Investments are ranked within their Morningstar Categories by their risk-adjusted return and assigned stars using the following distribution: the top 10% receive five stars, the next 22.5% four stars, the middle 35% three stars, the next 22.5% two stars, and the bottom 10% receive one star. Ratings are calculated for up to three time periods—three-, five-, and 10 years—and combined to produce an overall rating. Investments with less than three years of performance history are not rated.

## How to Use Morningstar's Composition Graphics

Morningstar's Composition graphics are tools that visually break down how a fund's assets are invested.

Morningstar allocates stocks into one of five asset classes: U.S. Stocks, Non-U.S. Stocks, Bonds, Cash and Other. For each of these asset classes, Morningstar calculates portfolio statistics on the long and short positions and displays long, short, and net (long minus short) statistics as appropriate. Calculations are run on the most-recent portfolio available.

### Asset Allocation

- ▶ The U.S. Stock data point indicates the percentage of the fund's assets devoted to U.S.-domiciled equity investments.
- ▶ The Non-U.S. Stock data point reflects only the percentage of a portfolio's equity investments that are domiciled outside the United States.
- ▶ The Bond data point identifies the percentage of the fund's assets held in bonds and bond exposure gained from derivatives. Bonds include everything from government notes to high-yield corporate bonds.

- ▶ The Cash data point identifies the percentage of the fund's assets held in cash. Cash encompasses both actual cash and cash equivalents (fixed-income securities with a maturity of one year or less) held by the portfolio plus receivables minus payables.
- ▶ Lastly, the Other data point includes positions in preferred stocks (equity securities that pay dividends at a specific rate) as well as convertible bonds and convertible preferreds. Derivatives and unidentified holdings are also grouped in this asset class.

### Using the Bar Chart

The x-axis of this chart represents the percentage each investment group holds, with the y-axis representing a zero value. Values to the right of the y-axis represent positive, or "long", security positions, while values to the left of the y-axis represent negative, or "short", security positions. The table to the right of the bar chart sums these two values to present the "net" emphasis of each investment group.

For example, a bar representing Cash Allocations that extends left of the y-axis indicates negative percentages of cash in which the portfolio is leveraged, meaning it has borrowed against its own assets to buy more securities or that it has used other techniques to gain more than 100% exposure to the market.

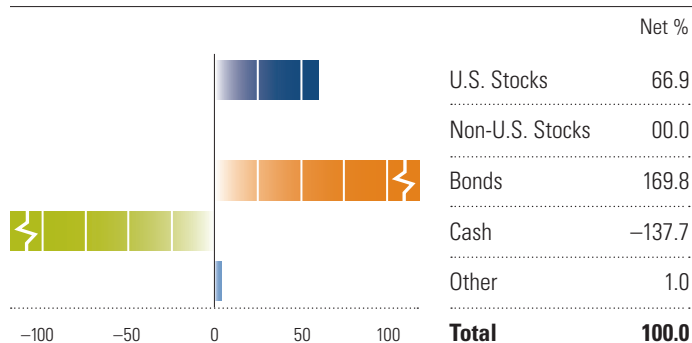
### Over 100%

Long or short positions in any asset class that are greater than 100% are indicated by a line break.

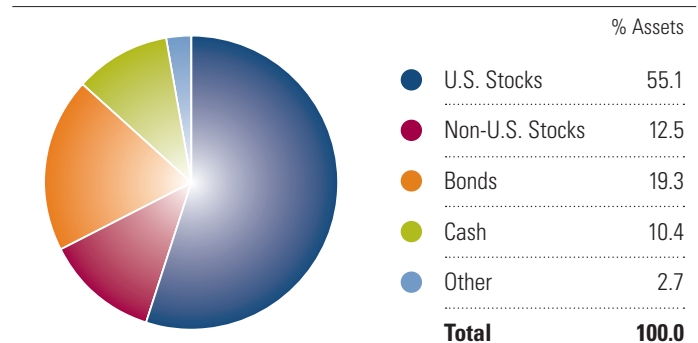
### Where are the Shorts?

Sometimes the amount of shorts in a portfolio is so small the bar chart cannot visually represent the miniscule amount. For example, if a portfolio has a -0.01% position in Cash, the bar chart appears, though the green to the left of the y-axis may not be visible. ■■■

### When Do We Use the Bar Chart or the Pie Graph?



Morningstar Investment Profiles and Guides display a horizontal bar chart when a fund's portfolio contains short and derivative positions of which the net sum, including any offsetting long positions in that asset class, is greater or less than 100%.



When a fund's portfolio takes only long positions in securities, we represent the portfolio's asset allocation in a pie graph that sums to 100%.

# How to Use the Morningstar Style Box™

The Morningstar Style Box is a visual tool that helps investors see past confusing fund names and descriptions to better understand the “investment style” of stocks and mutual funds.

We assign each investment into one of our nine Style Box squares by analyzing its portfolio and determining the best fit.


**Things to Remember About the Morningstar Style Box**

Risk increases as you move down and to the right of the Morningstar Style Box. Don't put all your eggs in one basket. The returns of investments from different parts of the Morningstar Style Box probably

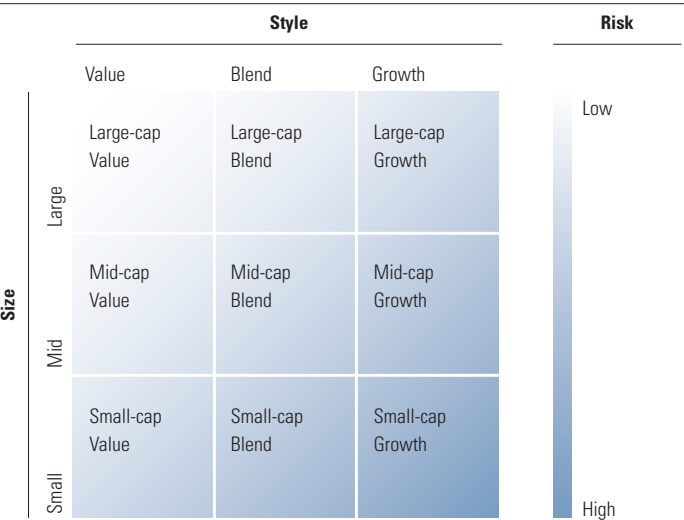
won't move in the same direction at the same time. By combining investments from different parts of the Morningstar Style Box, your portfolio's overall returns will likely be more stable.

**What the Morningstar Style Box Does**

It paints a picture of what's in an investment's portfolio. Are the companies large or small? Are the stocks cheap or expensive? Do the bonds have limited or extensive sensitivity to interest rate changes? Are they of high or low quality?

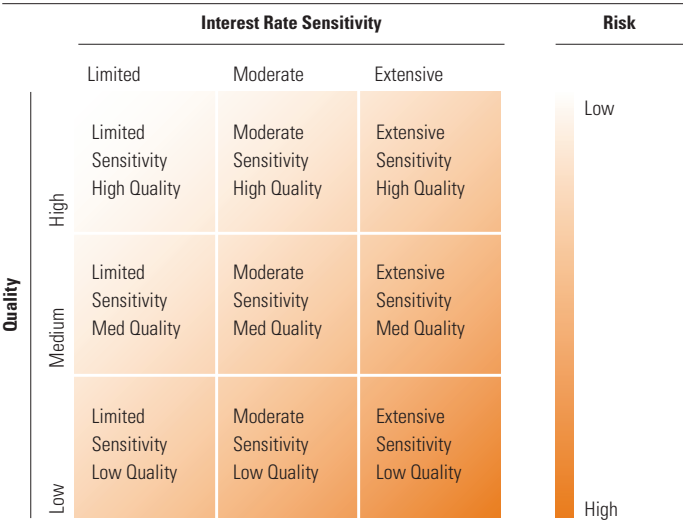
The Morningstar Style Box also provides a basis for our domestic stock fund categories. Similar investments are categorized together, then rated on their ability to balance risk and reward relative to other investments in that same, fairly narrow category. 

**Morningstar Equity Style Box**



Within the stock grid, nine possible combinations exist, ranging from large-cap value for the safest investments to small-cap growth for the riskiest.

**Morningstar Fixed-Income Style Box**



Within the bond grid, nine possible combinations exist, ranging from limited sensitivity to interest rate changes/high quality for the safest investments, to extensive sensitivity to interest rate changes/low quality for the riskiest.



## SUPPLEMENT TO MORNINGSTAR INVESTMENT PROFILE PAGE USER'S GUIDE

### Morningstar Style Box

The style box reveals a fund's investment strategy. For equity funds, the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend or growth). The horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate or long).

### Morningstar Rating™

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loans, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variation in the distribution percentages). The Morningstar Rating™ shown is for the share class displayed in the fund name. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three, five and ten-year (if applicable) Morningstar Rating metrics.

### Morningstar Percentile Ranking

This is the fund's total return percentile rank relative to funds that have the same Morningstar Category in Morningstar's Mutual Fund universe. The highest (or most favorable) percentile rank is 1 and the lowest or least favorable percentile rank is 100. The top-performing fund in a category will always receive a rank of 1.

### Morningstar Return

This statistic is a measurement of a fund's excess return over a risk-free rate (the return of the 90-day Treasury bill), after adjusting for all applicable loads and sales charges. In each Morningstar Category, the top 10% of funds earn a High Morningstar Return, the next 22.5% Above Average, the middle 35% Average, the next 22.5% Below Average and the bottom 10% Low. Morningstar Return is measured for up to three time periods (three, five and ten years). These separate measures are then weighted and not averaged to produce an overall measure for the fund. Funds with less than three years of performance history are not rated.

### Morningstar Risk

This statistic evaluates the variations in a fund's monthly return, with an emphasis on downside variations. In each Morningstar Category, the 10% of the funds with the lowest measured risk are described as Low Risk, the next 22.5% Below Average, the middle 35% Average, the next 22.5% Above Average and the top 10% High. Morningstar Risk is measured for up to three time periods (three, five and ten years). These separate measures are

then weighted and averaged to produce an overall measure for the fund. Funds with less than three years of performance history are not rated.

### Broad Asset Class Definitions:

Asset Allocation: Asset allocation is the apportioning of investment funds among categories of assets such as Domestic Equity, International Equity, Fixed Income, and Cash Equivalent.

Balanced: A combination of stocks, bonds and cash.

Bonds: IOU's issued by governments or corporations.

Cash: Short-term IOU's issued by governments, corporations or financial institutions.

International Stocks: Shares of ownership in corporations headquartered outside of the U.S.

Large-cap Stocks: Shares of ownership in large corporations.

Mid-cap Stocks: Shares of ownership in mid-sized corporations.

Short-term Bonds: Investment-grade IOU's with an average duration of more than 1 but less than 3.5 years or an average effective maturity of more than 1 but less than 4 years.

Small-cap Stocks: Shares of ownership in small corporations.

Specialty: Securities from narrow sub-sectors of the broader market or uncommon asset classes.

### Portfolio Analysis and Operations

- *Expense Ratio:* represents the percentage of fund assets paid for by operating expenses and management fees, including 12b-1 fees, administrative fees and all other asset-based costs incurred by the fund, except brokerage costs. Sales charges and other product fees are not included in the expense ratio.
- *Gross Prospectus Expense Ratio:* Morningstar pulls the gross prospectus expense ratio from the fund's most recent prospectus. Prospectus expense ratios reflect material changes to the expense structure for the current period. The gross expense ratio does not reflect fee waivers in effect during the time period.
- *Net Prospectus Expense Ratio:* Morningstar pulls the net prospectus expense ratio from the fund's most recent prospectus. Prospectus expense ratios reflect material changes to the expense structure for the current period. The net expense ratio includes fee waivers in effect during the time period as indicated in the 'Waiver Data' chart.
- *Annual Turnover Ratio:* a measure of the trading activity in a fund's investment portfolio; in essence, how often securities are bought and sold by a fund. A turnover ratio of 100% means that, on average, all of a fund's portfolio holdings are bought and sold once a year.

- *Sectors*: As another tool for evaluating risk, Morningstar tracks the holdings of funds based on a standard set of sector categories. This chart lists the percentage of assets in key sectors as of a stated date.
- *Price/Earnings Ratio*: The price of a share of stock divided by earnings per share.
- *Price/Book Ratio*: The price of a share of stock divided by book value per share.
- *Price/Cash-Flow Ratio*: The price of a share of stock divided by cash flow per share.
- *Average Effective Maturity*: A weighted average of all the maturities of the bonds in the portfolio, computed by weighting each maturity date by the market value of the security.
- *Average Effective Duration*: A measure of the fund's interest rate sensitivity. The longer a fund's duration, the more sensitive the fund is to shifts in interest rates.
- *Average Weighted Coupon*: A weighted average of the coupon rates of all bonds in a portfolio, calculated by weighting each bond's coupon by its relative size in the portfolio.
- *Average Weighted Price*: A weighted average of the prices of all bonds in a portfolio, calculated by weighting the price of each bond by its relative size in the portfolio. This statistic is expressed as a percentage of par (face) value.
- *Geometric Average Cap*: Indicates the overall "size" of a stock fund's portfolio by averaging the geometric mean of the market capitalization for all of the stocks it owns. Calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization.
- *Three-year Standard Deviation*: A statistical measure of the volatility of the fund's returns.
- *Beta*: A measure of the fund's sensitivity to market movements. A portfolio with a beta greater than one is more volatile than the market, and a portfolio with a beta less than one is less volatile than the market.
- *Sharpe Ratio*: Uses standard deviation and excess return to determine reward per unit of risk.
- *Alpha*: A measure of the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the fund has performed better than its beta would predict, and a negative alpha indicates the fund's underperformance, given the expectations established by the fund's beta.
- *R-squared*: A measure that indicates the percentage of a fund's movements that can be explained by movements in its benchmark index. An R-squared of 100 indicates that all movements of a fund can be explained by movements in the index, and a low R-squared indicates that very few of the fund's movements can be explained by movements in its benchmark index.

## Investment Risk

**Government Bond Funds**: While these funds invest primarily in securities of the U.S. Government and its agencies, the fund's value is not guaranteed by these entities.

**High-yield Bond Funds**: Portfolios that invest in high-yield securities are subject to greater credit risk and price fluctuations than portfolios that invest in higher quality securities.

**International/Emerging Markets Funds**: Investing internationally involves risks not associated with investing solely in the U.S., such as currency fluctuation, political instability, foreign regulations, differences in accounting, and the limited availability of information.

**Money Market Funds**: An investment in a money market fund is not insured or guaranteed by the FDIC or any other federal government agency. Although the money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

**Non-Diversified Funds**: Funds that concentrate in a specific sector or focus on a relatively small number of securities may be subject to greater volatility than a more diversified investment.

**Real Estate Funds**: Investing in real estate funds entails the risks of the real estate business generally, including sensitivity to economic and business cycles, changing demographic patterns and government actions.

**Small/Mid-cap funds**: Funds investing in stocks of small-cap, mid-cap, or emerging companies may have less liquidity than those investing in larger, established companies and may be subject to greater price volatility and risk than the overall stock market.

**Bond funds**: These funds have the same interest rate, inflation and credit risks associated with the underlying bonds owned by the fund.



## Disclosure Statement

This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition, or particular needs of any specific person. Investors should work with their financial professional to discuss their specific situation.

This material is authorized for distribution to prospective investors only when preceded or accompanied by a current plan performance summary and fund prospectus (es) and/or informational brochures containing more complete information.

**For more information about the available investment options including all charges and expenses, please consult a fund prospectus. Fund prospectuses and additional information relating to your retirement plan can be obtained by contacting your pension representative or by calling 1-800-626-3112. Before investing, carefully consider the fund's investment objectives, risks, charges and expenses. The fund prospectus contains this and other important information. Read the prospectus carefully before investing.**

This material is designed to provide you information about the investment options available in your employer sponsored retirement plan. The returns shown on the plan performance summary that is required to accompany this fund profile reflect applicable asset management fees charged by Nationwide Life Insurance Company or Nationwide Trust Company, FSB a division of Nationwide Bank. The performance summary does not reflect Trust fees, termination charges, plan record keeping fees or participant fees specific to your employer's plan. Had these fees been applied, the returns reflected on your plan performance would have been lower.

Before investing, understand that mutual funds and annuities are not insured by the FDIC, NCUSIF, or any other Federal government agency and are not deposits or obligations of guaranteed by , or insured by the depository institution where offered or any of its affiliates. Annuities that involve investment risk may lose value.

The Nationwide Group Retirement Series includes unregistered group fixed and variable annuities and trust programs. The unregistered group fixed and variable annuities are issued by Nationwide Life Insurance Company. Trust programs and trust services are offered by Nationwide Trust Company, a division of Nationwide Bank. Nationwide Investment Services Corporation, member FINRA. Nationwide Mutual Insurance Company and Affiliated Companies, Home Office: Columbus, OH 43215-2220.

Neither Nationwide, or any of its affiliates, are related to or affiliated with, Morningstar.

Potential purchasers seeking to use an annuity to fund a qualified plan or other tax-advantaged retirement plan should understand that the use of an annuity for such purposes is not necessary to defer taxation of investment earnings. Certain funds in the Group Retirement Series (excluding Retirement Resource) are NOT publicly traded mutual funds and are not available directly for purchase by the general public. They are only available through variable annuity/variable life insurance policies issued by life insurance companies or in some cases, through participation in certain qualified pension or retirement plans. These portfolios contain different investment than similarly named mutual funds offered by the money manager. Investment results may result in higher or lower returns.

Federal income tax laws are complex and subject to change. The information in the brochure is based on current interpretations of the law and is not guaranteed. Neither the company nor its agents/representatives give legal or tax advice. Please consult your tax or legal advisor for answers to your specific questions.

Products may not be available in all states.

(Contract Numbers: APO-2241, APO-2241-OR, APO-2242, APO-2242-OR, APO-2243, APO-2243-OR, APO-2957, APO-4235, APO-4235-37, APO-4235-43, APO-4353, APO-4353-37, APO-4353-43)