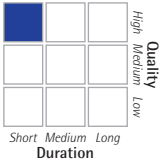


Nationwide Enhanced Income Fund

UNLESS OTHERWISE NOTED, ALL INFORMATION IS AS OF SEPT. 30, 2008, FOR CLASS A SHARES



Fund positioning is based on our own classifications. Please consult this Fund's prospectus for more information.

OBJECTIVE

Seeks a high level of current income while preserving capital and minimizing fluctuations in share value.

PRINCIPAL STRATEGIES

Under normal circumstances, the Fund invests primarily in high-grade corporate bonds, U.S. government securities and U.S. government agency securities. The Fund also may purchase mortgage-backed securities and asset-backed securities, and may invest in fixed-income securities that pay interest on either a fixed-rate or variable-rate basis.

PORTFOLIO MANAGEMENT

Morley Capital Management, Inc., Subadviser
Perpetua M. Phillips
Senior Portfolio Manager

Paul Rocheleau
Portfolio Manager
(effective Sept. 19, 2008)

IMPORTANT CONSIDERATIONS

While the Fund invests primarily in securities of the U.S. government and its agencies, the Fund's value is not guaranteed by these entities.

The Fund may purchase securities in derivatives, which can be very volatile and carry high transaction costs.

The Fund may purchase mortgage-backed and asset-backed securities, which are sensitive to fluctuations in interest rates. In addition, these securities are subject to prepayment, which may cause the Fund to reinvest in securities with lower interest rates.

FUND FACTS

| Class | Ticker | CUSIP |
|---------------------|--------|-----------|
| Class A | NMEAX | 63867R696 |
| Class R* | GMERX | 63867R688 |
| Institutional* | NMEIX | 63867R670 |
| Institutional Svc.* | NMESX | 63867R662 |

Minimum initial investment

| | |
|-----------------------------|-------------|
| Classes A | \$2,000 |
| IRA: Classes A | \$1,000 |
| Institutional Service Class | \$50,000 |
| Institutional Class | \$1,000,000 |

Total net assets (all classes)

\$168.2 million

*Class R, Institutional Class and Institutional Service Class shares are available only to certain investors.

AVERAGE ANNUAL TOTAL RETURNS

| | 3 Mos | YTD | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | Since Inception (12/29/99) |
|--|--------|--------|-------|-------|-------|--------|----------------------------|
| Class A at NAV | -0.36% | 1.69% | 2.92% | 3.87% | 2.72% | N/A | 2.72% |
| Class A w/load | -2.91% | -0.92% | 0.28% | 3.09% | 2.26% | N/A | 2.45% |
| 50% ML 6-Mo. T-Bill Index, | | | | | | | |
| 50% ML 1-Yr. T-Bill Index ¹ | 1.02% | 2.82% | 4.31% | 4.70% | 3.43% | N/A | N/A |

EXPENSE RATIOS (as of Oct. 31, 2007)

| | |
|---|-------|
| Gross annual Fund operating expenses | 0.81% |
| Net annual Fund operating expenses ² | 0.75% |

PERFORMANCE SHOWN REPRESENTS PAST PERFORMANCE AND DOES NOT GUARANTEE FUTURE RESULTS. Current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain performance information current to the most recent month-end, which may be higher or lower than the performance shown, please call 1-800-848-0920 or go to nationwidefunds.com.

Class A shares have up to a 2.25% front-end sales charge and a 0.25% 12b-1 fee. Investors may be able to reduce or eliminate front-end sales charges on Class A shares, based on investment size. Please consult the Fund's prospectus for more details.

Performance returns assume the reinvestment of all distributions. Returns for periods less than one year are not annualized. Total returns reflect a waiver of part of the Fund's fees for certain periods since inception, without which returns would have been lower.

TOP HOLDINGS

| | % of Portfolio |
|---------------------------|----------------|
| US T-NOTE 3.25% 12/31/09 | 3.6 |
| US T-BONDS 2.125 01/31/10 | 3.0 |
| T-NOTE 4.00% 09/30/09 | 2.4 |
| US T-NOTE 2.00% 02/28/10 | 2.4 |
| HONEYWELL 7.50% 03/01/10 | 1.6 |
| GENWORTH 5.231% 05/16/09 | 1.5 |
| CITIBANK CCM FRB 03/10/11 | 1.5 |
| PEPSI 5.625 02/17/09 | 1.5 |
| GEN ELEC 3.60% 10/15/08 | 1.5 |
| JOHNSON 6.625% 09/01/09 | 1.5 |

PORTFOLIO COMPOSITION

| | % of Portfolio |
|---------------------------------------|----------------|
| Corporate Bonds | 62.2 |
| U.S. Treasury Securities | 8.3 |
| Repurchase Agreements | 6.2 |
| Asset-Backed Securities | 5.3 |
| U.S. Government Agencies | 4.9 |
| U.S. Treasury Bonds | 3.0 |
| Federal National Mortgage Association | 2.8 |
| Government National Mortgage Assoc. | 2.4 |

PORTFOLIO CHARACTERISTICS

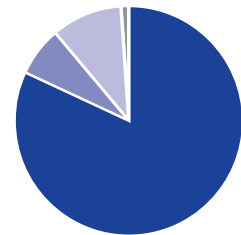
| | |
|--|-------|
| Number of holdings | 115 |
| Average maturity (years) | 4.3 |
| Duration of fund securities (years) | 2.9 |
| SEC 30-day yield | 3.52% |
| Standard deviation (rolling 36 months) | 0.8% |
| Average credit quality | AAA |
| Annual turnover (rolling 12 months) | 87% |

ASSET ALLOCATION

| | |
|--------------|-----|
| Fixed income | 94% |
| Cash | 6% |

QUALITY DISTRIBUTION (Source: Standard & Poor's)

■ AAA 82%
■ AA 7%
■ A 10%
■ Not Rated 1%



1. Market index performance is provided by a third-party source Nationwide Funds Group deems to be reliable (Lipper). Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. Individuals cannot invest directly in an index.

2. The difference between gross and net operating expenses reflects contractual expense waivers in place through May 1, 2009.

Investing in mutual funds involves risk, including the possible loss of principal. There is no assurance that the investment objective of any fund will be achieved. Portfolio composition is subject to change at any time. The holdings are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities shown.

Investors should carefully consider a fund's investment objectives, risks, fees, charges and expenses before investing any money. To obtain this and other fund information, please call 1-800-848-0920 to request a prospectus, or download a prospectus at nationwidefunds.com. Please read it carefully before investing any money.

Nationwide Funds distributed by Nationwide Fund Distributors LLC (NFD), Member FINRA. NFD is not an affiliate of Morley Capital Management, Inc.

PLEASE REFER TO "DEFINITIONS" ON BACK FOR DESCRIPTION OF FINANCIAL TERMS.

DEFINITIONS

Merrill Lynch (ML) 6-Month Treasury Bill (T-Bill) Index: comprises a single issue purchased at the beginning of a month and held for a full month. At the end of that month, that issue is sold and rolled into a newly selected issue. The issue selected at each month-end re-balancing is the outstanding T-Bill that matures closest to, but not beyond, six months from the re-balancing date. **Merrill Lynch 1-Year Treasury Bill Index:** comprises a single issue purchased at the beginning of a month and held for a full month. At the end of that month, that issue is sold and rolled into a newly selected issue. The issue selected at each month-end re-balancing is the outstanding T-Bill with the longest maturity.

Average annual total returns are the annual compounded returns that would have produced the cumulative total return if Fund performance had been constant during the given period. **Duration** is an estimate of bond price sensitivity to changes in interest rates. The higher the duration, the greater the change (i.e., higher risk) in relation to interest-rate movements. **Standard deviation** is a statistical measure of risk. It reflects the extent to which an asset's rate of return may fluctuate from period to period.

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Nationwide Funds

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