



## FUND PERFORMANCE<sup>1,2</sup>

### Average Annual Total Returns

| Period        | Class A NAV | Class A Load | Class Y | Citigroup Govt/Mortgage | Lipper General U.S. Government |
|---------------|-------------|--------------|---------|-------------------------|--------------------------------|
| 3-Month       | 3.39%       | -1.01%       | 3.47%   | 3.78%                   | 4.95%                          |
| YTD           | 4.88%       | 0.43%        | 5.05%   | 5.15%                   | 6.35%                          |
| 1-Year        | 6.58%       | 2.04%        | 6.91%   | 7.23%                   | 8.31%                          |
| 3-Year        | 6.31%       | 4.78%        | 6.66%   | 8.08%                   | 7.03%                          |
| 5-Year        | 4.50%       | 3.59%        | 4.87%   | 5.87%                   | 4.53%                          |
| 10-Year       | 5.34%       | 4.89%        | 5.71%   | 6.43%                   | 5.36%                          |
| Life          | 7.43%       | 7.25%        | 5.76%   | -                       | -                              |
| Gross Expense | 1.06%       | 1.06%        | 0.74%   | -                       | -                              |
| Net Expense   | 1.06%       | 1.06%        | 0.74%   | -                       | -                              |
| Inception     | 4/10/84     | 4/10/84      | 9/27/95 | -                       | -                              |

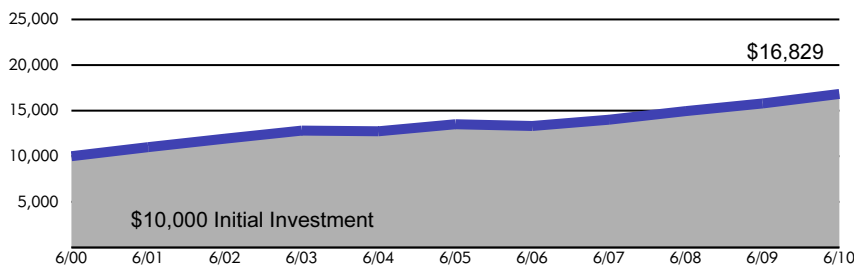
### Calendar Year Returns

| Year | Class A | Class Y | Citigroup Govt/Mortgage | Lipper General U.S. Government |
|------|---------|---------|-------------------------|--------------------------------|
| 2009 | 0.47%   | 0.77%   | 1.63%                   | 1.25%                          |
| 2008 | 8.30%   | 8.66%   | 10.54%                  | 7.27%                          |
| 2007 | 5.97%   | 6.37%   | 7.87%                   | 6.44%                          |
| 2006 | 3.33%   | 3.74%   | 4.26%                   | 3.38%                          |
| 2005 | 2.08%   | 2.50%   | 2.71%                   | 2.51%                          |
| 2004 | 3.32%   | 3.74%   | 4.13%                   | 3.35%                          |
| 2003 | 1.66%   | 2.03%   | 2.76%                   | 1.73%                          |
| 2002 | 9.23%   | 9.56%   | 10.19%                  | 9.97%                          |
| 2001 | 6.74%   | 7.04%   | 7.69%                   | 6.67%                          |
| 2000 | 11.32%  | 11.72%  | 12.34%                  | 11.89%                         |

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](http://www.waddell.com) for the most recent month-end performance.

- <sup>1</sup> 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 4.25%. Class Y shares are not subject to sales charges.
- <sup>2</sup> Citigroup Govt./Mortgage is an unmanaged index comprised of securities that represent the government and mortgage bond market. It is not possible to invest directly in an index.

## 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.

## LIPPER RANKINGS

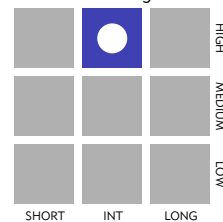
Category: Lipper General U.S. Government

|         | Rank    | Percentile |
|---------|---------|------------|
| 1 Year  | 100/143 | 70         |
| 3 Year  | 81/134  | 60         |
| 5 Year  | 61/118  | 52         |
| 10 Year | 42/82   | 51         |

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

## MORNINGSTAR STYLE BOX<sup>3</sup>

Source: Morningstar



## PORTFOLIO MANAGEMENT<sup>47</sup>

Mark J. Otterstrom, CFA

Waddell & Reed Investment Management Co.  
24 years in industry  
1 year with fund

## OBJECTIVE

To seek as high a current income as is consistent with safety of principal.

## INVESTMENT APPROACH

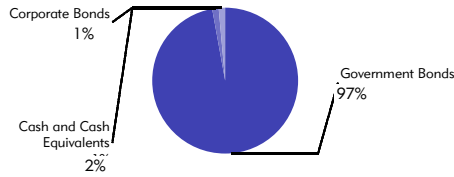
The Fund invests in a diversified portfolio of U.S. government securities, including securities issued by the Treasury and government agencies and mortgage-backed securities also issued by government agencies. Because the Fund owns different types of government fixed-income instruments, a variety of factors can affect its investment performance, such as an increase in interest rates, adverse bond and stock market conditions, and prepayment of higher-yielding bonds and mortgage-backed securities.

**Government Securities Fund [UNGVX]**

Q2/10 Portfolio information as of June 30, 2010

**PORTFOLIO COMPOSITION<sup>4</sup>**

(as a % of net assets)

**TOP 10 HOLDINGS<sup>4</sup>**

(as a % of net assets)

|   |      |
|---|------|
| US TREASURY NOTE  | 5.3% |
| United States Treasury Bonds  | 4.9% |
| United States Treasury Notes  | 4.6% |
| US TREASURY NOTE  | 3.6% |
| United States Treasury Bonds  | 3.3% |
| Federal Home Loan Bank  | 3.1% |
| Federal Home Loan Mortgage Corporation<br>Fixed Rate Participation Certificates | 3.1% |
| Federal National Mortgage Association   | 2.9% |
| Federal Home Loan Mortgage Corporation  | 2.5% |
| United States Treasury Notes  | 2.5% |

**QUALITY<sup>4,5</sup>**

(as a % of bond holdings)

|           |        |
|-----------|--------|
| Gov't     | 100.0% |
| AAA       | 0.0%   |
| AA        | 0.0%   |
| A         | 0.0%   |
| BBB       | 0.0%   |
| BB        | 0.0%   |
| B         | 0.0%   |
| Below B   | 0.0%   |
| Non-Rated | 0.0%   |

**MATURITY<sup>4</sup>**

(as a % of bond holdings)

|             |       |
|-------------|-------|
| < 1 Year    | 4.2%  |
| 1-5 Years   | 61.1% |
| 6-10 Years  | 29.8% |
| 11-20 Years | 0.0%  |
| > 20 Years  | 4.9%  |

**TICKER SYMBOL**

|         |       |         |       |
|---------|-------|---------|-------|
| Class A | UNGVX | Class Y | WGVYX |
| Class B | WGVBX |         |       |
| Class C | WGVXC |         |       |

**PORTFOLIO CHARACTERISTICS<sup>6,7</sup>**

|                           |                     |
|---------------------------|---------------------|
| Fund Inception            | 4/10/1984           |
| Net Assets                | \$447.6 mil         |
| Dividends                 | Daily, Paid Monthly |
| Turnover Rate (3/31/2010) | 43%                 |
| Number of Holdings        | 80                  |
| Alpha                     | -0.77               |
| Beta                      | 0.91                |
| R-Squared                 | 95.50               |
| Standard Deviation        | 3.46                |
| Sharpe Ratio              | 0.54                |
| Average Maturity years    | 5.98                |
| Effective Duration years  | 4.36                |
| 30 Day SEC Yield          | 2.27                |

**Consider all factors.** Fixed income securities are subject to interest rate risk and, as such, the net asset value of the fund may fall as interest rates rise. 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 FDIC or any other government agency. These and other risks are more fully described in the fund's prospectus.

<sup>3</sup> The style boxes reveal a fund's investment strategy by displaying, for fixed income, the average credit quality of the bonds owned and the interest rate sensitivity, as measured by a bond's maturity.

<sup>4</sup> Information is subject to change and is not intended to represent any past or future investment recommendations.

<sup>5</sup> Ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings obtained from Moody's.

<sup>6</sup> 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.

<sup>7</sup> 30-Day SEC Yield represents hypothetical net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. This hypothetical income will differ (at times, significantly) from the fund's actual experience; as a result, income distributions from the fund may be higher or lower than implied by the SEC yield.

**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](http://www.waddell.com). Please read the prospectus carefully before investing.**

