



Waddell & Reed Advisors
Small Cap Fund [UNSAX]

Q2/10 Portfolio information as of June 30, 2010

Infinite Loop Category: Innovation & Transformation

FUND PERFORMANCE^{1,2,3,4}

Average Annual Total Returns

Period	Class A NAV	Class A Load	Class Y	Russell 2000 Growth	Lipper Small-Cap Growth
3-Month	-5.49%	-10.93%	-5.42%	-9.22%	-9.20%
YTD	4.31%	-1.69%	4.67%	-2.31%	-2.50%
1-Year	28.19%	20.82%	28.95%	17.96%	19.13%
3-Year	-2.99%	-4.88%	-2.39%	-7.54%	-8.71%
5-Year	2.53%	1.33%	3.11%	1.14%	0.23%
10-Year	2.30%	1.70%	2.89%	-1.72%	-0.81%
Life	5.88%	5.30%	6.48%	-	-
Gross Expense	1.81%	1.81%	1.08%	-	-
Net Expense	1.79%	1.79%	1.06%	-	-
Inception	10/4/99	10/4/99	10/4/99	-	-

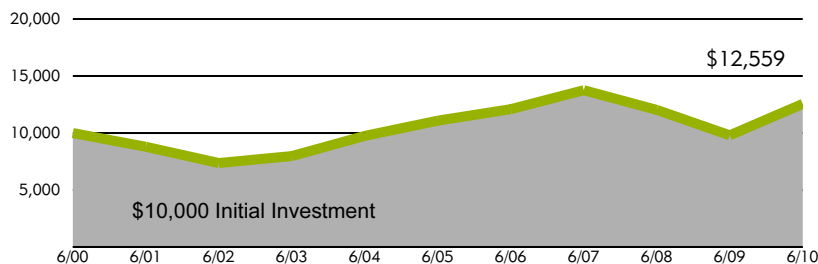
Calendar Year Returns

Year	Class A	Class Y	Russell 2000 Growth	Lipper Small-Cap Growth
2009	42.97%	43.89%	34.47%	36.20%
2008	-37.71%	-37.33%	-38.54%	-42.10%
2007	7.69%	8.27%	7.05%	9.68%
2006	6.16%	6.66%	13.35%	10.65%
2005	12.37%	12.97%	4.15%	5.34%
2004	13.26%	13.87%	14.31%	10.79%
2003	34.52%	35.35%	48.54%	44.77%
2002	-16.70%	-16.17%	-30.26%	-27.63%
2001	-3.95%	-3.45%	-9.23%	-12.97%
2000	2.86%	3.33%	-22.43%	-8.25%

Data quoted is past performance and current performance may be lower or higher. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Please visit www.waddell.com for the most recent month-end performance.

- Performance at net asset value (NAV) does not include the effect of sales charges. Class A share performance, including sales charges, reflects the maximum applicable front-end sales load of 5.75%. Class Y shares are not subject to sales charges.
- Performance results include the effect of expense reduction arrangements. If those arrangements had not been in place, the performance results would have been lower.
- Russell 2000 Growth is an unmanaged index comprised of securities that represent the small cap sector of the stock market. It is not possible to invest directly in an index.
- Performance results include the effect of a voluntary fee waiver in effect through September 16, 2016. If those arrangements had not been in place, the performance results would have been lower.

GROWTH OF A \$10,000 INVESTMENT Class A shares- 06/30/2000 - 6/30/2010



Assumes an investment over 10 years or life of the share class, reinvestment of dividends and capital gains, and does not include the effect of sales charges or taxes.

★★★★

Overall Morningstar Rating*

Class A Shares among 666 Small Growth funds. Based on risk-adjusted returns. The fund received 5 stars for the 3-year period among 666 funds, 4 stars for the 5-year period among 549 funds and 4 stars for the 10-year period among 315 funds.

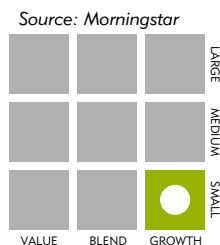
LIPPER RANKINGS

Category: Lipper Small-Cap Growth Funds

	Rank	Percentile
1 Year	35/534	7
3 Year	26/469	6
5 Year	66/394	17
10 Year	31/218	15

Rankings are for Class A Shares and are based on average annual total returns, but do not consider sales charges.

MORNINGSTAR STYLE BOX⁵



PORTFOLIO MANAGEMENT⁶

Timothy J. Miller, CFA
 Waddell & Reed Investment Management Co.
 31 years in industry
 3 months with fund

OBJECTIVE

To provide growth of capital.

INVESTMENT APPROACH

We employ a bottom-up process focusing on a long-term growth and superior financial characteristics. We seek companies with long-term growth potential with superior financial characteristics and therefore, higher quality than many other small-cap companies.

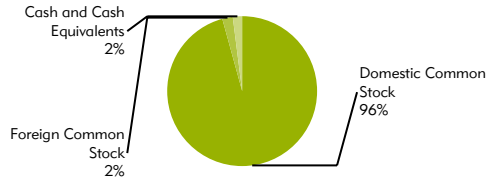


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PORTFOLIO COMPOSITION⁷
 (as a % of net assets)



TOP 10 EQUITY HOLDINGS⁷
 (as a % of net assets)

Portfolio Recovery Associates	4.3%
MICROS Systems	4.3%
Capella Education	4.3%
Stratasys	4.3%
NuVasive	3.3%
Zumiez Inc.	3.1%
O'Reilly Automotive	3.1%
Under Armour, Inc., Class A	3.0%
Volcano	3.0%
Graco Inc.	2.8%

TOP 5 SECTORS⁷
 (as a % of equity holdings)

Information Technology	31.3%
Consumer Discretionary	24.8%
Industrials	15.4%
Health Care	13.2%
Financials	9.4%

TICKER SYMBOL

Class A	UNSAX	Class Y	WRSYX
Class B	WRSBX		
Class C	WSCCX		

PORTFOLIO CHARACTERISTICS⁸

Fund Inception	10/4/1999
Net Assets	\$738.0 mil
Dividends	Annually
Turnover Rate (3/31/2010)	73%
Number equity holdings	51
Median market cap	\$1.5 bil
Alpha	1.39
Beta	0.87
R-Squared	91.86
Standard Deviation	20.05
Sharpe Ratio	0.00

Consider all factors. Investing in small-cap stocks may carry more risk than investing in stocks of larger, more well-established companies. As with any mutual fund, the value of the Fund's shares will change, and you could lose money on your investment. An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. These and other risks are more fully described in the fund's prospectus.

⁵ The style box reveals a fund's investment strategy by displaying the fund's investment style and the market capitalization of the stocks owned.

⁶ Effective April 1, 2010 Timothy Miller is primarily responsible for the day-to-day management of the Waddell & Reed Advisors Small Cap Fund.

⁷ Information is subject to change and is not intended to represent any past or future investment recommendations.

⁸ Alpha, Beta, R-Squared, Standard Deviation and Sharpe Ratio are 5 year statistics that represent the fund's oldest share class. Alpha is a measure of a fund's actual returns and expected performance, given its level of risk (as measured by beta). Beta reflects the sensitivity of the fund's return to fluctuations in the market index. R-squared indicated how much of a fund's fluctuations were attributable to movements in the fund's benchmark. Standard deviation is a measure of how volatile a fund's returns are. Sharpe ratio is a measure of a fund's risk-adjusted performance.

^{*} For each fund with at least a 3-year history, Morningstar calculates a risk-adjusted return measure that accounts for variation in a fund's monthly performance (including the effects of all sales charges), placing emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund and rated separately.) A fund's overall rating is derived from a weighted average of the 3-, 5- and 10-year (if applicable) rating metrics. Morningstar Rating is for the share classes specified; other classes may have different performance characteristics.

Investors should consider the investment objectives, risks, charges and expenses of a fund carefully before investing. For a prospectus containing this and other information for the Waddell & Reed Advisors Funds, call your financial advisor or visit us online at www.waddell.com. Please read the prospectus carefully before investing.

