



NVIT CardinalSM Managed Growth Fund

Quarterly Commentary

Nationwide VIT

Commentary

Q3 2018

Asset class: Allocation
Objective: Seeks growth primarily and investment income secondarily

Morningstar category:
Allocation—50% to 70%
Equity
Class I
Class II

Strategy Overview

• Consistent with preservation of capital, the NVIT Cardinal Managed Growth Fund seeks growth primarily and investment income secondarily.

• The Fund seeks to achieve its objective by investing 95% of its assets in a “core” sleeve consisting of the same underlying allocations as the NVIT Cardinal Moderate Fund and 5% in a “volatility overlay” sleeve that actively increases or decreases, on a daily basis, the effective equity exposure of the Fund according to a volatility management process

• The core sleeve consists of a traditional strategically managed asset allocation portfolio of underlying stock and bond funds with an overall target allocation of 60% equity/40% fixed income

• Investments within the volatility overlay sleeve are dictated by a volatility management process that determines whether the Fund should take long or short positions in futures contracts tied to the S&P 500[®] Index, S&P Midcap 400[®] Index, Russell 2000[®] Index and MSCI EAFE[®] Index

MARKET REVIEW

Equity markets rallied for the second consecutive quarter, with the S&P 500[®] Index delivering a positive return in 21 of the last 23 quarters. Following volatility in the first quarter of the year on fears of inflation, interest rates, geopolitical stress and trade disagreements, investors have refocused on the strong fundamental backdrop. The economy is strong, with GDP growth of 3.2% forecast for the third quarter, following 4.2% in the second quarter. Consumer, small business and executive confidence remains near record levels, and appears to be driving improved consumer and capital spending. Corporate profits provide strong support for equity market returns, with growth for the S&P 500 expected at 21% and the S&P Small Cap 600 Index could grow 35%. Corporate share repurchases are contributing to earnings and generating demand for shares, with buyback authorizations likely to top \$1 trillion this year. Each month of the quarter had positive performance, with the S&P 500 returning 11% for the year.

During the third quarter, the S&P, Dow Jones Industrial Average and NASDAQ Composite Index returned +7.7%, +9.0% and +7.4% respectively. For the S&P 500, it was the best performance since 2013. Growth stocks outperformed value, and large-caps outperformed small. Leading sectors for the quarter included health care, industrials and technology, while materials, energy and real estate lagged. During the quarter, the Federal Open Market Committee (FOMC) raised their Federal Funds target rate by 0.25% (third hike this year), with an expectation for

Portfolio management



Nationwide Fund Advisors (NFA)



Christopher C. Graham
Chief Investment Officer
Fund tenure since 2016



Keith P. Robinette, CFA
Senior Director of Asset Strategies
Fund tenure since 2017



Andrew Urban, CFA
Senior Director of Asset Strategies
Fund tenure since 2017

Nationwide Asset Management, LLC



Frederick N. Gwin
Senior Investment Professional
Fund tenure since 2014



Chad W. Finefrock, CFA
Senior Investment Professional
Fund tenure since 2014

one additional hike for 2018. The Fed's "dot plot" points to three additional hikes for 2019, bringing the range to between 3.00% and 3.25%, though the futures market is suggesting a more gradual pace. Interest rates rose for the fifth-straight quarter, with the 10-year yield closing near a seven-year high of 3.05%. The yield curve flattened, with the spread between the 10-year and 2-year Treasury yields falling to 0.25%. Despite the rising rates, tightening credit spreads allowed the Bloomberg Barclays U.S. Aggregate Bond Index to deliver a slight positive return. While positive, international equity markets lagged on concerns over global growth and trade tensions, with the MSCI EAFE[®] Index returning +1.4% and the MSCI Emerging Markets[®] Index returning -1.0%.

PERFORMANCE REVIEW

The NVIT Cardinal Managed Growth Fund (Class II Shares) returned 2.60%, outperforming its prospectus benchmark and underperforming its Morningstar category - US Insurance Fund Allocation - 50% to 70% Equity.

The volatility overlay sleeve increased effective equity exposure throughout the period as overall equity market volatility remained subdued. It thus added to performance throughout the period.

CONTRIBUTORS

US large cap stocks outperformed mid and small cap as well as international stocks for the quarter, and thus the NVIT Multi-Manager Large Cap Growth Fund, NVIT Multi-Manager Large Cap Value Fund, and NVIT Multi-Manager Mid Cap Growth Fund were the largest contributors to performance, returning 8.72%, 4.81%, and 8.12%, respectively. The volatility overlay was also a contributor to performance for the period.

DETRACTORS

Emerging markets stocks and small cap developed markets stocks were challenged for the quarter, thus the NVIT Emerging Markets Fund and Nationwide International Small Cap Fund detracted from performance for the period, returning -2.74% and -1.62%, respectively. No other underlying funds posted negative returns for the quarter.

CURRENT PORTFOLIO POSITIONING

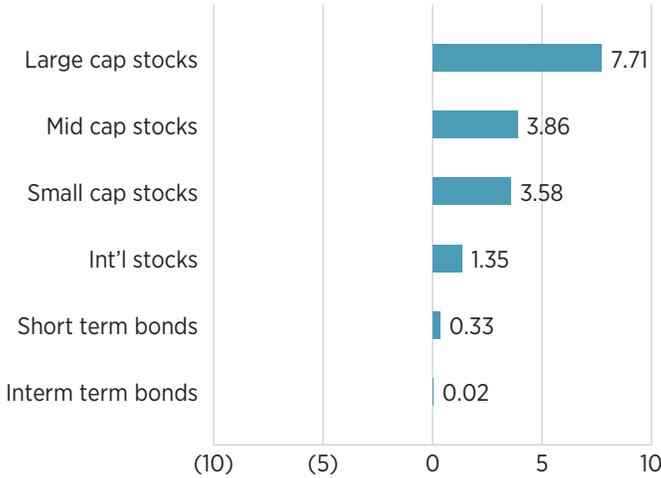
After some equity volatility in the first half of the year, the Fund entered the third quarter with equity exposure around 61%. As volatility remained subdued over the course of the third quarter, the fund increased its equity exposure to the maximum of 80% by the end of August and remained near there for the rest of the quarter. With generally positive equity performance for the quarter, the volatility overlay was additive to returns. The volatility overlay sleeve functioned in-line with expectations to increase the Fund's volatility in the backdrop of lower market volatility.

OUTLOOK

The overall economy and markets continue to exhibit typical characteristics of the latter stages of a business cycle, including opportunities for returns in equities exceeding more muted fixed income performance - for which the fund was

positioned during the quarter. Political and geopolitical risks have overshadowed some of the positive economic momentum, particularly outside of the US. While central banks are still accommodative, fiscal policy internationally remains restrained relative to the boost being received in the US via tax reform and other spending measures. Thus, the non-US equity allocations have been challenged on an absolute basis and relative to US equities. These trends challenged the team's positioning of the funds somewhat, but the overall view remains constructive. The team continues to monitor interest rates, credit spreads, and inflation in the US as well as the dynamics of international economies, currencies, and their resulting impact on the portfolios.

Quarterly asset class returns (%)*

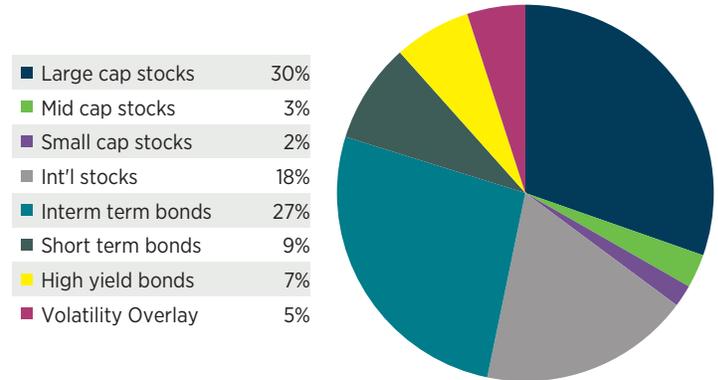


Source: Morningstar, 09/30/18.

The results shown represent past performance; past performance does not guarantee future results. Current performance may be lower or higher than the past performance shown.

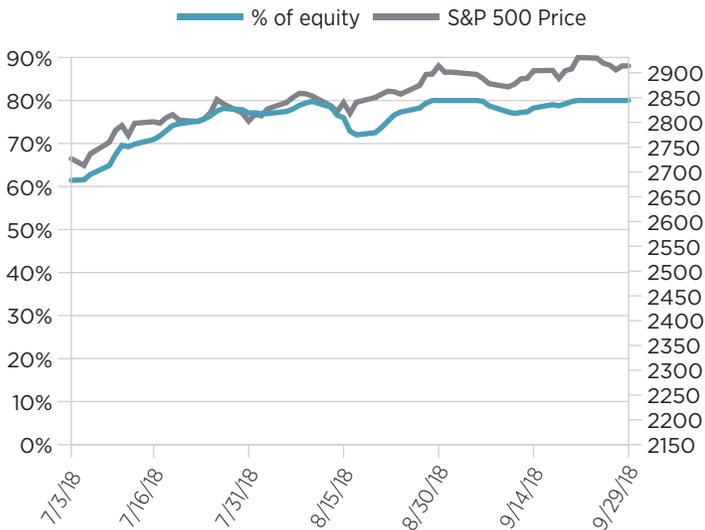
* Asset class returns stated above are based on the returns of the following indexes: S&P 500 Index (Large Cap Stocks); S&P MidCap 400 Index (Mid Cap Stocks); Russell 2000 Index (Small Cap Stocks); MSCI EAFE Index (Int'l Stocks); Bloomberg Barclays US Aggregate Bond Index (Inter Term Bonds); and Bloomberg Barclays US Govt/Credit 1-3 Yr Index (Short Term Bonds).

Fund allocations



The NVIT Managed Funds have a core portfolio that follows a traditional strategically managed asset allocation model of stock and bond funds (shown above).

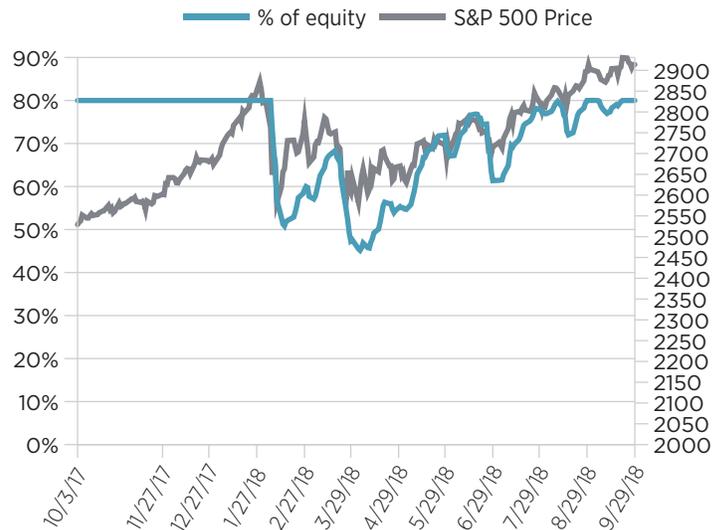
Rolling managed fund effective equity exposure (Trailing 3 months)



Left axis: Percentage of equity exposure; Right axis: S&P 500 price

Source: Nationwide Managed Volatility Web App, 09/30/18

Rolling managed fund effective equity exposure (Trailing 12 months)



Left axis: Percentage of equity exposure; Right axis: S&P 500 price

Source: Nationwide Managed Volatility Web App, 09/30/18

Average annual total returns (%)

Share class	QTD	YTD	1-year	3-year	5-year	Since inception
Class I	2.59	0.23	4.60	7.81	5.35	4.46
Class II	2.60	0.06	4.42	7.60	5.17	5.29
Morningstar Mod Target Risk Index	2.52	2.20	6.02	9.20	6.51	—
Russell 3000 Index	7.12	10.57	17.58	17.07	13.46	—
Allocation—50% to 70% Equity Category	3.28	3.45	7.26	8.98	7.03	—

Performance returns assume the reinvestment of all distributions. Returns for periods less than one year are not annualized. Total returns reflect a contractual expense limitation for direct annual Fund expenses for all classes for certain periods since inception, without which returns would have been lower. Pre-inception historical performance for newer share classes is based on the corresponding share class performance of a Fund's predecessor fund. If no predecessor Fund applies, historical performance is based on that of the longest existing share class, adjusted for sales charges if applicable. Performance numbers do not reflect and would be reduced by the insurance-related fees and charges of the variable product. Please consult the variable product prospectus for information about these fees and charges. To obtain the most recent standardized performance, go to <https://www.nationwide.com/variable-annuity-prospectus-and-performance.jsp> or <https://www.nationwide.com/variable-life-products.jsp>.

The results shown represent past performance; past performance does not guarantee future results. Current performance may be lower or higher than the past performance shown, which does not guarantee future results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares.

NVIT Funds are not sold to individual investors. These investment options are underlying subaccounts and cannot be purchased directly by the public. They are only available through variable products issued by life insurance companies.

When evaluating the purchase of a variable annuity product, your clients should be aware that variable annuity products are long-term investment vehicles designed for retirement purposes and will fluctuate in value; and investing involves market risk, including possible loss of principal.

Share class	Expense ratios		Inception date
	Gross (%)	Net (%)	
Class I	1.01	0.82	04/30/2014
Class II	1.26	1.02	04/30/2013

The expense ratios are as shown in the most recent prospectus. Expenses include underlying fund expenses. The difference between gross and net operating expenses reflects contractual fee waivers in place through 04/30/2019. Please see the Fund's prospectus for more details.

Top Holdings

	% of portfolio
NVIT Multi-Manager Large Cap Growth Fund	16.4
NVIT Multi-Manager Large Cap Value Fund	16.2
NVIT Core Plus Bond Fund	14.8
NVIT Core Bond Fund	11.8
NVIT Short Term Bond Fund	8.9
NVIT Multi-Manager Intl Value Fund	8.0
NVIT Multi-Manager Intl Growth Fund	7.9
NVIT Emerging Markets Fund	3.8
Nationwide Intl Small Cap Fund R6	2.9
Nationwide Bond Fund R6	2.5

Holdings are provided for informational purposes and should not be deemed as a recommendation to buy or sell the securities.

Portfolio characteristics

Total Net Assets (all classes)	\$1.3B
Total Number of holdings	19
Sharpe Ratio	1.1
Standard deviation	5.8
Alpha	-0.9
Beta	0.9
R-Squared	77.9

Portfolio characteristics are based on Class II shares.

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

Important Disclosures

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.

Variable products are sold by prospectus. Both the product and underlying fund prospectuses can be obtained by visiting Nationwide.com/prospectus or by calling 1-800-848-6331. Before investing, carefully read and consider the fund's investment objectives, risks, charges, expenses, and other important information contained in this and the underlying funds' prospectuses.

DEFINITIONS: **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. **Sharpe ratio** measures excess return per unit of risk (standard deviation). A higher Sharpe ratio suggests better risk-adjusted performance. **Standard deviation** measures performance fluctuation, may not be indicative of future risk and is not a predictor of returns. **Alpha** represents the excess returns of a fund relative to its benchmark. A positive alpha is the added value an active manager has contributed over the benchmark returns. **Beta** measures volatility in relation to the fund's benchmark. A beta of less than 1.0 indicates lower volatility, while a beta of more than 1.0 indicates higher volatility relative to the benchmark. **R-Squared** measures the percentage of a fund's movements that can be explained by movements in a benchmark.

Principal Risks: Investing in mutual funds involves risk, including the possible loss of principal. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. There is no assurance that the investment objective of any fund will be achieved. The Fund, through its Core Sleeve, is subject to the risks of its underlying funds, including but not limited to: the risks of investing in equity securities; fixed-income securities (default risk and interest rate risk); international securities and cash position risk (the Fund may miss investment opportunities). Through its Volatility Overlay, the Fund may invest in more-aggressive investments such as derivatives (which create investment leverage and are highly volatile). The Volatility Overlay may not be successful and may result in losses greater than if the Fund did not implement the Volatility Overlay. Please refer to the most recent prospectus for more detailed information.

Nationwide Fund Advisors (NFA), the Fund's investment adviser, makes both the asset allocation and underlying fund selection decisions for the Fund. Nationwide Asset Management, LLC (NWAM) provides asset allocation consulting services to NFA. NWAM also manages the Volatility Overlay using stock index futures according to Nationwide Funds' quantitative process for evaluating volatility. In addition, NWAM serves as the subadviser to certain other Nationwide Funds. NWAM is a registered investment adviser and wholly owned subsidiary of Nationwide Mutual Insurance Company, and therefore is affiliated with NFA.

Asset allocation is the process of spreading assets across several different investment styles and asset classes. The purpose is to potentially reduce long-term risk and capture potential profits across various asset classes.

There is no assurance that the investment objective of any fund (or that of any underlying fund) will be achieved or that a diversified portfolio will produce better results than a non-diversified portfolio. Diversification does not guarantee returns or insulate an investor from potential losses, including the possible loss of principal.

Market Indexes: Market index performance is provided by a third-party source Nationwide Funds Group deems to be reliable. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses have been reflected. Individuals cannot invest directly in an index. **Morningstar Moderate Target Risk Index:** The Morningstar Target Risk Index family is designed to meet the needs of investors who would like to maintain a target level of equity exposure through a portfolio diversified across equities, bonds and inflation-hedged instruments. The Morningstar Moderate Target Risk Index seeks approximately 60% exposure to global equity markets. **Bloomberg Barclays US Aggregate Bond Index:** An unmanaged, market value-weighted index of U.S. dollar-denominated, investment-grade, fixed-rate, taxable debt issues, which includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities and commercial mortgage-backed securities (agency and non-agency). **Bloomberg Barclays U.S. Government/Credit 1-3 Year Index:** An unmanaged index that measures the performance of non-securitized component of the U.S. Aggregate Index with maturities of 1-3 years, including Treasuries, government-related issues and corporates. **The S&P SmallCap 600 Index:** measures the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable. **NASDAQ Composite Index:** a market capitalization-weighted index that measures all NASDAQ domestic and international based common type stocks listed on the Nasdaq Stock Market. **MSCI EAFE Index:** An unmanaged, free float-adjusted, market capitalization-weighted index that is designed to measure the performance of large-cap and mid-cap stocks in developed markets as determined by MSCI; excludes the United States and Canada. **Russell 2000 Index:** An unmanaged index that measures the performance of the small-cap segment of the U.S. equity universe. **Russell 3000 Index:** An unmanaged index that measures the performance of the 3,000 largest U.S. companies in the investable U.S. equity universe. **S&P 500 Index:** An unmanaged, market capitalization-weighted index of 500 stocks of leading large-cap U.S. companies in leading industries; gives a broad look at the U.S. equities market and those companies' stock price performance. **S&P Mid-Cap 400 Index:** An unmanaged index that measures the performance of 400 stocks of medium-sized U.S. companies (those with a market capitalization of \$1.4 billion to \$5.9 billion). **MSCI Emerging Markets Index:** An unmanaged, free float-adjusted, market capitalization-weighted index that is designed to measure the performance of large-cap and mid-cap stocks in emerging-country markets as determined by MSCI. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. The Fund is not sponsored, endorsed, or promoted by Russell, and Russell bears no liability with respect to any such funds or securities or any index on which such funds or securities are based. Russell® is a trademark of Russell Investment Group.

© 2018 Morningstar. 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 this information.

Nationwide Funds distributed by Nationwide Fund Distributors LLC (NFD), member FINRA, Columbus, OH. NFD is not affiliated with any subadviser contracted by Nationwide Fund Advisors (NFA), with the exception of Nationwide Asset Management, LLC (NWAM). Nationwide Investment Services Corporation (NISC), member FINRA. NFD is not an affiliate of Morningstar, Inc.

Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company. © 2018 Nationwide

STAY CONNECTED



@NWFFinancial
nationwidefunds.com



Shareholders: 800-848-0920
Intermediaries: 877-877-5083



Nationwide[®]