



High Income Fund [UNHIX]

Q2/10 Portfolio information as of June 30, 2010

FUND PERFORMANCE^{1,2,3}

Average Annual Total Returns

Period	Class A NAV	Class A Load	Class Y	Citi. High Yield Market	Lipper High Current Yield
3-Month	-0.11%	-5.85%	-0.03%	0.08%	-0.56%
YTD	3.42%	-2.52%	3.58%	4.12%	3.69%
1-Year	19.81%	12.92%	20.18%	25.64%	23.96%
3-Year	4.81%	2.76%	5.16%	5.90%	3.34%
5-Year	5.77%	4.53%	6.13%	6.66%	5.01%
10-Year	5.50%	4.88%	5.84%	7.18%	5.37%
Life	8.15%	7.95%	6.14%	-	-
Gross Expense	1.20%	1.20%	0.83%	-	-
Net Expense	1.20%	1.20%	0.83%	-	-
Inception	7/9/79	7/9/79	1/4/96	-	-

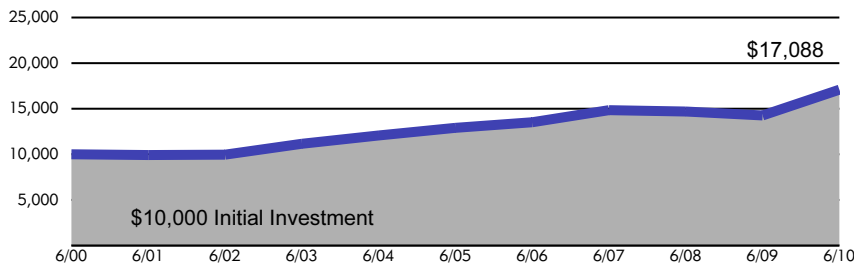
Calendar Year Returns

Year	Class A	Class Y	Citi. High Yield Market	Lipper High Current Yield
2009	40.70%	40.97%	55.19%	46.41%
2008	-20.68%	-20.27%	-25.91%	-25.86%
2007	3.11%	3.43%	1.84%	2.13%
2006	8.46%	8.82%	11.85%	10.17%
2005	2.15%	2.47%	2.08%	3.00%
2004	8.56%	8.86%	10.79%	10.34%
2003	16.86%	17.08%	30.62%	26.36%
2002	0.55%	1.02%	-1.53%	-2.41%
2001	6.71%	7.00%	5.44%	-1.04%
2000	-6.47%	-6.21%	-5.68%	-9.71%

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.

- ¹ 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.
- ² Citigroup High Yield Market is an unmanaged index comprised of securities that represent the high yield 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

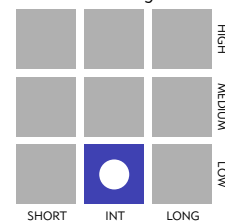
Category: Lipper High Current Yield Funds

	Rank	Percentile
1 Year	388/474	82
3 Year	114/410	28
5 Year	114/351	33
10 Year	135/228	59

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

MORNINGSTAR STYLE BOX⁴

Source: Morningstar



PORTFOLIO MANAGEMENT

William M. Nelson

Waddell & Reed Investment Management Co.
22 years in industry
2 years with fund

OBJECTIVE

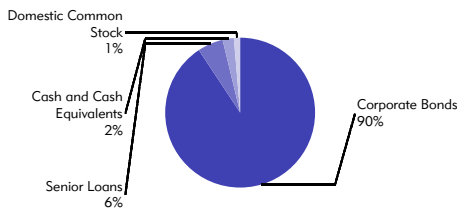
To provide a high level of current income. Secondly, the fund seeks capital growth when consistent with the primary objective.

INVESTMENT APPROACH

The Fund is generally more conservatively structured and invested in higher quality securities than its peers. We seek to protect the downside of investing in lower quality bonds and therefore search for higher quality securities within the individual rating categories. The focus is on companies exhibiting strength of management, improving debt-to-cash ratios, growth of operating cash flows, strong defensible market positions and the potential to improve credit standing.

**PORTFOLIO COMPOSITION⁵**

(as a % of net assets)

**TOP 10 HOLDINGS⁵**

(as a % of net assets)

NPC International, Inc.	1.9%
Xerox Capital Trust I	1.8%
Laureate Education, Inc.	1.7%
N.E.W. Holdings I, LLC	1.5%
AINSWORTH LUMBER PIK 144A	1.5%
CHESAPEAKE ENERGY CORP	1.3%
Rite Aid Corporation	1.3%
US Oncology, Inc.	1.3%
Headwaters Incorporated	1.3%
Sonic Automotive, Inc.	1.2%

QUALITY⁵

(as a % of bond holdings)

Gov't	0.0%
AAA	0.0%
AA	0.0%
A	0.0%
BBB	2.1%
BB	21.9%
B	50.7%
Below B	0.0%
Non-Rated	0.0%

MATURITY⁵

(as a % of bond holdings)

< 1 Year	1.6%
1-5 Years	36.1%
6-10 Years	59.6%
11-20 Years	2.5%
> 20 Years	0.2%

TICKER SYMBOL

Class A	UNHIX	Class Y	WYHIX
Class B	WBHIX		
Class C	WCHIX		

PORTFOLIO CHARACTERISTICS^{6,7}

Fund Inception	7/09/1979
Net Assets	\$1300.5 mil
Dividends	Monthly
Turnover Rate (3/31/2010)	89%
Number of Holdings	233
Alpha	0.77
Beta	0.73
R-Squared	92.48
Standard Deviation	10.25
Sharpe Ratio	0.31
Average Maturity years	5.20
Effective Duration years	4.14
30 Day SEC Yield	0.08

Consider all factors. As with any mutual fund, the value of the Fund's shares will change, and you could lose money on your investment. Investing in high-income securities may carry a greater risk of nonpayment of interest or principal than higher-rated bonds. 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. These and other risks are more fully described in the fund's prospectus.

³ 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.

⁴ Information is subject to change and is not intended to represent any past or future investment recommendations. Ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings obtained from Moody's.

⁵ 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.

⁶ 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. Please read the prospectus carefully before investing.

