



Nationwide Amundi Strategic Income Fund

Q2 2024

As of 06/30/24

Asset class: Taxable Bond
Objective: Seeks to provide a high level of current income

Morningstar category: Multisector Bond
Class A: NWXEX
Inst Svc: NWXHX
Class R6: NWXGX

Overall Morningstar Ratings™



Out of 316 investments. An investment's overall Morningstar Rating, based on Institutional Service Class risk-adjusted return, is a weighted average of its applicable 3- and 5-year Ratings. See disclosures on back page.

Executive summary

- *The Nationwide Amundi Strategic Income Fund (IS share class) outperformed the Bloomberg US Aggregate Bond Index 1.72% versus 0.07% for the quarter.*
- *The Fund's interest rate hedges and investment grade corporate bond holdings were the largest contributors to performance for the quarter.*
- *The Fund's insurance linked securities and corporate credit hedges (CDX) holdings were the largest detractors from performance for the quarter.*

Portfolio management



Amundi Asset Management US, Inc.



Jonathan M. Duensing, CFA
 Portfolio Manager
 Fund tenure since 2015



Kenneth J. Monaghan
 Portfolio Manager
 Fund tenure since 2015



Jeff Galloway, CFA
 Portfolio Manager
 Fund tenure since 2023

MARKET ENVIRONMENT

In the second quarter US Treasury yields initially moved sharply higher as inflation data released in April provided a Fed-unfriendly third consecutive monthly upside surprise. The yield rise was partially reversed over the balance of the quarter as inflation cooled in the May and June data releases. Yields ended the quarter modestly higher and the curve steepened as long-term rates rose faster than short-term rates. Two-year Treasury yields moved 10 basis points higher while 30-year yields were 20 basis points higher, causing the overall yield curve inversion to flatten. The Federal Reserve left rates unchanged and indicated that rates would stay on hold until inflation cooled further on a sustained basis. Given the higher-than-expected inflation of Q1, the FOMC's June "dot plot" showed only 25 basis points of Fed Funds rate cuts in 2024, down from 75 basis points of cuts in the March projection.

For the quarter, the US Treasury index trailed cash with a 0.09% return and the Bloomberg US Aggregate Bond Index posted a return of 0.07%. US corporates and Agency MBS slightly underperformed Treasuries with returns of -0.05% and +0.07%, respectively. Securitized credit outperformed as did the "plus" sectors.

High-yield corporates returned 1.09%, leveraged loans 1.9%, and Emerging Markets corporates 1.5%. Emerging Markets sovereign debt was the outlier with a 0.1% quarterly return. Strong performance of mega-cap technology stocks drove a 4.3% return for the S&P 500® Index. US dollar strength continued (DXY +1.3%) while oil ended the quarter down 2.0%.

PERFORMANCE REVIEW

Though the Fund is not managed to a specific market benchmark, we expect that

the long-term return profile will be comparable to that of the U.S. high yield market. The Fund outperformed the high yield corporate market in Q2 primarily due to security selection within the corporate space, interest rate hedges, and sector rotation within the securitized credit space.

CONTRIBUTORS

Security name	Period return	Portfolio impact
US 10yr Ultra Future Jun24	0.00%	+62 bps
CDX HY CDSI S41 5Y PRC	0.00%	+7 bps
TOTALP 6 3/8 09/20/28	+18.82%	+7 bps
RCOLIN 12 ¼ 09/01/29	+5.85%	+5 bps
GRUPO AEROMEXICO SAB DE CV	+52.74%	+4 bps

Country/Sector	Period return	Portfolio impact
Interest Rate Hedges (short rates)	0.00%	+46 bps
Investment Grade Corporate (long cash bonds)	+0.60%	+23 bps
Residential MBS Credit	+1.40%	+19 bps

Source: Amundi Asset Management US, Inc., As of 06/30/24.

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.

DETRACTORS

Security name	Period return	Portfolio impact
US 10yr Ultra Future Sep24	0.00%	-25 bps
CDX HY CDSI S42 5Y PRC	0.00%	-10 bps
UNIT 6 01/15/30	-18.03%	-5 bps
CSCHLD 4 5/8 12/01/30	-25.41%	-3 bps
MPW 3 ½ 03/15/31	-5.14%	-3 bps

Country/Sector	Period return	Portfolio impact
Insurance Linked Securities	0.00%	-14 bps
Corporate credit market spread hedges, (CDX)	0.00%	-4 bps

Source: Amundi Asset Management US, Inc., As of 06/30/24.

All 5 detractors involved hedging investments.

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PORTFOLIO POSITIONING

The changes in high-level asset allocation reflect our attention to the balance between particular market risks and the premium earned for holding exposure. As the US economy signals we are moving into late-cycle territory, the portfolio remains only minimally exposed to below investment grade beta risk and is tilted toward higher quality investment grade securities. Alternatives to below investment grade corporate securities were added within the securitized credit market where liquidity premiums look to be more attractive. The allocation to Insurance-Linked Securities drifted lower on maturing securities as only some were replaced with new issues in the primary market. Interest rate duration positioning has remained defensive, yet tactical based on valuation, carry, and macro expectations.

The quarter-end exposures listed below summarize our evolving view of where the best sector and security values lie within the marketplace. Significant portfolio sector exposures (as a % of market value and % change during the quarter):

51% Corporate Credit (Long) (-2%)

- 36% Investment Grade (-4%)
- 15% High Yield (+2%)

7% Insurance Linked Securities (-1%)

-16% Corporate Credit (Short) (-1%)

- -1% Investment Grade (-1%)
- -15% High Yield (-1%)

1% Leveraged Loan (+1%)

33% Securitized Credit (+3%)

- 10% CMBS (+1%)
- 13% RMBS (+1%)
- 10% ABS (+1%)

7% Agency MBS (+1)

1% Treasury/Agency/Sovereign (=)

0% Cash and Equivalents (-1%)

BUYS AND SELLS

Security Name	Initial Buy Date	Rationale for Purchase
FNCL 6 7/24	06/26/2023	Attractively priced Agency MBS Exposure
TBIP USA 6/4/24	05/05/2023	Liquidity management (treasury bill)
TBIP USA 7/2/24	06/02/2023	Liquidity management (treasury bill)
FNCL 3 5/24	05/12/2023	Attractively price Agency MBS Exposure
FNCL 3 6/24	06/13/2023	Attractively price Agency MBS Exposure

Security Name	Sell Date	Rationale for Sale
TBIP USA 6/4/24	05/17/2023	Liquidity management (treasury bill)
FNCL 3 4/24	04/04/2023	Rolling TBA Agency MBS exposure into specified pools or other generic TBA exposure
FNCL 3.5 6/24	05/16/2023	Rolling TBA Agency MBS exposure into specified pools or other generic TBA exposure
FNCL 3 6/24	05/03/2023	Rolling TBA Agency MBS exposure into specified pools or other generic TBA exposure
FNCL 3 5/24	05/16/2023	Rolling TBA Agency MBS exposure into specified pools or other generic TBA exposure

OUTLOOK

We expected continued slowing in real final sales as real income growth has softened, consumer sentiment has softened, and labor demand has normalized. The decrease in home sales during May highlights a new headwind to US economic growth in the short term, and May's pending home sales reaching an all-time low in the 23-year history of the series could portend further slowing in the homebuilding and housing finance sectors. The surge in new home construction post-COVID is surpassing demand, leading to the highest inventory of new homes for sale since 2010. Builders are likely to reduce new construction significantly until the surplus inventory is reduced, negatively impacting GDP growth in at least Q2 and Q3.

Additionally, uncertainties related to the upcoming US elections may further hamper business investment in the immediate future. We are prudently managing our exposure to Investment-Grade and High Yield Corporates, which currently have historically narrow spreads. We are more optimistic about the wider spreads available on Agency MBS, and we choose to concentrate credit exposure on well-collateralized residential securitized and asset-backed markets.

Average annual total returns (%)

Share class	QTD	YTD	1-year	3-year	5-year	Since inception
Class A (without sales charge)	1.62	4.41	10.22	3.81	4.55	5.56
Class A (with 2.25% max sales charge)	-0.66	2.06	7.74	3.03	4.07	5.28
Institutional Service Class	1.72	4.61	10.61	4.05	4.79	5.82
Class R6	1.75	4.67	10.75	4.18	4.92	5.90
Bloomberg US Agg Bond Index	0.07	-0.71	2.63	-3.02	-0.23	-
Multisector Bond Category	0.79	2.17	7.35	0.09	2.03	-

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.

Share class	Expense ratios		Inception date
	Gross (%)	Net (%)	
Class A	1.20	0.99	11/02/2015
Institutional Service Class	0.82	0.61	11/02/2015
Class R6	0.70	0.49	11/02/2015

The 12b-1 fees listed below are already included in the gross and net fees. The maximum sales charge would be paid directly from your investment. Sales charges and 12b-1 Fees: Class A - max front end sales charge of 2.25%, 0.25% 12b-1 fee (investment size may reduce or eliminate front-end sales charge). Institutional Service Class - no sales charge, no 12b-1 fee. Class R6 shares - no sales charge, no 12b-1 fee.

The expense ratios are as shown in the most recent prospectus. The difference between gross and net operating expenses reflects contractual fee waivers and/or expense reimbursements in place through 02/28/2025. Please see the Fund's prospectus for more details.

Portfolio characteristics

Total Net Assets (all classes)	\$442M
Total Number of holdings	458
Average maturity	9.45
Portfolio duration	1.05
SEC 30-day yield	6.40%
SEC 30-day yield w/o waiver	6.25%
Standard deviation*	3.77
Turnover	50%

Portfolio characteristics are based on Institutional Service Class shares.

*Rolling 36 months

Top Holdings

	% of portfolio
TBA UMBS SINGLE FAMILY 30YR 6.0 07/24	9.32
Government Of The United States Of America 0.0% 02-jul-2024	1.51
Santander Holdings Usa, Inc. 6.342% 31-may-2035	1.12
Government Of United Arab Emirates 4.857% 02-jul-2034	0.93
Sun Communities Operating Limited Partnership 5.5% 15-jan-2029	0.80
Charter Communications Operating. Llc 6.65% 01-feb-2034	0.75
Rain Carbon, Inc. 12.25% 01-sep-2029	0.70
Hilcorp Finance Co. 6.875% 15-may-2034	0.68
Penske Truck Leasing Co. Lp 5.25% 01-jul-2029	0.66
Kennedy-wilson, Inc. 4.75% 01-feb-2030	0.66

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

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. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. To obtain the most recent month-end performance, go to nationwide.com/mutualfunds or call 800-848-0920.

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Important Disclosures

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

Investors should carefully consider a fund's investment objectives, risks, fees, charges and expenses before investing any money. To obtain this and other information on Nationwide Funds, please call 1-800-848-0920 to request a summary prospectus and/or a prospectus, or download a summary prospectus and/or a prospectus at nationwide.com/mutual-funds-prospectuses.jsp. Please read it carefully before investing.

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. **Average maturity** is the weighted average time period for which the debt securities remain outstanding. Changes in interest rates have greater impact on funds with longer average maturity. **SEC 30-day yield** takes into account a fund's expense reduction, and reflects an estimated "yield to maturity" for a fund's entire portfolio. It should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, which reflects a fund's past dividends paid to shareholders. The calculation is in accordance with SEC standards. **SEC 30-day yield w/o waiver** does not take into account a fund's expense reduction, and reflects an estimated "yield to maturity" for a fund's entire portfolio. **P/E ratio** is the price of a stock divided by trailing 12-month earnings per share. **Standard deviation** measures performance fluctuation, may not be indicative of future risk and is not a predictor of returns. **Turnover** measures how frequently investments are bought and sold within a fund during a 12 month period. The portfolio turnover rate is as of the fund's fiscal year end and is usually expressed as a percentage of the total value of a fund.

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 is subject to the risks of investing in fixed-income securities, including high-yield bonds (which are more volatile). The Fund may invest in corporate loans (which have speculative characteristics and are high risk). The Fund also is subject to the risks of investing in foreign securities (currency fluctuations, political risks, differences in accounting and limited availability of information, all of which are magnified in emerging markets). The Fund may concentrate on specific sectors or countries, subjecting it to greater volatility than that of other mutual funds. The Fund may invest in more-aggressive investments such as derivatives (many of which create investment leverage and illiquidity, and are highly volatile). The Fund may invest in sovereign debt (a governmental entity may delay or refuse to pay interest or repay principal). Funds that invest in high-yield securities are subject to greater default risk, liquidity risk, and price fluctuations than funds that invest in higher-quality securities. The prices of high-yield bonds tend to be more sensitive to adverse economic and business conditions than are higher-rated corporate bonds. Increased volatility may reduce the market value of high-yield bonds. They are also subject to the claims-paying ability of the issuing company. The Fund's holdings may subject the Fund to liquidity risk, making it more volatile than other mutual funds. Please refer to the most recent prospectus for more detailed information.

Market Indexes: Market index performance is provided by a third-party source Nationwide Fund Advisors 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. **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.

Bloomberg 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).

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MFM-2763AO.26 (7/24)

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