

Franklin Biotechnology Discovery A

Overall Morningstar Rating™

★★

Out of 148 Health funds. An investment's overall Morningstar Rating, based on its risk-adjusted return, is a weighted average of its applicable 3-, 5-, and 10-year Ratings. See disclosure for details.

Morningstar Return

Below Average

Morningstar Risk

Above Average

Investment Strategy from investment's prospectus

The investment seeks capital appreciation.

The fund invests at least 80% of net assets in securities of biotechnology companies and discovery research firms. It predominantly invests in equity securities, primarily common stock. The fund may also invest up to 20% of net assets in equity or debt securities of any type of foreign or U.S. issuer. The fund is non-diversified.

Category Description: Health

Specialty-health funds focus on the medical and health-care industries. Most invest in a range of companies, buying everything from pharmaceutical and medical-device makers to HMOs, hospitals, and nursing homes. A few funds concentrate on just one industry segment, such as service providers or biotechnology firms.

Broad Asset Class: Specialty

Securities from narrow sub-sectors of the broader market or uncommon asset classes.

Notes

This material is authorized for client use only when preceded or accompanied by a Disclosure Statement and a fund prospectus and/or informational brochure containing more complete information. These can be obtained from your investment professional or your plan's website and should be read carefully before investing or sending money.

Morningstar ratings reflect the reduction of the fund's expense ratio. However, your plan may charge an administrative fee and/or plan-level fee, which is not reflected in this rating.

To determine a fund's star rating for a given period, the fund's Morningstar risk score is subtracted from its Morningstar return score. If the fund scores in the top 10% of its respective Morningstar category, it receives five stars; if it falls in the next 22.5%, it receives four stars; a place in the middle 35% earns it three stars; those in the next 22.5% receive two stars; and the bottom 10% get one star.

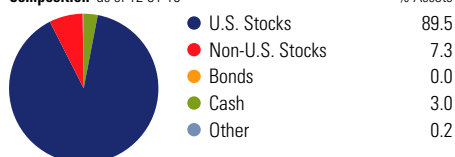
NOT A DEPOSIT – NOT FDIC INSURED – NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY – NOT GUARANTEED BY THE INSTITUTION – MAY GO DOWN IN VALUE

The Broad Asset Class identifies a fund's investment style. The Broad Asset Class was developed by Nationwide in conjunction with Ibbotson Associates for asset allocation. Asset Allocation does not assure a profit or guarantee against loss in a declining market.

Morningstar Proprietary Statistics

	YTD	1-Year	3-Year	5-Year	10-Year
Morningstar Rating	—	—	★★★	★★	★★
Fund Rank Percentile	89	21	20	53	63
Out of # of Investments	166	162	148	136	104

Portfolio Analysis as of 12-31-10

Composition as of 12-31-10

Morningstar Style Box™ as of 12-31-10

Value Blend Growth	Large	Mid	Small	% Mkt Cap
				Giant 11.49
				Large 27.12
				Medium 27.49
				Small 17.11
				Micro 16.78

Top 15 Holdings as of 12-31-10

Company	% Assets
Celgene Corporation	9.02
Amgen, Inc.	8.92
Gilead Sciences, Inc.	8.25
Genzyme Corporation	5.65
Salix Pharmaceuticals, Ltd.	4.13
Alexion Pharmaceuticals, Inc.	4.02
Onyx Pharmaceuticals, Inc.	3.21
Biogen Idec, Inc.	2.95
Dendreon Corporation	2.76
Human Genome Sciences	2.54
Life Technologies Corp	2.46
Questcor Pharmaceuticals, Inc.	2.27
Teva Pharmaceutical Industries, Ltd. ADR	2.04
United Therapeutics Corporation	1.97
Acorda Therapeutics, Inc.	1.96
Total Number of Stock Holdings	62
Total Number of Bond Holdings	0
Annual Turnover Ratio %	42
Total Fund Assets (\$mil)	369.11

Operations

Fund Inception Date	09-15-97
Initial Share Class	09-15-97
Inception Date	
Advisor	Franklin Advisers, Inc.
Subadvisor	—

Fees and Expenses as of 10-31-10

Gross Prosp Exp Ratio	1.34%
Net Prosp Exp Ratio	1.33%

Waiver Data	Type	Exp. Date	%
Management Fee	Voluntary	—	0.01

Portfolio Manager(s)

Evan S. McCulloch, CFA. B.A., University of California, Berkeley. Since 1997.
 Vincent Xiang. Since 2004.

Statistics as of 12-31-10

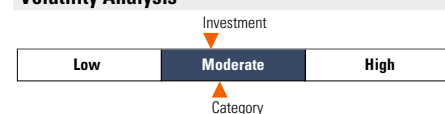
Statistic	Stk Port Avg	Rel S&P 500	Rel Cat
P/E Ratio	16.77	1.19	1.16
P/B Ratio	3.57	1.70	1.43
P/C Ratio	11.38	1.57	1.36
GeoAvgCap (\$mil)	4,620.08	0.09	0.34

Risk Measures as of 03-31-11

Metric	Port Avg	Rel S&P 500	Rel Cat
3 Yr Std Dev	20.16	0.92	1.01
3 Yr Beta	0.61	—	0.82
3 Yr Sharpe Ratio	0.55	2.75	1.31
3 Yr Alpha	8.52	—	1.61
3 Yr R-squared	43.87	—	0.66

Morningstar Sectors as of 12-31-10

Sector	% Fund	S&P 500 %
Cyclical	0.00	28.50
Basic Materials	0.00	2.96
Consumer Cyclical	0.00	9.25
Financial Services	0.00	14.67
Real Estate	0.00	1.62
Sensitive	0.00	46.85
Communication Services	0.00	4.25
Energy	0.00	13.01
Industrials	0.00	12.93
Technology	0.00	16.66
Defensive	100.00	24.65
Consumer Defensive	0.00	10.73
Healthcare	100.00	10.79
Utilities	0.00	3.13

Volatility Analysis


In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.