



Nationwide® Investor Destinations Funds

Quarterly Commentary

Mutual funds

Commentary

Q3 2018

Asset class: Allocation
Objective: Seeks to maximize total investment return for the stated level of risk

Share class
Class A
Class C
Class R
Class R6
Inst Svc

Strategy Overview

The Nationwide Investor Destinations Funds (ID Funds) consist of five fund-of-funds that invest in a mix of equity and fixed income. Each Fund is constructed to represent a particular risk profile ranging from Conservative (which targets 15-30% equity over time) to Aggressive (which targets 85%+ equity over time). The Funds are designed as single source investments for individuals with a specific investment risk tolerance. Allocations are adjusted at least annually in order to properly position the portfolios within the current business cycle. The Funds invest in a mix of active and passive underlying mutual funds and exchange-traded funds (ETFs). The underlying holdings are a mix of non-proprietary and Nationwide-branded investments managed by various sub-advisers.

NATIONWIDE'S 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 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 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

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

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

Twelve of the sixteen underlying funds posted positive returns for the quarter with the Nationwide S&P 500 Index Fund, the Nationwide Loomis All Cap Growth Fund, and the Nationwide Mid Cap Index Fund leading the way, posting returns of 7.69%, 5.72%, and 3.81%, respectively. Fixed income and international equities struggled during the quarter, as most underlying funds in these asset classes experienced flat to negative returns.

The Nationwide ID Conservative Fund returned 1.26% for the quarter, outperforming its prospectus benchmark and its respective Morningstar category. The Conservative Fund is in the US OE Allocation – 15% to 30% Equity category which contains mixed-asset funds ranging in target equity allocations from 15% to 30%. The Conservative Fund targets an approximately 22% allocation to equities over time, which places it toward the middle of its peer group.

The Nationwide ID Moderately Conservative Fund returned 2.15% for the quarter, outperforming its prospectus benchmark and its respective Morningstar category. The Moderately Conservative Fund is in the US OE Allocation – 30% to 50% Equity category which contains mixed-asset funds ranging in target equity allocations from 30% to 50%. The Moderately Conservative Fund targets an approximately 44% allocation to equities over time, which places it toward the top of its peer group.

The Nationwide ID Moderate Fund returned 3.01% for the quarter, outperforming its prospectus benchmark and underperforming its respective Morningstar category. The Moderate Fund is in the US OE Allocation – 50% to 70% Equity category which contains mixed-asset funds ranging in target equity allocations from 50% to 70%. The Moderate Fund targets an approximately 65% allocation to equities over time, which places it toward the top of its peer group.

The Nationwide ID Moderately Aggressive Fund returned 3.50% for the quarter, outperforming its prospectus benchmark and underperforming its respective Morningstar category. The Moderately Aggressive Fund is in the US OE Allocation – 70% to 85% Equity category which contains mixed-asset funds ranging in target equity allocations from 70% to 85%. The Moderately Aggressive Fund targets an approximately 82% allocation to equities over time, which places it toward the top of its peer group.

The Nationwide ID Aggressive Fund returned 3.77% for the quarter, underperforming its prospectus benchmark and its respective Morningstar category. The Aggressive Fund is in the US OE Allocation – 85%+ Equity category which contains mixed-asset funds ranging in target equity allocations from 85% to 100%. The Aggressive Fund targets an approximately 96% allocation to

equities over time, which places it toward the top of its peer group.

CONTRIBUTORS

The largest contributors to the performance of the Funds were the Nationwide S&P 500 Index, Nationwide Mid Cap Market Index and Nationwide International Index Funds. Strong performance coupled with significant allocations across the suite of funds resulted in the considerable contribution to performance.

Underlying Investment	ID Con		ID Mod Con		ID Mod		ID Mod Agg		ID Agg	
	Port weight	Contribution	Port weight	Contribution	Port weight	Contribution	Port weight	Contribution	Port weight	Contribution
Nationwide S&P 500 Index	10.0%	0.77	19.5%	1.50	29.5%	2.27	32.0%	2.46	33.5%	2.58
Nationwide Loomis All Cap Growth					2.0%	0.11	3.0%	0.17	4.0%	0.23
Nationwide Mid Cap Market Index	4.0%	0.15	9.0%	0.34	10.5%	0.40	16.0%	0.61	20.0%	0.76
Nationwide Small Cap Index	0.5%	0.02	1.0%	0.04	1.5%	0.05	2.0%	0.07	2.5%	0.09
Nationwide International Index	6.0%	0.07	12.5%	0.15	16.0%	0.20	21.5%	0.26	25.0%	0.31
Nationwide International Small Cap			0.5%	-0.01	2.0%	-0.03	3.5%	-0.06	4.0%	-0.06
iShares Core MSCI Emerging Markets ETF	1.5%	-0.02	1.5%	-0.02	3.5%	-0.05	4.0%	-0.05	7.0%	-0.10
Nationwide Bond Index	18.0%	0.01	14.5%	0.01	6.5%	0.00	6.5%	0.00	1.5%	0.00
iShares 20+ Year Treasury Bond ETF	2.0%	-0.06	1.0%	-0.03	1.0%	-0.03				
Nationwide Core Plus Bond	9.0%	0.03	7.0%	0.02	5.0%	0.02	4.0%	0.01	0.5%	0.00
Nationwide Emerging Mkts Dbt	1.0%	0.01	1.0%	0.01	2.0%	0.01	2.0%	0.01	1.0%	0.01
Nationwide Amundi Gbl Hi Yld	2.0%	0.05	3.0%	0.07	3.0%	0.07	3.0%	0.07	1.0%	0.02
Nationwide Amundi Strategic Income	3.0%	0.06	1.5%	0.03	1.5%	0.03	1.5%	0.03		
Nationwide Inflation-Prot Secs	5.0%	-0.04	3.0%	-0.02	1.0%	-0.01	1.0%	-0.01		
Nationwide Loomis Short Term Bond	14.0%	0.10	8.0%	0.06	4.0%	0.03				
Nationwide Contract	24.0%	0.16	17.0%	0.11	11.0%	0.07				

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, 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.

DETRACTORS

Four of the sixteen underlying investments in the series posted negative returns over the course of the quarter. The largest detractor to performance was the iShares Core MSCI Emerging Markets ETF, followed by the Nationwide International Small Cap Fund and the iShares 20+ Year Treasury Bond ETF.

CURRENT PORTFOLIO POSITIONING

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 all of the funds are currently positioned. 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.

Average annual total returns (%)

Nationwide Investor Destinations Conservative

Share class	QTD	YTD	1-year	3-year	5-year	10-year
Class A (without sales charge)	1.08	0.74	2.24	3.91	3.17	3.85
Class A (with 5.75% max sales charge)	-4.73	-5.05	-3.64	1.88	1.95	3.23
Class C	0.90	0.19	1.50	3.14	2.43	3.09
Class R	1.00	0.50	1.92	3.58	2.86	3.50
Class R6	1.26	0.99	2.67	4.27	3.54	4.18
Institutional Service Class	1.24	0.93	2.49	4.15	3.41	3.90
Morningstar Con Target Risk Index	0.90	0.04	1.46	3.96	3.07	4.40
BBgBarc US Agg Bond Index	0.02	-1.60	-1.22	1.31	2.16	3.77
Allocation—15% to 30% Equity Category	1.17	0.20	1.46	4.21	3.14	4.91

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. 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.

Nationwide Investor Destinations Moderately Conservative

Share class	QTD	YTD	1-year	3-year	5-year	10-year
Class A (without sales charge)	2.08	2.06	4.61	6.42	4.78	5.47
Class A (with 5.75% max sales charge)	-3.79	-3.81	-1.41	4.34	3.54	4.84
Class C	1.90	1.42	3.87	5.63	4.03	4.72
Class R	2.09	1.82	4.37	6.10	4.46	5.12
Class R6	2.15	2.30	4.91	6.77	5.15	5.81
Institutional Service Class	2.23	2.24	4.94	6.67	5.02	5.53
Morningstar Mod Con Target Risk Index	1.82	1.28	3.91	6.69	4.96	6.04
BBgBarc US Agg Bond Index	0.02	-1.60	-1.22	1.31	2.16	3.77
Allocation—30% to 50% Equity Category	1.77	1.08	3.30	6.30	4.74	6.05

Nationwide Investor Destinations Moderate

Share class	QTD	YTD	1-year	3-year	5-year	10-year
Class A (without sales charge)	2.90	2.96	6.73	8.85	6.19	6.73
Class A (with 5.75% max sales charge)	-3.01	-2.96	0.59	6.72	4.94	6.10
Class C	2.77	2.48	6.00	8.08	5.44	5.97
Class R	2.91	2.71	6.40	8.55	5.89	6.38
Class R6	3.01	3.25	7.05	9.22	6.56	7.07
Institutional Service Class	2.99	3.18	6.96	9.13	6.46	6.79
Morningstar Mod Target Risk Index	2.52	2.20	6.02	9.20	6.51	7.41
Russell 3000 Index	7.12	10.57	17.58	17.07	13.46	12.01
Allocation—50% to 70% Equity Category	3.19	3.11	6.75	8.80	6.67	7.58

Nationwide Investor Destinations Moderately Aggressive

Share class	QTD	YTD	1-year	3-year	5-year	10-year
Class A (without sales charge)	3.40	3.67	8.27	11.16	7.62	7.92
Class A (with 5.75% max sales charge)	-2.54	-2.29	2.05	8.99	6.35	7.28
Class C	3.22	3.15	7.56	10.35	6.85	7.14
Class R	3.32	3.45	7.99	10.81	7.32	7.56
Class R6	3.50	3.85	8.67	11.53	8.01	8.26
Institutional Service Class	3.48	3.79	8.58	11.45	7.87	8.05
Morningstar Mod Agg Target Risk Index	3.27	3.25	8.32	11.76	8.03	8.54
Russell 3000 Index	7.12	10.57	17.58	17.07	13.46	12.01
Allocation—70% to 85% Equity Category	3.50	3.94	8.52	10.41	7.54	7.92

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.

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.

Nationwide Investor Destinations Aggressive

Share class	QTD	YTD	1-year	3-year	5-year	10-year
Class A (without sales charge)	3.63	3.95	9.15	12.39	8.39	8.52
Class A (with 5.75% max sales charge)	-2.33	-2.02	2.87	10.19	7.11	7.88
Class C	3.48	3.45	8.28	11.59	7.60	7.75
Class R	3.54	3.73	8.73	12.04	8.06	8.17
Class R6	3.77	4.26	9.50	12.81	8.77	8.88
Institutional Service Class	3.69	4.14	9.40	12.70	8.65	8.60
Morningstar Agg Target Risk Index	3.91	4.39	10.40	13.86	9.26	9.34
Russell 3000 Index	7.12	10.57	17.58	17.07	13.46	12.01
Allocation—85%+ Equity Category	3.94	5.10	10.08	12.40	8.72	9.01

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.

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.

As of 2/28/18, the Nationwide Investor Destinations Moderate, Moderately Aggressive and Aggressive Funds changed their broad-based securities index from the Russell 3000 Index in order to more accurately reflect the allocation between equity and fixed income securities held by the Fund.

As of 2/28/18, the Nationwide Investor Destinations Conservative and Moderately Conservative Funds changed their broad-based securities index from the BBgBarc US Agg Bond Index in order to more accurately reflect the allocation between equity and fixed income securities held by the Fund.

Expenses

Fund Name	Share class	Gross Fee (%)	Net Fee (%)	Inception Date
NW ID Conservative	Class A	0.82	0.82	03/30/2000
NW ID Conservative	Class C	1.56	1.56	03/01/2001
NW ID Conservative	Class R	1.14	1.14	10/01/2003
NW ID Conservative	Class R6	0.49	0.49	12/29/2004
NW ID Conservative	Institutional Service Class	0.57	0.57	03/03/2014
NW ID Moderately Conservative	Class A	0.84	0.84	03/30/2000
NW ID Moderately Conservative	Class C	1.57	1.57	03/01/2001
NW ID Moderately Conservative	Class R	1.15	1.15	10/01/2003
NW ID Moderately Conservative	Class R6	0.50	0.50	12/29/2004
NW ID Moderately Conservative	Institutional Service Class	0.59	0.59	03/03/2014
NW ID Moderate	Class A	0.83	0.83	03/30/2000
NW ID Moderate	Class C	1.55	1.55	03/01/2001
NW ID Moderate	Class R	1.13	1.13	10/01/2003
NW ID Moderate	Class R6	0.48	0.48	12/29/2004
NW ID Moderate	Institutional Service Class	0.57	0.57	03/03/2014
NW ID Moderately Aggressive	Class A	0.87	0.87	03/30/2000
NW ID Moderately Aggressive	Class C	1.60	1.60	03/01/2001
NW ID Moderately Aggressive	Class R	1.17	1.17	10/01/2003
NW ID Moderately Aggressive	Class R6	0.52	0.52	12/29/2004
NW ID Moderately Aggressive	Institutional Service Class	0.62	0.62	03/03/2014
NW ID Aggressive	Class A	0.85	0.85	03/30/2000
NW ID Aggressive	Class C	1.59	1.59	03/01/2001
NW ID Aggressive	Class R	1.15	1.15	10/01/2003
NW ID Aggressive	Class R6	0.50	0.50	12/29/2004
NW ID Aggressive	Institutional Service Class	0.60	0.60	03/03/2014

The expense ratios are as shown in the most recent prospectus. Expenses include underlying fund expenses. Please see the Fund's prospectus for more details.

Sales charges and 12b-1 Fees: Class A - max front end sales charge of 5.75%, 0.25% 12b-1 fee (investment size may reduce or eliminate front-end sales charge). Class C - 1.00% Contingent Deferred Sales Charge, 1.00% 12b-1 fee. Institutional Service Class - no sales charge, no 12b-1 fee. Class R6 shares - no sales charge, no 12b-1 fee. Class R shares -no sales charge, 0.50% 12b-1 fee. Service Class shares -no sales charge, 0.25% 12b-1 fee.

• 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.

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.

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 Nationwide Investor Destinations Funds are designed to provide diversification across a variety of asset classes, primarily by investing in underlying funds with the purpose of potentially reducing long-term risk and capturing potential profits across various asset classes. In addition to the expenses of the Nationwide Investor Destinations Funds, each investor is indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds. Each Fund is subject to different levels of risk, based on the types and sizes of its underlying asset class allocations and its allocation strategy. In addition, each Fund's underlying funds may be subject to specific investment risks, including but not limited to: stock market risk (equity securities); default risk and interest rate risk (bonds); currency fluctuations, political risks, differences in accounting and limited availability of information (international securities); and derivatives risk (many derivatives create investment leverage and are highly volatile). Please refer to the most recent prospectus for a more detailed explanation of each Fund's principal risks. The Fund may invest in the Nationwide Contract, which is a fixed interest contract issued by Nationwide Life Insurance Company (Nationwide), an affiliate of the Fund's investment adviser, Nationwide Fund Advisors. If Nationwide becomes unable to meet the contract terms, a Fund that invests in the Nationwide Contract may lose money from unpaid principal or unpaid or reduced interest. 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.

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. **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. **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 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). **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. **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.

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.

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.

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



@NWFinancial
nationwidefunds.com



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



Nationwide®