

Semiannual Report

March 31, 2016

| | Ticker | | | |
|--|---------|---------|---------|---------|
| | Class A | Class B | Class C | Class Y |
| Fixed Income Funds | | | | |
| Waddell & Reed Advisors Bond Fund | UNBDX | WBABX | WCABX | WYABX |
| Waddell & Reed Advisors Global Bond Fund | UNHHX | WGBBX | WGBCX | WGBYX |
| Waddell & Reed Advisors Government Securities Fund | UNGVX | WGVBX | WGVCX | WGVYX |
| Waddell & Reed Advisors High Income Fund | UNHIX | WBHIX | WCHIX | WYHIX |
| Waddell & Reed Advisors Municipal Bond Fund | UNMBX | WBMBX | WCMBX | |
| Waddell & Reed Advisors Municipal High Income Fund | UMUHX | WBMHX | WCMHX | |
| Money Market Fund | | | | |
| Waddell & Reed Advisors Cash Management | UNCXX | WCBXX | WCCXX | |



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Waddell & Reed Advisors Funds

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This report is submitted for the general information of the shareholders of Waddell & Reed Advisors Funds. It is not authorized for distribution to prospective investors in the Funds unless preceded or accompanied by a current Waddell & Reed Advisors Funds prospectus, or summary prospectus, and current performance information, including current Lipper ranking information.



Henry J. Herrmann, CFA

Dear Shareholder,

Since our last report to you six months ago, the financial markets experienced further volatility, despite moderate economic growth in the U.S. What's causing the fluctuations?

The simple answer is financial markets dislike uncertainty. In recent months we've been faced with significant uncertainty around numerous issues, including:

- central bank actions;
- politics in the U.S., specifically surrounding the presidential election;
- credit concerns in the energy sector;
- very slow growth in Europe and Japan;
- credit quality issues in important emerging economies, including China;
- the U.K.'s June vote on exiting the European Union; and
- fluctuations in currencies.

Amid the uncertain backdrop, the U.S. economic expansion has remained relatively good. Our investment team believes the U.S. is the bright spot, supported primarily by the U.S. consumer, who is benefitting from lower energy prices and lower inflation in general. The improved labor market allows for better demand for cars, homes, furnishings and various consumer goods.

When interest rates in the U.S. will rise, and by how much, remains an area of focus for the financial markets. Markets reacted negatively when the Federal Reserve raised rates slightly in December 2015 and seemed to imply more increases were likely. Since then, the Fed seems to have moderated its tightening plans. It's clear the Fed has become attuned to very sluggish global growth. Future rate increases in the U.S. will be very slow to develop, with job growth and inflation being the most important determinants of central bank policy.

Overseas, the European Central Bank and Bank of Japan are actively engaged in aggressive easing. As of yet, these steps are not leading to strengthening economic activity.

China, in the face of economic softening, has turned toward more aggressive stimulus. We believe moderate economic acceleration is likely in China in 2016, which should be beneficial to broader global growth.

While challenges remain, we do see potential catalysts for growth in several areas and industries, and our team continues to seek investment opportunities around the globe.

Economic Snapshot

| | 3/31/16 | 9/30/15 |
|-----------------------------|----------|----------|
| S&P 500 Index | 2,059.74 | 1,920.03 |
| MSCI EAFE Index | 1,652.04 | 1,644.40 |
| 10-Year Treasury Yield | 1.78% | 2.06% |
| U.S. unemployment rate | 5.0% | 5.1% |
| 30-year fixed mortgage rate | 3.71% | 3.86% |
| Oil price per barrel | \$ 38.34 | \$ 45.09 |

Sources: Bloomberg, U.S. Department of Labor, MBA, CME

All government statistics shown are subject to periodic revision. The S&P 500 Index is an unmanaged index that tracks the stocks of 500 primarily large-cap U.S. companies. MSCI EAFE Index is an unmanaged index comprised of securities that represent the securities markets in Europe, Australasia and the Far East. It is not possible to invest directly in any of these indexes. Mortgage rates are from BankRate and reflect the overnight national average rate on a conventional 30-year fixed loan. Oil prices reflect the market price of West Texas intermediate grade crude.

Respectfully,

Henry J. Herrmann, CFA
 President

The opinions expressed in this letter are those of the President of the Waddell & Reed Advisors Funds and are current only through the end of the period of the report, as stated on the cover. The President's views are subject to change at any time, based on market and other conditions, and no forecasts can be guaranteed.

ILLUSTRATION OF FUND EXPENSES

Waddell & Reed Advisors Funds

(UNAUDITED)

Expense Example

As a shareholder of a Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, exchange fees and account fees; and (2) ongoing costs, including management fees, distribution and service fees, and other Fund expenses. The following table is intended to help you understand your ongoing costs (in dollars) of investing in a Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the six-month period ended March 31, 2016.

Actual Expenses

The first section in the following table provides information about actual account values and actual expenses for each share class. You may use the information in this section, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, a \$7,500 account value divided by \$1,000 = 7.5), then multiply the result by the number in the first section under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. There may be additional fees charged to holders of certain accounts that are not included in the expenses shown in the table. Fees apply to Individual Retirement Accounts (IRAs), IRA Rollovers, Roth IRAs, Conversion Roth IRAs, Simplified Employee Pension (SEP), Savings Incentive Match Plan for Employees (SIMPLE) IRAs, Tax-Sheltered Accounts (TSAs), Keogh Plans, Owner Only 401(k) (Exclusive K) Plans and Final Pay Plans. As of the close of the six months covered by the table, a customer is charged an annual fee of \$18 within each plan type. This fee is waived for IRA Rollovers and Conversion Roth IRAs if the customer owns another type of IRA. Coverdell Education Savings Account plans are charged an annual fee of \$10 per customer. With limited exceptions, for Class A and Class C shares, if your Fund account

balance is below \$650 on the Friday prior to the last full week of September of each year, the account will be assessed an account fee of \$20. You should consider the additional fees that were charged to your Fund account over the six-month period when you estimate the total ongoing expenses paid over the period and the impact of these fees on your ending account value as such additional expenses are not reflected in the information provided in the following table. Additional fees have the effect of reducing investment returns.

Hypothetical Example for Comparison Purposes

The second section in the following table provides information about hypothetical account values and hypothetical expenses for each share class based on the Fund's actual expense ratio and an assumed rate of return of five percent per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this five percent hypothetical example with the five percent hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), exchange fees or account fees. Therefore, the second section in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

Expenses paid may be impacted by expense reduction arrangements. If those arrangements had not been in place, expenses paid would have been higher. See Note 5 to the Financial Statements for further information.

| Fund | Actual ⁽¹⁾ | | | Hypothetical ⁽²⁾ | | | Annualized Expense Ratio Based on the Six-Month Period |
|-------------------------|---------------------------------|------------------------------|------------------------------|---------------------------------|------------------------------|------------------------------|--|
| | Beginning Account Value 9-30-15 | Ending Account Value 3-31-16 | Expenses Paid During Period* | Beginning Account Value 9-30-15 | Ending Account Value 3-31-16 | Expenses Paid During Period* | |
| Bond Fund | | | | | | | |
| Class A | \$1,000 | \$1,026.20 | \$ 4.86 | \$1,000 | \$1,020.16 | \$ 4.85 | 0.97% |
| Class B** | \$1,000 | \$1,019.70 | \$11.82 | \$1,000 | \$1,013.26 | \$11.78 | 2.35% |
| Class C | \$1,000 | \$1,023.30 | \$ 9.51 | \$1,000 | \$1,015.64 | \$ 9.47 | 1.87% |
| Class Y | \$1,000 | \$1,029.00 | \$ 3.35 | \$1,000 | \$1,021.65 | \$ 3.34 | 0.67% |
| Cash Management | | | | | | | |
| Class A | \$1,000 | \$1,000.10 | \$ 1.80 | \$1,000 | \$1,023.22 | \$ 1.82 | 0.35% |
| Class B** | \$1,000 | \$1,000.00 | \$ 1.80 | \$1,000 | \$1,023.24 | \$ 1.82 | 0.35% |
| Class C** | \$1,000 | \$1,000.00 | \$ 1.70 | \$1,000 | \$1,023.26 | \$ 1.72 | 0.35% |
| Global Bond Fund | | | | | | | |
| Class A | \$1,000 | \$1,020.50 | \$ 6.06 | \$1,000 | \$1,019.00 | \$ 6.06 | 1.20% |
| Class B** | \$1,000 | \$1,013.60 | \$12.79 | \$1,000 | \$1,012.26 | \$12.78 | 2.55% |
| Class C | \$1,000 | \$1,016.50 | \$10.38 | \$1,000 | \$1,014.74 | \$10.38 | 2.05% |
| Class Y | \$1,000 | \$1,022.30 | \$ 4.04 | \$1,000 | \$1,020.96 | \$ 4.04 | 0.81% |

ILLUSTRATION OF FUND EXPENSES

Waddell & Reed Advisors Funds

(UNAUDITED)

| Fund | Actual ⁽¹⁾ | | | Hypothetical ⁽²⁾ | | | Annualized Expense Ratio Based on the Six-Month Period |
|-----------------------------------|---------------------------------|------------------------------|------------------------------|---------------------------------|------------------------------|------------------------------|--|
| | Beginning Account Value 9-30-15 | Ending Account Value 3-31-16 | Expenses Paid During Period* | Beginning Account Value 9-30-15 | Ending Account Value 3-31-16 | Expenses Paid During Period* | |
| Government Securities Fund | | | | | | | |
| Class A | \$1,000 | \$1,016.10 | \$ 5.14 | \$1,000 | \$1,019.87 | \$ 5.15 | 1.03% |
| Class B** | \$1,000 | \$1,010.20 | \$11.06 | \$1,000 | \$1,014.03 | \$11.08 | 2.19% |
| Class C | \$1,000 | \$1,011.70 | \$ 9.56 | \$1,000 | \$1,015.53 | \$ 9.57 | 1.89% |
| Class Y | \$1,000 | \$1,017.70 | \$ 3.53 | \$1,000 | \$1,021.45 | \$ 3.54 | 0.71% |
| High Income Fund | | | | | | | |
| Class A | \$1,000 | \$ 981.70 | \$ 5.15 | \$1,000 | \$1,019.82 | \$ 5.25 | 1.04% |
| Class B** | \$1,000 | \$ 975.60 | \$11.26 | \$1,000 | \$1,013.59 | \$11.48 | 2.29% |
| Class C | \$1,000 | \$ 977.80 | \$ 9.10 | \$1,000 | \$1,015.81 | \$ 9.27 | 1.84% |
| Class Y | \$1,000 | \$ 983.20 | \$ 3.67 | \$1,000 | \$1,021.25 | \$ 3.74 | 0.75% |
| Municipal Bond Fund | | | | | | | |
| Class A | \$1,000 | \$1,027.80 | \$ 4.36 | \$1,000 | \$1,020.73 | \$ 4.34 | 0.86% |
| Class B** | \$1,000 | \$1,023.00 | \$ 9.10 | \$1,000 | \$1,015.97 | \$ 9.07 | 1.81% |
| Class C | \$1,000 | \$1,023.40 | \$ 8.70 | \$1,000 | \$1,016.39 | \$ 8.67 | 1.72% |
| Municipal High Income Fund | | | | | | | |
| Class A | \$1,000 | \$1,022.30 | \$ 4.35 | \$1,000 | \$1,020.69 | \$ 4.34 | 0.86% |
| Class B** | \$1,000 | \$1,017.40 | \$ 9.18 | \$1,000 | \$1,015.88 | \$ 9.17 | 1.82% |
| Class C | \$1,000 | \$1,018.10 | \$ 8.58 | \$1,000 | \$1,016.52 | \$ 8.57 | 1.70% |

*Fund expenses for each share class are equal to the Fund's annualized expense ratio for each share class (provided in the table), multiplied by the average account value over the period, multiplied by 183 days in the six-month period ended March 31, 2016, and divided by 366.

**These class shares are not available for direct investment. However, they are available for dividend reinvestment and exchange of the same class shares of another Waddell & Reed Advisors Fund or Ivy Fund.

(1) This section uses the Fund's actual total return and actual Fund expenses. It is a guide to the actual expenses paid by the Fund in the period. The "Ending Account Value" shown is computed using the Fund's actual return and the "Expenses Paid During Period" column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. A shareholder may use the information here, together with the dollar amount invested, to estimate the expenses that were paid over the period. For every thousand dollars a shareholder has invested, the expenses are listed in the last column of this section.

(2) This section uses a hypothetical five percent annual return and actual Fund expenses. It helps to compare the Fund's ongoing costs with other mutual funds. A shareholder can compare the Fund's ongoing costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

The above illustrations are based on ongoing costs only and do not include any transactional costs, such as sales loads or exchange fees.

PORTFOLIO HIGHLIGHTS

Bond Fund

ALL DATA IS AS OF MARCH 31, 2016 (UNAUDITED)

Asset Allocation

| | |
|--|--------------|
| Bonds | 96.6% |
| Corporate Debt Securities | 66.2% |
| United States Government and Government Agency Obligations | 26.9% |
| Municipal Bonds – Taxable | 1.6% |
| Other Government Securities | 1.0% |
| Asset-Backed Securities | 0.8% |
| Mortgage-Backed Securities | 0.1% |
| Cash and Other Assets (Net of Liabilities), and Cash Equivalents+ | 3.4% |

Lipper Rankings

| Category: Lipper Corporate Debt Funds A Rated | Rank | Percentile |
|---|-------|------------|
| 1 Year | 7/47 | 15 |
| 3 Year | 36/42 | 84 |
| 5 Year | 30/38 | 77 |
| 10 Year | 23/31 | 72 |

Past performance is no guarantee of future results. Rankings are for Class A shares and are based on average annual total returns, but do not consider sales charges. Rankings for other share classes may vary.

+ Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

Quality Weightings

| | |
|--|--------------|
| Investment Grade | 86.4% |
| AAA | 1.1% |
| AA | 28.0% |
| A | 25.3% |
| BBB | 32.0% |
| Non-Investment Grade | 10.2% |
| BB | 4.5% |
| Below CCC | 0.1% |
| Non-rated | 5.6% |
| Cash and Other Assets (Net of Liabilities), and Cash Equivalents+ | 3.4% |

Our preference is to always use ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings are obtained from Moody's. We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.

SCHEDULE OF INVESTMENTS

Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

ASSET-BACKED SECURITIES

| | Principal | Value |
|---|-----------|----------|
| Air Canada Enhanced Equipment Trust Series 2015-2, Class AA, 3.750%, 12-15-27 (A) .. | \$4,000 | \$ 3,990 |
| American Airlines, Inc., Class AA Pass Through Certificates, Series 2016-1, 3.575%, 1-15-28 | 6,000 | 6,165 |

TOTAL ASSET-BACKED SECURITIES – 0.8%

\$10,155

(Cost: \$10,000)

CORPORATE DEBT SECURITIES

| Consumer Discretionary | | |
|--|-------|---------------|
| Advertising – 0.3% | | |
| Omnicom Group, Inc., 3.600%, 4-15-26 | 4,000 | 4,099 |
| Apparel, Accessories & Luxury Goods – 0.7% | | |
| Hanesbrands, Inc., 6.375%, 12-15-20 | 7,758 | 8,029 |
| Auto Parts & Equipment – 0.4% | | |
| BorgWarner, Inc., 3.375%, 3-15-25 | 5,000 | 4,901 |
| Automobile Manufacturers – 0.2% | | |
| General Motors Co., 6.600%, 4-1-36 | 2,651 | 2,918 |
| Cable & Satellite – 2.2% | | |
| Comcast Cable Communications, Inc., 8.500%, 5-1-27 | | |
| DIRECTV Holdings LLC and DIRECTV Financing Co., Inc.: 5.000%, 3-1-21 | 6,750 | 7,531 |
| 3.800%, 3-15-22 | 2,881 | 3,038 |
| 3.950%, 1-15-25 | 3,365 | 3,499 |
| Time Warner Cable, Inc., 5.850%, 5-1-17 | 5,035 | 5,249 |
| | | <u>26,701</u> |
| Department Stores – 0.6% | | |
| May Department Stores Co. (The), 7.450%, 10-15-16 | 6,600 | 6,813 |
| Education Services – 0.3% | | |
| Trustees of Princeton University (The), 4.950%, 3-1-19 | 3,000 | 3,319 |
| Footwear – 0.3% | | |
| NIKE, Inc., 3.875%, 11-1-45 | 4,000 | 4,186 |
| Home Improvement Retail – 0.3% | | |
| Home Depot, Inc. (The), 4.400%, 4-1-21 | 3,135 | 3,512 |

CORPORATE DEBT SECURITIES (Continued)

| | Principal | Value |
|--|-----------|---------------|
| Homebuilding – 0.5% | | |
| Toll Brothers Finance Corp., 4.375%, 4-15-23 | \$6,445 | \$ 6,300 |
| Housewares & Specialties – 0.7% | | |
| Newell Rubbermaid, Inc.: 4.200%, 4-1-26 | 5,000 | 5,230 |
| 5.375%, 4-1-36 | 3,000 | 3,186 |
| | | <u>8,416</u> |
| Internet Retail – 0.2% | | |
| Amazon.com, Inc., 4.800%, 12-5-34 | 2,470 | 2,764 |
| Movies & Entertainment – 0.4% | | |
| Walt Disney Co. (The), 4.125%, 6-1-44 | 4,000 | 4,291 |
| Restaurants – 0.2% | | |
| McDonalds Corp., 5.350%, 3-1-18 | 2,360 | 2,540 |
| Total Consumer Discretionary – 7.3% | | |
| | | 88,789 |
| Consumer Staples | | |
| Brewers – 1.1% | | |
| Anheuser-Busch Inbev Finance, Inc. (GTD by AB INBEV/BBR/COB): 3.650%, 2-1-26 | 2,665 | 2,802 |
| 4.700%, 2-1-36 | 6,000 | 6,486 |
| 4.900%, 2-1-46 | 3,500 | 3,911 |
| | | <u>13,199</u> |
| Drug Retail – 0.4% | | |
| CVS Health Corp., 2.800%, 7-20-20 | 4,450 | 4,620 |
| Food Distributors – 0.3% | | |
| Sysco Corp., 3.300%, 7-15-26 | 4,000 | 4,047 |
| Food Retail – 0.1% | | |
| Kroger Co. (The), 6.400%, 8-15-17 | 1,080 | 1,154 |
| Household Products – 0.6% | | |
| Kimberly-Clark Corp., 2.750%, 2-15-26 | 4,000 | 4,090 |
| Procter & Gamble Co. (The), 2.700%, 2-2-26 | 3,000 | 3,082 |
| | | <u>7,172</u> |
| Packaged Foods & Meats – 1.1% | | |
| General Mills, Inc., 1.400%, 10-20-17 | 1,300 | 1,308 |
| Mead Johnson Nutrition Co., 4.125%, 11-15-25 | 4,000 | 4,249 |

CORPORATE DEBT SECURITIES (Continued)

| | Principal | Value |
|---|-----------|---------------|
| Packaged Foods & Meats (Continued) | | |
| Tyson Foods, Inc. (GTD by Tyson Fresh Meats, Inc.), 2.650%, 8-15-19 | \$ 7,765 | \$ 7,965 |
| | | <u>13,522</u> |
| Soft Drinks – 1.0% | | |
| Coca-Cola Co. (The), 2.875%, 10-27-25 | 8,000 | 8,326 |
| PepsiCo, Inc., 2.850%, 2-24-26 | 4,000 | 4,108 |
| | | <u>12,434</u> |
| Tobacco – 0.3% | | |
| Philip Morris International, Inc., 1.375%, 2-25-19 | 3,500 | 3,512 |
| Total Consumer Staples – 4.9% | | |
| | | 59,660 |
| Energy | | |
| Oil & Gas Equipment & Services – 1.5% | | |
| Enterprise Products Operating LLC (GTD by Enterprise Products Partners L.P.), 6.500%, 1-31-19 | | |
| | 5,000 | 5,479 |
| Halliburton Co.: 3.375%, 11-15-22 | | |
| | 1,000 | 1,018 |
| 6.750%, 2-1-27 | 4,950 | 6,017 |
| Schlumberger Holding Corp., 3.625%, 12-21-22 (A) .. | | |
| | 5,000 | 5,146 |
| | | <u>17,660</u> |
| Oil & Gas Exploration & Production – 2.5% | | |
| BP Capital Markets plc (GTD by BP plc), 1.674%, 2-13-18 | | |
| | 10,500 | 10,514 |
| ConocoPhillips Co. (GTD by ConocoPhillips), 4.150%, 11-15-34 | | |
| | 4,650 | 4,156 |
| Devon Energy Corp., 5.850%, 12-15-25 | | |
| | 4,000 | 3,863 |
| EQT Corp., 8.125%, 6-1-19 | | |
| | 8,081 | 8,710 |
| Occidental Petroleum Corp., 3.400%, 4-15-26 | | |
| | 2,500 | 2,519 |
| | | <u>29,762</u> |
| Oil & Gas Storage & Transportation – 1.6% | | |
| Copano Energy LLC and Copano Energy Finance Corp., 7.125%, 4-1-21 | | |
| | 1,789 | 1,839 |
| El Paso Corp., 7.000%, 6-15-17 | | |
| | 1,000 | 1,049 |
| Plains All American Pipeline L.P. and PAA Finance Corp., 3.600%, 11-1-24 | | |
| | 4,469 | 3,856 |

SCHEDULE OF INVESTMENTS

Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|---|-----------|---------------|
| Oil & Gas Storage & Transportation (Continued) | | |
| Sunoco Logistics Partners Operations L.P. (GTD by Sunoco Logistics Partners L.P.), 4.400%, 4-1-21 | \$ 7,000 | \$ 6,877 |
| Tennessee Gas Pipeline Co., 7.000%, 3-15-27 | 6,000 | 6,301 |
| | | <u>19,922</u> |
| Total Energy – 5.6% | | 67,344 |
| Financials | | |
| Asset Management & Custody Banks – 1.7% | | |
| Ares Capital Corp., 3.875%, 1-15-20 | 11,635 | 11,926 |
| Legg Mason, Inc., 4.750%, 3-15-26 | 8,000 | 8,115 |
| | | <u>20,041</u> |
| Consumer Finance – 4.1% | | |
| American Express Credit Corp., 1.875%, 11-5-18 | 4,000 | 4,025 |
| Capital One Financial Corp., 4.200%, 10-29-25 | 5,500 | 5,571 |
| Capital One N.A., 2.400%, 9-5-19 | 4,000 | 3,990 |
| Discover Financial Services, 3.950%, 11-6-24 | 8,200 | 8,107 |
| Ford Motor Credit Co. LLC, 3.200%, 1-15-21 | 8,000 | 8,184 |
| General Motors Financial Co., Inc. (GTD by AmeriCredit Financial Services, Inc.): 3.100%, 1-15-19 | 2,000 | 2,035 |
| 3.500%, 7-10-19 | 3,400 | 3,487 |
| 4.200%, 3-1-21 | 4,500 | 4,650 |
| 4.000%, 1-15-25 | 2,000 | 1,943 |
| Total System Services, Inc., 3.800%, 4-1-21 | 2,500 | 2,572 |
| Western Union Co. (The), 3.650%, 8-22-18 | 5,000 | 5,132 |
| | | <u>49,696</u> |
| Diversified Banks – 5.1% | | |
| Bank of America Corp.: 4.200%, 8-26-24 | 4,500 | 4,581 |
| 3.875%, 8-1-25 | 1,500 | 1,561 |
| 6.300%, 12-29-49 | 2,000 | 2,065 |
| Bank of New York Mellon Corp. (The), 2.500%, 4-15-21 | 5,000 | 5,101 |
| Bank of Nova Scotia (The), 1.250%, 4-11-17 | 5,920 | 5,933 |
| Danske Bank A.S., 2.800%, 3-10-21(A) | 1,000 | 1,016 |
| Fifth Third Bank, 3.850%, 3-15-26 | 4,000 | 4,102 |
| HSBC Holdings plc, 4.300%, 3-8-26 | 4,000 | 4,125 |

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|---|-----------|---------------|
| Diversified Banks (Continued) | | |
| Huntington Bancshares, Inc., 3.150%, 3-14-21 | \$ 5,000 | \$ 5,074 |
| KeyBank N.A., 2.350%, 3-8-19 | 4,000 | 4,037 |
| Royal Bank of Canada: 2.350%, 10-30-20 | 4,000 | 4,052 |
| 2.500%, 1-19-21 | 7,000 | 7,151 |
| 4.650%, 1-27-26 | 3,000 | 3,045 |
| U.S. Bank N.A., 1.350%, 1-26-18 | 8,000 | 8,023 |
| Wells Fargo & Co., 4.900%, 11-17-45 | 2,000 | 2,145 |
| | | <u>62,011</u> |
| Health Care REITs – 0.5% | | |
| Health Care REIT, Inc., 4.000%, 6-1-25 | 5,700 | 5,706 |
| Industrial REITs – 0.9% | | |
| Aircastle Ltd.: 5.500%, 2-15-22 | 8,409 | 8,772 |
| 5.000%, 4-1-23 | 1,660 | 1,668 |
| | | <u>10,440</u> |
| Investment Banking & Brokerage – 3.3% | | |
| Credit Suisse Group Funding (Guernsey) Ltd., 3.125%, 12-10-20 (A) | 4,500 | 4,477 |
| Goldman Sachs Group, Inc. (The): 2.550%, 10-23-19 | 6,500 | 6,604 |
| 2.875%, 2-25-21 | 4,000 | 4,072 |
| 4.250%, 10-21-25 | 4,000 | 4,066 |
| Merrill Lynch & Co., Inc., 6.400%, 8-28-17 | 5,969 | 6,345 |
| Morgan Stanley: 4.875%, 11-1-22 | 2,000 | 2,174 |
| 3.875%, 1-27-26 | 12,000 | 12,523 |
| | | <u>40,261</u> |
| Life & Health Insurance – 2.3% | | |
| Aflac, Inc., 3.625%, 11-15-24 | 9,250 | 9,642 |
| Manulife Financial Corp., 4.150%, 3-4-26 | 4,000 | 4,087 |
| MetLife, Inc., 3.600%, 11-13-25 | 3,000 | 3,075 |
| New York Life Global Funding, 1.550%, 11-2-18 (A) | 4,000 | 4,010 |
| Principal Life Global Funding II, 2.625%, 11-19-20 (A) | 7,000 | 7,099 |
| | | <u>27,913</u> |
| Multi-Line Insurance – 1.1% | | |
| American International Group, Inc.: 3.300%, 3-1-21 | 5,000 | 5,114 |
| 3.900%, 4-1-26 | 8,000 | 8,030 |
| | | <u>13,144</u> |

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|--|-----------|----------------|
| Other Diversified Financial Services – 5.1% | | |
| Citigroup, Inc.: 2.700%, 3-30-21 | \$ 4,000 | \$ 4,031 |
| 3.700%, 1-12-26 | 2,000 | 2,053 |
| 4.450%, 9-29-27 | 10,000 | 10,067 |
| Fidelity National Financial, Inc., 6.600%, 5-15-17 | 11,430 | 11,953 |
| JPMorgan Chase & Co.: 2.550%, 10-29-20 | 3,000 | 3,042 |
| 2.550%, 3-1-21 | 4,000 | 4,037 |
| 3.300%, 4-1-26 | 5,000 | 5,042 |
| 4.950%, 6-1-45 | 1,000 | 1,056 |
| TIAA Asset Management Finance Co. LLC, 4.125%, 11-1-24 (A) | 9,600 | 9,925 |
| USAA Capital Corp., 2.450%, 8-1-20 (A) | 10,030 | 10,277 |
| | | <u>61,483</u> |
| Property & Casualty Insurance – 0.7% | | |
| Berkshire Hathaway, Inc.: 2.750%, 3-15-23 | 3,000 | 3,061 |
| 3.125%, 3-15-26 | 5,500 | 5,653 |
| | | <u>8,714</u> |
| Regional Banks – 1.3% | | |
| PNC Bank N.A.: 1.500%, 2-23-18 | 4,500 | 4,505 |
| 1.950%, 3-4-19 | 2,000 | 2,022 |
| 2.450%, 11-5-20 | 4,000 | 4,070 |
| 3.300%, 10-30-24 | 5,500 | 5,749 |
| | | <u>16,346</u> |
| Specialized REITs – 0.1% | | |
| Crown Castle International Corp., 5.250%, 1-15-23 | 844 | 907 |
| | | <u>907</u> |
| Total Financials – 26.2% | | 316,662 |
| Health Care | | |
| Biotechnology – 0.6% | | |
| Amgen, Inc.: 1.250%, 5-22-17 | 2,000 | 2,004 |
| 6.150%, 6-1-18 | 2,911 | 3,195 |
| 5.700%, 2-1-19 | 2,000 | 2,231 |
| | | <u>7,430</u> |
| Health Care Supplies – 1.1% | | |
| Medtronic, Inc., 4.375%, 3-15-35 | 12,060 | 13,059 |
| Pharmaceuticals – 1.9% | | |
| AbbVie, Inc., 4.500%, 5-14-35 | 5,600 | 5,820 |
| AstraZeneca plc, 3.375%, 11-16-25 | 5,000 | 5,182 |
| Mylan, Inc., 1.350%, 11-29-16 | 10,194 | 10,124 |

SCHEDULE OF INVESTMENTS

Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|--|-----------|---------------|
| Pharmaceuticals (Continued) | | |
| Perrigo Finance Unlimited Co. (GTD by Perrigo Co. plc), 3.500%, 3-15-21 | \$ 2,000 | \$ 2,049 |
| | | <u>23,175</u> |
| Total Health Care – 3.6% | | 43,664 |
| Industrials | | |
| Aerospace & Defense – 1.4% | | |
| BAE Systems Finance, Inc., 7.500%, 7-1-27 (A) | 2,600 | 3,395 |
| BAE Systems Holdings, Inc.: 3.800%, 10-7-24 (A) ... | 5,000 | 5,129 |
| 3.850%, 12-15-25 (A) .. | 3,000 | 3,088 |
| 4.750%, 10-7-44 (A) ... | 2,000 | 2,087 |
| BAE Systems plc, 3.500%, 10-11-16 (A) .. | 509 | 515 |
| Boeing Co. (The), 1.650%, 10-30-20 | 2,500 | 2,501 |
| | | <u>16,715</u> |
| Air Freight & Logistics – 1.0% | | |
| FedEx Corp.: | | |
| 3.250%, 4-1-26 | 4,000 | 4,101 |
| 4.750%, 11-15-45 | 8,000 | 8,469 |
| | | <u>12,570</u> |
| Airlines – 0.4% | | |
| Southwest Airlines Co., 5.125%, 3-1-17 | 4,720 | 4,879 |
| Electrical Components & Equipment – 0.9% | | |
| WESCO Distribution, Inc., 5.375%, 12-15-21 | 10,352 | 10,456 |
| Environmental & Facilities Services – 1.2% | | |
| Republic Services, Inc., 3.800%, 5-15-18 | 4,000 | 4,171 |
| Waste Management, Inc., 7.100%, 8-1-26 | 8,460 | 11,013 |
| | | <u>15,184</u> |
| Industrial Conglomerates – 0.6% | | |
| General Electric Capital Corp.: | | |
| 0.964%, 4-15-16 (A) ... | 1,066 | 1,066 |
| 6.000%, 8-7-19 | 1,432 | 1,651 |
| 2.342%, 11-15-20 (A) .. | 4,171 | 4,277 |
| | | <u>6,994</u> |
| Railroads – 0.2% | | |
| Burlington Northern Santa Fe LLC, 3.400%, 9-1-24 | 2,275 | 2,424 |
| Trading Companies & Distributors – 0.7% | | |
| HD Supply, Inc., 5.250%, 12-15-21 (A) .. | 8,247 | 8,659 |
| Total Industrials – 6.4% | | 77,881 |

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|--|-----------|---------------|
| Information Technology | | |
| Data Processing & Outsourced Services – 1.5% | | |
| Alliance Data Systems Corp., 5.250%, 12-1-17 (A) ... | \$ 8,428 | \$ 8,533 |
| Visa, Inc.: 2.800%, 12-14-22 | 4,000 | 4,176 |
| 3.150%, 12-14-25 | 5,500 | 5,744 |
| | | <u>18,453</u> |
| Electronic Manufacturing Services – 0.4% | | |
| Jabil Circuit, Inc., 5.625%, 12-15-20 | 4,980 | 5,142 |
| Internet Software & Services – 0.7% | | |
| Alibaba Group Holding Ltd., 3.600%, 11-28-24 | 8,380 | 8,451 |
| Semiconductors – 0.4% | | |
| Intel Corp., 3.100%, 7-29-22 | 4,000 | 4,230 |
| Systems Software – 1.0% | | |
| CA, Inc., 5.375%, 12-1-19 | 6,195 | 6,777 |
| Microsoft Corp., 2.650%, 11-3-22 | 5,000 | 5,201 |
| | | <u>11,978</u> |
| Technology Hardware, Storage & Peripherals – 0.9% | | |
| Apple, Inc., 2.500%, 2-9-25 | 10,500 | 10,441 |
| Total Information Technology – 4.9% | | 58,695 |
| Materials | | |
| Diversified Metals & Mining – 0.3% | | |
| Glencore Funding LLC, 3.125%, 4-29-19 (A) ... | 4,580 | 4,157 |
| Specialty Chemicals – 0.6% | | |
| Methanex Corp., 5.250%, 3-1-22 | 7,500 | 7,095 |
| Total Materials – 0.9% | | 11,252 |
| Telecommunication Services | | |
| Integrated Telecommunication Services – 1.3% | | |
| Verizon Communications, Inc., 5.150%, 9-15-23 | 13,000 | 15,010 |
| Wireless Telecommunication Service – 1.8% | | |
| American Tower Corp.: 5.900%, 11-1-21 | 12,000 | 13,714 |
| 4.400%, 2-15-26 | 2,000 | 2,116 |

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|---|-----------|------------------|
| Wireless Telecommunication Service (Continued) | | |
| Crown Castle Towers LLC: 3.222%, 5-15-22 (A) .. | \$ 2,000 | \$ 2,003 |
| 3.663%, 5-15-25 (A) .. | 4,000 | 4,062 |
| | | <u>21,895</u> |
| Total Telecommunication Services – 3.1% | | 36,905 |
| Utilities | | |
| Electric Utilities – 1.0% | | |
| Edison International, 2.950%, 3-15-23 | 5,000 | 5,047 |
| Kansas City Power & Light Co., 6.375%, 3-1-18 | 6,500 | 7,051 |
| | | <u>12,098</u> |
| Multi-Utilities – 2.0% | | |
| Duke Energy Carolinas LLC: | | |
| 4.300%, 6-15-20 | 3,250 | 3,594 |
| 3.750%, 6-1-45 | 12,000 | 11,837 |
| Duke Energy Indiana, Inc., 3.750%, 7-15-20 | 2,239 | 2,413 |
| NorthWestern Corp., 6.340%, 4-1-19 | 5,600 | 6,339 |
| | | <u>24,183</u> |
| Water Utilities – 0.3% | | |
| California Water Service Co., 5.875%, 5-1-19 | 3,000 | 3,359 |
| Total Utilities – 3.3% | | 39,640 |
| TOTAL CORPORATE DEBT SECURITIES – 66.2% | | \$800,492 |
| (Cost: \$779,549) | | |
| MORTGAGE-BACKED SECURITIES | | |
| Non-Agency REMIC/CMO – 0.1% | | |
| MASTR Adjustable Rate Mortgage Trust 2005-1, 2.836%, 3-25-35 (B) ... | | |
| 3,365 | 1,042 | |
| Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004-1, 2.751%, 2-25-34 (B) ... | | |
| 880 | 55 | |
| Structured Adjustable Rate Mortgage Loan Trust, Mortgage Pass-Through Certificates, Series 2004-3AC, 2.699%, 3-25-34 (B) ... | | |
| 1,384 | 69 | |
| | | <u>1,166</u> |
| TOTAL MORTGAGE-BACKED SECURITIES – 0.1% | | \$ 1,166 |
| (Cost: \$5,630) | | |

SCHEDULE OF INVESTMENTS

Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

MUNICIPAL BONDS – TAXABLE

| | Principal | Value |
|---|-----------|-----------------|
| Massachusetts – 0.4% | | |
| MA Hlth and Edu Fac Auth, Rev Bonds, Harvard Univ Issue, Ser 2008C, 5.260%, 10-1-18 | \$ 3,985 | \$ 4,409 |
| New York – 0.4% | | |
| NYC Indl Dev Agy, Rental Rev Bonds (Yankee Stadium Proj), Ser 2009, 11.000%, 3-1-29 (A) ... | 3,932 | 5,267 |
| Ohio – 0.5% | | |
| OH State Univ, Gen Receipts Bonds (Multiyear DebtIssuance Prog), Ser 2016A, 3.798%, 12-1-46 | 5,500 | 5,729 |
| Pennsylvania – 0.3% | | |
| Cmnwlth of PA, GO Bonds, Third Ser B of 2010 (Federally Taxable – Build America Bonds), 4.750%, 7-15-22 | 3,075 | 3,416 |
| TOTAL MUNICIPAL BONDS – TAXABLE – 1.6% | | \$18,821 |

(Cost: \$16,761)

OTHER GOVERNMENT SECURITIES (C)

| | | |
|---|-------|-----------------|
| Canada – 1.0% | | |
| Province de Quebec, 7.140%, 2-27-26 | 9,365 | 12,586 |
| TOTAL OTHER GOVERNMENT SECURITIES – 1.0% | | \$12,586 |

(Cost: \$9,580)

UNITED STATES GOVERNMENT AGENCY OBLIGATIONS

| | | |
|--|--------|--------|
| Agency Obligations – 0.7% | | |
| Federal Farm Credit Bank, 4.600%, 1-29-20 | 7,500 | 8,422 |
| Mortgage-Backed Obligations – 16.6% | | |
| Federal Home Loan Mortgage Corp. Agency REMIC/CMO: | | |
| 2.790%, 6-25-22 | 2,000 | 2,076 |
| 5.000%, 5-15-23 | 1,305 | 1,406 |
| 4.500%, 5-15-32 | 278 | 279 |
| 4.000%, 10-15-35 | 2,375 | 2,447 |
| 3.000%, 10-15-36 | 11,282 | 11,688 |
| 4.000%, 11-15-36 | 1,880 | 1,980 |
| 4.500%, 8-15-39 | 2,148 | 2,232 |
| 4.881%, 7-25-44 (A)(B) .. | 10,300 | 10,735 |
| 4.349%, 12-25-44 (A)(B) .. | 17,760 | 18,824 |
| 4.255%, 1-25-45 (A)(B) .. | 12,000 | 12,662 |
| 3.869%, 5-25-45 (A)(B) .. | 4,000 | 4,073 |

UNITED STATES GOVERNMENT AGENCY OBLIGATIONS

| (Continued) | Principal | Value |
|--|-----------|----------|
| Mortgage-Backed Obligations (Continued) | | |
| 3.656%, 10-25-45 (A)(B) .. | \$ 8,000 | \$ 8,159 |
| 3.502%, 11-25-45 (A)(B) .. | 8,837 | 8,880 |
| 4.595%, 11-25-46 (A)(B) .. | 8,250 | 8,845 |
| 5.167%, 2-25-47 (A)(B) .. | 1,300 | 1,425 |
| 4.286%, 7-25-48 (A)(B) .. | 8,650 | 8,846 |
| 4.423%, 12-25-48 (A)(B) .. | 5,837 | 6,214 |
| 4.631%, 11-25-49 (A)(B) .. | 1,620 | 1,737 |
| Federal Home Loan Mortgage Corp. Fixed Rate Participation Certificates, | | |
| 3.500%, 1-1-29 | 2,379 | 2,515 |
| Federal National Mortgage Association Agency REMIC/CMO: | | |
| 2.717%, 2-25-22 | 5,100 | 5,298 |
| 2.640%, 6-1-22 | 2,951 | 3,069 |
| 3.360%, 12-1-22 | 1,951 | 2,108 |
| 2.631%, 2-1-23 | 3,201 | 3,316 |
| 2.356%, 3-1-23 | 3,768 | 3,871 |
| 3.320%, 8-1-24 | 2,799 | 3,007 |
| 2.390%, 6-1-25 | 3,191 | 3,288 |
| 4.000%, 3-25-33 | 780 | 854 |
| 3.500%, 8-25-33 | 560 | 586 |
| 5.500%, 11-25-36 (D) .. | 2,844 | 563 |
| 2.000%, 4-25-39 | 10,248 | 10,197 |
| Federal National Mortgage Association Fixed Rate Pass-Through Certificates: | | |
| 3.850%, 3-1-18 | 4,732 | 4,930 |
| 4.950%, 4-1-19 | 1,837 | 2,011 |
| 5.500%, 10-1-21 | 1,915 | 2,040 |
| 2.759%, 4-1-22 | 5,334 | 5,578 |
| 2.703%, 4-1-23 | 1,715 | 1,780 |
| 3.000%, 9-1-28 | 8,996 | 9,409 |
| 4.000%, 12-1-31 | 6,781 | 7,309 |
| 5.500%, 2-1-35 | 1,573 | 1,806 |
| 3.500%, 12-25-41 | 806 | 859 |
| Government National Mortgage Association Agency REMIC/CMO: | | |
| 2.500%, 7-20-40 | 5,115 | 5,140 |
| 2.000%, 3-16-42 | 9,111 | 9,065 |
| | | 201,107 |

TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 17.3%

(Cost: \$209,010)

UNITED STATES GOVERNMENT OBLIGATIONS

| | | |
|------------------------------------|--------|--------|
| Treasury Obligations – 9.6% | | |
| U.S. Treasury Bonds: | | |
| 3.500%, 2-15-39 | 1,500 | 1,786 |
| 2.750%, 11-15-42 | 2,000 | 2,063 |
| 3.000%, 11-15-44 | 30,389 | 32,800 |
| 2.500%, 2-15-45 | 5,000 | 4,876 |
| 2.500%, 2-15-46 | 1,000 | 975 |

UNITED STATES GOVERNMENT OBLIGATIONS

| (Continued) | Principal | Value |
|---|-----------|-----------|
| Treasury Obligations (Continued) | | |
| U.S. Treasury Notes: | | |
| 2.750%, 2-28-18 ... | \$20,000 | \$ 20,766 |
| 1.750%, 5-15-22 ... | 6,000 | 6,102 |
| 1.625%, 11-15-22 .. | 15,000 | 15,117 |
| 2.000%, 8-15-25 ... | 31,081 | 31,689 |
| | | 116,174 |

TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 9.6%

(Cost: \$115,224)

SHORT-TERM SECURITIES

| | | |
|--|--------|--------|
| Commercial Paper (E) – 3.3% | | |
| BorgWarner, Inc., 0.650%, 4-1-16 | 3,930 | 3,930 |
| Harley-Davidson Financial Services (GTD by Harley-Davidson Credit Corp.), | | |
| 0.500%, 4-27-16 ... | 10,000 | 9,996 |
| McCormick & Co., Inc., 0.470%, 4-27-16 ... | 10,000 | 9,996 |
| Rockwell Automation, Inc., | | |
| 0.360%, 4-11-16 ... | 7,000 | 6,999 |
| St. Jude Medical, Inc., 0.480%, 4-19-16 ... | 5,000 | 4,999 |
| United Technologies Corp., | | |
| 0.680%, 4-6-16 | 5,000 | 5,000 |
| | | 40,920 |
| Master Note – 0.2% | | |
| Toyota Motor Credit Corp., | | |
| 0.443%, 4-6-16 (F) .. | 1,815 | 1,815 |

TOTAL SHORT-TERM SECURITIES – 3.5%

(Cost: \$42,734)

TOTAL INVESTMENT SECURITIES – 100.1%

(Cost: \$1,188,488)

LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.1%)

NET ASSETS – 100.0%

SCHEDULE OF INVESTMENTS

Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

Notes to Schedule of Investments

(A) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At March 31, 2016 the total value of these securities amounted to \$188,578 or 15.6% of net assets.

(B) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2016.

(C) Other Government Securities may include emerging markets sovereign, quasi-sovereign, corporate and supranational agency and organization debt securities.

(D) Interest-only security. Amount shown as principal represents notional amount for computation of interest.

(E) Rate shown is the yield to maturity at March 31, 2016.

(F) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2016. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Fund's investments by the fair value hierarchy levels as of March 31, 2016. See Note 3 to the Financial Statements for further information regarding fair value measurement.

| | Level 1 | Level 2 | Level 3 |
|---|---------|-------------|---------|
| Assets | | | |
| Investments in Securities | | | |
| Asset-Backed Securities | \$ — | \$ 10,155 | \$ — |
| Corporate Debt Securities | — | 800,492 | — |
| Mortgage-Backed Securities | — | 1,166 | — |
| Municipal Bonds | — | 18,821 | — |
| Other Government Securities | — | 12,586 | — |
| United States Government Agency Obligations | — | 209,529 | — |
| United States Government Obligations | — | 116,174 | — |
| Short-Term Securities | — | 42,735 | — |
| Total | \$ — | \$1,211,658 | \$ — |

During the period ended March 31, 2016, there were no transfers between Level 1 and 2.

The following acronyms are used throughout this schedule:

CMO = Collateralized Mortgage Obligation

GTD = Guaranteed

REMIC = Real Estate Mortgage Investment Conduit

REIT = Real Estate Investment Trusts

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Cash Management

ALL DATA IS AS OF MARCH 31, 2016 (UNAUDITED)

Asset Allocation

| | |
|---|--------------|
| Corporate Obligations | 71.3% |
| Commercial Paper | 39.6% |
| Notes | 19.9% |
| Certificate Of Deposit | 11.0% |
| Master Note | 0.8% |
| Municipal Obligations | 15.8% |
| United States Government and Government Agency Obligations | 13.6% |
| Cash and Other Assets (Net of Liabilities) | -0.7% |

Lipper Rankings

| Category: Lipper Money Market Funds | Rank | Percentile |
|-------------------------------------|--------|------------|
| 1 Year | 40/160 | 25 |
| 3 Year | 32/159 | 20 |
| 5 Year | 27/153 | 18 |
| 10 Year | 33/127 | 26 |

Past performance is no guarantee of future results. Rankings are for Class A shares and are based on average annual total returns, but do not consider sales charges. Rankings for other share classes may vary.

SCHEDULE OF INVESTMENTS

Cash Management *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| UNITED STATES GOVERNMENT OBLIGATIONS | | | CORPORATE OBLIGATIONS (Continued) | | | CORPORATE OBLIGATIONS (Continued) | | |
|--|-----------|-----------------|---------------------------------------|----------------|----------|--|-----------|--------------------|
| | Principal | Value | | Principal | Value | | Principal | Value |
| Treasury Note – 0.5% | | | Commercial Paper (B) (Continued) | | | Notes | | |
| U.S. Treasury Notes, | | | John Deere Financial Ltd. | | | American Honda | | |
| 0.470%, 4-2-16 (A) ... | \$ 7,500 | \$ 7,480 | (GTD by John Deere | | | Finance Corp., | | |
| | | | Capital Corp.), | | | 1.010%, 5-26-16 (A) .. | \$ 16,300 | \$ 16,311 |
| TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 0.5% | | \$ 7,480 | 0.410%, 4-28-16 | \$ 10,000 | \$ 9,997 | Banco del Estado de Chile, | | |
| (Cost: \$7,480) | | | Kroger Co. (The), | 7,300 | 7,300 | 0.780%, 4-26-16 (A) .. | 19,500 | 19,500 |
| CORPORATE OBLIGATIONS | | | Malayan Banking Berhad | | | Bank of Nova Scotia | | |
| Certificate Of Deposit | | | (GTD by Wells Fargo | | | (The): | | |
| Banco del Estado de Chile: | | | Bank N.A.): | | | 1.140%, 4-17-16 (A) .. | 8,500 | 8,510 |
| 0.788%, 4-14-16 (A) .. | 16,600 | 16,600 | 0.640%, 4-20-16 | 8,500 | 8,497 | 0.780%, 4-19-16 (A) .. | 38,000 | 38,000 |
| 0.778%, 4-22-16 (A) .. | 16,000 | 16,000 | 0.440%, 5-5-16 | 2,800 | 2,798 | BMO Harris Bank N.A., | | |
| 0.780%, 4-22-16 (A) .. | 15,000 | 15,000 | 0.700%, 5-9-16 | 6,300 | 6,295 | 0.890%, 4-18-16 (A) .. | 22,000 | 22,000 |
| Bank of America N.A., | | | 0.690%, 5-19-16 | 16,800 | 16,784 | GE Capital International | | |
| 0.670%, 7-6-16 | 17,300 | 17,300 | 0.500%, 6-1-16 | 850 | 849 | Funding Co., | | |
| Bank of Montreal: | | | 0.490%, 6-16-16 | 24,100 | 24,065 | 0.964%, 4-15-16 | 66,678 | 66,687 |
| 0.781%, 4-7-16 (A) ... | 16,300 | 16,300 | Mondelez International, | | | General Electric Co. | | |
| 0.781%, 4-17-16 (A) .. | 9,000 | 9,000 | Inc., | | | (GTD by General | | |
| BMO Harris Bank N.A., | | | 0.570%, 4-1-16 | 7,300 | 7,300 | Electric Co.), | | |
| 0.770%, 4-7-16 (A) ... | 24,000 | 24,000 | Northern Illinois Gas Co.: | | | 0.790%, 5-13-16 (A) .. | 1,000 | 999 |
| Toyota Motor Credit Corp., | | | 0.570%, 4-5-16 | 17,600 | 17,599 | JPMorgan Chase Bank | | |
| 0.740%, 4-18-16 (A) .. | 33,000 | 33,000 | 0.570%, 4-12-16 | 26,630 | 26,625 | N.A.: | | |
| U.S. Bank National | | | 0.570%, 4-13-16 | 28,800 | 28,795 | 0.780%, 4-22-16 (A) .. | 9,100 | 9,100 |
| Association, | | | Novartis Finance Corp. | | | 0.840%, 6-7-16 (A) ... | 21,700 | 21,700 |
| 0.540%, 4-21-16 | 15,000 | 15,000 | (GTD by Novartis AG), | | | Rabobank Nederland, | | |
| Total Certificate Of Deposit – 11.0% | | 162,200 | 0.390%, 4-18-16 | 2,025 | 2,025 | 0.680%, 6-1-16 (A) ... | 9,000 | 9,000 |
| Commercial Paper (B) | | | Pfizer, Inc., | | | Royal Bank of Canada: | | |
| Air Products and | | | 0.490%, 5-11-16 | 10,300 | 10,294 | 0.740%, 6-12-16 (A) .. | 11,500 | 11,495 |
| Chemicals, Inc., | | | River Fuel Co. #2, Inc. | | | 2.300%, 7-20-16 | 5,600 | 5,626 |
| 0.480%, 5-2-16 | 33,000 | 32,986 | (GTD by Bank of Nova | | | Toyota Motor | | |
| American Honda Finance | | | Scotia), | | | Credit Corp., | | |
| Corp. (GTD by Honda | | | 0.550%, 4-29-16 | 36,461 | 36,445 | 0.630%, 4-14-16 (A) .. | 16,000 | 16,000 |
| Motor Co.), | | | River Fuel Funding Co. | | | Wells Fargo Bank N.A.: | | |
| 0.460%, 5-18-16 | 9,000 | 8,995 | #3, Inc. (GTD by Bank | | | 0.680%, 4-20-16 (A) .. | 10,000 | 10,000 |
| BMW U.S. Capital LLC | | | of Nova Scotia), | | | 0.710%, 4-20-16 (A) .. | 15,900 | 15,900 |
| (GTD by BMW AG), | | | 0.620%, 6-1-16 | 36,000 | 35,963 | 0.760%, 6-10-16 (A) .. | 10,000 | 10,000 |
| 0.410%, 4-25-16 | 11,100 | 11,097 | Roche Holdings, Inc., | | | 0.750%, 6-15-16 (A) .. | 10,200 | 10,200 |
| BorgWarner, Inc., | | | 0.430%, 4-18-16 | 14,000 | 13,997 | Total Notes – 19.9% | | 291,028 |
| 0.650%, 4-1-16 | 5,000 | 5,000 | Rockwell Automation, Inc., | | | TOTAL CORPORATE OBLIGATIONS – 71.3% | | \$1,047,048 |
| Coca-Cola Co. (The): | | | 0.360%, 4-11-16 | 7,000 | 6,999 | (Cost: \$1,047,048) | | |
| 0.840%, 11-14-16 | 8,600 | 8,555 | St. Jude Medical, Inc., | | | MUNICIPAL OBLIGATIONS | | |
| 1.000%, 1-5-17 | 8,600 | 8,533 | 0.720%, 4-1-16 | 7,300 | 7,300 | California – 3.2% | | |
| Corporacion Andina | | | The Regents of the Univ | | | CA Pollutn Ctl Fin Auth, | | |
| de Fomento: | | | CA, Commercial Paper | | | Pollutn Ctl Rfdg Rev | | |
| 0.360%, 4-15-16 | 20,350 | 20,347 | Notes, Ser B (Taxable), | | | Bonds (Pacific Gas | | |
| 0.370%, 4-18-16 | 25,000 | 24,995 | 0.420%, 4-11-16 | 5,000 | 4,999 | and Elec Co.), | | |
| 0.450%, 5-2-16 | 10,000 | 9,996 | W.W. Grainger, Inc., | | | Ser C (GTD by TD | | |
| 0.500%, 6-1-16 | 16,000 | 15,987 | 0.390%, 4-27-16 | 4,500 | 4,499 | Bank N.A.), | | |
| Essilor International S.A.: | | | Wisconsin Electric | | | 0.450%, 4-1-16 (A) ... | 2,000 | 2,000 |
| 0.500%, 4-1-16 | 9,775 | 9,775 | Power Co.: | | | CA Statewide Cmnty | | |
| 0.430%, 4-4-16 | 18,000 | 17,999 | 0.400%, 4-4-16 | 6,000 | 6,000 | Dev Auth, Multifam | | |
| 0.470%, 4-7-16 | 8,000 | 7,999 | 0.490%, 4-5-16 | 10,000 | 10,000 | Hsng Rev Bonds | | |
| 0.450%, 4-14-16 | 27,500 | 27,496 | 0.650%, 4-6-16 | 12,800 | 12,799 | (Wyndover Apts), Ser | | |
| 0.490%, 4-25-16 | 10,000 | 9,997 | Wisconsin Gas LLC: | | | 2004 LL (GTD by | | |
| J.M. Smucker Co. (The), | | | 0.400%, 4-8-16 | 36,000 | 35,997 | FNMA), | | |
| 0.650%, 4-1-16 | 7,300 | 7,300 | 0.400%, 4-12-16 | 8,209 | 8,208 | 0.410%, 4-7-16 (A) ... | 12,500 | 12,500 |
| John Deere Canada ULC | | | Total Commercial Paper – 39.6% | 581,485 | | Total Master Note – 0.8% | | 12,335 |
| (GTD by Deere & Co.), | | | Master Note | | | | | |
| 0.420%, 4-26-16 | 2,000 | 1,999 | Toyota Motor Credit Corp., | | | | | |
| | | | 0.443%, 4-6-16 (A) ... | 12,335 | 12,335 | | | |

SCHEDULE OF INVESTMENTS

Cash Management *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL OBLIGATIONS (Continued) | Principal | Value | MUNICIPAL OBLIGATIONS (Continued) | Principal | Value | MUNICIPAL OBLIGATIONS (Continued) | Principal | Value |
|--|-----------|---------------|--|-----------|---------------|---|-----------|---------------|
| California (Continued) | | | Illinois (Continued) | | | Missouri – 0.4% | | |
| CA Statewide Cmnty Dev Auth, Multifam Hsng Rev Bonds (The Crossings Sr Apts/Phase I), Ser 2005 I (GTD by FNMA), 0.410%, 4-7-16 (A) | \$ 7,585 | \$ 7,585 | IL Fin Auth, Var Rate Demand Rev Bonds (The Carle Fndtn), Ser 2009 (GTD by JPMorgan Chase Bank N.A.), 0.420%, 4-7-16 (A) | \$ 5,245 | \$ 5,245 | Kansas City, MO, Var Rate Demand Taxable Spl Oblig Rfdg Bonds (President Hotel Redev Proj), Ser 2009B (GTD by JPMorgan Chase & Co.), 0.400%, 4-7-16 (A) | \$ 5,310 | \$ 5,310 |
| Irvine Unif Sch Dist, Cmnty Fac Dist No. 09-1, Adj Rate Spl Tax Bonds, Ser 2014C-C (GTD by U.S. Bank N.A.), 0.360%, 4-1-16 (A) | 2,000 | 2,000 | | | <u>9,935</u> | New Jersey – 0.6% | | |
| San Francisco City and Cnty, Pub Util Comnty Water Rev, Series A1T (Taxable), (GTD by Royal Bank of Canada), 0.440%, 5-3-16 | 23,000 | 23,000 | Louisiana – 2.4% | | | Trap Rock Industries, Inc., Var Demand Bonds, Ser 2005 (GTD by Wachovia Bank N.A.), 0.430%, 4-7-16 (A) | 8,173 | 8,173 |
| | | <u>47,085</u> | LA Pub Fac Auth, Rev Bonds (Air Products and Chemicals Proj), Ser 2009A (GTD by Air Products and Chemicals, Inc.), 0.410%, 4-7-16 (A) | 16,150 | 16,150 | New York – 2.5% | | |
| Colorado – 0.9% | | | LA Pub Fac Auth, Rev Bonds (Air Products and Chemicals Proj), Ser 2008A (GTD by Air Products and Chemicals, Inc.), 0.390%, 4-1-16 (A) | 12,948 | 12,948 | NY Hsng Fin Agy, Related- Caroline Apt Hsng Rev Bonds, Ser 2008A (GTD by Federal Home Loan Mortgage Corp.), 0.410%, 4-7-16 (A) | 14,000 | 14,000 |
| Castle Rock, CO, Cert of Part, Ser 2008 (GTD by Wells Fargo Bank N.A.), 0.460%, 4-7-16 (A) | 1,025 | 1,025 | LA Pub Fac Auth, Var Rate Rev Rfdg Bonds (CHRISTUS Hlth), Ser 2009B-1 (GTD by Bank of New York (The)), 0.520%, 4-7-16 (A) | 1,900 | 1,900 | NY State Hsng Fin Agy, Maestro West Chelsea Hsng Rev Bonds, Ser 2015B (GTD by Wells Fargo Bank N.A.), 0.450%, 4-7-16 (A) | 12,000 | 12,000 |
| CO Hsng and Fin Auth, Multifam Hsng Rev Bonds (Greentree Vlg Apts Proj), Ser 2007 (GTD by U.S. Bank N.A.), 0.410%, 4-7-16 (A) | 7,070 | 7,070 | Parish of St. Bernard, LA, Exempt Fac Rev Bonds (Mobil Oil Corp. Proj), Ser 1996 (GTD by Exxon Mobil Corp.), 0.370%, 4-1-16 (A) | 4,900 | 4,900 | NYC GO Bonds, Fiscal 2006 Ser E (GTD by Bank of America N.A.), 0.390%, 4-7-16 (A) | 7,391 | 7,391 |
| Sheridan Redev Agy CO Tax, Var Rfdg S Santa Fe Dr Corridor Redev PJ, Ser A-1 (GTD by JPMorgan Chase & Co.): 0.460%, 4-7-16 (A) | 4,000 | 4,000 | | | <u>35,898</u> | NYC Hsng Dev Corp., Multi- Fam Mtg Rev Bonds (Target V Apt), Ser 2006A (GTD by Citibank N.A.), 0.390%, 4-7-16 (A) | 2,800 | 2,800 |
| 0.600%, 4-7-16 (A) | 800 | 800 | Maryland – 0.2% | | | | | <u>36,191</u> |
| | | <u>12,895</u> | MD Hlth and Higher Edu Fac Auth Rev Bonds, Anne Arundel Hlth Sys Issue, Ser 2009A (GTD by Toronto Dominion Bank), 0.400%, 4-7-16 (A) | 2,400 | 2,400 | Ohio – 0.0% | | |
| Florida – 0.1% | | | Michigan – 0.2% | | | Columbus Rgnl Rprt Auth, Cap Funding Rev Bonds (OASBO Expanded Asset Pooled Fin Prog), Sr Ser 2006 (GTD by U.S. Bank N.A.), 0.410%, 4-7-16 (A) | 600 | 600 |
| FL Muni Power Agy, All- Requirements Power Supply Proj Var Rate Demand Rfdg Rev Bonds, Ser 2008C (GTD by Bank of America N.A.), 0.380%, 4-1-16 (A) | 2,000 | 2,000 | MI Strategic Fund, Var Rate Demand Ltd. Oblig Rev Bonds (Air Prods and Chemicals, Inc. Proj), Ser 2007 (GTD by Air Prods and Chemicals, Inc.), 0.390%, 4-1-16 (A) | 2,500 | 2,500 | Oregon – 0.2% | | |
| Georgia – 0.4% | | | Mississippi – 0.8% | | | Hosp Fac Auth of Clackamas Cnty, OR, Rev Bonds (Legacy Hlth Sys), Ser 2008B (GTD by U.S. Bank N.A.), 0.400%, 4-7-16 (A) | 3,595 | 3,595 |
| Muni Elec Auth GA, Gen Resolution Proj Bond Anticipation Notes, Ser B (Taxable), (GTD by TD Bank N.A.), 0.450%, 4-6-16 | 6,635 | 6,635 | MS Business Fin Corp., Gulf Opp Zone Indl Dev Rev Bonds (Chevron USA, Inc. Proj), Ser 2007B (GTD by Chevron Corp.), 0.380%, 4-1-16 (A) | 11,523 | 11,523 | | | |
| Illinois – 0.7% | | | | | | | | |
| Elmhurst, IL, Adj Demand Rev Bonds, Joint Comsn on Accred of Hlthcare Org (GTD by JPMorgan Chase Bank N.A.), 0.410%, 4-7-16 (A) | 4,690 | 4,690 | | | | | | |

SCHEDULE OF INVESTMENTS

Cash Management *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL OBLIGATIONS (Continued) | Principal | Value | MUNICIPAL OBLIGATIONS (Continued) | Principal | Value | UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS (Continued) | Principal | Value |
|--|-----------|----------|--|-----------|------------------|---|--------------------|--------------------|
| Pennsylvania – 0.5% | | | Virginia – 0.1% | | | United States Government Agency Obligations (Continued) | | |
| EPC-Allentown, LLC, Incr Taxable Var Rate Demand Bonds, Ser 2005 (GTD by U.S. Bank N.A.), 0.430%, 4-7-16 (A) | \$ 7,160 | \$ 7,160 | Stafford County, Staunton Indl Dev Auth (VA) Rev Bonds, Ser 8-A2 (GTD by Bank of America N.A.), 0.440%, 4-6-16 | \$ 1,180 | \$ 1,180 | Overseas Private Investment Corp. (GTD by U.S. Government): | | |
| Tennessee – 0.1% | | | Wyoming – 0.2% | | | 0.360%, 4-6-16 (A) .. | \$28,643 | \$ 28,643 |
| Johnson City, TN Hlth and Edu Fac, Hosp Rev Bonds (Mountain States Hlth Alliance), Ser 2013A (GTD by U.S. Bank N.A.), 0.410%, 4-7-16 (A) | 1,900 | 1,900 | Uinta Cnty, WY, Pollutn Ctl Rfdg Rev Bonds (Chevron USA, Inc. Proj), Ser 1992 (GTD by Chevron Corp.), 0.370%, 4-1-16 (A) . . . | 2,369 | 2,369 | 0.400%, 4-6-16 (A) .. | 45,601 | 45,601 |
| Texas – 2.3% | | | TOTAL MUNICIPAL OBLIGATIONS – 15.8% | | \$231,474 | 0.400%, 4-6-16 | 3,000 | 3,000 |
| Port Arthur Nav Dist Indl Dev Corp., Exempt Fac Var Rate Rev Bonds (Air Products Proj), Ser 2006 (GTD by Air Products and Chemicals, Inc.), 0.390%, 4-1-16 (A) | 22,600 | 22,600 | (Cost: \$231,474) | | | 0.400%, 4-7-16 (A) .. | 84,850 | 84,850 |
| Port Arthur Nav Dist Indl Dev Corp., Exempt Fac Var Rate Rev Bonds (Air Prdts Proj), Ser 2005 (GTD by Air Products and Chemicals, Inc.), 0.390%, 4-1-16 (A) | 11,525 | 11,525 | UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS | | | 0.400%, 4-29-16 (A) .. | 7,100 | 7,100 |
| <u>34,125</u> | | | United States Government Agency Obligations – 13.1% | | | <u>192,244</u> | | |
| | | | Federal Home Loan Bank: | | | TOTAL UNITED STATES GOVERNMENT AND GOVERNMENT AGENCY OBLIGATIONS – 13.1% | \$ 192,244 | |
| | | | 0.720%, 2-17-17 | 16,300 | 16,300 | (Cost: \$192,244) | | |
| | | | 0.790%, 3-30-17 | 6,750 | 6,750 | TOTAL INVESTMENT SECURITIES – 100.7% | \$1,478,246 | |
| | | | | | | (Cost: \$1,478,246) | | |
| | | | | | | LIABILITIES, NET OF CASH AND OTHER ASSETS – (0.7)% | | (9,555) |
| | | | | | | NET ASSETS – 100.0% | | \$1,468,691 |

Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2016. Date shown represents the date that the variable rate resets.

(B) Rate shown is the yield to maturity at March 31, 2016.

The following table is a summary of the valuation of the Fund's investments by the fair value hierarchy levels as of March 31, 2016. See Note 3 to the Financial Statements for further information regarding fair value measurement.

| | Level 1 | Level 2 | Level 3 |
|--|-------------|--------------------|-------------|
| Assets | | | |
| Investments in Securities | | | |
| United States Government Obligations | \$ — | \$ 7,480 | \$ — |
| Corporate Obligations | — | 1,047,048 | — |
| Municipal Obligations | — | 231,474 | — |
| United States Government and Government Agency Obligations | — | 192,244 | — |
| Total | <u>\$ —</u> | <u>\$1,478,246</u> | <u>\$ —</u> |

During the period ended March 31, 2016, there were no transfers between Level 1 and 2.

The following acronyms are used throughout this schedule:

FNMA = Federal National Mortgage Association
GTD = Guaranteed

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Global Bond Fund

ALL DATA IS AS OF MARCH 31, 2016 (UNAUDITED)

Asset Allocation

| | |
|--|--------------|
| Stocks | 6.1% |
| Utilities | 2.2% |
| Financials | 1.2% |
| Energy | 1.1% |
| Health Care | 0.8% |
| Information Technology | 0.8% |
| Bonds | 89.3% |
| Corporate Debt Securities | 63.0% |
| United States Government and Government Agency Obligations | 21.8% |
| Other Government Securities | 2.6% |
| Loans | 1.9% |
| Cash and Other Assets (Net of Liabilities), and Cash Equivalents+ | 4.6% |

Quality Weightings

| | |
|---|--------------|
| Investment Grade | 44.6% |
| AA | 21.9% |
| A | 3.8% |
| BBB | 18.9% |
| Non-Investment Grade | 44.7% |
| BB | 22.7% |
| B | 14.5% |
| CCC | 3.8% |
| Non-rated | 3.7% |
| Cash and Other Assets (Net of Liabilities), Cash Equivalents+ and Equities | 10.7% |

Our preference is to always use ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings are obtained from Moody's. We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.

Lipper Rankings

| Category: Lipper Global Income Funds | Rank | Percentile |
|--------------------------------------|---------|------------|
| 1 Year | 166/208 | 80 |
| 3 Year | 142/184 | 77 |
| 5 Year | 90/135 | 67 |
| 10 Year | 51/75 | 68 |

Past performance is no guarantee of future results. Rankings are for Class A shares and are based on average annual total returns, but do not consider sales charges. Rankings for other share classes may vary.

+ Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

Country Weightings

| | |
|--|--------------|
| North America | 45.2% |
| United States | 36.7% |
| Mexico | 4.3% |
| Panama | 3.5% |
| Other North America | 0.7% |
| Europe | 23.4% |
| United Kingdom | 6.7% |
| Luxembourg | 5.2% |
| Netherlands | 4.3% |
| Other Europe | 7.2% |
| South America | 17.9% |
| Brazil | 6.1% |
| Argentina | 4.8% |
| Chile | 3.7% |
| Other South America | 3.3% |
| Pacific Basin | 4.6% |
| Bahamas/Caribbean | 2.8% |
| Other | 1.5% |
| Cash and Other Assets (Net of Liabilities), and Cash Equivalents+ | 4.6% |

SCHEDULE OF INVESTMENTS

Global Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| COMMON STOCKS | Shares | Value | CORPORATE DEBT SECURITIES (Continued) | Principal | Value | CORPORATE DEBT SECURITIES (Continued) | Principal | Value |
|--|------------------|-----------------|--|-----------|-----------------|--|-----------|-----------------|
| Brazil | | | Energy – 1.7% | | | Telecommunication Services – 0.3% | | |
| Utilities – 0.9% | | | Pan American Energy LLC: | | | OI S.A. | | |
| Alupar Investimento S.A. | 608 | \$ 2,489 | 7.875%, 5-7-21 | \$1,650 | \$ 1,637 | 9.750%, 9-15-16 (A) ... | BRL16,500 | \$ 1,520 |
| Transmissora Alianca de Energia Eletrica S.A. ... | 541 | 3,029 | 7.875%, 5-7-21 (B) | 4,000 | 3,968 | | | |
| | | <u>5,518</u> | YPF Sociedad Anonima: | | | Total Brazil – 5.2% | | \$32,244 |
| | | | 8.875%, 12-19-18 (B) ... | 3,900 | 4,056 | British Virgin Islands | | |
| | | | 8.500%, 3-23-21 (B) | 750 | 751 | Energy – 0.5% | | |
| Total Brazil – 0.9% | | \$ 5,518 | | | <u>10,412</u> | QGOG Atlantic/Alaskan Rigs Ltd.: | | |
| Chile | | | Industrials – 0.6% | | | 5.250%, 7-30-18 (B) ... | \$ 3,568 | 2,658 |
| Utilities – 0.4% | | | Aeropuertos Argentina 2000 S.A.: | | | 5.250%, 7-30-18 | 502 | 374 |
| Aguas Andinas S.A. | 3,909 | 2,233 | 10.750%, 12-1-20 (B) ... | 3,325 | 3,535 | | | <u>3,032</u> |
| | | | 10.750%, 12-1-20 | 219 | 233 | Financials – 0.5% | | |
| | | | | | <u>3,768</u> | Horsepower Finance Ltd. | | |
| Total Chile – 0.4% | | \$ 2,233 | Materials – 0.3% | | | 2.100%, 3-3-17 | 3,200 | 3,212 |
| Panama | | | IRSA Inversiones y Representaciones S.A. | | | | | |
| Financials – 1.2% | | | 8.500%, 2-2-17 | 2,000 | 2,055 | Total British Virgin Islands – 1.0% | | \$ 6,244 |
| Banco Latinoamericano de Comercio Exterior S.A. | 308 | 7,452 | Utilities – 0.3% | | | Canada | | |
| | | | Transportadora de Gas del Sur S.A.: | | | Financials – 0.7% | | |
| Total Panama – 1.2% | | \$ 7,452 | 7.875%, 5-14-17 (B) | 1,000 | 990 | Bank of Montreal | | |
| United Kingdom | | | 7.875%, 5-14-17 | 508 | 502 | 1.800%, 7-31-18 | 3,400 | 3,414 |
| Energy – 1.1% | | | | | <u>1,492</u> | Royal Bank of Canada | | |
| Royal Dutch Shell plc, Class A | 261 | 6,324 | Total Argentina – 3.5% | | \$21,471 | 2.500%, 1-19-21 | 750 | 766 |
| Seadrill Partners LLC | 209 | 729 | Brazil | | | | | <u>4,180</u> |
| | | <u>7,053</u> | Consumer Staples – 1.3% | | | Total Canada – 0.7% | | \$ 4,180 |
| Total United Kingdom – 1.1% | | \$ 7,053 | BFF International Ltd. | | | Cayman Islands | | |
| United States | | | 7.250%, 1-28-20 (B) | 7,900 | 8,354 | Consumer Staples – 0.5% | | |
| Health Care – 0.8% | | | Energy – 0.0% | | | Marfrig Overseas Ltd. | | |
| Bristol-Myers Squibb Co. | 74 | 4,730 | Lancer Finance Co. (SPV) Ltd. | | | 9.500%, 5-4-20 (B) ... | 3,000 | 3,044 |
| | | | 5.850%, 12-12-16 (B)(C) .. | 735 | — | Financials – 0.3% | | |
| Information Technology – 0.8% | | | Financials – 1.1% | | | Banco Bradesco S.A. | | |
| Intel Corp. | 151 | 4,879 | Banco Bradesco S.A. | | | 4.500%, 1-12-17 (B) ... | 1,900 | 1,926 |
| | | | 4.125%, 5-16-16 (B) | 6,800 | 6,800 | Industrials – 0.1% | | |
| Utilities – 0.9% | | | Banco Cruzeiro do Sul S.A. | | | Odebrecht Offshore Drilling Finance | | |
| PPL Corp. | 155 | 5,906 | 8.500%, 2-20-15 (B)(C) ... | 7,500 | 300 | 6.750%, 10-1-22 (B) ... | 3,628 | 798 |
| | | | | | <u>7,100</u> | Telecommunication Services – 0.6% | | |
| Total United States – 2.5% | | \$15,515 | Industrials – 1.3% | | | Sable International Finance Ltd. | | |
| TOTAL COMMON STOCKS – 6.1% | | \$37,771 | Embraer Overseas Ltd. | | | 6.875%, 8-1-22 (B) | 3,600 | 3,600 |
| (Cost: \$43,134) | | | 6.375%, 1-24-17 | 7,000 | 7,201 | Total Cayman Islands – 1.5% | | \$ 9,368 |
| CORPORATE DEBT SECURITIES | Principal | | Odebrecht Drilling Norbe VII/IX Ltd. | | | Chile | | |
| Argentina | | | 6.350%, 6-30-21 (B) | 1,727 | 544 | Industrials – 1.3% | | |
| Consumer Discretionary – 0.6% | | | | | <u>7,745</u> | Guany Finance Ltd. | | |
| Arcos Dorados Holdings, Inc. | | | Materials – 1.2% | | | 6.000%, 12-15-20 (B) .. | 4,306 | 4,166 |
| 10.250%, 7-13-16 (A) .. | BRL14,475 | 3,744 | Suzano Trading Ltd. | | | LATAM Airlines Group S.A. | | |
| | | | 5.875%, 1-23-21 (B) | 7,450 | 7,525 | 7.250%, 6-9-20 (B) ... | 4,300 | 3,956 |
| | | | | | | | | <u>8,122</u> |

SCHEDULE OF INVESTMENTS

Global Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| CORPORATE DEBT SECURITIES (Continued) | | | CORPORATE DEBT SECURITIES (Continued) | | | CORPORATE DEBT SECURITIES (Continued) | | |
|--|-----------|-------|--|-----------|-------|--|-----------|-------|
| | Principal | Value | | Principal | Value | | Principal | Value |
| Materials – 2.0% | | | India | | | Financials (Continued) | | |
| Inversiones CMPC S.A. (GTD by Empresas CMPC S.A.): | | | Financials – 0.4% | | | VTB Capital S.A. | | |
| 4.750%, | | | ICICI Bank Ltd. | | | 6.000%, 4-12-17 (B) | | |
| 1-19-18 (B) . . . | | | 4.750%, 11-25-16 (B) . . | | | \$8,770 | | |
| \$10,450 | | | \$2,500 | | | \$ 9,001 | | |
| 4.375%, | | | Industrials – 0.6% | | | <u>15,300</u> | | |
| 5-15-23 (B) . . . | | | Adani Ports and Special Economic Zone Ltd. | | | Industrials – 0.2% | | |
| 1,600 | | | 3.500%, 7-29-20 (B) . . . | | | Silver II Borrower SCA and Silver II U.S. Holdings | | |
| <u>12,402</u> | | | 3,500 | | | 7.750%, 12-15-20 (B) . . . | | |
| Total Chile – 3.3% | | | Utilities – 0.0% | | | 1,500 | | |
| \$20,524 | | | Tata Electric Co. | | | 1,185 | | |
| | | | 8.500%, 8-19-17 | | | 2,000 | | |
| | | | 200 | | | 8,856 | | |
| | | | Total India – 1.0% | | | 7.375%, 1-29-20 | | |
| | | | \$6,271 | | | 2,000 | | |
| | | | | | | <u>10,701</u> | | |
| | | | Indonesia | | | Total Luxembourg – 5.2% | | |
| | | | Utilities – 1.2% | | | \$32,548 | | |
| | | | Majapahit Holding B.V. | | | Mexico | | |
| | | | 7.750%, 10-17-16 . . . | | | Consumer Discretionary – 0.8% | | |
| | | | 7,400 | | | Tenedora Nemark S.A. de C.V. | | |
| | | | Total Indonesia – 1.2% | | | 5.500%, 2-28-23 (B) | | |
| | | | \$7,641 | | | 4,700 | | |
| | | | | | | <u>4,829</u> | | |
| | | | Ireland | | | Financials – 0.6% | | |
| | | | Energy – 0.3% | | | Banco Santander S.A. | | |
| | | | Novatek Finance Ltd. | | | 4.125%, 11-9-22 (B) | | |
| | | | 7.750%, 2-21-17 (A)(B) . . | | | 2,000 | | |
| | | | RUB146,000 | | | 2,060 | | |
| | | | Financials – 0.7% | | | PLA Administradora Industrial | | |
| | | | MTS International Funding Ltd. | | | 5.250%, 11-10-22 (B) . . . | | |
| | | | 5.000%, 5-30-23 (B) . . . | | | 2,000 | | |
| | | | \$2,400 | | | <u>3,990</u> | | |
| | | | VEB Finance Ltd. | | | Materials – 2.9% | | |
| | | | 5.375%, 2-13-17 (B) . . | | | C5 Capital (SPV) Ltd. | | |
| | | | 2,125 | | | 4.908%, | | |
| | | | <u>4,474</u> | | | 12-29-49 (B)(D) | | |
| | | | Industrials – 0.2% | | | 5,000 | | |
| | | | Russian Railways via RZD Capital Ltd. | | | 9,876 | | |
| | | | 8.300%, 4-2-19 (A) . . RUB | | | 3,900 | | |
| | | | 68,000 | | | <u>17,951</u> | | |
| | | | 957 | | | Total Mexico – 4.3% | | |
| | | | Telecommunication Services – 0.4% | | | \$26,770 | | |
| | | | Mobile TeleSystems OJSC | | | Netherlands | | |
| | | | 5.000%, 5-30-23 | | | Consumer Discretionary – 1.1% | | |
| | | | \$2,300 | | | Myriad International Holdings B.V. | | |
| | | | <u>2,225</u> | | | 6.375%, 7-28-17 (B) | | |
| | | | Total Ireland – 1.6% | | | 2,750 | | |
| | | | \$9,767 | | | 2,871 | | |
| | | | Jamaica | | | VTR Finance B.V. | | |
| | | | Telecommunication Services – 0.3% | | | 6.875%, 1-15-24 (B) | | |
| | | | Digicel Group Ltd. | | | 3,802 | | |
| | | | 6.000%, 4-15-21 (B) . . . | | | <u>6,598</u> | | |
| | | | 2,000 | | | Consumer Staples – 0.3% | | |
| | | | Total Jamaica – 0.3% | | | Marfrig Holdings (Europe) B.V.: | | |
| | | | \$1,790 | | | 8.375%, 5-9-18 (B) | | |
| | | | Luxembourg | | | 1,000 | | |
| | | | Consumer Discretionary – 0.9% | | | 6.875%, 6-24-19 (B) | | |
| | | | Altice S.A. | | | 1,000 | | |
| | | | 7.625%, 2-15-25 (B) . . . | | | 951 | | |
| | | | 5,600 | | | <u>1,956</u> | | |
| | | | Financials – 2.4% | | | Energy – 0.5% | | |
| | | | OJSC Russian Agricultural Bank | | | Petrobras Global Finance (GTD by Petroleo Brasileiro S.A.) | | |
| | | | 5.100%, 7-25-18 (B) . . | | | 4.875%, 3-17-20 | | |
| | | | 6,200 | | | 3,500 | | |
| | | | <u>6,299</u> | | | 2,912 | | |

SCHEDULE OF INVESTMENTS

Global Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| CORPORATE DEBT SECURITIES (Continued) | | Principal | Value | UNITED STATES GOVERNMENT AGENCY OBLIGATIONS | | Principal | Value | SHORT-TERM SECURITIES | | Principal | Value | |
|--|-----------------|-----------|----------|--|--|-----------|------------------|--|--|-----------|-------|------------------|
| Telecommunication Services (Continued) | | | | | | | | | | | | |
| Verizon Communications, Inc. | | | | | | | | | | | | |
| | 2.625%, 2-21-20 | \$2,307 | \$ 2,374 | United States – 0.2% | | | | Commercial Paper (G) – 3.3% | | | | |
| | | | 15,930 | Federal Home Loan Mortgage Corp. Agency REMIC/CMO: | | | | DTE Electric Co. | | | | |
| | | | | 5.000%, 5-15-18 (F) ... | | \$ 59 | \$ 2 | 0.440%, 4-13-16 | | | | \$ 9,998 |
| | | | | 5.500%, 3-15-23 (F) ... | | 9 | 1 | Medtronic Global Holdings SCA | | | | 3,000 |
| | | | | 4.000%, 7-15-23 (F) ... | | 504 | 4 | 0.630%, 4-4-16 | | | | 3,000 |
| | | | | 4.000%, 2-15-24 (F) ... | | 109 | 4 | Mondelez International, Inc. | | | | 1,814 |
| | | | | 4.000%, 4-15-24 (F) ... | | 539 | 47 | 0.570%, 4-1-16 | | | | 1,814 |
| | | | | 5.500%, 10-15-25 (F) ... | | 208 | 27 | Novartis Securities Investment Ltd. (GTD by Novartis AG) | | | | 3,000 |
| | | | | 5.500%, 1-15-33 (F) ... | | 76 | 14 | 0.330%, 4-18-16 | | | | 3,000 |
| | | | | 5.500%, 5-15-33 (F) ... | | 348 | 60 | Wisconsin Gas LLC | | | | 3,000 |
| | | | | 6.500%, 7-15-37 (F) ... | | 347 | 66 | 0.380%, 4-4-16 | | | | 20,812 |
| | | | | Federal Home Loan Mortgage Corp. Fixed Rate Participation Certificates | | | | Master Note – 0.3% | | | | |
| | | | | 4.500%, 10-1-35 | | 679 | 738 | Toyota Motor Credit Corp. | | | | 1,588 |
| | | | | Federal National Mortgage Association Agency REMIC/CMO: | | | | 0.443%, 4-6-16 (H) | | | | 1,588 |
| | | | | 5.500%, 6-25-23 (F) ... | | 17 | 2 | TOTAL SHORT-TERM SECURITIES – 3.6% | | | | \$ 22,400 |
| | | | | 5.500%, 12-25-33 (F) ... | | 150 | 4 | (Cost: \$22,399) | | | | |
| | | | | 5.500%, 8-25-35 (F) ... | | 301 | 54 | TOTAL INVESTMENT SECURITIES – 99.0% | | | | \$615,663 |
| | | | | 5.500%, 11-25-36 (F) ... | | 384 | 76 | (Cost: \$666,106) | | | | |
| | | | | Government National Mortgage Association Agency REMIC/CMO | | | | CASH AND OTHER ASSETS, NET OF LIABILITIES – 1.0% | | | | 6,247 |
| | | | | 7.000%, 5-20-33 (F) ... | | 611 | 152 | NET ASSETS – 100.0% | | | | \$621,910 |
| | | | | | | | 1,251 | | | | | |
| | | | | TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 0.2% | | | \$ 1,251 | | | | | |
| | | | | (Cost: \$4,307) | | | | | | | | |
| | | | | UNITED STATES GOVERNMENT OBLIGATIONS | | | | | | | | |
| | | | | United States – 21.6% | | | | | | | | |
| | | | | U.S. Treasury Bonds | | | | | | | | |
| | | | | 2.250%, 11-15-25 | | 6,200 | 6,455 | | | | | |
| | | | | U.S. Treasury Notes: | | | | | | | | |
| | | | | 0.375%, 5-31-16 | | 25,000 | 25,003 | | | | | |
| | | | | 3.000%, 9-30-16 | | 16,000 | 16,203 | | | | | |
| | | | | 2.375%, 7-31-17 | | 7,100 | 7,258 | | | | | |
| | | | | 0.625%, 9-30-17 | | 20,000 | 19,975 | | | | | |
| | | | | 3.500%, 5-15-20 | | 7,810 | 8,558 | | | | | |
| | | | | 2.625%, 11-15-20 | | 17,000 | 18,088 | | | | | |
| | | | | 2.125%, 8-15-21 | | 12,700 | 13,231 | | | | | |
| | | | | 1.750%, 5-15-22 | | 19,250 | 19,579 | | | | | |
| | | | | | | | 134,350 | | | | | |
| | | | | TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 21.6% | | | \$134,350 | | | | | |
| | | | | (Cost: \$131,290) | | | | | | | | |
| | | | | TOTAL OTHER GOVERNMENT SECURITIES – 2.6% | | | \$ 16,273 | | | | | |
| | | | | (Cost: \$15,566) | | | | | | | | |
| | | | | LOANS (D) | | | | | | | | |
| | | | | United States | | | | | | | | |
| | | | | Energy – 0.1% | | | | | | | | |
| | | | | Empresas ICA S.A. | | | | | | | | |
| | | | | 7.595%, 6-20-17 | | 1,883 | 471 | | | | | |
| | | | | Industrials – 1.1% | | | | | | | | |
| | | | | TransDigm, Inc. | | | | | | | | |
| | | | | 3.750%, 2-28-20 | | 7,203 | 7,100 | | | | | |
| | | | | Information Technology – 0.4% | | | | | | | | |
| | | | | Magic Newco LLC | | | | | | | | |
| | | | | 5.000%, 12-12-18 | | 2,177 | 2,175 | | | | | |
| | | | | Materials – 0.3% | | | | | | | | |
| | | | | BakerCorp International | | | | | | | | |
| | | | | 4.250%, 2-7-20 | | 1,994 | 1,785 | | | | | |
| | | | | Total United States – 1.9% | | | \$ 11,531 | | | | | |
| | | | | TOTAL LOANS – 1.9% | | | \$ 11,531 | | | | | |
| | | | | (Cost: \$13,217) | | | | | | | | |

SCHEDULE OF INVESTMENTS

Global Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

Notes to Schedule of Investments

(A) Principal amounts are denominated in the indicated foreign currency, where applicable (BRL – Brazilian Real, COP – Colombian Peso and RUB – Russian Ruble).

(B) Securities were purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At March 31, 2016 the total value of these securities amounted to \$267,350 or 43.0% of net assets.

(C) Non-income producing as the issuer has either missed its most recent interest payment or declared bankruptcy.

(D) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2016.

(E) Other Government Securities may include emerging markets sovereign, quasi-sovereign, corporate and supranational agency and organization debt securities.

(F) Interest-only security. Amount shown as principal represents notional amount for computation of interest.

(G) Rate shown is the yield to maturity at March 31, 2016.

(H) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2016. Date shown represents the date that the variable rate resets.

The following forward foreign currency contracts were outstanding at March 31, 2016:

| | Currency to be Delivered | | Currency to be Received | Settlement Date | Counterparty | Unrealized Appreciation | Unrealized Depreciation |
|---------------|--------------------------|-------------|-------------------------|-----------------|------------------------|-------------------------|-------------------------|
| British Pound | 4,524 | U.S. Dollar | 6,546 | 4-26-16 | Barclays Capital, Inc. | \$48 | \$ — |

The following table is a summary of the valuation of the Fund's investments by the fair value hierarchy levels as of March 31, 2016. See Note 3 to the Financial Statements for further information regarding fair value measurement.

| | Level 1 | Level 2 | Level 3 |
|---|----------|-----------|---------|
| Assets | | | |
| Investments in Securities | | | |
| Common Stocks | \$37,771 | \$ — | \$ — |
| Corporate Debt Securities | — | 392,087 | — |
| Other Government Securities | — | 16,273 | — |
| Loans | — | 9,275 | 2,256 |
| United States Government Agency Obligations | — | 1,251 | — |
| United States Government Obligations | — | 134,350 | — |
| Short-Term Securities | — | 22,400 | — |
| Total | \$37,771 | \$575,636 | \$2,256 |
| Forward Foreign Currency Contracts | \$ — | \$ 48 | \$ — |

During the period ended March 31, 2016, securities totaling \$1,904 were transferred from Level 2 to Level 3 due to the lack of observable market data due to decreased market activity or information for these securities. Securities totaling \$6,173 were transferred from Level 2 to Level 1. These transfers were the result of fair value procedures applied to international securities due to significant market movement of the S&P 500 on September 30, 2015. Transfers between levels represent the values as of the beginning of the reporting period.

The following acronyms are used throughout this schedule:

CMO = Collateralized Mortgage Obligation

GTD = Guaranteed

REMIC = Real Estate Mortgage Investment Conduit

SCHEDULE OF INVESTMENTS

Global Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

Market Sector Diversification

(as a % of net assets)

| | |
|--|-------|
| United States Government and Government Agency Obligations | 21.8% |
| Financials | 21.5% |
| Materials | 9.6% |
| Industrials | 7.4% |
| Utilities | 6.3% |
| Energy | 5.7% |
| Telecommunication Services | 5.5% |
| Consumer Staples | 5.4% |
| Consumer Discretionary | 4.2% |
| Information Technology | 4.2% |
| Other Government Securities | 2.6% |
| Health Care | 1.2% |
| Other+ | 4.6% |

+ Includes cash and other assets (net of liabilities), and cash equivalents

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Government Securities Fund

ALL DATA IS AS OF MARCH 31, 2016 (UNAUDITED)

Asset Allocation

| | |
|--|--------------|
| Bonds | 96.4% |
| United States Government and Government Agency Obligations | 96.4% |
| Cash and Other Assets (Net of Liabilities), and Cash Equivalents+ | 3.6% |

Lipper Rankings

| Category: Lipper General U.S. Government Funds | Rank | Percentile |
|--|--------|------------|
| 1 Year | 54/103 | 52 |
| 3 Year | 87/99 | 87 |
| 5 Year | 73/96 | 76 |
| 10 Year | 58/75 | 77 |

Past performance is no guarantee of future results. Rankings are for Class A shares and are based on average annual total returns, but do not consider sales charges. Rankings for other share classes may vary.

+ Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

Quality Weightings

| | |
|--|--------------|
| Investment Grade | 95.5% |
| AA | 95.5% |
| Non-Investment Grade | 0.9% |
| Non-rated | 0.9% |
| Cash and Other Assets (Net of Liabilities), and Cash Equivalents+ | 3.6% |

Our preference is to always use ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings are obtained from Moody's. We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.

SCHEDULE OF INVESTMENTS
Government Securities Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| UNITED STATES GOVERNMENT AGENCY OBLIGATIONS | Principal | Value |
|--|-----------|---------------|
| Agency Obligations – 6.7% | | |
| Federal Farm Credit Bank: | | |
| 3.560%, 10-6-32 | \$5,000 | \$ 5,325 |
| 3.460%, 2-22-33 | 3,500 | 3,673 |
| Federal Home Loan Bank, | | |
| 1.250%, 7-27-18 | 2,430 | 2,434 |
| Overseas Private Investment Corp. (GTD by U.S. Government), | | |
| 5.142%, 12-15-23 | 3,664 | 4,026 |
| Ukraine Government AID Bond, | | |
| 1.844%, 5-16-19 | 2,500 | 2,534 |
| | | <u>17,992</u> |
| Mortgage-Backed Obligations – 43.0% | | |
| Federal Home Loan Mortgage Corp. Agency REMIC/CMO: | | |
| 5.000%, 4-15-18 | 1,258 | 1,293 |
| 2.790%, 6-25-22 | 7,250 | 7,525 |
| 5.000%, 5-15-23 | 1,898 | 2,045 |
| 4.500%, 5-15-32 | 126 | 126 |
| 4.000%, 10-15-35 | 948 | 977 |
| 3.000%, 10-15-36 | 5,641 | 5,844 |
| 4.000%, 11-15-36 | 890 | 938 |
| 4.500%, 9-15-37 | 293 | 295 |
| 4.500%, 8-15-39 | 1,000 | 1,039 |
| Federal Home Loan Mortgage Corp. Fixed Rate Participation Certificates: | | |
| 4.184%, 12-25-20 (A) .. | 4,000 | 4,457 |
| 3.000%, 1-1-33 | 5,479 | 5,729 |
| 4.000%, 10-1-44 | 4,221 | 4,513 |
| 3.000%, 4-15-53 | 4,746 | 4,786 |
| Federal National Mortgage Association Agency REMIC/CMO: | | |
| 2.640%, 6-1-22 | 1,480 | 1,540 |
| 3.020%, 1-1-23 | 1,221 | 1,296 |
| 2.631%, 2-1-23 | 2,289 | 2,371 |
| 2.356%, 3-1-23 | 2,844 | 2,922 |
| 2.390%, 6-1-25 | 2,340 | 2,410 |
| 3.360%, 7-1-25 | 2,668 | 2,864 |
| 4.000%, 3-25-33 | 2,340 | 2,561 |
| 3.500%, 8-25-33 | 591 | 619 |
| 2.000%, 4-25-39 | 3,892 | 3,872 |
| 4.500%, 6-25-40 | 578 | 621 |
| Federal National Mortgage Association Fixed Rate Pass-Through Certificates: | | |
| 2.790%, 11-1-18 | 7,956 | 8,215 |
| 2.580%, 5-1-19 | 6,694 | 6,909 |
| 5.380%, 11-1-20 | 716 | 734 |
| 4.380%, 6-1-21 | 7,097 | 7,884 |
| 5.500%, 10-1-21 | 833 | 887 |
| 2.703%, 4-1-23 | 1,029 | 1,068 |
| 3.500%, 8-1-26 | 2,823 | 2,998 |
| 3.000%, 9-1-28 | 3,748 | 3,921 |
| 4.000%, 12-1-31 | 2,422 | 2,611 |
| 5.500%, 12-1-34 | 752 | 851 |

| UNITED STATES GOVERNMENT AGENCY OBLIGATIONS (Continued) | Principal | Value |
|--|-----------|------------------|
| Mortgage-Backed Obligations (Continued) | | |
| 3.500%, 4-25-37 | \$ 4,664 | \$ 4,934 |
| 6.000%, 4-1-39 | 1,015 | 1,155 |
| 4.500%, 2-1-44 | 4,127 | 4,569 |
| 4.000%, 10-1-44 | 4,482 | 4,798 |
| Government National Mortgage Association Agency REMIC/CMO: | | |
| 5.000%, 4-16-39 | 294 | 306 |
| 2.000%, 3-16-42 | 3,216 | 3,199 |
| | | <u>115,682</u> |
| TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS – 49.7% | | |
| | | \$133,674 |
| (Cost: \$132,053) | | |
| UNITED STATES GOVERNMENT OBLIGATIONS | | |
| Treasury Obligations – 46.7% | | |
| U.S. Treasury Bonds: | | |
| 9.000%, 11-15-18 | 10,000 | 12,119 |
| 5.250%, 2-15-29 | 3,000 | 4,121 |
| 3.500%, 2-15-39 | 1,500 | 1,786 |
| 2.750%, 11-15-42 | 5,000 | 5,156 |
| 3.000%, 11-15-44 | 5,076 | 5,479 |
| 2.500%, 2-15-45 | 1,000 | 975 |
| 2.500%, 2-15-46 | 4,000 | 3,901 |
| U.S. Treasury Notes: | | |
| 3.125%, 1-31-17 | 5,000 | 5,103 |
| 2.750%, 2-28-18 | 5,000 | 5,192 |
| 1.000%, 3-15-18 | 7,000 | 7,035 |
| 3.625%, 8-15-19 | 15,000 | 16,328 |
| 1.375%, 9-30-20 | 5,000 | 5,044 |
| 1.750%, 3-31-22 | 5,000 | 5,091 |
| 1.750%, 5-15-22 | 5,000 | 5,085 |
| 2.125%, 12-31-22 | 7,000 | 7,273 |
| 2.750%, 2-15-24 | 5,000 | 5,416 |
| 2.250%, 11-15-24 | 7,880 | 8,219 |
| 2.000%, 2-15-25 | 5,000 | 5,109 |
| 2.000%, 8-15-25 | 10,000 | 10,196 |
| 1.625%, 2-15-26 | 7,000 | 6,902 |
| | | <u>125,530</u> |
| TOTAL UNITED STATES GOVERNMENT OBLIGATIONS – 46.7% | | |
| | | \$125,530 |
| (Cost: \$122,264) | | |
| SHORT-TERM SECURITIES | | |
| United States Government Agency Obligations – 3.3% | | |
| Overseas Private Investment Corp. (GTD by U.S. Government): | | |
| 0.360%, 4-6-16 (A) ... | 1,017 | 1,016 |
| 0.360%, 4-6-16 (A) ... | 754 | 754 |
| 0.360%, 4-6-16 (A) ... | 723 | 723 |
| 0.360%, 4-6-16 (A) ... | 312 | 312 |

| SHORT-TERM SECURITIES (Continued) | Principal | Value |
|---|-----------|------------------|
| United States Government Agency Obligations (Continued) | | |
| 0.400%, 4-6-16 (A) ... | \$2,000 | \$ 2,000 |
| 0.400%, 4-6-16 (A) ... | 1,696 | 1,696 |
| 0.400%, 4-6-16 (A) ... | 664 | 664 |
| 0.400%, 4-6-16 (A) ... | 349 | 349 |
| 0.360%, 4-7-16 (A) ... | 667 | 667 |
| 0.400%, 4-7-16 (A) ... | 550 | 550 |
| | | <u>8,731</u> |
| TOTAL SHORT-TERM SECURITIES – 3.3% | | \$ 8,731 |
| (Cost: \$8,731) | | |
| TOTAL INVESTMENT SECURITIES – 99.7% | | \$267,935 |
| (Cost: \$263,048) | | |
| CASH AND OTHER ASSETS, NET OF LIABILITIES – 0.3% | | 892 |
| NET ASSETS – 100.0% | | \$268,827 |

SCHEDULE OF INVESTMENTS

Government Securities Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

Notes to Schedule of Investments

(A) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2016. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Fund's investments by the fair value hierarchy levels as of March 31, 2016. See Note 3 to the Financial Statements for further information regarding fair value measurement.

| | Level 1 | Level 2 | Level 3 |
|---|---------|-----------|---------|
| Assets | | | |
| Investments in Securities | | | |
| United States Government Agency Obligations | \$ — | \$133,674 | \$ — |
| United States Government Obligations | — | 125,530 | — |
| Short-Term Securities | — | 8,731 | — |
| Total | \$ — | \$267,935 | \$ — |

During the period ended March 31, 2016, there were no transfers between Level 1 and 2.

The following acronyms are used throughout this schedule:

AID = Agency International Development
 CMO = Collateralized Mortgage Obligation
 GTD = Guaranteed
 REMIC = Real Estate Mortgage Investment Conduit

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

High Income Fund

ALL DATA IS AS OF MARCH 31, 2016 (UNAUDITED)

Asset Allocation

| | |
|--|--------------|
| Stocks | 1.0% |
| Telecommunication Services | 0.9% |
| Industrials | 0.1% |
| Consumer Discretionary | 0.0% |
| Utilities | 0.0% |
| Warrants | 0.0% |
| Bonds | 89.6% |
| Corporate Debt Securities | 73.0% |
| Loans | 16.6% |
| Cash and Other Assets (Net of Liabilities), and Cash Equivalents+ | 9.4% |

Lipper Rankings

| Category: Lipper High Yield Funds | Rank | Percentile |
|-----------------------------------|---------|------------|
| 1 Year | 533/660 | 81 |
| 3 Year | 302/541 | 56 |
| 5 Year | 47/438 | 11 |
| 10 Year | 38/290 | 14 |

Past performance is no guarantee of future results. Rankings are for Class A shares and are based on average annual total returns, but do not consider sales charges. Rankings for other share classes may vary.

+ Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

Quality Weightings

| | |
|---|--------------|
| Investment Grade | 0.8% |
| BBB | 0.8% |
| Non-Investment Grade | 88.8% |
| BB | 14.5% |
| B | 29.2% |
| CCC | 41.0% |
| Below CCC | 0.9% |
| Non-rated | 3.2% |
| Cash and Other Assets (Net of Liabilities), Cash Equivalents+ and Equities | 10.4% |

Our preference is to always use ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings are obtained from Moody's. We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.

SCHEDULE OF INVESTMENTS

High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|---|-----------|----------------|
| Casinos & Gaming (Continued) | | |
| Wynn Macau Ltd., 5.250%, 10-15-21 (C) .. | \$21,609 | \$ 20,367 |
| | | <u>51,724</u> |
| Distributors – 1.0% | | |
| Pinnacle Operating Corp., 9.000%, 11-15-20 (C) | 23,159 | 19,975 |
| Education Services – 2.0% | | |
| Laureate Education, Inc., 10.000%, 9-1-19 (C)(F) | 52,589 | 38,653 |
| Leisure Facilities – 0.4% | | |
| Palace Entertainment Holdings LLC, 8.875%, 4-15-17 (C) .. | 7,148 | 6,933 |
| Movies & Entertainment – 1.4% | | |
| AMC Entertainment, Inc., 5.750%, 6-15-25 | 5,961 | 6,095 |
| Cinemark USA, Inc.: 5.125%, 12-15-22 | 585 | 599 |
| 4.875%, 6-1-23 | 8,000 | 8,068 |
| WMG Acquisition Corp., 6.750%, 4-15-22 (C) .. | 11,401 | 11,287 |
| | | <u>26,049</u> |
| Publishing – 0.1% | | |
| MDC Partners, Inc., 6.500%, 5-1-24 (C) ... | 1,688 | 1,724 |
| Specialized Consumer Services – 2.4% | | |
| B-Corp Merger Sub, Inc., 8.250%, 6-1-19 | 24,981 | 19,485 |
| Carlson Travel Holdings, 7.500%, 8-15-19 (C)(D) | 5,086 | 4,781 |
| Emdeon, Inc., 11.000%, 12-31-19 ... | 3,071 | 3,248 |
| Nielsen Finance, 5.500%, 10-1-21 (C) .. | 6,936 | 7,213 |
| Nielsen Finance LLC and Nielsen Finance Co., 5.000%, 4-15-22 (C) .. | 11,077 | 11,354 |
| | | <u>46,081</u> |
| Specialty Stores – 1.4% | | |
| Jo-Ann Stores Holdings, Inc., 9.750%, 10-15-19 (C)(D) | 30,474 | 24,379 |
| Jo-Ann Stores, Inc., 8.125%, 3-15-19 (C) .. | 3,225 | 2,967 |
| | | <u>27,346</u> |
| Total Consumer Discretionary – 23.3% | | 449,495 |

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|---|-----------|---------------|
| Consumer Staples | | |
| Food Distributors – 0.8% | | |
| Simmons Foods, Inc., 7.875%, 10-1-21 (C) ... | \$18,076 | \$15,229 |
| Packaged Foods & Meats – 1.7% | | |
| Bumble Bee Foods LLC, 9.625%, 3-15-18 (C)(D) | 5,441 | 5,359 |
| JBS Investments GmbH (GTD by JBS S.A. and JBS Hungary Holdings Kft.), 7.750%, 10-28-20 (C) .. | 1,000 | 990 |
| JBS USA LLC and JBS USA Finance, Inc.: 7.250%, 6-1-21 (C) | 970 | 966 |
| 5.875%, 7-15-24 (C) ... | 10,650 | 9,612 |
| 5.750%, 6-15-25 (C) ... | 4,373 | 3,826 |
| Post Holdings, Inc.: 7.375%, 2-15-22 | 2,671 | 2,825 |
| 7.750%, 3-15-24 (C) ... | 4,604 | 5,053 |
| 8.000%, 7-15-25 (C) ... | 2,929 | 3,273 |
| | | <u>31,904</u> |
| Tobacco – 0.5% | | |
| Prestige Brands, Inc., 5.375%, 12-15-21 (C) .. | 9,833 | 9,956 |
| Total Consumer Staples – 3.0% | | 57,089 |
| Energy | | |
| Coal & Consumable Fuels – 0.4% | | |
| Foresight Energy LLC and Foresight Energy Finance Corp., 7.875%, 8-15-21 (C)(G) | 11,712 | 8,082 |
| Oil & Gas Drilling – 0.7% | | |
| Globe Luxembourg SCA, 9.625%, 5-1-18 (C)(F) .. | 3,685 | 2,791 |
| KCA DEUTAG UK Finance plc, 7.250%, 5-15-21 (C) ... | 5,266 | 3,291 |
| Offshore Drilling Holding S.A., 8.375%, 9-20-20 (C)(F) | 12,046 | 5,752 |
| Offshore Group Investment Ltd., 0.000%, 11-1-19 | 5,169 | —* |
| Offshore Group Investment Ltd., Units, 1.726%, 12-31-30 | 9 | 1,039 |
| | | <u>12,873</u> |
| Oil & Gas Equipment & Services – 0.6% | | |
| Brand Energy & Infrastructure Services, 8.500%, 12-1-21 (C) ... | 12,276 | 11,539 |

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|---|-----------|---------------|
| Oil & Gas Equipment & Services (Continued) | | |
| Key Energy Services, Inc., 6.750%, 3-1-21 | \$ 1,294 | \$ 243 |
| | | <u>11,782</u> |
| Oil & Gas Exploration & Production – 2.0% | | |
| Bellatrix Exploration Ltd., 8.500%, 5-15-20 (C) ... | 5,994 | 3,012 |
| California Resources Corp.: 8.000%, 12-15-22 (C) .. | 7,697 | 2,963 |
| 6.000%, 11-15-24 | 4,339 | 976 |
| Chesapeake Energy Corp.: 6.500%, 8-15-17 | 5,823 | 3,901 |
| 7.250%, 12-15-18 | 425 | 232 |
| Clayton Williams Energy, Inc., 7.750%, 4-1-19 | 18,836 | 9,418 |
| Crownrock L.P., 7.750%, 2-15-23 (C) ... | 1,941 | 1,878 |
| EnCana Corp., 6.500%, 8-15-34 | 2,862 | 2,428 |
| Endeavor Energy Resources L.P.: 7.000%, 8-15-21 (C) ... | 5,795 | 5,418 |
| 8.125%, 9-15-23 (C) ... | 2,008 | 1,908 |
| Gulfport Energy Corp., 6.625%, 5-1-23 | 595 | 553 |
| Laredo Petroleum, Inc., 7.375%, 5-1-22 | 5,712 | 4,948 |
| Midstates Petroleum Co., Inc. and Midstates Petroleum Co. LLC, 10.000%, 6-1-20 | 4,407 | 1,642 |
| | | <u>39,277</u> |
| Oil & Gas Refining & Marketing – 1.1% | | |
| PBF Holding Co. LLC and PBF Finance Corp., 7.000%, 11-15-23 (C) .. | 6,524 | 6,190 |
| Seven Generations Energy Ltd.: 8.250%, 5-15-20 (C) ... | 5,668 | 5,682 |
| 6.750%, 5-1-23 (C) | 9,328 | 8,838 |
| | | <u>20,710</u> |
| Total Energy – 4.8% | | 92,724 |
| Financials | | |
| Consumer Finance – 1.0% | | |
| Creditcorp, 12.000%, 7-15-18 (C) .. | 11,476 | 6,082 |
| Quicken Loans, Inc., 5.750%, 5-1-25 (C) | 8,962 | 8,693 |
| Speedy Cash Intermediate Holdings Corp., 10.750%, 5-15-18 (C) .. | 4,802 | 2,881 |
| Speedy Group Holdings Corp., 12.000%, 11-15-17 (C) .. | 4,107 | 1,643 |
| | | <u>19,299</u> |

SCHEDULE OF INVESTMENTS

High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|---|-----------|----------------|
| Diversified Capital Markets – 1.2% | | |
| Patriot Merger Corp., 9.000%, 7-15-21 (C) .. | \$23,112 | \$ 22,188 |
| Industrial REITs – 1.3% | | |
| Aircastle Ltd.: | | |
| 5.125%, 3-15-21 | 16,608 | 17,293 |
| 5.500%, 2-15-22 | 4,228 | 4,410 |
| 5.000%, 4-1-23 | 2,613 | 2,626 |
| | | <u>24,329</u> |
| Investment Banking & Brokerage – 0.3% | | |
| GFI Group, Inc., 8.375%, 7-19-18 (F) ... | 4,841 | 5,132 |
| Other Diversified Financial Services – 3.1% | | |
| AAF Holdings LLC and AAF Finance Co., 12.000%, 7-1-19 (C)(D) | | |
| | 6,882 | 5,987 |
| Balboa Merger Sub, Inc., 11.375%, 12-1-21 (C) .. | 27,243 | 23,838 |
| Greektown Holdings LLC and Greektown Mothership Corp., 8.875%, 3-15-19 (C) .. | | |
| | 7,557 | 7,746 |
| New Cotai LLC and New Cotai Capital Corp., 10.625%, 5-1-19 (C)(D) | | |
| | 30,919 | 21,953 |
| | | <u>59,524</u> |
| Property & Casualty Insurance – 1.9% | | |
| Hub International Ltd., 7.875%, 10-1-21 (C) .. | | |
| | 8,878 | 8,745 |
| Onex USI Acquisition Corp., 7.750%, 1-15-21 (C) .. | | |
| | 28,392 | 28,392 |
| | | <u>37,137</u> |
| Real Estate Development – 0.3% | | |
| Hub Holdings LLC and Hub Holdings Finance, Inc., 8.125%, 7-15-19 (C)(D) | | |
| | 6,610 | 6,114 |
| Specialized Finance – 1.2% | | |
| Flexi-Van Leasing, Inc., 7.875%, 8-15-18 (C) .. | | |
| | 6,703 | 6,636 |
| TMX Finance LLC and TitleMax Finance Corp., 8.500%, 9-15-18 (C) .. | | |
| | 21,166 | 16,933 |
| | | <u>23,569</u> |
| Thriffs & Mortgage Finance – 0.6% | | |
| Provident Funding Associates L.P. and PFG Finance Corp., 6.750%, 6-15-21 (C) .. | | |
| | 12,455 | 11,801 |
| Total Financials – 10.9% | | 209,093 |

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|---|-----------|----------------|
| Health Care | | |
| Health Care Facilities – 2.5% | | |
| Centene Escrow Corp.: | | |
| 5.625%, 2-15-21 (C) .. | \$ 1,689 | \$ 1,761 |
| 6.125%, 2-15-24 (C) .. | 1,206 | 1,269 |
| Greatbatch Ltd., 9.125%, 11-1-23 (C) .. | | |
| | 7,523 | 7,457 |
| HCA, Inc., 5.250%, 6-15-26 | | |
| | 1,697 | 1,739 |
| MPH Acquisition Holdings LLC, 6.625%, 4-1-22 (C) ... | | |
| | 4,688 | 4,876 |
| Surgery Center Holdings, Inc., 8.875%, 4-15-21 (C) .. | | |
| | 12,597 | 12,597 |
| Tenet Healthcare Corp.: | | |
| 6.750%, 2-1-20 | 6,592 | 6,592 |
| 8.125%, 4-1-22 | 11,492 | 11,790 |
| | | <u>48,081</u> |
| Health Care Services – 0.9% | | |
| Truven Health Analytics, Inc., 10.625%, 6-1-20 | | |
| | 16,652 | 17,759 |
| Health Care Supplies – 0.6% | | |
| Ortho-Clinical Diagnostics, 6.625%, 5-15-22 (C) .. | | |
| | 9,484 | 7,161 |
| Universal Hospital Services, Inc., 7.625%, 8-15-20 | | |
| | 4,249 | 3,930 |
| | | <u>11,091</u> |
| Pharmaceuticals – 2.6% | | |
| Concordia Healthcare Corp., 9.500%, 10-21-22 (C) | | |
| | 26,537 | 25,608 |
| Jaguar Holding Co. II and Pharmaceutical Product Development LLC, 6.375%, 8-1-23 (C) ... | | |
| | 5,723 | 5,877 |
| JLL/Delta Dutch Pledgeco B.V., 8.750%, 5-1-20 (C)(D) | | |
| | 12,079 | 11,777 |
| VPIL Escrow Corp., 7.500%, 7-15-21 (C) .. | | |
| | 4,619 | 3,848 |
| VRX Escrow Corp., 5.375%, 3-15-20 (C) .. | | |
| | 4,231 | 3,448 |
| | | <u>50,558</u> |
| Total Health Care – 6.6% | | 127,489 |
| Industrials | | |
| Aerospace & Defense – 2.8% | | |
| KLX, Inc., 5.875%, 12-1-22 (C) .. | | |
| | 1,535 | 1,520 |
| Silver II Borrower SCA and Silver II U.S. Holdings, 7.750%, 12-15-20 (C) | | |
| | 20,792 | 16,426 |

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|---|-----------|----------------|
| Aerospace & Defense (Continued) | | |
| TransDigm Group, Inc., 7.500%, 7-15-21 | | |
| | \$ 7,082 | \$ 7,418 |
| TransDigm, Inc.: | | |
| 6.000%, 7-15-22 | 13,668 | 13,617 |
| 6.500%, 7-15-24 | 15,097 | 14,979 |
| | | <u>53,960</u> |
| Air Freight & Logistics – 0.3% | | |
| TRAC Intermodal LLC and TRAC Intermodal Corp., 11.000%, 8-15-19 | | |
| | 2,554 | 2,733 |
| XPO Logistics, Inc., 6.500%, 6-15-22 (C) .. | | |
| | 2,423 | 2,353 |
| | | <u>5,086</u> |
| Building Products – 0.8% | | |
| Ply Gem Industries, Inc., 6.500%, 2-1-22 | | |
| | 11,827 | 11,713 |
| Summit Materials LLC and Summit Materials Finance Corp.: | | |
| 8.500%, 4-15-22 (C) .. | 967 | 998 |
| 6.125%, 7-15-23 | 2,012 | 1,911 |
| | | <u>14,622</u> |
| Diversified Support Services – 0.2% | | |
| Algeco Scotsman Global Finance plc: 8.500%, 10-15-18 (C) .. | | |
| | 4,789 | 3,688 |
| 10.750%, 10-15-19 (C) .. | 2,266 | 674 |
| | | <u>4,362</u> |
| Environmental & Facilities Services – 0.4% | | |
| GFL Environmental, Inc., 7.875%, 4-1-20 (C) ... | | |
| | 8,484 | 8,420 |
| Railroads – 0.6% | | |
| Florida East Coast Holdings Corp. and Florida East Coast Industries LLC: | | |
| 6.750%, 5-1-19 (C) ... | 9,414 | 9,414 |
| 9.750%, 5-1-20 (C) ... | 3,080 | 2,217 |
| | | <u>11,631</u> |
| Trading Companies & Distributors – 0.9% | | |
| HD Supply, Inc.: | | |
| 11.500%, 7-15-20 | 12,235 | 13,573 |
| 5.750%, 4-15-24 (C) .. | 4,243 | 4,360 |
| | | <u>17,933</u> |
| Total Industrials – 6.0% | | 116,014 |
| Information Technology | | |
| Application Software – 1.7% | | |
| Ensemble S Merger Sub, Inc., 9.000%, 9-30-23 (C) .. | | |
| | 5,073 | 4,972 |

SCHEDULE OF INVESTMENTS

High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|--|-----------|----------------|
| Application Software (Continued) | | |
| Infor Software Parent LLC and Infor Software Parent, Inc., 7.125%, 5-1-21 (C)(D) | \$ 6,794 | \$ 5,078 |
| Kronos Acquisition Holdings, Inc., 9.000%, 8-15-23 (C) | 23,957 | 21,921 |
| | | <u>31,971</u> |
| Communications Equipment – 0.4% | | |
| West Corp., 5.375%, 7-15-22 (C) | 7,611 | 6,982 |
| Data Processing & Outsourced Services – 2.3% | | |
| Alliance Data Systems Corp.: | | |
| 5.250%, 12-1-17 (C) | 3,099 | 3,138 |
| 6.375%, 4-1-20 (C) | 9,158 | 9,318 |
| 5.375%, 8-1-22 (C) | 11,332 | 10,624 |
| Italics Merger Sub, Inc., 7.125%, 7-15-23 (C) | 21,866 | 21,100 |
| | | <u>44,180</u> |
| Electronic Manufacturing Services – 0.3% | | |
| KEMET Corp., 10.500%, 5-1-18 | 7,367 | 5,396 |
| IT Consulting & Other Services – 0.8% | | |
| NCR Escrow Corp.: | | |
| 5.875%, 12-15-21 | 7,005 | 7,163 |
| 6.375%, 12-15-23 | 8,619 | 8,877 |
| | | <u>16,040</u> |
| Semiconductor Equipment – 0.1% | | |
| Photronics, Inc., Convertible, 3.250%, 4-1-16 | 975 | 975 |
| Semiconductors – 0.7% | | |
| Micron Technology, Inc.: | | |
| 5.875%, 2-15-22 | 8,948 | 7,740 |
| 5.500%, 2-1-25 | 8,322 | 6,746 |
| | | <u>14,486</u> |
| Technology Hardware, Storage & Peripherals – 0.1% | | |
| Western Digital Corp.: | | |
| 7.375%, 4-1-23 (C) | 1,215 | 1,239 |
| 10.500%, 4-1-24 (C) | 1,215 | 1,216 |
| | | <u>2,455</u> |
| Total Information Technology – 6.4% | | |
| | | 122,485 |
| Materials | | |
| Aluminum – 1.2% | | |
| Constellium N.V.: | | |
| 8.000%, 1-15-23 (C) | 9,644 | 7,992 |
| 5.750%, 5-15-24 (C) | 4,758 | 3,414 |

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|--|-----------|---------------|
| Aluminum (Continued) | | |
| Wise Metals Group LLC, 8.750%, 12-15-18 (C) | \$ 6,922 | \$ 6,091 |
| Wise Metals Intermediate Holdings, 9.750%, 6-15-19 (C)(D) | 14,478 | 6,588 |
| | | <u>24,085</u> |
| Construction Materials – 0.8% | | |
| Hillman Group, Inc. (The), | | |
| 6.375%, 7-15-22 (C) | 17,890 | 14,938 |
| Diversified Chemicals – 0.1% | | |
| PSPC Escrow II Corp., | | |
| 10.375%, 5-1-21 (C) | 1,566 | 1,515 |
| Diversified Metals & Mining – 1.7% | | |
| Artsonig Pty Ltd., | | |
| 11.500%, 4-1-19 (C)(D) | 12,301 | 1,230 |
| Crystal Merger Sub, Inc., 7.625%, 10-15-21 (C) | 1,720 | 1,006 |
| FMG Resources Pty Ltd.: | | |
| 8.250%, 11-1-19 (C) | 12,055 | 11,513 |
| 9.750%, 3-1-22 (C) | 992 | 990 |
| 6.875%, 4-1-22 (C) | 13,791 | 11,033 |
| Lundin Mining Corp.: | | |
| 7.500%, 11-1-20 (C) | 3,710 | 3,566 |
| 7.875%, 11-1-22 (C) | 3,039 | 2,887 |
| | | <u>32,225</u> |
| Metal & Glass Containers – 1.6% | | |
| Ardagh Finance Holdings, | | |
| 8.625%, 6-15-19 (C)(D) | 6,285 | 6,065 |
| Ardagh Packaging Finance plc and Ardagh Holdings USA, Inc., | | |
| 6.000%, 6-30-21 (C) | 1,269 | 1,205 |
| BlueScope Steel (Finance) Ltd. and BlueScope Steel Finance (USA) LLC, | | |
| 7.125%, 5-1-18 (C) | 10,778 | 10,832 |
| Consolidated Container Co. LLC and Consolidated Container Capital, Inc., | | |
| 10.125%, 7-15-20 (C) | 6,265 | 5,137 |
| Signode Industrial Group, | | |
| 6.375%, 5-1-22 (C) | 8,462 | 7,690 |
| | | <u>30,929</u> |
| Paper Packaging – 0.3% | | |
| Beverage Packaging Holdings II Issuer, Inc. and Beverage Packaging Holdings (Luxembourg) II S.A., | | |
| 6.000%, 6-15-17 (C) | 2,598 | 2,577 |
| Exopack Holdings S.A., 7.875%, 11-1-19 (C) | 2,080 | 1,862 |

CORPORATE DEBT

| SECURITIES (Continued) | Principal | Value |
|--|-----------|----------------|
| Paper Packaging (Continued) | | |
| Reynolds Group Holdings Ltd., | | |
| 9.875%, 8-15-19 | \$ 1,250 | \$ 1,293 |
| | | <u>5,732</u> |
| Total Materials – 5.7% | | |
| | | 109,424 |
| Telecommunication Services | | |
| Alternative Carriers – 0.8% | | |
| Consolidated | | |
| Communications Finance II Co., | | |
| 6.500%, 10-1-22 | 5,332 | 4,652 |
| Level 3 Communications, Inc., | | |
| 5.750%, 12-1-22 | 3,066 | 3,166 |
| Level 3 Escrow II, Inc., | | |
| 5.375%, 8-15-22 | 8,411 | 8,541 |
| | | <u>16,359</u> |
| Integrated Telecommunication Services – 3.5% | | |
| BCP (Singapore) VI Cayman Financing Co. Ltd., | | |
| 8.000%, 4-15-21 (C) | 1,151 | 763 |
| Frontier Communications Corp.: | | |
| 8.875%, 9-15-20 (C) | 7,230 | 7,546 |
| 6.250%, 9-15-21 | 4,201 | 3,883 |
| 10.500%, 9-15-22 (C) | 4,256 | 4,362 |
| 7.125%, 1-15-23 | 1,013 | 896 |
| 6.875%, 1-15-25 | 2,912 | 2,459 |
| 11.000%, 9-15-25 (C) | 4,789 | 4,813 |
| GCI, Inc., | | |
| 6.875%, 4-15-25 | 9,203 | 9,387 |
| Sprint Corp.: | | |
| 7.250%, 9-15-21 | 21,716 | 16,586 |
| 7.875%, 9-15-23 | 15,048 | 11,474 |
| 7.125%, 6-15-24 | 5,951 | 4,419 |
| | | <u>66,588</u> |
| Wireless Telecommunication Service – 2.0% | | |
| Sable International Finance Ltd., | | |
| 6.875%, 8-1-22 (C) | 10,351 | 10,351 |
| Sprint Nextel Corp.: | | |
| 6.000%, 12-1-16 | 2,402 | 2,387 |
| 9.125%, 3-1-17 | 1,208 | 1,229 |
| 8.375%, 8-15-17 | 4,107 | 4,061 |
| 9.000%, 11-15-18 (C) | 1,474 | 1,544 |
| 7.000%, 8-15-20 | 1,208 | 960 |
| T-Mobile USA, Inc.: | | |
| 6.464%, 4-28-19 | 3,650 | 3,723 |
| 6.731%, 4-28-22 | 685 | 716 |

SCHEDULE OF INVESTMENTS

High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

CORPORATE DEBT SECURITIES

| (Continued) | Principal | Value |
|---|-----------|----------------|
| Wireless Telecommunication Service (Continued) | | |
| 6.000%, 4-15-24 | \$ 4,856 | \$ 4,917 |
| 6.500%, 1-15-26 | 8,557 | 8,889 |
| | | <u>38,777</u> |
| Total Telecommunication Services – 6.3% | | 121,724 |

TOTAL CORPORATE DEBT SECURITIES – 73.0%

(Cost: \$1,576,976)

LOANS (F)

| | | |
|---|-----------|---------------|
| Consumer Discretionary | | |
| Advertising – 0.2% Advantage Sales & Marketing, Inc., 7.500%, 7-25-22 | 5,258 | 4,726 |
| Apparel Retail – 1.5% Talbots, Inc. (The): 5.500%, 3-19-20 | 6,249 | 5,822 |
| 9.500%, 3-19-21 | 17,311 | 16,114 |
| True Religion Apparel, Inc., 5.875%, 7-30-19 | 15,066 | 6,628 |
| | | <u>28,564</u> |
| Auto Parts & Equipment – 0.3% Direct ChassisLink, Inc., 8.250%, 11-12-19 | 5,184 | 4,908 |
| Casinos & Gaming – 0.1% Gateway Casinos & Entertainment Ltd.: 5.250%, 11-26-19 (E) ... CAD | 3,181 | 2,444 |
| 5.950%, 11-26-19 (E) ... | 8 | 6 |
| | | <u>2,450</u> |
| General Merchandise Stores – 1.0% BJ's Wholesale Club, Inc., 8.500%, 3-31-20 | \$ 12,387 | 11,377 |
| Orchard Acquisition Co. LLC, 7.000%, 2-8-19 .. | 17,870 | 7,326 |
| | | <u>18,703</u> |

LOANS (F) (Continued) Principal Value

| | | |
|--|----------|---------------|
| Housewares & Specialties – 0.2% KIK Custom Products, Inc., 6.000%, 8-26-22 | \$ 4,175 | \$ 4,017 |
| Movies & Entertainment – 0.3% Formula One Holdings Ltd. and Delta Two S.a.r.l., 7.750%, 7-29-22 | 6,121 | 5,604 |
| Specialized Consumer Services – 0.1% Wand Intermediate I L.P., 8.250%, 9-17-22 | 1,556 | 1,400 |
| Total Consumer Discretionary – 3.7% | | 70,372 |
| Consumer Staples | | |
| Food Distributors – 0.1% Performance Food Group, Inc.: 6.000%, 11-14-19 | 488 | 488 |
| 7.500%, 11-14-19 | 2,080 | 2,080 |
| | | <u>2,568</u> |
| Food Retail – 0.7% Focus Brands, Inc., 10.250%, 8-21-18 | 13,764 | 13,678 |
| Hypermarkets & Super Centers – 0.3% GOBP Holdings, Inc., 9.250%, 10-21-22 | 5,087 | 4,705 |
| Packaged Foods & Meats – 0.2% Shearer's Foods LLC, 7.750%, 6-30-22 | 3,838 | 3,531 |
| Total Consumer Staples – 1.3% | | 24,482 |
| Energy | | |
| Coal & Consumable Fuels – 0.2% Westmoreland Coal Co., 7.500%, 12-16-20 | 5,184 | 3,067 |
| Oil & Gas Drilling – 0.2% KCA Deutag Alpha Ltd., 6.250%, 5-16-20 | 6,788 | 4,571 |
| Oil & Gas Exploration & Production – 0.0% Sabine Oil & Gas LLC, 11.750%, 12-31-18 (G) .. | 2,005 | 50 |
| Oil & Gas Storage & Transportation – 0.3% Bowie Resources Holdings LLC: 6.750%, 8-12-20 | 3,267 | 2,908 |
| 11.750%, 2-16-21 | 3,043 | 2,525 |
| | | <u>5,433</u> |
| Total Energy – 0.7% | | 13,121 |

LOANS (F) (Continued) Principal Value

| | | |
|--|----------|---------------|
| Financials | | |
| Consumer Finance – 0.2% TransFirst, Inc., 10.500%, 11-12-22 | \$ 3,598 | \$ 3,596 |
| Other Diversified Financial Services – 0.4% WP Mustang Holdings LLC, 8.500%, 5-29-22 | 8,762 | 8,616 |
| Total Financials – 0.6% | | 12,212 |
| Health Care | | |
| Health Care Supplies – 0.5% Sage Products Holdings III LLC, 9.250%, 6-13-20 | 10,487 | 10,480 |
| Life Sciences Tools & Services – 0.4% Atrium Innovations, Inc., 7.750%, 8-10-21 | 8,740 | 7,036 |
| Total Health Care – 0.9% | | 17,516 |
| Industrials | | |
| Building Products – 0.7% C.H.I. Overhead Doors, Inc., 8.750%, 7-31-23 | 5,192 | 4,829 |
| GYP Holdings III Corp., 7.750%, 4-1-22 | 10,135 | 8,893 |
| | | <u>13,722</u> |
| Construction & Engineering – 0.2% Tensor International Corp.: 5.750%, 7-10-21 | 2,233 | 1,809 |
| 9.500%, 7-10-22 | 3,077 | 1,908 |
| | | <u>3,717</u> |
| Industrial Conglomerates – 0.1% Crosby Worldwide Ltd., 7.000%, 11-22-21 | 3,950 | 2,317 |
| Industrial Machinery – 0.7% Dynacast International LLC, 9.500%, 1-30-23 | 14,491 | 13,332 |
| Research & Consulting Services – 0.2% Larchmont Resources LLC, 9.750%, 8-7-19 | 9,877 | 4,346 |
| Total Industrials – 1.9% | | 37,434 |

SCHEDULE OF INVESTMENTS

High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

(I)Rate shown is the yield to maturity at March 31, 2016.

(J)Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2016. Date shown represents the date that the variable rate resets.

The following forward foreign currency contracts were outstanding at March 31, 2016:

| | Currency to be Delivered | Currency to be Received | Settlement Date | Counterparty | Unrealized Appreciation | Unrealized Depreciation |
|-----------------|--------------------------|-------------------------|-----------------|------------------------------|-------------------------|-------------------------|
| Canadian Dollar | 12,153 | U.S. Dollar | 4-26-16 | Morgan Stanley International | \$— | \$ 7 |
| Euro | 1,650 | U.S. Dollar | 4-26-16 | Morgan Stanley International | — | 12 |
| | | | | | <u>\$—</u> | <u>\$19</u> |

The following total return swap agreements were outstanding at March 31, 2016:

| Counterparty | Underlying Security | Termination Date | Notional Amount ⁽¹⁾ | Financing Fee ⁽²⁾⁽³⁾ | Unrealized Appreciation |
|----------------------------|----------------------------------|------------------|--------------------------------|---------------------------------|-------------------------|
| Morgan Stanley & Co., Inc. | iBoxx \$ Liquid High Yield Index | 06/20/2016 | \$6,368 | 3M LIBOR less 0.41528% | \$41 |

(1)Notional amount changes by the percentage change of the price of the index applied to the notional amount.

(2)The Fund pays the financing fee multiplied by the notional amount each quarter.

(3)At the termination date, a net cash flow is exchanged where the market-linked total return is equivalent to the return of the underlying security less a financing rate, if any. As the payer, a Fund would receive payments on any net positive total return, and would owe payments in the event of a negative total return.

The following table is a summary of the valuation of the Fund's investments by the fair value hierarchy levels as of March 31, 2016. See Note 3 to the Financial Statements for further information regarding fair value measurement.

| | Level 1 | Level 2 | Level 3 |
|------------------------------------|----------|-------------|----------|
| Assets | | | |
| Investments in Securities | | | |
| Common Stocks | | | |
| Consumer Discretionary | \$ — | \$ — | \$ 166 |
| Industrials | 2,324 | — | — |
| Utilities | 556 | — | — |
| Total Common Stocks | \$ 2,880 | \$ — | \$ 166 |
| Preferred Stocks | 16,806 | — | — |
| Warrants | — | 10 | — |
| Corporate Debt Securities | — | 1,405,537 | —* |
| Loans | — | 246,347 | 73,957 |
| Short-Term Securities | — | 145,882 | — |
| Total | \$19,686 | \$1,797,776 | \$74,123 |
| Total Return Swaps | \$ — | \$ 41 | \$ — |
| Liabilities | | | |
| Forward Foreign Currency Contracts | \$ — | \$ 19 | \$ — |

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

| | Common Stocks | Loans |
|---|---------------|------------|
| Beginning Balance 10-1-15 | \$168 | \$ 67,396 |
| Net realized gain (loss) | — | (6,435) |
| Net change in unrealized appreciation (depreciation) | (2) | (8,782) |
| Purchases | — | 977 |
| Sales | — | (14,941) |
| Amortization/Accretion of premium/discount | — | 112 |
| Transfers into Level 3 during the period | — | 59,340 |
| Transfers out of Level 3 during the period | — | (23,710) |
| Ending Balance 3-31-16 | \$166 | \$ 73,957 |
| Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 3-31-16 | \$ (2) | \$(13,196) |

Transfers from Level 2 to Level 3 occurred primarily due to the lack of observable market data due to decreased market activity or information for these securities. Transfers from Level 3 to Level 2 occurred primarily due to the increased availability of observable market data due to increased market activity or information. As shown above, transfers in and out of Level 3 represent the values as of the beginning of the reporting period. During the period ended March 31, 2016, there were no transfers between Levels 1 and 2.

SCHEDULE OF INVESTMENTS

High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

Information about Level 3 fair value measurements:

| | Fair Value at 3-31-16 | Valuation Technique(s) | Unobservable Input(s) |
|---------------------|--------------------------|-------------------------------|-----------------------|
| Assets | | | |
| Common Stocks | \$ 166 | Broker | Broker quotes |
| Loans | \$73,957 | Third-party valuation service | Broker quotes |

The following acronyms are used throughout this schedule:

GTD = Guaranteed

REIT = Real Estate Investment Trust

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Municipal Bond Fund

ALL DATA IS AS OF MARCH 31, 2016 (UNAUDITED)

Asset Allocation

| | |
|--|--------------|
| Bonds | 85.8% |
| Municipal Bonds | 85.8% |
| Cash and Other Assets (Net of Liabilities), and Cash Equivalents+ | 14.2% |

Lipper Rankings

| Category: Lipper General & Insured Municipal Debt Funds | | |
|---|---------|------------|
| | Rank | Percentile |
| 1 Year | 184/263 | 70 |
| 3 Year | 166/228 | 73 |
| 5 Year | 149/210 | 71 |
| 10 Year | 38/153 | 25 |

Past performance is no guarantee of future results. Rankings are for Class A shares and are based on average annual total returns, but do not consider sales charges. Rankings for other share classes may vary.

+ Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

Quality Weightings

| | |
|--|--------------|
| Investment Grade | 79.9% |
| AAA | 4.7% |
| AA | 38.4% |
| A | 23.8% |
| BBB | 13.0% |
| Non-Investment Grade | 5.9% |
| BB | 1.4% |
| CCC | 0.2% |
| Non-rated | 4.3% |
| Cash and Other Assets (Net of Liabilities), and Cash Equivalents+ | 14.2% |

Our preference is to always use ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings are obtained from Moody's. We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.

SCHEDULE OF INVESTMENTS

Municipal Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL BONDS | Principal | Value | MUNICIPAL BONDS (Continued) | Principal | Value | MUNICIPAL BONDS (Continued) | Principal | Value |
|--|-----------|---------------|--|-----------|---------|--|-----------|---------|
| Alabama – 1.4% | | | California (Continued) | | | California (Continued) | | |
| The Incl Dev Board of Selma, AL, Gulf Opp Zone Bonds, Ser 2009A, 6.250%, 11-1-33 | \$2,000 | \$ 2,298 | California (Continued) | | | City of Los Angeles, Wastewater Sys Rev Bonds, Rfdg Ser 2015-D, 5.000%, 6-1-34 | \$5,000 | \$6,091 |
| The Pub Edu Bldg Auth of Tuscaloosa, Student Hsng Rev Bonds (Univ of AL Ridgecrest Residential Proj), Ser 2008, 6.750%, 7-1-33 | 2,500 | 2,777 | Bay Area Toll Auth, San Francisco Bay Area Toll Bridge Rev Bonds, Ser 2008 G-1, 1.500%, 4-1-45 (A) | \$8,500 | \$8,432 | Cmnty Redev Agy of Santa Ana, Merged Proj Area Bonds, Ser 2011A, 6.250%, 9-1-24 | 2,000 | 2,422 |
| Water Works Board of the City of Birmingham, Water Rev Rfdg Bonds, Ser 2015-A, 5.000%, 1-1-35 | 6,555 | 7,673 | CA (School Facilities) GO Bonds, 5.000%, 11-1-30 | 3,000 | 3,647 | Cnty of Sacramento, 2010 Rfdg Cert of Part, Sacramento Cnty Pub Fac Fin Corp., 5.750%, 2-1-30 | 2,000 | 2,271 |
| | | <u>12,748</u> | CA Cmnty Trans Rev (Installment Sale), Cert of Part (T.R.I.P. - Total Road Impvmt Prog), Ser 2012B, 5.250%, 6-1-42 | 1,900 | 2,133 | Golden State Tob Securitization Corp., Enhanced Tob Stlmt Asset- Bkd Bonds, Ser 2013A, 5.000%, 6-1-29 | 1,500 | 1,773 |
| Alaska – 0.2% | | | CA Dept of Water Res, Cent Vly Proj, Water Sys Rev Bonds, Ser X (Insured by FGIC), 5.500%, 12-1-16 | 10 | 10 | Golden State Tob Securitization Corp., Tob Stlmt Asset-Bkd Bonds, Ser 2015A: 5.000%, 6-1-33 | 3,165 | 3,772 |
| AK Intl Arpt, Sys Rev and Rfdg Bonds, Ser 2010A, 5.000%, 10-1-21 | 1,735 | 1,986 | CA Hlth Fac Fin Auth, Rev Bonds (Adventist Hlth Sys/ West), Ser 2009A, 5.750%, 9-1-39 | 3,000 | 3,411 | 5.000%, 6-1-34 | 2,840 | 3,365 |
| Arizona – 1.1% | | | CA Hlth Fac Fin Auth, Rev Bonds (Children’s Hosp of Orange Cnty), Ser 2009A, 6.500%, 11-1-38 | 2,000 | 2,356 | Los Angeles, Wastewater Sys Rev Bonds, Ser 2015-A, 5.000%, 6-1-35 | 1,000 | 1,212 |
| AZ Cert of Part, Ser 2010A (Insured by AGM), 5.250%, 10-1-26 | 2,000 | 2,238 | CA Muni Fin Auth, Cmnty Hosp of Cent CA Oblig Group Cert of Part, 5.500%, 2-1-39 | 4,000 | 4,433 | Modesto, CA, Irrigation Dist Fin Auth, Elec Sys Rev Bonds, Ser 2015A, 5.000%, 10-1-36 | 3,600 | 4,227 |
| Coconino Cnty, AZ Pollutn Ctl Corp., Pollutn Ctl Rfdg Rev Bonds (NV Power Co. Proj), Ser 2006A, (Auction Rate Sec) (Insured by FGIC), 1.080%, 9-1-32 (A) | 3,000 | 2,884 | CA Muni Fin Auth, Edu Fac Rev Bonds (King/Chavez Academies Proj), Ser 2009A, 8.500%, 10-1-29 | 1,000 | 1,132 | Palomar Pomerado Hlth, GO Bonds, Election of 2004, Ser 2009A: 0.000%, 8-1-31 (B) | 3,315 | 1,934 |
| Incl Dev Auth of Mohave Cnty, Correctional Fac Contract Rev Bonds (Mohave Prison LLC Expansion Proj), Ser 2008, 8.000%, 5-1-25 | 2,500 | 2,811 | CA Pollutn Ctl Fin Auth, Solid Waste Disp Rev Bonds (Republic Svc, Inc. Proj), Ser 2002B, 5.250%, 6-1-23 | 2,085 | 2,223 | 0.000%, 8-1-32 (B) | 5,000 | 2,799 |
| Rio Nuevo Multipurp Fac Dist (Tucson, AZ), Sub Lien Excise Tax Rev Bonds, Ser 2008, 6.625%, 7-15-25 | 2,000 | 2,263 | CA Sch Fin Auth, Charter Sch Rev Bonds (Coastal Academy Proj), Ser 2013A, 5.000%, 10-1-33 | 1,000 | 1,058 | 0.000%, 8-1-33 (B) | 5,000 | 2,656 |
| | | <u>10,196</u> | CA Statewide Cmnty Dev Auth, Sch Fac Rev Bonds (Aspire Pub Sch), Ser 2010: 6.000%, 7-1-40 | 1,745 | 1,981 | Palomar Pomerado Hlth, San Diego Cnty, CA, Cert of Part, 6.750%, 11-1-39 | 2,750 | 3,080 |
| California – 15.2% | | | 6.350%, 7-1-46 | 970 | 1,111 | Pub Fac Fin Auth of San Diego, Sr Sewer Rev Bonds, Ser 2009A, 5.250%, 5-15-34 | 3,000 | 3,414 |
| ABAG Fin Auth for Nonprofit Corp., Rev Bonds (Sharp Hlth Care), Ser 2009B, 6.250%, 8-1-39 | 1,000 | 1,160 | CA Various Purp GO Bonds: 5.250%, 9-1-26 | 3,500 | 4,227 | Redev Agy for Riverside, Interstate 215 Corridor Redev Proj Area, 2010 Tax Alloc Bonds, Ser E, 6.500%, 10-1-40 | 1,500 | 1,755 |
| Arpt Comsn, San Francisco Intl Arpt Second Ser Rev Bonds, Ser 2009E, 6.000%, 5-1-39 | 3,000 | 3,448 | 5.500%, 4-1-28 | 5 | 5 | Redev Agy of San Diego, Naval Training Ctr Redev Proj, Tax Alloc Bonds, Ser 2010A, 5.750%, 9-1-40 | 1,000 | 1,134 |
| Bay Area Toll Auth, San Francisco Bay Area Toll Bridge Rev Bonds, Ser 2008 D-1 Index Rate Bonds, 0.971%, 4-1-45 (A) | 4,000 | 4,005 | 5.250%, 10-1-29 | 2,500 | 2,864 | Sacramento Area Flood Ctl Agy, Consolidated Cap Assmt Dist Bonds, Ser 2008 (Insured by BHAC), 5.500%, 10-1-28 | 500 | 551 |
| | | | 5.750%, 4-1-31 | 5,000 | 5,718 | San Jose Merged Area Redev Proj, Hsng Set-Aside Tax Alloc Bonds, Ser 2010A-1, 5.500%, 8-1-35 | 1,000 | 1,129 |
| | | | 6.000%, 3-1-33 | 1,000 | 1,189 | | | |
| | | | 5.000%, 4-1-37 | 5,000 | 5,865 | | | |
| | | | 6.000%, 11-1-39 | 4,500 | 5,288 | | | |
| | | | CA Various Purp GO Rfdg Bonds, 5.000%, 2-1-33 | 8,000 | 9,453 | | | |
| | | | Carson Redev Agy Redev Proj Area No. 1, Tax Alloc Bonds, Ser 2009A, 7.000%, 10-1-36 | 750 | 872 | | | |

SCHEDULE OF INVESTMENTS

Municipal Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL BONDS (Continued) | Principal | Value | MUNICIPAL BONDS (Continued) | Principal | Value | MUNICIPAL BONDS (Continued) | Principal | Value |
|---|-----------|----------------|--|-----------|---------------|---|-----------|---------------|
| California (Continued) | | | Colorado (Continued) | | | Florida (Continued) | | |
| San Jose, CA, Arpt Rev Bonds, Ser 2011A-1, 5.250%, 3-1-21 | \$3,185 | \$ 3,742 | Denver Hlth and Hosp Auth, Hlthcare Recovery Zone, Fac Rev Bonds, Ser 2010, 5.625%, 12-1-40 | \$3,250 | \$ 3,597 | Miami-Dade Cnty, FL, Aviation Rev Bonds, Miami Intl Arpt (Hub of the Americas), Ser 2009A, 5.500%, 10-1-36 | \$2,500 | \$ 2,847 |
| Southn CA Pub Power Auth, Transmission Proj Rev Bonds (Southn Transmission Proj), Ser 2008B, 6.000%, 7-1-27 | 1,000 | 1,119 | Joint Sch Dist No. 28J, Adams and Arapahoe Cnty, CO, GO Bonds, Ser 2008, 6.000%, 12-1-28 | 2,500 | 2,840 | Miami-Dade Cnty, FL, Aviation Rev Bonds, Ser 2010A, 5.500%, 10-1-41 | 2,885 | 3,296 |
| State Pub Works Board of CA, Lease Rev Bonds (Various Cap Proj), Ser 2009I, 6.375%, 11-1-34 | 500 | 597 | Rgnl Trans Dist of CO, Cert of Part, Ser 2015A, 5.000%, 6-1-35 | 1,000 | 1,173 | Miami-Dade Cnty, FL, Aviation Rev Bonds, Ser 2010B, 5.000%, 10-1-23 | 1,500 | 1,742 |
| State Pub Works Board of CA, Lease Rev Bonds (Various Cap Proj), Ser 2009G-1, 5.750%, 10-1-30 | 1,000 | 1,163 | Rgnl Trans Dist, Private Activity Bonds (Denver Transit Partn Eagle P3 Proj), Ser 2010, 6.500%, 1-15-30 | 4,250 | 5,034 | Miami-Dade Cnty, FL, GO Bonds (Bldg Better Cmnty Prog), Ser 2008B, 6.250%, 7-1-26 | 2,500 | 2,800 |
| The Regents of the Univ of CA, Gen Rev Bonds, Ser 2013AI, 5.000%, 5-15-34 | 3,500 | 4,140 | | | <u>22,024</u> | Miami-Dade Cnty, FL, Water and Sewer Sys Rev Rfdg Bonds, Ser 2008B (Insured by AGM), 5.250%, 10-1-22 | 5,000 | 6,164 |
| The Regents of the Univ of CA, Hosp Rev Bonds (UCLA Med Ctr), Ser 2004B (Insured by AMBAC), 5.500%, 5-15-20 | 1,500 | 1,504 | Connecticut – 0.3% | | | Miami-Dade Cnty, FL, Water and Sewer Sys Rev Rfdg Bonds, Ser 2008C (Insured by BHAC), 6.000%, 10-1-23 | 2,500 | 2,822 |
| Tuolumne Wind Proj Auth, Rev Bonds (Tuolumne Co Proj), Ser 2009A, 5.875%, 1-1-29 | 1,000 | 1,135 | DC Hosp Rev Bonds (Sibley Mem Hosp Issue), Ser 2009, 6.375%, 10-1-39 | 2,250 | 2,672 | Mid-Bay Bridge Auth, Springing Lien Rev Bonds, Ser 2011A, 7.250%, 10-1-34 | 3,000 | 3,936 |
| Vernon Elec Sys Rev Bonds, Ser 2012A, 5.500%, 8-1-41 | 2,185 | 2,501 | Metro WA DC Arpt Auth, Dulles Toll Road, Second Sr Lien Rev Bonds, Ser 2009C, 0.000%, 10-1-41 (B) | 6,500 | 8,317 | Port St. Lucie, FL, Spl Assmt Rfdg Bonds (City Ctr Spl Assmt Dist), Ser 2008A, 6.500%, 7-1-35 | 2,500 | 2,787 |
| | | <u>135,507</u> | | | <u>10,989</u> | South Lake Cnty Hosp Dist, Rev Bonds (South Lake Hosp, Inc.), Ser 2009A, 6.250%, 4-1-39 | 1,000 | 1,128 |
| Colorado – 2.5% | | | Florida – 5.3% | | | St. Johns Cnty Indl Dev Auth, Rev Bonds (Presbyterian Ret Cmnty Proj), Ser 2010A, 5.875%, 8-1-40 | 3,500 | 3,904 |
| City and Cnty of Broomfield, CO, Rfdg Cert of Part, Ser 2010, 5.000%, 12-1-23 | 2,065 | 2,374 | Brevard Cnty, FL, Indl Dev Rev Bonds (TUFF FL Tech Proj), Ser 2009, 6.750%, 11-1-39 | 2,500 | 2,730 | Volusia Cnty Edu Fac Auth, Edu Fac Rev Rfdg Bonds (Embry-Riddle Aeronautical Univ, Inc. Proj), Ser 2011, 5.250%, 10-15-22 | 2,250 | 2,639 |
| CO Edu and Cultural Fac Auth, Charter Sch Rev Bonds (The Classical Academy Proj), Ser 2008A: 6.750%, 12-1-23 | 1,275 | 1,438 | Citizens Ppty Ins Corp., Coastal Account Sr Secured Bonds, Ser 2011A-1, 5.000%, 6-1-20 | 1,000 | 1,150 | | | <u>47,689</u> |
| CO Edu and Cultural Fac Auth, Independent Sch Rev Rfdg Bonds (Vail Mountain Sch Proj), Ser 2010, 6.125%, 5-1-40 | 2,975 | 3,280 | Citizens Ppty Ins Corp., Sr Secured Rev Bonds, Ser 2010A-1, 5.250%, 6-1-17 | 3,600 | 3,786 | Georgia – 2.0% | | |
| CO Higher Edu Cap Constr, Lease Purchase Fin Prog, Cert of Part, Ser 2008: 5.500%, 11-1-27 | 730 | 816 | Hillsborough Cnty Aviation Auth, FL Intl Arpt, Sub Rev Bonds, Ser 2015B, 5.000%, 10-1-35 | 1,700 | 1,951 | Atlanta Arpt, Gen Rev Rfdg Bonds, Ser 2010C, 5.750%, 1-1-23 | 2,000 | 2,411 |
| 5.500%, 11-1-27 | 270 | 302 | Hillsborough Cnty Indl Dev Auth, Indl Dev Rev Bonds, Hlth Fac Proj (Univ Cmnty Hosp), Ser 2008A, 5.625%, 8-15-29 | 3,600 | 4,007 | Atlanta Dev Auth, Edu Fac Rev Bonds (Panther Place LLC Proj), Ser 2009A, 5.000%, 7-1-37 | 3,495 | 3,851 |
| | | | | | | Atlanta, GA, Water and Wastewater Rev Bonds, Ser 2009B, 5.375%, 11-1-39 | 3,000 | 3,378 |

SCHEDULE OF INVESTMENTS

Municipal Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | |
|--|-----------|---------------|---|-----------|---------------|--|-----------|---------------|
| | Principal | Value | | Principal | Value | | Principal | Value |
| Georgia (Continued) | | | Illinois (Continued) | | | Kansas (Continued) | | |
| DeKalb Cnty, GA, Hosp Auth, Rev Anticipation Cert (DeKalb Med Ctr, Inc. Proj), Ser 2010, 6.125%, 9-1-40 | \$1,500 | \$ 1,647 | IL Fin Auth, Student Hsng Rev Bonds (CHF-DeKalb LLC - Northn IL Univ Proj), Ser 2011, 5.750%, 10-1-21 | \$2,000 | \$ 2,223 | Unif Govt of Wyandotte Cnty, Kansas City, KS, Trans Dev Dist Sales Tax Rev Bonds (NFM- Cabela's Proj), Ser 2006, 5.000%, 12-1-27 | \$ 655 | \$ 656 |
| Dev Auth of Burke Cnty (GA), Pollutn Ctl Rev Bonds (Oglethorpe Power Corp. Vogtle Proj), Ser 2003A, 0.767%, 1-1-24 (A) | 4,200 | 4,074 | IL GO Bonds, Ser 2012A, 4.000%, 1-1-23 | 7,150 | 7,517 | | | <u>5,939</u> |
| Griffin, GA Combined Pub Util Rev Rfdg Bonds, Ser 2012 (Insured by AGM), 3.000%, 1-1-17 | 500 | 508 | IL Muni Elec Agy, Power Supply Sys Rev Rfdg Bonds, Ser 2015A, 5.000%, 2-1-32 | 3,000 | 3,536 | Kentucky – 0.8% KY Econ Dev Fin Auth, Hosp Rev Bonds, Ser 2010A: 6.375%, 6-1-40 | 4,500 | 5,175 |
| Muni Elec Auth of GA, Proj One Sub Bonds, Ser 2008D, 6.000%, 1-1-23 | 2,100 | 2,346 | IL Sales Tax Rev Bonds (Jr Oblig), Ser 2013, 5.000%, 6-15-26 | 1,700 | 2,020 | 6.500%, 3-1-45 | 2,000 | 2,307 |
| | | <u>18,215</u> | IL State Toll Hwy Auth, Toll Hwy Sr Rev Bonds, 2013 Ser A, 5.000%, 1-1-35 | 3,000 | 3,423 | | | <u>7,482</u> |
| Idaho – 0.5% Boise City, ID, Arpt Rev Rfdg Bonds (Air Terminal Fac Proj), Ser 2011: 5.750%, 9-1-19 | 750 | 862 | IL State Toll Hwy Auth, Toll Hwy Sr Rev Bonds, Ser B, 5.000%, 1-1-37 | 1,500 | 1,753 | Louisiana – 2.2% Jefferson Parish Hosp Dist No. 1, Parish of Jefferson, LA, Hosp Rev Bonds, Ser 1998B, 5.250%, 1-1-28 | 1,000 | 1,170 |
| 5.750%, 9-1-20 | 1,000 | 1,182 | Metro Pier and Exposition Auth IL, McCormick Place Expansion Proj Rfdg Bonds, Ser 2010B-1, 0.000%, 6-15-43 (B) | 2,000 | 625 | LA Local Govt Envirnmnt Fac and Cmnty Dev Auth, Hosp Rev Bonds (Women's Hosp Fndtn Gulf Opp Zone Proj), Ser 2010B, 6.000%, 10-1-44 | 5,250 | 6,101 |
| ID Hlth Fac Auth, Rev Bonds (St. Luke's Hlth Sys Proj), Ser 2008A, 6.750%, 11-1-37 | 2,000 | 2,258 | Rgnl Trans Auth, Cook, DuPage, Kane, Lake, McHenry and Will Cnty, IL, GO Bonds, Ser 2002A, 6.000%, 7-1-24 | 3,080 | 4,032 | LA Local Govt Envirnmnt Fac and Cmnty Dev Auth, Rev Bonds (Shreveport Arpt Cargo Fac Proj), Ser 2008C, 7.000%, 1-1-33 | 1,000 | 1,157 |
| | | <u>4,302</u> | | | <u>36,428</u> | Lafayette Pub Trust Fin Auth, Rev Bonds (Ragin' Cajun Fac, Inc. Hsng and Prkg Proj), Ser 2010, 5.250%, 10-1-20 | 2,040 | 2,360 |
| Illinois – 4.1% Belleville, IL, Tax Incr Rfdg Rev Bonds (Frank Scott Pkwy Redev Proj), Ser 2007A, 5.700%, 5-1-36 | 1,750 | 1,771 | Iowa – 0.8% Altoona, IA, Annual Appropriation Urban Renewal Tax Incr Rev Bonds, Ser 2008, 5.750%, 6-1-31 | 1,000 | 1,073 | New Orleans Aviation Board, Gulf Opp Zone CFC Rev Bonds (Consolidated Rental Car Proj), Ser 2009A, 6.500%, 1-1-40 | 1,000 | 1,124 |
| Cmnty College Dist No. 525 Cnty of Will, Grundy, Livingston, Cook, Kendall, LaSalle, and Kankakee (Joliet Jr College), GO Bonds (Alternate Rev Source), Ser 2008: 5.750%, 6-1-28 | 620 | 674 | IA Fin Auth, IA State Revolving Fund Rev Bonds, Ser 2008, 6.000%, 8-1-27 | 2,500 | 2,800 | New Orleans Aviation Board, Rev Rfdg Bonds (Restructuring GARBS), Ser 2009A-1, 6.000%, 1-1-23 | 1,500 | 1,692 |
| 5.750%, 6-1-28 | 380 | 420 | IA Higher Edu Loan Auth, Private College Fac Rev and Rfdg Bonds (Upper IA Univ Proj), Ser 2010, 6.000%, 9-1-39 | 2,145 | 2,251 | New Orleans, LA, GO Rfdg Bonds, Ser 2012, 5.000%, 12-1-25 | 1,500 | 1,753 |
| IL Fin Auth, Rev and Rfdg Bonds (Roosevelt Univ Proj), Ser 2009, 6.500%, 4-1-39 | 2,500 | 2,754 | IA Higher Edu Loan Auth, Private College Fac Rev Bonds (Upper IA Univ Proj), Ser 2012, 5.000%, 9-1-33 | 1,000 | 1,014 | New Orleans, LA, GO Rfdg Bonds, Ser 2012 (Insured by AGM): 5.000%, 12-1-26 | 2,000 | 2,347 |
| IL Fin Auth, Rev Bonds (Rush Univ Med Ctr Oblig Group), Ser 2009A, 7.250%, 11-1-30 | 2,500 | 2,907 | | | <u>7,138</u> | 5.000%, 12-1-27 | 1,500 | 1,746 |
| IL Fin Auth, Rev Bonds, The Univ of Chicago, Ser 2008B, 5.750%, 7-1-33 | 2,500 | 2,773 | Kansas – 0.7% Arkansas City, KS, Pub Bldg Comsn, Rev Bonds (South Cent KS Rgnl Med Ctr), Ser 2009, 7.000%, 9-1-38 | 2,000 | 2,098 | | | <u>19,450</u> |
| | | | Overland Park, KS, Trans Dev Dist, Sales Tax Rev Bonds (Oak Park Mall Proj), Ser 2010, 5.900%, 4-1-32 | 2,925 | 3,185 | | | |

SCHEDULE OF INVESTMENTS

Municipal Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | |
|--|-----------|---------------|--|-----------|---------------|---|-----------|---------------|
| | Principal | Value | | Principal | Value | | Principal | Value |
| Maine – 0.1% | | | Michigan (Continued) | | | Missouri (Continued) | | |
| ME Edu Loan Auth, Student Loan Rev Bonds (Supplemental Edu Loan Prog), Ser 2009A-3, 5.875%, 12-1-39 | \$ 945 | \$ 1,038 | Royal Oak Hosp Fin Auth, Hosp Rev and Rfdg Bonds (William Beaumont Hosp Oblig Group), Ser 2009V, 8.000%, 9-1-29 | \$3,950 | \$ 4,628 | Pub Water Supply Dist No. 1 of Lincoln Cnty, MO, Cert of Part, Ser 2009, 6.750%, 6-15-35 | \$2,500 | \$ 2,518 |
| | | | | | | | | <u>18,281</u> |
| Maryland – 1.0% | | | Royal Oak Hosp Fin Auth, Hosp Rev and Rfdg Bonds (William Beaumont Hosp Oblig Group), Ser 2009W, 6.000%, 8-1-39 | 2,000 | 2,336 | Nebraska – 0.1% | | |
| MD Econ Dev Corp., Econ Dev Rev Bonds (Terminal Proj), Ser B, 5.750%, 6-1-35 | 1,750 | 1,914 | State Bldg Auth, Rev and Rev Rfdg Bonds (Fac Prog), Ser 2008I, 6.000%, 10-15-38 | 1,195 | 1,350 | Hosp Auth No. 1 of Sarpy Cnty, NE, Hlth Fac Rev Bonds (Immanuel Oblig Grp), Ser 2010, 5.625%, 1-1-40 | 1,000 | 1,099 |
| MD Hlth and Higher Edu Fac Auth, Rev Bonds, Johns Hopkins Hlth Sys Oblig Group Issue, Ser 2012D, 1.124%, 5-15-38 (A) | 5,360 | 5,359 | | 805 | 900 | | | |
| MD Hlth and Higher Edu Fac Auth, Rev Bonds, Patterson Park Pub Charter Sch Issue, Ser 2010A, 6.000%, 7-1-40 | 1,500 | 1,588 | | | <u>20,919</u> | Nevada – 0.6% | | |
| | | <u>8,861</u> | Minnesota – 0.6% | | | Las Vegas Redev Agy, NV, Tax Incr Rev Bonds, Ser 2009A, 8.000%, 6-15-30 | 3,000 | 3,453 |
| Massachusetts – 1.3% | | | Hsng and Redev Auth of Saint Paul, MN, Hlth Care Fac Rev Bonds (Hlth Partners Oblig Group Proj), Ser 2006, 5.250%, 5-15-36 | 2,000 | 2,058 | Overton Power Dist No. 5 (NV), Spl Oblig Rev Bonds, Ser 2008, 8.000%, 12-1-25 | 1,715 | 2,036 |
| MA Dev Fin Agy, Rev Bonds, Foxborough Rgnl Charter Sch Issue, Ser 2010, 6.375%, 7-1-30 | 2,220 | 2,489 | Minneapolis Hlth Care Sys Rev Bonds (Fairview Hlth Svc), Ser 2008A, 6.750%, 11-15-32 | 1,000 | 1,153 | | | <u>5,489</u> |
| MA Hlth and Edu Fac Auth, Rev Bonds, Springfield College Issue, Ser 2010, 5.625%, 10-15-40 | 1,000 | 1,098 | Minneapolis-St. Paul Metro Arpt Comsn, Sub Arpt Rev Rfdg Bonds, Ser 2010D, 5.000%, 1-1-20 | 2,000 | 2,263 | New Hampshire – 0.6% | | |
| MA Hlth and Edu Fac Auth, Rev Rfdg Bonds, Suffolk Univ Issue, Ser 2009A, 5.750%, 7-1-39 | 1,615 | 1,800 | | | <u>5,474</u> | Business Fin Auth, Rev Bonds, Elliot Hosp Oblig Group Issue, Ser 2009A, 6.125%, 10-1-39 | 1,635 | 1,814 |
| The Cmnwlth of MA, GO Rfdg Bonds (SIFMA Index Bonds), Ser 2013A, 0.760%, 2-1-17 (A) | 6,000 | 6,003 | Missouri – 2.1% | | | NH Hlth and Edu Fac Auth, Rev Bonds, Rivermead Issue, Ser 2011A, 6.875%, 7-1-41 | 1,000 | 1,133 |
| | | <u>11,390</u> | Belton, MO, Cert of Part, Ser 2008, 5.125%, 3-1-25 | 1,000 | 1,065 | NH Hlth and Edu Fac Auth, FHA Insd Mtg Rev Bonds, LRG Hlthcare Issue, Ser 2009 (Insured by FHA), 7.000%, 4-1-38 | 1,985 | 2,384 |
| Michigan – 2.3% | | | Hlth and Edu Fac Auth, Hlth Fac Rev Bonds (The Children's Mercy Hosp), Ser 2009, 5.625%, 5-15-39 | 2,250 | 2,510 | | | <u>5,331</u> |
| Board of Trustees of Grand Vly, State Univ, Gen Rev Bonds, Ser 2009, 5.750%, 12-1-34 | 1,000 | 1,035 | Indl Dev Auth of Cape Girardeau Cnty, MO, Hlth Fac Rev Bonds (Saint Francis Med Ctr), Ser 2009A, 5.750%, 6-1-39 | 1,000 | 1,116 | New Jersey – 4.2% | | |
| MI Fin Auth, Hosp Rev and Rfdg Bonds (Trinity Hlth Credit Group), Ser 2015MI, 5.000%, 12-1-35 | 2,500 | 2,858 | MO Joint Muni Elec Util Comsn, Power Proj Rev Rfdg Bonds (Prairie State Proj), Ser 2015A, 5.000%, 12-1-29 | 1,550 | 1,866 | Hudson Cnty Impvt Auth (Hudson Cnty, NJ), Fac Lease Rev Rfdg Bonds (Hudson Cnty Lease Proj), Ser 2010, 5.375%, 10-1-21 | 2,500 | 2,978 |
| MI State Bldg Auth, Rev and Rfdg Bonds (Fac Prog), Ser 2015I, 5.000%, 4-15-34 | 2,500 | 2,976 | | 1,200 | 1,435 | NJ Econ Dev Auth, Rev Bonds (Provident Group-Montclair Ppty LLC - Montclair St Univ Student Hsng Proj), Ser 2010A, 5.750%, 6-1-31 | 2,900 | 3,267 |
| MI State Hosp Fin Auth, Hosp Rev and Rfdg Bonds (Henry Ford Hlth Sys), Ser 2009, 5.750%, 11-15-39 | 4,250 | 4,836 | | 1,000 | 1,187 | NJ Econ Dev Auth, Sch Fac Constr Rfdg Bonds, Ser 2011EE, 5.250%, 9-1-24 | 2,545 | 2,779 |
| | | | MO Joint Muni Elec Util Comsn, Power Proj Rev Rfdg Bonds (Iatan 2 Proj), Ser 2015A, 5.000%, 12-1-36 | | | | 7,000 | 6,235 |

SCHEDULE OF INVESTMENTS

Municipal Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | |
|--|-----------|---------------|--|-----------|---------------|---|-----------|----------|
| | Principal | Value | | Principal | Value | | Principal | Value |
| Pennsylvania (Continued) | | | South Carolina – 1.1% | | | Texas (Continued) | | |
| Dauphin Cnty Gen Auth, Hlth Sys Rev Bonds (Pinnacle Hlth Sys Proj), Ser 2009A: | | | SC Jobs - Econ Dev Auth, Student Hsng Rev Bonds (Coastal Hsng Fndtn LLC Proj), Ser 2009A, | | | Dallas Independent Sch Dist (Dallas Cnty, TX), Unlimited Tax Sch Bldg Bonds, Ser 2008, | | |
| 6.000%, 6-1-29 | \$ 2,000 | \$ 2,295 | 6.500%, 4-1-42 | \$ 4,015 | \$ 4,875 | 6.375%, 2-15-34 | \$ 2,500 | \$ 2,761 |
| 6.000%, 6-1-36 | 2,750 | 3,132 | SC Pub Svc Auth, Tax- Exempt Rfdg and Impvt Rev Oblig, Ser 2015A, | | | Frisco Independent Sch Dist (Collin and Denton Cnty, TX), Unlimited Tax Sch Bldg Bonds, Ser 2008A, | | |
| Lycoming Cnty Auth, Hlth Sys Rev Bonds (Susquehanna Hlth Sys Proj), Ser 2009A, | | | 5.000%, 12-1-31 | 4,300 | 5,125 | 6.000%, 8-15-38 | 2,500 | 2,799 |
| 5.750%, 7-1-39 | 3,500 | 3,920 | | | <u>10,000</u> | Harris Cnty Hlth Fac Dev Corp., Hosp Rev Rfdg Bonds (Mem Hermann Hlthcare Sys), Ser 2008B, | | |
| PA Higher Edu Fac Auth, Rev Bonds (Shippensburg Univ Student Svc, Inc. Student Hsng Proj at Shippensburg Univ of PA), Ser 2011, | | | South Dakota – 0.1% | | | 7.000%, 12-1-27 | 2,500 | 2,905 |
| 6.000%, 10-1-26 | 2,500 | 2,806 | SD Hlth and Edu Fac Auth (Huron Rgnl Med Ctr Issue), Rev Bonds, Ser 1994, | | | Harris Cnty Hlth Fac Dev Corp., Thermal Util Rev Bonds (Teco Proj), Ser 2008, | | |
| PA Tpk Comsn, Tpk Sub Rev Bonds, Ser 2009C, | | | 7.300%, 4-1-16 | 395 | 395 | 5.000%, 11-15-26 | 2,500 | 2,733 |
| 0.000%, 6-1-33 (B) | 4,000 | 5,064 | Tennessee – 1.1% | | | Hopkins Cnty Hosp Dist, Hosp Rev Bonds, Ser 2008, | | |
| PA Tpk Comsn, Tpk Sub Rev Bonds, Ser 2009D, | | | Memphis-Shelby Cnty Arpt Auth, Arpt Rfdg Rev Bonds, Ser 2011A-1: | | | 5.750%, 2-15-28 | 1,000 | 1,012 |
| 5.500%, 12-1-41 | 2,250 | 2,518 | 5.750%, 7-1-19 | 2,220 | 2,526 | Houston, TX, Combined Util Sys, First Lien Rev Rfdg Bonds (SIFMA Index Floating Rate Bonds), Ser 2012C, | | |
| PA Tpk Comsn, Tpk Sub Rev Bonds, Ser 2010B-2, 0.000%, 12-1-28 (B) | 8,500 | 9,971 | 5.750%, 7-1-20 | 1,330 | 1,556 | 1.000%, 5-15-34 (A) | 3,500 | 3,500 |
| Philadelphia Auth Indl Dev, Rev Bonds (Mariana Bracetti Academy Charter Sch Proj), Ser 2011, | | | The Hlth and Edu Fac Board of Johnson City, TN, Hosp Rfdg Rev Bonds (Mountain States Hlth Alliance), Ser 2006A, | | | Lower Colorado River Auth, Rfdg Rev Bonds, Ser 2008A: | | |
| 7.250%, 12-15-31 | 2,600 | 2,935 | 5.500%, 7-1-36 | 3,000 | 3,030 | 6.250%, 5-15-28 | 2,480 | 2,765 |
| Philadelphia, PA, Arpt Rev Bonds, Ser 2010D, 5.250%, 6-15-22 | 5,000 | 5,699 | The Hlth and Edu Fac Board of Johnson City, TN, Hosp Rfdg Rev Bonds (Mountain States Hlth Alliance), Ser 2010A, | | | 6.250%, 5-15-28 | 20 | 22 |
| Philadelphia, PA, GO Rfdg Bonds, Ser 2008A (Insured by AGM), 5.250%, 12-15-24 | 10,750 | 11,906 | 6.500%, 7-1-38 | 2,500 | 2,887 | Mission Econ Dev Corp., Solid Waste Disp Rev Bonds (Dallas Clean Enrg McCommas Bluff LLC Proj), Ser 2011, | | |
| Sch Dist of Philadelphia, GO Bonds, Ser 2015A: | | | | | <u>9,999</u> | 5.625%, 12-1-17 | 5,000 | 5,176 |
| 5.000%, 9-1-34 | 1,615 | 1,745 | Texas – 10.8% | | | North TX Twy Auth, Sys Rev Rfdg Bonds, Ser 2008D, 0.000%, 1-1-30 (B) | 24,000 | 15,148 |
| 5.000%, 9-1-35 | 1,000 | 1,075 | Arlington, TX, Spl Tax Rev Bonds, Ser 2008 (Insured by BHAC), 5.500%, 8-15-27 | 2,000 | 2,161 | Pharr, TX, Higher Edu Fin Auth, Edu Rev Bonds (Idea Pub Sch), Ser 2009A, | | |
| | | <u>54,267</u> | 5.500%, 8-15-27 | 2,000 | 2,161 | 6.500%, 8-15-39 | 1,000 | 1,120 |
| Puerto Rico – 0.1% | | | Bexar Cnty Hlth Fac Dev Corp., Rev Bonds (Army Ret Residence Fndtn Proj), Ser 2010, | | | Tarrant Cnty Cultural Edu Fac Fin Corp., Ret Fac Rev Bonds (Buckingham Sr Living Cmnty, Inc. Proj), Ser 2007, | | |
| PR Aqueduct and Sewer Auth, Rev Bonds, Ser A, 5.000%, 7-1-28 | 1,000 | 1,020 | 6.200%, 7-1-45 | 3,250 | 3,680 | 5.750%, 11-15-37 | 3,000 | 3,070 |
| Rhode Island – 0.5% | | | Cap Area Cultural Edu Fac Fin Corp., Rev Bonds (The Roman Catholic Diocese of Austin), Ser 2005B, | | | Tarrant Cnty, TX, Cultural Edu Fac Fin Corp., Ret Fac Rev Bonds (Buckingham Sr Living Cmnty Proj), Ser 2015A, | | |
| RI Hlth and Edu Bldg Corp., Hosp Fin Rev Bonds, Lifespan Oblig Group Issue, Ser 2009A, 6.250%, 5-15-30 | 1,590 | 1,815 | 6.125%, 4-1-45 | 1,000 | 1,146 | 5.250%, 11-15-35 | 500 | 527 |
| RI Student Loan Auth, Student Loan Prog Rev Bonds, Sr Ser 2008A, 5.250%, 12-1-18 | 2,545 | 2,711 | Cass Cnty Indl Dev Corp., Envrnmt Impvt Rev Rfdg Bonds, Ser 2009A, 9.250%, 3-1-24 | 2,500 | 3,016 | Trinity River Auth of TX (Tarrant Cnty Water Proj), Impvt Rev Bonds, Ser 2008, | | |
| | | <u>4,526</u> | 4.250%, 12-1-34 | 2,000 | 2,046 | 5.750%, 2-1-26 | 1,500 | 1,636 |

SCHEDULE OF INVESTMENTS

Municipal Bond Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| SHORT-TERM SECURITIES (Continued) | Principal | Value | SHORT-TERM SECURITIES (Continued) | Principal | Value | SHORT-TERM SECURITIES (Continued) | Principal | Value |
|---|-----------|---------|--|-----------|----------|---|------------------|----------|
| Municipal Obligations (Continued) | | | Municipal Obligations (Continued) | | | Municipal Obligations (Continued) | | |
| Harris Cnty Hosp Dist, Sr Lien Rfdg Rev Bonds, Ser 2010 (GTD by JPMorgan Chase & Co.), 0.430%, 4-7-16 (D) | \$2,500 | \$2,500 | MS Business Fin Corp., Gulf Opp Zone Indl Dev Rev Bonds (Chevron USA, Inc. Proj), Ser 2007D (GTD by Chevron Corp.), 0.370%, 4-1-16 (D) | \$15,000 | \$15,000 | Santa Clara Cnty Fin Auth, Var Rate Rev Bonds, El Camino Hosp, Ser 2009A (GTD by Wells Fargo Bank N.A.), 0.380%, 4-7-16 (D) | \$3,549 | \$ 3,549 |
| Irvine Unif Sch Dist, Cmnty Fac Dist No. 09-1, Adj Rate Spl Tax Bonds, Ser 2014C-C (GTD by U.S. Bank N.A.), 0.360%, 4-1-16 (D) | 5,500 | 5,500 | Muni Elec Auth GA, Gen Resolution Proj Bond Anticipation Notes, Ser A (Taxable), (GTD by Wells Fargo Bank N.A.), 0.420%, 4-7-16 | 2,000 | 2,000 | Tuscaloosa Cnty Indl Dev Auth, Gulf Opp Zone Bonds (Hunt Refining Proj), Ser 2011G (GTD by Bank of Nova Scotia), 0.410%, 4-7-16 (D) | 4,000 | 4,000 |
| LA Pub Fac Auth, Rev Bonds (Air Products and Chemicals Proj), Ser 2009A (GTD by Air Products and Chemicals, Inc.), 0.410%, 4-7-16 (D) | 1,500 | 1,500 | NJ Hlth Care Fac Fin Auth, Rev Bonds, AHS Hosp Corp. Issue, Ser 2008C (GTD by JPMorgan Chase & Co.), 0.400%, 4-7-16 (D) | 6,300 | 6,300 | TOTAL SHORT-TERM SECURITIES – 13.2% | \$118,191 | |
| MN Office of Higher Edu, Adj Rate Supplemental Student Loan Prog Rev Bonds, Ser 2008B (Tax-Exempt), (GTD by U.S. Bank N.A.), 0.430%, 4-7-16 (D) | 3,800 | 3,800 | NYC GO Bonds, Fiscal 2008 Ser L-4, 0.360%, 4-1-16 (D) | 2,000 | 2,000 | <i>(Cost: \$118,187)</i> | | |
| MS Business Fin Corp., Gulf Opp Zone Indl Dev Rev Bonds (Chevron USA, Inc. Proj), Ser 2007B (GTD by Chevron Corp.), 0.380%, 4-1-16 (D) | 8,815 | 8,815 | Port Arthur Nav Dist Indl Dev Corp., Exempt Fac Var Rate Rev Bonds (Air Products Proj), Ser 2006 (GTD by Air Products and Chemicals, Inc.), 0.390%, 4-1-16 (D) | 1,545 | 1,545 | TOTAL INVESTMENT SECURITIES – 99.0% | \$885,228 | |
| | | | | | | <i>(Cost: \$796,547)</i> | | |
| | | | | | | CASH AND OTHER ASSETS, NET OF LIABILITIES – 1.0% | | |
| | | | | | | 8,745 | | |
| | | | | | | NET ASSETS – 100.0% | | |
| | | | | | | \$893,973 | | |

Notes to Schedule of Investments

- (A) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2016.
- (B) Zero coupon bond.
- (C) Rate shown is the yield to maturity at March 31, 2016.
- (D) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2016. Date shown represents the date that the variable rate resets.

The following table is a summary of the valuation of the Fund's investments by the fair value hierarchy levels as of March 31, 2016. See Note 3 to the Financial Statements for further information regarding fair value measurement.

| | Level 1 | Level 2 | Level 3 |
|----------------------------------|-------------|------------------|-------------|
| Assets | | | |
| Investments in Securities | | | |
| Municipal Bonds | \$ — | \$767,037 | \$ — |
| Short-Term Securities | — | 118,191 | — |
| Total | \$ — | \$885,228 | \$ — |

During the period ended March 31, 2016, there were no transfers between Level 1 and 2.

The following acronyms are used throughout this schedule:

- AGM = Assured Guaranty Municipal
- AMBAC = American Municipal Bond Assurance Corp.
- BHAC = Berkshire Hathaway Assurance Corporation
- CR = Custodial Receipts
- FGIC = Financial Guaranty Insurance Co.
- FHA = Federal Housing Administration
- FHLMC = Federal Home Loan Mortgage Corp.
- FNMA = Federal National Mortgage Association
- GNMA = Government National Mortgage Association
- GTD = Guaranteed

See Accompanying Notes to Financial Statements.

PORTFOLIO HIGHLIGHTS

Municipal High Income Fund

ALL DATA IS AS OF MARCH 31, 2016 (UNAUDITED)

Asset Allocation

| | |
|--|--------------|
| Bonds | 93.1% |
| Municipal Bonds | 93.1% |
| Cash and Other Assets (Net of Liabilities), and Cash Equivalents+ | 6.9% |

Lipper Rankings

| Category: Lipper High Yield Municipal Debt Funds | Rank | Percentile |
|--|---------|------------|
| 1 Year | 135/144 | 94 |
| 3 Year | 86/124 | 69 |
| 5 Year | 93/109 | 85 |
| 10 Year | 14/67 | 21 |

Past performance is no guarantee of future results. Rankings are for Class A shares and are based on average annual total returns, but do not consider sales charges. Rankings for other share classes may vary.

Quality Weightings

| | |
|--|--------------|
| Investment Grade | 35.0% |
| AA | 1.3% |
| A | 9.5% |
| BBB | 24.2% |
| Non-Investment Grade | 58.1% |
| BB | 7.0% |
| B | 4.9% |
| CCC | 1.2% |
| Below CCC | 2.5% |
| Non-rated | 42.5% |
| Cash and Other Assets (Net of Liabilities), and Cash Equivalents+ | 6.9% |

Our preference is to always use ratings obtained from Standard & Poor's. For securities not rated by Standard & Poor's, ratings are obtained from Moody's. We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.

+ Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.

SCHEDULE OF INVESTMENTS
Municipal High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL BONDS | Principal | Value | MUNICIPAL BONDS (Continued) | Principal | Value | MUNICIPAL BONDS (Continued) | Principal | Value |
|--|-----------|---------------|---|-----------|---------|--|-----------|---------------|
| Alabama – 1.4% | | | California (Continued) | | | California (Continued) | | |
| Butler Cnty Indl Dev Auth, Envirnmt Impvt Rev Bonds, Ser 2008A, 7.000%, 9-1-32 | \$ 1,000 | \$ 1,102 | CA Statewide Cmnty Dev Auth, Rev Bonds (Methodist Hosp of Southn CA Proj), Ser 2009 (Insured by FHA), 6.625%, 8-1-29 | \$2,225 | \$2,652 | San Mateo Cmnty Fac Dist No. 2008-1 (Bay Meadows), Spl Tax Bonds, Ser 2012, 6.000%, 9-1-42 | \$1,000 | \$ 1,148 |
| Jefferson Cnty, AL, Swr Rev Bonds, Ser 2013-D, 6.500%, 10-1-53 | 2,970 | 3,592 | CA Statewide Cmnty Dev Auth, Sch Fac Rev Bonds (Aspire Pub Sch), Ser 2010: 6.000%, 7-1-40 | 2,995 | 3,401 | Tob Securitization Auth of Southn CA, Tob Stlmt Asset-Bkd Bonds (San Diego Cnty Tob Asset Securitization Corp.), Ser 2006A Sr Current Int Bonds, 5.000%, 6-1-37 | 5,500 | 5,457 |
| Lower AL Gas Dist, Gas Proj Rev Bonds, Ser 2016A, 5.000%, 9-1-46 | 6,000 | 7,455 | 6.350%, 7-1-46 | 1,705 | 1,952 | Tob Securitization Auth of Southn CA, Tob Stlmt Asset-Bkd Bonds (San Diego Cnty Tob Asset Securitization Corp.), Ser A-1, 5.125%, 6-1-46 | 4,000 | 3,964 |
| | | <u>12,149</u> | CA Statewide Cmnty Dev Auth, Sr Living Rev Bonds (Southn CA Presbyterian Homes), Ser 2009, 7.000%, 11-15-29 | 1,500 | 1,751 | | | <u>67,663</u> |
| Alaska – 0.7% | | | CA Statewide Cmnty Dev Auth, Student Hsng Rfdg Rev Bonds (Univ of CA, Irvine East Campus Apt, CHF-Irvine LLC), Ser 2016, 5.000%, 5-15-40 | 1,500 | 1,740 | Colorado – 6.5% | | |
| Northn Tob Securitization Corp., Tob Stlmt Asset- Bkd Bonds, Ser 2006A Sr Cur Int Bonds, 5.000%, 6-1-46 | 6,955 | 6,166 | Cert of Part, Oro Grande Elem Sch Dist, Ser 2010, 6.125%, 9-15-40 | 5,000 | 5,798 | Arkansas River Power Auth, CO, Power Rev Impvt Bonds, Ser 2006, 5.250%, 10-1-40 | 2,000 | 2,024 |
| American Samoa – 0.6% | | | Golden State Tob Securitization Corp., Tob Stlmt Asset-Bkd Bonds, Ser 2007A-1 Sr Current Interest Bonds, 5.750%, 6-1-47 | 5,000 | 5,000 | Arkansas River Power Auth, CO, Power Rev Impvt Bonds, Ser 2008, 6.000%, 10-1-40 | 4,750 | 4,967 |
| American Samoa Econ Dev Auth, Gen Rev and Rfdg Bonds, Ser 2015A, 6.625%, 9-1-35 | 5,000 | 5,105 | Golden State Tob Securitization Corp., Tob Stlmt Asset-Bkd Bonds, Ser 2007A-1, 5.125%, 6-1-47 | 7,000 | 6,512 | CO Edu and Cultural Fac Auth, Charter Sch Rev Bonds (The Classical Academy Proj), Ser 2008B, 8.000%, 12-1-38 | 1,125 | 1,305 |
| Arizona – 2.7% | | | Golden State Tob Securitization Corp., Tob Stlmt Asset-Bkd Bonds, Ser 2015A, 5.000%, 6-1-35 | 6,265 | 7,372 | CO Edu and Cultural Fac Auth, Charter Sch Rev Bonds (The Classical Academy Proj), Ser 2008A, 7.400%, 12-1-38 | 2,700 | 3,160 |
| AZ Hlth Fac Auth, Rev Bonds (Banner Hlth), Ser 2007B, 0.981%, 1-1-37 (A) | 10,000 | 8,805 | Palomar Pomerado Hlth, San Diego Cnty, CA, Cert of Part: 6.625%, 11-1-29 | 2,000 | 2,235 | CO Edu and Cultural Fac Auth, Charter Sch Rev Bonds (Twin Peaks Charter Academy Proj), Ser 2008, 7.000%, 11-15-38 | 4,000 | 4,629 |
| Indl Dev Auth of Mohave Cnty, Correctional Fac Contract Rev Bonds (Mohave Prison LLC Expansion Proj), Ser 2008, 8.000%, 5-1-25 | 8,000 | 8,995 | 6.750%, 11-1-39 | 900 | 1,008 | CO Edu and Cultural Fac Auth, Independent Sch Rev Rfdg Bonds (Vail Mountain Sch Proj), Ser 2010, 6.125%, 5-1-40 | 5,975 | 6,587 |
| Indl Dev Auth of Tempe, AZ, Rev Rfdg Bonds (Friendship Vlg of Tempe), Ser 2012A: 6.000%, 12-1-32 | 1,430 | 1,559 | Redev Agy for Riverside, Interstate 215 Corridor Redev Proj Area, 2010 Tax Alloc Bonds, Ser E, 6.500%, 10-1-40 | 2,500 | 2,925 | CO Hlth Fac Auth, Rev Bonds (Christian Living Cmnty - Clermont Park Proj), Ser 2006A, 5.750%, 1-1-37 | 3,000 | 3,036 |
| 6.250%, 12-1-46 | 1,500 | 1,636 | Redev Agy of San Buenaventura, Merged San Buenaventura Redev Proj, 2008 Tax Alloc Bonds: 7.750%, 8-1-28 | 1,000 | 1,042 | CO Hlth Fac Auth, Rev Bonds (CO Sr Residences Proj), Ser 2012, 7.000%, 6-1-42 (C) | 3,665 | 2,946 |
| Indl Dev Auth of Yavapai, Edu Rev Bonds (AZ Agribusiness and Equine Ctr, Inc. Proj), Ser 2011, 7.875%, 3-1-42 | 2,000 | 2,345 | 8.000%, 8-1-38 | 1,400 | 1,460 | | | |
| | | <u>23,340</u> | San Buenaventura Rev Bonds (Cmnty Mem Hlth Sys), Ser 2011, 7.500%, 12-1-41 | 4,000 | 4,911 | | | |
| California – 7.8% | | | | | | | | |
| CA Muni Fin Auth, Charter Sch Rev Bonds (Palmdale Aerospace Academy Proj), Ser 2016A, 5.000%, 7-1-46 (B) | 1,670 | 1,782 | | | | | | |
| CA Muni Fin Auth, Edu Fac Rev Bonds (American Heritage Edu Fndtn Proj), Ser 2006A, 5.250%, 6-1-36 | 1,000 | 1,002 | | | | | | |
| CA Muni Fin Auth, Edu Fac Rev Bonds (King/Chavez Academies Proj), Ser 2009A, 8.750%, 10-1-39 | 4,000 | 4,551 | | | | | | |

SCHEDULE OF INVESTMENTS
Municipal High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | |
|---|-----------|---------------|--|-----------|---------------|---|-----------|---------|
| | Principal | Value | | Principal | Value | | Principal | Value |
| Colorado (Continued) | | | Florida (Continued) | | | Illinois (Continued) | | |
| CO Hlth Fac Auth, Rev Rfdg Bonds (Christian Living Cmnty Proj), Ser 2012, 5.250%, 1-1-37 | \$1,000 | \$ 1,039 | Lee Cnty Indl Dev Auth, Hlthcare Fac Rfdg Rev Bonds (Cypress Cove at Health Park FL, Inc. Proj), Ser 2012, 6.500%, 10-1-47 | \$3,835 | \$ 4,316 | IL Fin Auth, Rev Bonds (Lutheran Home and Svs Oblig Group), Ser 2012, 5.750%, 5-15-46 | \$2,500 | \$2,673 |
| Lincoln Park Metro Dist, Douglas Cnty, CO, GO Rfdg and Impvt Bonds, Ser 2008, 6.200%, 12-1-37 | 4,000 | 4,350 | | | <u>23,295</u> | IL Fin Auth, Multi-Family Hsng Rev Bonds (St. Anthony of Lansing Proj), Ser 2012, 6.500%, 12-1-32 | 4,660 | 4,859 |
| North Range Metro Dist No. 2, Adams Cnty, CO, Ltd. Tax GO Bonds, Ser 2007, 5.500%, 12-15-37 | 7,300 | 7,389 | Georgia – 1.5% | | | IL Fin Auth, Rev Bonds (Admiral at the Lake Proj), Ser 2010A, 8.000%, 5-15-46 | 8,000 | 9,129 |
| Pub Auth for CO Enrg, Natural Gas Purchase Rev Bonds, Ser 2008, 6.500%, 11-15-38 | 3,000 | 4,239 | DeKalb Cnty, GA, Hosp Auth, Rev Anticipation Cert (DeKalb Med Ctr, Inc. Proj), Ser 2010, 6.125%, 9-1-40 | 2,000 | 2,196 | IL Fin Auth, Rev Bonds (Rush Univ Med Ctr Oblig Group), Ser 2009A, 7.250%, 11-1-38 | 2,565 | 2,983 |
| Rgnl Trans Dist, Private Activity Bonds (Denver Transit Partn Eagle P3 Proj), Ser 2010, 6.500%, 1-15-30 | 3,000 | 3,553 | Greene Cnty Dev Auth, GA, First Mtg Rev Bonds (Glen-I LLC Proj), Ser 2015A, 7.250%, 1-1-46 | 6,000 | 6,128 | IL Fin Auth, Rev Bonds (Rush Univ Med Ctr Oblig Group), Ser 2009C, 6.625%, 11-1-39 | 3,000 | 3,520 |
| Tallgrass Metro Dist, Arapahoe Cnty, CO, GO Ltd. Tax Rfdg and Impvt Bonds, Ser 2007, 5.250%, 12-1-37 | 3,943 | 3,950 | Savannah Econ Dev Auth, Rfdg Rev Bonds (The Marshes of Skidaway Island Proj), Ser 2013, 7.250%, 1-1-49 | 4,000 | 4,636 | IL Fin Auth, Rev Bonds (Silver Cross Hosp and Med Ctrs), Ser 2009, 7.000%, 8-15-44 | 5,000 | 5,999 |
| Wildgrass Metro Dist, Broomfield Cnty, CO, GO Ltd. Tax Rfdg Bonds, Ser 2007, 6.200%, 12-1-34 | 3,082 | 3,198 | | | <u>12,960</u> | Springfield, Sangamon Cnty, IL, Spl Svc Area (Legacy Pointe), Tax Bonds, Ser 2009, 7.875%, 3-1-32 | 3,500 | 3,632 |
| | | <u>56,372</u> | Guam – 0.4% | | | Springfield, Sangamon Cnty, IL, Spl Svc Area (Legacy Pointe), Tax Bonds, Ser 2010, 7.500%, 3-1-32 | 2,000 | 2,069 |
| Connecticut – 0.6% | | | Govt of GU, GO Bonds, Ser 2009A, 7.000%, 11-15-39 | 2,700 | 3,286 | SW IL Dev Auth, Local Govt Prog Rev Bonds (Collinsville Ltd. Incr Sales Tax Proj), Ser 2007, 5.350%, 3-1-31 | 690 | 544 |
| Harbor Point Infra Impvt Dist (Harbor Point Proj), Spl Oblig Rev Bonds, Ser 2010A, 7.875%, 4-1-39 | 4,500 | 5,331 | | | <u>2,960</u> | SW IL Dev Auth, Local Govt Prog Rev Bonds (Granite City Proj), Ser 2008, 7.000%, 12-1-22 | 3,455 | 3,902 |
| | | | Hawaii – 0.3% | | | SW IL Dev Auth, Local Govt Prog Rev Bonds (Granite City Proj), Ser 2009, 8.000%, 1-15-22 | 490 | 525 |
| Florida – 2.7% | | | Dept of Budget and Fin of HI, Spl Purp Sr Living Rev Bonds (15 Craigsides Proj), Ser 2009A: 8.750%, 11-15-29 | 400 | 493 | SW IL Dev Auth, Local Govt Prog Rev Rfdg Bonds (Granite City Proj), Ser 2012, 5.250%, 3-1-23 | 2,560 | 2,672 |
| Brevard Cnty, FL, Indl Dev Rev Bonds (TUFF FL Tech Proj), Ser 2009: 6.500%, 11-1-29 | 2,250 | 2,445 | 9.000%, 11-15-44 | 2,000 | 2,467 | SW IL Dev Auth, Sr Care Fac Rev Bonds (Eden Ret Ctr, Inc. Proj), Ser 2006, 5.850%, 12-1-36 | 2,675 | 2,516 |
| | 2,390 | 2,610 | | | | Vlg of Bridgeview, Cook Cnty, IL, GO Bonds, Ser 2015A, 5.625%, 12-1-41 | 4,000 | 4,191 |
| Cap Trust Agy, Rev Bonds (Million Air One LLC Gen Aviation Fac Proj), Ser 2011, 7.750%, 1-1-41 | 1,900 | 1,726 | Illinois – 8.4% | | | Vlg of Bridgeview, Cook Cnty, IL, GO Rfdg Bonds, Ser 2014A, 5.500%, 12-1-43 | 5,000 | 5,068 |
| FL Dev Fin Corp., Edu Fac Rev Bonds (Renaissance Charter Sch, Inc. Proj), Ser 2010A: 6.000%, 6-15-32 | 2,600 | 2,777 | Belleville, IL, Tax Incr Rfdg Rev Bonds (Frank Scott Pkwy Redev Proj), Ser 2007A, 5.700%, 5-1-36 | 2,500 | 2,530 | | | |
| | 6,000 | 6,276 | Chicago Multi-Fam Hsng Rev Bonds (Goldblatts Supportive Living Proj), Ser 2013, 6.125%, 12-1-43 | 3,000 | 2,820 | | | |
| 6.125%, 6-15-43 | 1,000 | 1,060 | Cook Cnty, IL, Recovery Zone Fac Rev Bonds (Navistar Intl Corp. Proj), Ser 2010, 6.500%, 10-15-40 | 4,500 | 4,507 | | | |
| FL Dev Fin Corp., Rev Bonds (Sculptor Charter Sch Proj), Ser 2008A, 7.250%, 10-1-38 | 1,965 | 2,085 | Fairview Heights, IL, Tax Incr Rfdg Rev Bonds (Shoppes at St. Clair Square Redev Proj), Ser 2009A, 8.000%, 12-1-28 | 1,125 | 1,182 | | | |

SCHEDULE OF INVESTMENTS
Municipal High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | |
|--|-----------|---------------|--|-----------|---------------|--|-----------|---------------|
| | Principal | Value | | Principal | Value | | Principal | Value |
| Illinois (Continued) | | | Kansas (Continued) | | | Louisiana (Continued) | | |
| Vlg of Matteson, Cook Cnty, IL, GO Cap Apprec Debt Cert, Ser 2010, 0.000%, 12-1-29 (D) . . . | \$7,385 | \$ 5,153 | Atchison, KS, Hosp Rev Bonds (Atchison Hosp Assoc), Ser 2008A, 6.750%, 9-1-30 | \$ 2,920 | \$ 3,057 | LA Pub Fac Auth, Solid Waste Disp Fac Rev Bonds (LA Pellets, Inc. Proj), Ser 2015, 7.750%, 7-1-39 (C) | \$ 3,000 | \$ 1,747 |
| Vlg of Riverdale, Cook Cnty, IL, Unlimited Tax GO Bonds, Ser 2011, 8.000%, 10-1-36 | 2,375 | 2,611 | Kansas City, Wyandotte Cnty, KS, Unif Govt Spl Oblig Rev Sales Tax Bonds (Vacation Vlg Proj), Ser 2015A, 5.750%, 9-1-32 | 3,000 | 3,053 | New Orleans Aviation Board, Gulf Opp Zone CFC Rev Bonds (Consolidated Rental Car Proj), Ser 2009A, 6.500%, 1-1-40 | 4,600 | 5,169 |
| | | <u>73,085</u> | Lawrence, KS (The Bowersock Mills & Power Co. Hydroelec Proj), Indl Rev Bonds (Recovery Zone Fac Bonds), Ser 2010A, 7.625%, 8-1-37 | 3,500 | 3,765 | | | <u>21,032</u> |
| Indiana – 2.9% | | | Olathe, KS, Sr Living Fac Rev Bonds (Catholic Care Campus, Inc.), Ser 2006A, 6.000%, 11-15-38 | 2,500 | 2,515 | Maryland – 0.4% | | |
| City of Carmel, IN, Rev Bonds, Ser 2012A, 7.125%, 11-15-47 | 6,250 | 7,050 | Olathe, KS, Trans Dev Dist Sales Tax Rev Bonds (The Olathe Gateway TDD No. 1a Proj), Ser 2006: 5.000%, 12-1-16 (C) | 68 | 26 | MD Econ Dev Corp., Econ Dev Rev Bonds (Terminal Proj), Ser B, 5.750%, 6-1-35 | 1,250 | 1,368 |
| Hammond, IN, Redev Dist Rev Bonds (Marina Area Proj), Ser 2008, 6.000%, 1-15-17 | 545 | 550 | 5.000%, 12-1-28 (C) | 95 | 37 | MD Econ Dev Corp., Port Fac Rfdg Rev Bonds (CNX Marine Terminals, Inc. Port of Baltimore Fac), Ser 2010, 5.750%, 9-1-25 | 2,000 | 1,925 |
| IN Fin Auth, Midwestern Disaster Relief Rev Bonds (OH Vly Elec Corp. Proj), Ser 2012A, 5.000%, 6-1-39 | 6,335 | 6,664 | Wilson Cnty, KS, Hosp Rev Bonds, Ser 2006, 6.200%, 9-1-26 | 1,000 | 1,106 | | | <u>3,293</u> |
| Lake Station 2008 Bldg Corp., Lake Station, IN, First Mtg Bonds, Ser 2010, 6.000%, 7-15-27 | 2,000 | 2,204 | | | <u>16,705</u> | Massachusetts – 1.7% | | |
| Terre Haute, IN, Rev Bonds (Westminister Vlg Proj), Ser 2012, 6.000%, 8-1-39 | 1,000 | 1,022 | Kentucky – 1.1% | | | MA Dev Fin Agy, Rev Bonds, Foxborough Rgnl Charter Sch Issue, Ser 2010, 7.000%, 7-1-42 | 4,000 | 4,572 |
| Westfield Redev Dist, Tax Incr Rev Bonds of 2009, 6.500%, 2-1-30 | 2,000 | 2,251 | KY Econ Dev Fin Auth, Hosp Rev Bonds, Ser 2010A: 6.375%, 6-1-40 | 5,500 | 6,325 | MA Port Auth, Spl Fac Rev Bonds (Delta Air Lines, Inc. Proj), Ser 2001B (Auction Rate Sec) (Insured by AMBAC), 0.689%, 1-1-31 (A) | 11,500 | 10,077 |
| Whitestown, IN, Econ Dev Tax Incr Rev Bonds (Perry Indl Park and Whitestown Crossing Proj), Ser 2010A, 7.000%, 2-1-30 | 3,685 | 3,928 | 6.500%, 3-1-45 | 2,500 | 2,883 | | | <u>14,649</u> |
| Whiting, IN, Redev Dist Tax Incr Rev Bonds (Lakefront Dev Proj), Ser 2010, 6.750%, 1-15-32 | 1,585 | 1,752 | Louisiana – 2.4% | | | Michigan – 3.1% | | |
| | | <u>25,421</u> | LA Local Govt Envirnmnt Fac and Cmnty Dev Auth, Rev Bonds (Shreveport Arprt Cargo Fac Proj), Ser 2008C, 7.000%, 1-1-33 | 1,000 | 1,157 | MI Fin Auth, Hosp Rev and Rfdg Bonds (Presbyterian Vlg of MI), Ser 2015, 5.250%, 11-15-35 | 2,340 | 2,412 |
| Iowa – 0.9% | | | LA Local Govt Envirnmnt Fac and Cmnty Dev Auth, Rev and Rfdg Bonds (CDF Hlthcare of LA LLC Proj), Ser 2015A, 5.625%, 6-1-45 | 3,000 | 3,069 | MI Fin Auth, Pub Sch Academy Ltd. Oblig Rev and Rev Rfdg Bonds (MI Technical Academy Proj), Ser 2012: 7.100%, 10-1-31 | 1,000 | 1,024 |
| IA Fin Auth, Ret Cmnty Rev Bonds (Edgewater LLC Proj), Ser 2007A, 6.750%, 11-15-37 | 4,500 | 4,935 | LA Pub Fac Auth, Solid Waste Disp Fac Rev Bonds (LA Pellets, Inc. Proj), Ser 2013B, 10.500%, 7-1-39 (C) | 11,000 | 6,398 | 7.450%, 10-1-41 | 1,000 | 1,027 |
| IA Fin Auth, Rev and Rfdg Bonds (Childserve Proj), Ser 2015B, 5.000%, 6-1-36 | 2,425 | 2,452 | LA Pub Fac Auth, Solid Waste Disp Fac Rev Bonds (LA Pellets, Inc. Proj - Phase IIA), Ser 2014A, 8.375%, 7-1-39 (C) | 6,000 | 3,492 | MI Fin Auth, Pub Sch Academy Ltd. Oblig Rev Bonds (Old Redford Academy Proj), Ser 2010A: 5.900%, 12-1-30 | 2,000 | 2,040 |
| | | <u>7,387</u> | | | | 6.500%, 12-1-40 | 3,000 | 3,103 |
| Kansas – 1.9% | | | Louisiana (Continued) | | | Michigan (Continued) | | |
| Arkansas City, KS, Pub Bldg Comsn, Rev Bonds (South Cent KS Rgnl Med Ctr), Ser 2009, 7.000%, 9-1-38 | 3,000 | 3,146 | | | | MI Fin Auth, Sr Edu Fac Rev Bonds (St. Catherine of Siena Academy Proj), Ser 2010A, 8.500%, 10-1-45 (C) | 9,815 | 5,890 |

SCHEDULE OF INVESTMENTS
Municipal High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | |
|--|-----------|---------------|---|-----------|---------|--|-----------|---------------|
| | Principal | Value | | Principal | Value | | Principal | Value |
| Michigan (Continued) | | | Missouri (Continued) | | | Missouri (Continued) | | |
| MI Tob Stlmt Fin Auth, Tob Stlmt Asset-Bkd Bonds, Ser 2008A, 6.875%, 6-1-42 | \$7,600 | \$ 7,843 | Land Clearance for Redev Auth of St. Louis, Recovery Zone Fac Bonds (Kiel Opera House Proj), Ser 2010B, 7.000%, 9-1-35 | \$2,910 | \$3,039 | The Indl Dev Auth of Platte Cnty, MO, Trans Rev Bonds (Zona Rosa Phase II Retail Proj), Ser 2007, 6.850%, 4-1-29 | \$2,940 | \$ 3,020 |
| The Econ Dev Corp. of Dearborn, MI, Ltd. Oblig Rev and Rfdg Rev Bonds (Henry Ford Vlg, Inc. Proj), Ser 2008: 6.000%, 11-15-18 | 885 | 902 | MO Dev Fin Board, Infra Fac Rev Bonds (Branson Landing Proj), Ser 2005A, 6.000%, 6-1-20 | 840 | 910 | The Indl Dev Auth of St. Joseph, MO, Hlthcare Rev Bonds (Living Cmnty of St. Joseph Proj), Ser 2002, 7.000%, 8-15-32 | 6,000 | 6,010 |
| 7.000%, 11-15-38 | 2,400 | 2,439 | MO Dev Fin Board, Research Fac Rev Bonds (Midwest Research Institute Proj), Ser 2007, 4.500%, 11-1-27 | 3,500 | 3,709 | Nebraska – 1.3% Cent Plains Enrg Proj, Gas Proj Rev Bonds (Proj No. 3), Ser 2012: 5.250%, 9-1-37 | 8,000 | 8,954 |
| | | <u>26,680</u> | St. Louis Cnty, MO, Rev Notes (Lambert Arpt Eastn Perimeter Redev Proj- RPA1), Sr Ser B, 9.000%, 11-1-31 | 3,000 | 3,296 | 5.000%, 9-1-42 | 2,000 | 2,175 |
| Missouri – 6.4% | | | St. Louis Muni Fin Corp., Compound Int Leasehold Rev Bonds (Convention Ctr Cap Impvt Proj), Ser 2010A (Insured by AGM): 0.000%, 7-15-36 (D) | 1,500 | 687 | | | <u>11,129</u> |
| Arnold, MO, Real Ppty Tax Incr Rev Bonds (Arnold Triangle Redev Proj), Ser 2009A, 7.750%, 5-1-28 | 2,075 | 2,188 | 0.000%, 7-15-37 (D) | 2,500 | 1,097 | Nevada – 1.4% Director of the State of NV, Dept of Business and Industry Charter Sch Lease Rev Bonds (Somerset Academy), Ser 2015A, 5.125%, 12-15-45 | 2,515 | 2,552 |
| Arnold, MO, Sales Tax Incr Rev Bonds (Arnold Triangle Redev Proj), Ser 2009B, 8.000%, 5-1-28 | 2,045 | 2,162 | Stone Canyon Cmnty Impvt Dist, Independence, MO, Rev Bonds (Pub Infra Impvt Proj), Ser 2007, 5.750%, 4-1-27 (C) | 1,250 | 381 | Las Vegas Redev Agy, NV, Tax Incr Rev Bonds, Ser 2009A, 8.000%, 6-15-30 | 5,000 | 5,755 |
| Ballwin, MO, Tax Incr Rfdg and Impvt Rev Bonds (Ballwin Town Ctr Redev Proj), Ser 2002A, 6.250%, 10-1-17 | 1,700 | 1,677 | The Elm Point Commons Cmnty Impvt Dist (St. Charles, MO), Spl Assmt Bonds, Ser 2007, 5.750%, 3-1-27 | 1,305 | 1,346 | Overton Power Dist No. 5 (NV), Spl Oblig Rev Bonds, Ser 2008, 8.000%, 12-1-38 | 3,000 | 3,561 |
| Blue Springs, MO, Spl Oblig Tax Incr and Spl Dist Rfdg and Impvt Bonds (Adams Farm Proj), Ser 2015A, 5.250%, 6-1-39 | 5,000 | 5,100 | The Indl Dev Auth of Branson, MO, Tax Incr Rev Bonds (Branson Shoppes Redev Proj), Ser 2006A, 5.950%, 11-1-29 | 2,630 | 2,657 | | | <u>11,868</u> |
| Broadway-Fairview Trans Dev Dist (Columbia, MO), Trans Sales Tax Rev Bonds, Ser 2006A: 5.875%, 12-1-31 | 675 | 546 | The Indl Dev Auth of Grandview, MO, Tax Incr Rev Bonds (Grandview Crossing Proj 1), Ser 2006, 5.750%, 12-1-28 (C) | 1,000 | 240 | New Jersey – 1.6% NJ Econ Dev Auth, Spl Fac Rev Bonds (Continental Airlines, Inc. Proj), Ser 1999, 5.125%, 9-15-23 | 2,000 | 2,246 |
| 6.125%, 12-1-36 | 675 | 539 | The Indl Dev Auth of Kansas City, MO, Hlth Care Fac First Mtg Rev Bonds (The Bishop Spencer Place Proj), Ser 1994: 6.250%, 1-1-24 | 3,550 | 3,557 | NJ Edu Fac Auth, Rev Rfdg Bonds, Univ of Medicine and Dentistry of NJ Issue, Ser 2009B, 7.500%, 12-1-32 | 2,500 | 3,000 |
| Grindstone Plaza Trans Dev Dist (Columbia, MO), Trans Sales Tax Rev Bonds, Ser 2006A: 5.400%, 10-1-26 | 760 | 725 | 6.500%, 1-1-35 | 3,000 | 3,005 | Tob Stlmt Fin Corp., Tob Stlmt Asset-Bkd Bonds, Ser 2007-1A, 5.000%, 6-1-41 | 9,730 | 8,816 |
| 5.500%, 10-1-31 | 1,500 | 1,393 | The Indl Dev Auth of Lee’s Summit, MO, Infra Fac Rev Bonds (Kensington Farms Impvt Proj), Ser 2007, 5.750%, 3-1-29 | 1,185 | 723 | | | <u>14,062</u> |
| 5.550%, 10-1-36 | 400 | 362 | | | | New Mexico – 0.3% NM Hosp Equip Loan Council, Hosp Impvt and Rfdg Rev Bonds (Gerald Champion Rgnl Med Ctr Proj), Ser 2012A, 5.500%, 7-1-42 | 2,000 | 2,177 |
| Hlth and Edu Fac Auth of MO, Edu Fac Rfdg Rev Bonds, Rockhurst Univ, Ser 2011A, 6.500%, 10-1-30 | 1,500 | 1,677 | | | | | | |
| Jennings, MO, Tax Incr and Cmnty Impvt Rfdg Rev Bonds (Northland Redev Area Proj), Ser 2006, 5.000%, 11-1-23 | 2,575 | 2,578 | | | | | | |
| Lakeside 370 Levee Dist (St. Charles Cnty, MO), Levee Dist Impvt Bonds, Ser 2008: 0.000%, 4-1-55 (D) | 3,302 | 494 | | | | | | |
| 5.750%, 4-1-55 | 2,391 | 2,344 | | | | | | |

SCHEDULE OF INVESTMENTS
Municipal High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | | MUNICIPAL BONDS (Continued) | | |
|--|-----------|---------------|--|-----------|---------------|--|-----------|---------------|
| | Principal | Value | | Principal | Value | | Principal | Value |
| New York – 3.6% | | | Oklahoma – 0.8% | | | Puerto Rico – 2.6% | | |
| Nassau Cnty Indl Dev Agy, Continuing Care Ret Cmnty Rev Bonds (Amsterdam at Harborside Proj), Ser 2014A2, 6.500%, 1-1-32 | \$ 1,125 | \$ 1,131 | OK Cnty Fin Auth, Ret Fac Rev Bonds (Concordia Life Care Cmnty), Ser 2005: 6.125%, 11-15-25 | \$ 2,000 | \$ 2,003 | Cmnwlth of PR, GO Bonds of 2014, Ser A, 8.000%, 7-1-35 | \$ 5,000 | \$ 3,457 |
| Nassau Cnty Indl Dev Agy, Continuing Care Ret Cmnty Rev Bonds (Amsterdam at Harborside Proj), Ser 2014A4, 6.700%, 1-1-49 | 3,750 | 3,735 | 6.000%, 11-15-38 | 4,550 | 4,554 | Cmnwlth of PR, Pub Impvt Rfdg GO Bonds, Ser 2012A: 5.750%, 7-1-28 | 2,000 | 1,208 |
| Nassau Cnty Indl Dev Agy, Continuing Care Ret Cmnty Rev Bonds (Amsterdam at Harborside Proj), Ser 2014A5, 6.700%, 1-1-49 | 726 | 724 | | | <u>6,557</u> | 5.500%, 7-1-39 | 3,750 | 2,246 |
| Nassau Cnty Indl Dev Agy, Continuing Care Ret Cmnty Rev Bonds (Amsterdam at Harborside Proj), Ser 2014B, 5.500%, 7-1-20 | 1,401 | 1,404 | Oregon – 1.2% | | | PR Aqueduct and Sewer Auth, Rev Bonds, Ser 2012A (Sr Lien), 5.750%, 7-1-37 | 1,000 | 679 |
| Nassau Cnty Indl Dev Agy, Continuing Care Ret Cmnty Rev Bonds (Amsterdam at Harborside Proj), Ser 2014C, 2.000%, 1-1-49 | 2,595 | 324 | Hosp Fac Auth of Deschutes Cnty, OR, Hosp Rev Rfdg Bonds (Cascade Hlthcare Cmnty, Inc.), Ser 2008, 8.250%, 1-1-38 | 4,000 | 4,798 | PR Elec Power Auth, Power Rev Bonds, Ser 2013A, 7.000%, 7-1-43 | 13,000 | 8,051 |
| NY Liberty Dev Corp., Rev Bonds (3 World Trade Center Proj), Ser 2014, 5.000%, 11-15-44 | 15,000 | 16,141 | Port of Portland, OR, Portland Intl Arprt Passenger Fac Charge Rev Bonds, Ser 2011A, 5.500%, 7-1-30 | 5,000 | 5,764 | PR Sales Tax Fin Corp., Sales Tax Rev Bonds, First Sub Ser 2009A, 6.375%, 8-1-39 | 5,000 | 2,133 |
| Suffolk Cnty Indl Dev Agy, Assisted Living Fac Rev Bonds (Medford Hamlet Assisted Living Proj), Ser 2005, 6.375%, 1-1-39 | 1,700 | 1,738 | | | <u>10,562</u> | PR Sales Tax Fin Corp., Sales Tax Rev Bonds, First Sub Ser 2010A: 5.375%, 8-1-39 | 5,000 | 2,055 |
| The Orange Co. Funding Corp. (NY), Assisted Living Residence Rev Bonds (The Hamlet at Wallkill Assisted Living Proj), Ser 2012, 6.500%, 1-1-46 | 6,015 | 6,106 | Pennsylvania – 3.1% | | | 5.500%, 8-1-42 | 1,000 | 412 |
| | | <u>31,303</u> | Butler Cnty Hosp Auth, Hosp Rev Bonds (Butler Hlth Sys Proj), Ser 2009B, 7.250%, 7-1-39 | 3,000 | 3,604 | PR Sales Tax Fin Corp., Sales Tax Rev Bonds, Ser 2011C, 5.250%, 8-1-40 | 3,000 | 1,866 |
| Ohio – 0.6% | | | Cumberland Cnty Muni Auth, Rfdg Rev Bonds (Asbury PA Oblig Group), Ser 2012, 5.250%, 1-1-41 | 3,000 | 3,151 | | | <u>22,107</u> |
| Greene Cnty Port Auth, Adult Svc Fac Rev Bonds (Greene, Inc. Proj), Ser 2009, 7.500%, 12-1-33 | 3,500 | 4,161 | Delaware Cnty Indl Dev Auth, Charter Sch Rev Bonds (Chester Cmnty Charter Sch Proj), Ser 2010A, 6.125%, 8-15-40 | 6,540 | 6,644 | Rhode Island – 0.6% | | |
| Summit Cnty Port Auth, OH (Cleveland - Flats East Dev Proj), Ser 2010B, 6.875%, 5-15-40 | 1,225 | 1,380 | Delaware Cnty Indl Dev Auth, PA, Rfdg Rev Bonds (Covanta Proj), Ser 2015A, 5.000%, 7-1-43 | 5,000 | 5,075 | Tob Stlmt Fin Corp., Tob Stlmt Asset-Bkd Bonds, Ser 2015B, 5.000%, 6-1-50 | 5,000 | 5,267 |
| | | <u>5,541</u> | PA Econ Dev Fin Auth, Exempt Fac Rev Ref Bonds (PPL Enrg Supply LLC Proj), Ser 2009A, 6.400%, 12-1-38 | 4,000 | 3,686 | | | |
| | | | PA Tpk Comsn, Tpk Sub Rev Bonds, Ser 2009E, 0.000%, 12-1-38 (D) ... | 3,000 | 3,581 | South Carolina – 0.7% | | |
| | | | The Borough of Langhorne Manor, Higher Edu and Hlth Auth (Bucks Cnty, PA), Hosp Rev Bonds (Lower Bucks Hosp), Ser 1992: 7.300%, 7-1-12 (C) | 1,850 | 458 | SC Jobs - Econ Dev Auth, Student Hsng Rev Bonds (Coastal Hsng Fndtn LLC Proj), Ser 2009A, 6.500%, 4-1-42 | 5,000 | 6,071 |
| | | | 7.350%, 7-1-22 (C) | 3,400 | 841 | | | |
| | | | | | <u>27,040</u> | Tennessee – 0.1% | | |
| | | | | | | Metro Nashville Arprt Auth, Arprt Impvt Rev Bonds, Ser 2015A, 5.000%, 7-1-40 | 1,000 | 1,172 |
| | | | | | | Texas – 14.3% | | |
| | | | | | | Bexar Cnty Hlth Fac Dev Corp., Rev Bonds (Army Ret Residence Fndtn Proj), Ser 2010, 6.200%, 7-1-45 | 1,750 | 1,982 |
| | | | | | | Cass Cnty Indl Dev Corp., Envirnmt Impvt Rev Bonds, Ser 2009A, 9.500%, 3-1-33 | 3,500 | 4,223 |
| | | | | | | Cent TX Rgnl Mobility Auth, Sr Lien Rev Bonds, Ser 2010: 0.000%, 1-1-36 (D) | 2,000 | 910 |
| | | | | | | 0.000%, 1-1-40 (D) | 1,500 | 570 |

SCHEDULE OF INVESTMENTS
Municipal High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

| MUNICIPAL BONDS (Continued) | Principal | Value | SHORT-TERM SECURITIES (Continued) | Principal | Value | SHORT-TERM SECURITIES (Continued) | Principal | Value |
|---|-----------|------------------|--|-----------|---------|--|-----------|------------------|
| Wisconsin – 1.0% | | | Master Note – 0.1% | | | Municipal Obligations (Continued) | | |
| Pub Fin Auth, Sr Arpt Fac Rev and Rfdg Bonds (Trlps Obligated Group), Ser 2012B, 5.000%, 7-1-42 | \$4,500 | \$ 4,749 | Toyota Motor Credit Corp., 0.443%, 4-6-16 (F) | \$1,274 | \$1,274 | MS Business Fin Corp., Gulf Opp Zone Inld Dev Rev Bonds (Chevron USA, Inc. Proj), Ser 2007D (GTD by Chevron Corp.), 0.370%, 4-1-16 (F) | \$3,000 | \$ 3,000 |
| WI Hlth and Edu Fac Auth, Rev Bonds (Beloit College), Ser 2010A: 6.125%, 6-1-35 | 1,000 | 1,119 | Municipal Obligations – 4.2% | | | Port Arthur Nav Dist Inld Dev Corp., Exempt Fac Var Rate Rev Bonds (Air Products Proj), Ser 2006 (GTD by Air Products and Chemicals, Inc.), 0.390%, 4-1-16 (F) | 2,000 | 2,000 |
| 6.125%, 6-1-39 | 1,000 | 1,112 | CA GO Bonds, Ser 2004B6 (GTD by U.S. Bank N.A.), 0.400%, 4-7-16 (F) | 9,100 | 9,100 | Tuscaloosa Cnty Inld Dev Auth, Gulf Opp Zone Bonds (Hunt Refining Proj), Ser 2011I (GTD by Bank of Nova Scotia), 0.410%, 4-7-16 (F) | 5,000 | 5,000 |
| WI Pub Fin Auth, Edu Rev Bonds (Triad Edu Svc), Ser 2015A, 5.500%, 6-15-45 | 2,000 | 2,018 | CA Infra and Econ Dev Bank, Var Rate Demand Rfdg Rev Bonds (LA Cnty Mus of Nat Hist Fndtn), Ser 2008A (GTD by Wells Fargo Bank N.A.), 0.320%, 4-1-16 (F) | 3,000 | 3,000 | | | |
| | | 8,998 | Castle Rock, CO, Cert of Part, Ser 2008 (GTD by Wells Fargo Bank N.A.), 0.460%, 4-7-16 (F) | 6,600 | 6,600 | | | 36,100 |
| Wyoming – 0.5% | | | Columbus Rgnl Arpt Auth, Cap Funding Rev Bonds (OASBO Expanded Asset Pooled Fin Prog), Sr Ser 2005 (GTD by U.S. Bank N.A.), 0.410%, 4-7-16 (F) | 2,400 | 2,400 | TOTAL SHORT-TERM SECURITIES – 5.6% | | \$ 48,224 |
| WY Muni Power Agy, Power Supply Sys Rev Bonds, Ser 2008A, 5.500%, 1-1-38 | 4,000 | 4,282 | Greenville Hosp Sys Board of Trustees, Hosp Rfdg Rev Bonds, Ser 2008B (GTD by U.S. Bank N.A.), 0.400%, 4-7-16 (F) | 1,000 | 1,000 | (Cost: \$48,224) | | |
| | | | Harris Cnty Hosp Dist, Sr Lien Rfdg Rev Bonds, Ser 2010 (GTD by JPMorgan Chase & Co.), 0.430%, 4-7-16 (F) | 1,500 | 1,500 | TOTAL INVESTMENT SECURITIES – 98.7% | | \$854,160 |
| TOTAL MUNICIPAL BONDS – 93.1% | | \$805,936 | Irvine Unif Sch Dist, Cmnty Fac Dist No. 09-1, Adj Rate Spl Tax Bonds, Ser 2014C-C (GTD by U.S. Bank N.A.), 0.360%, 4-1-16 (F) | 2,500 | 2,500 | (Cost: \$826,383) | | |
| (Cost: \$778,159) | | | | | | CASH AND OTHER ASSETS, NET OF LIABILITIES – 1.3% | | 10,898 |
| SHORT-TERM SECURITIES | | | | | | NET ASSETS – 100.0% | | \$865,058 |
| Commercial Paper (E) – 1.3% | | | | | | | | |
| Clorox Co. (The), 0.460%, 4-11-16 | 3,000 | 2,999 | | | | | | |
| Ecolab, Inc., 0.720%, 4-4-16 | 1,500 | 1,500 | | | | | | |
| NBCUniversal Enterprise, Inc., 0.770%, 4-5-16 | 4,000 | 4,000 | | | | | | |
| St. Jude Medical, Inc., 0.720%, 4-1-16 | 2,351 | 2,351 | | | | | | |
| | | 10,850 | | | | | | |

Notes to Schedule of Investments

- (A) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2016.
- (B) Purchased on a when-issued basis with settlement subsequent to March 31, 2016.
- (C) Non-income producing as the issuer has either missed its most recent interest payment or declared bankruptcy.
- (D) Zero coupon bond.
- (E) Rate shown is the yield to maturity at March 31, 2016.
- (F) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2016. Date shown represents the date that the variable rate resets.

SCHEDULE OF INVESTMENTS

Municipal High Income Fund *(in thousands)*

MARCH 31, 2016 (UNAUDITED)

The following table is a summary of the valuation of the Fund's investments by the fair value hierarchy levels as of March 31, 2016. See Note 3 to the Financial Statements for further information regarding fair value measurement.

| | Level 1 | Level 2 | Level 3 |
|-----------------------------|---------|-----------|---------|
| Assets | | | |
| Investments in Securities | | | |
| Municipal Bonds | \$ — | \$805,936 | \$ — |
| Short-Term Securities | — | 48,224 | — |
| Total | \$ — | \$854,160 | \$ — |

During the period ended March 31, 2016, there were no transfers between Level 1 and 2.

The following acronyms are used throughout this schedule:

AGM = Assured Guaranty Municipal
 AMBAC = American Municipal Bond Assurance Corp.
 FHA = Federal Housing Administration
 GTD = Guaranteed

See Accompanying Notes to Financial Statements.

STATEMENTS OF ASSETS AND LIABILITIES

Waddell & Reed Advisors Funds

AS OF MARCH 31, 2016 (UNAUDITED)

| (In thousands, except per share amounts) | Bond Fund | Cash Management | Global Bond Fund | Government Securities Fund | High Income Fund | Municipal Bond Fund | Municipal High Income Fund |
|--|--------------------|--------------------|------------------|----------------------------|--------------------|---------------------|----------------------------|
| ASSETS | | | | | | | |
| Investments in unaffiliated securities at value+ | \$1,211,658 | \$1,478,246 | \$615,663 | \$267,935 | \$1,891,585 | \$885,228 | \$854,160 |
| Investments at Value | 1,211,658 | 1,478,246 | 615,663 | 267,935 | 1,891,585 | 885,228 | 854,160 |
| Cash | 1 | 9,513 | 88 | 131 | 8,473 | 1 | 1 |
| Cash denominated in foreign currencies at value+ | — | — | — | — | 11 | — | — |
| Investment securities sold receivable | — | 2 | 121 | — | 7,605 | — | — |
| Dividends and interest receivable | 9,255 | 694 | 7,102 | 1,257 | 40,071 | 9,904 | 13,646 |
| Capital shares sold receivable | 1,199 | 22,025 | 386 | 201 | 2,071 | 469 | 696 |
| Receivable from affiliates | — | 3,072 | — | — | — | — | — |
| Unrealized appreciation on forward foreign currency contracts | — | — | 48 | — | — | — | — |
| Unrealized appreciation on swap agreements | — | — | — | — | 41 | — | — |
| Prepaid and other assets | 59 | 130 | 43 | 53 | 105 | 63 | 177 |
| Total Assets | 1,222,172 | 1,513,682 | 623,451 | 269,577 | 1,949,962 | 895,665 | 868,680 |
| LIABILITIES | | | | | | | |
| Investment securities purchased payable | 10,475 | — | — | — | 18,152 | — | 1,770 |
| Capital shares redeemed payable | 1,264 | 44,323 | 1,214 | 556 | 3,120 | 1,398 | 1,169 |
| Distributions payable | — | 40 | — | 40 | 1,524 | — | 433 |
| Independent Trustees and Chief Compliance Officer fees payable | 212 | 109 | 99 | 73 | 248 | 164 | 119 |
| Distribution and service fees payable | 8 | —* | 4 | 2 | 12 | 6 | 6 |
| Shareholder servicing payable | 257 | 466 | 187 | 61 | 367 | 78 | 75 |
| Investment management fee payable | 16 | 16 | 10 | 3 | 29 | 12 | 12 |
| Accounting services fee payable | 22 | 22 | 14 | 8 | 22 | 18 | 18 |
| Unrealized depreciation on forward foreign currency contracts | — | — | — | — | 19 | — | — |
| Other liabilities | 20 | 15 | 13 | 7 | 37 | 16 | 20 |
| Total Liabilities | 12,274 | 44,991 | 1,541 | 750 | 23,530 | 1,692 | 3,622 |
| Total Net Assets | \$1,209,898 | \$1,468,691 | \$621,910 | \$268,827 | \$1,926,432 | \$893,973 | \$865,058 |
| NET ASSETS | | | | | | | |
| Capital paid in (shares authorized – unlimited) | \$1,178,939 | \$1,468,907 | \$702,612 | \$267,220 | \$2,289,964 | \$815,220 | \$863,310 |
| Undistributed (distributions in excess of) net investment income | 380 | — | 2,226 | (284) | 963 | 2,000 | 1,960 |
| Accumulated net realized gain (loss) | 7,409 | (216) | (32,562) | (2,996) | (137,532) | (11,928) | (27,989) |
| Net unrealized appreciation (depreciation) | 23,170 | — | (50,366) | 4,887 | (226,963) | 88,681 | 27,777 |
| Total Net Assets | \$1,209,898 | \$1,468,691 | \$621,910 | \$268,827 | \$1,926,432 | \$893,973 | \$865,058 |
| CAPITAL SHARES OUTSTANDING: | | | | | | | |
| Class A | 188,617 | 1,463,704 | 159,305 | 46,947 | 259,601 | 114,870 | 171,465 |
| Class B | 416 | 1,111 | 451 | 212 | 778 | 95 | 179 |
| Class C | 1,580 | 4,092 | 1,714 | 655 | 4,998 | 1,929 | 4,856 |
| Class Y | 384 | N/A | 13,810 | 574 | 44,570 | N/A | N/A |
| NET ASSET VALUE PER SHARE: | | | | | | | |
| Class A | \$6.33 | \$1.00 | \$3.55 | \$5.56 | \$6.22 | \$7.65 | \$4.90 |
| Class B | \$6.32 | \$1.00 | \$3.54 | \$5.56 | \$6.22 | \$7.64 | \$4.90 |
| Class C | \$6.33 | \$1.00 | \$3.54 | \$5.56 | \$6.22 | \$7.64 | \$4.90 |
| Class Y | \$6.34 | N/A | \$3.55 | \$5.56 | \$6.22 | N/A | N/A |
| +COST | | | | | | | |
| Investments in unaffiliated securities at cost | \$1,188,488 | \$1,478,246 | \$666,106 | \$263,048 | \$2,118,582 | \$796,547 | \$826,383 |
| Cash denominated in foreign currencies at cost | — | — | — | — | 11 | — | — |

*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

STATEMENTS OF OPERATIONS

Waddell & Reed Advisors Funds

FOR THE SIX MONTHS ENDED MARCH 31, 2016 (UNAUDITED)

| (In thousands) | Bond Fund | Cash Management | Global Bond Fund | Government Securities Fund | High Income Fund | Municipal Bond Fund | Municipal High Income Fund |
|--|-----------------|-----------------|------------------|----------------------------|--------------------|---------------------|----------------------------|
| INVESTMENT INCOME | | | | | | | |
| Dividends from unaffiliated securities | \$ — | \$ — | \$ 1,030 | \$ — | \$ 1,088 | \$ — | \$ — |
| Foreign dividend withholding tax | — | — | (11) | — | — | — | — |
| Interest and amortization from unaffiliated securities | 17,779 | 2,646 | 13,337 | 2,751 | 85,456 | 16,241 | 22,963 |
| Foreign interest withholding tax | — | — | —* | — | — | — | — |
| Total Investment Income | 17,779 | 2,646 | 14,356 | 2,751 | 86,544 | 16,241 | 22,963 |
| EXPENSES | | | | | | | |
| Investment management fee | 2,831 | 2,815 | 2,043 | 631 | 5,644 | 2,270 | 2,213 |
| Distribution and service fees: | | | | | | | |
| Class A | 1,485 | — | 751 | 306 | 2,081 | 1,085 | 1,045 |
| Class B | 14 | 6 | 8 | 6 | 27 | 4 | 4 |
| Class C | 48 | 23 | 33 | 18 | 168 | 72 | 119 |
| Shareholder servicing: | | | | | | | |
| Class A | 1,232 | 2,302 | 856 | 279 | 1,537 | 341 | 329 |
| Class B | 11 | 2 | 8 | 3 | 18 | 1 | 1 |
| Class C | 16 | 4 | 13 | 6 | 39 | 13 | 19 |
| Class Y | 2 | N/A | 38 | 2 | 209 | N/A | N/A |
| Registration fees | 46 | 117 | 38 | 38 | 56 | 39 | 37 |
| Custodian fees | 10 | 10 | 12 | 5 | 11 | 8 | 8 |
| Independent Trustees and Chief Compliance Officer fees | 22 | 35 | 14 | 3 | 44 | 17 | 19 |
| Accounting services fee | 130 | 128 | 82 | 46 | 130 | 108 | 106 |
| Professional fees | 44 | 44 | 53 | 19 | 104 | 3 | — |
| Other | 55 | 87 | 30 | 19 | 76 | 29 | 17 |
| Total Expenses | 5,946 | 5,573 | 3,979 | 1,381 | 10,144 | 3,990 | 3,917 |
| Less: | | | | | | | |
| Expenses in excess of limit | (77) | (3,072) | (88) | (72) | (125) | (157) | (113) |
| Total Net Expenses | 5,869 | 2,501 | 3,891 | 1,309 | 10,019 | 3,833 | 3,804 |
| Net Investment Income | 11,910 | 145 | 10,465 | 1,442 | 76,525 | 12,408 | 19,159 |
| REALIZED AND UNREALIZED GAIN (LOSS) | | | | | | | |
| Net realized gain (loss) on: | | | | | | | |
| Investments in unaffiliated securities | 8,160 | 111 | (18,538) | 272 | (109,295) | 357 | (4,479) |
| Futures contracts | — | — | — | — | — | — | 512 |
| Swap agreements | — | — | — | — | (962) | — | — |
| Forward foreign currency contracts | — | — | 305 | — | (4) | — | — |
| Foreign currency exchange transactions | — | — | (322) | — | (9) | — | — |
| Net change in unrealized appreciation (depreciation) on: | | | | | | | |
| Investments in unaffiliated securities | 12,493 | — | 21,507 | 1,896 | (11,288) | 11,394 | 4,059 |
| Futures contracts | — | — | — | — | — | — | 70 |
| Swap agreements | — | — | — | — | 188 | — | — |
| Forward foreign currency contracts | — | — | (36) | — | (151) | — | — |
| Foreign currency exchange transactions | — | — | 179 | — | 16 | — | — |
| Net Realized and Unrealized Gain (Loss) | 20,653 | 111 | 3,095 | 2,168 | (121,505) | 11,751 | 162 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | \$32,563 | \$ 256 | \$ 13,560 | \$3,610 | \$ (44,980) | \$24,159 | \$19,321 |

*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

Waddell & Reed Advisors Funds

| (In thousands) | Bond Fund | | Cash Management | | Global Bond Fund | |
|--|--|-----------------------|--|-----------------------|--|-----------------------|
| | Six months ended 3-31-16 (Unaudited) | Year ended 9-30-15 | Six months ended 3-31-16 (Unaudited) | Year ended 9-30-15 | Six months ended 3-31-16 (Unaudited) | Year ended 9-30-15 |
| INCREASE (DECREASE) IN NET ASSETS | | | | | | |
| Operations: | | | | | | |
| Net investment income | \$ 11,910 | \$ 25,461 | \$ 145 | \$ 258 | \$ 10,465 | \$ 26,508 |
| Net realized gain (loss) on investments | 8,160 | 22,021 | 111 | 76 | (18,555) | (9,283) |
| Net change in unrealized appreciation (depreciation) | 12,493 | (28,227) | — | — | 21,650 | (73,285) |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 32,563 | 19,255 | 256 | 334 | 13,560 | (56,060) |
| Distributions to Shareholders From: | | | | | | |
| Net investment income: | | | | | | |
| Class A | (12,409) | (28,041) | (144) | (257) | (7,163) | (22,697) |
| Class B | (11) | (39) | —* | —* | (9) | (48) |
| Class C | (57) | (140) | (1) | (1) | (52) | (216) |
| Class Y | (27) | (444) | N/A | N/A | (695) | (1,834) |
| Net realized gains: | | | | | | |
| Class A | (12,487) | — | — | — | — | — |
| Class B | (30) | — | — | — | — | — |
| Class C | (98) | — | — | — | — | — |
| Class Y | (24) | — | N/A | N/A | — | — |
| Total Distributions to Shareholders | (25,143) | (28,664) | (145) | (258) | (7,919) | (24,795) |
| Capital Share Transactions | (18,951) | (47,950) | 112,873 | 78,586 | (87,028) | (68,968) |
| Net Increase (Decrease) in Net Assets | (11,531) | (57,359) | 112,984 | 78,662 | (81,387) | (149,823) |
| Net Assets, Beginning of Period | 1,221,429 | 1,278,788 | 1,355,707 | 1,277,045 | 703,297 | 853,120 |
| Net Assets, End of Period | \$1,209,898 | \$1,221,429 | \$1,468,691 | \$1,355,707 | \$621,910 | \$ 703,297 |
| Undistributed net investment income | \$ 380 | \$ 974 | \$ — | \$ — | \$ 2,226 | \$ 3,177 |

*Not shown due to rounding.

STATEMENTS OF CHANGES IN NET ASSETS

Waddell & Reed Advisors Funds

| (In thousands) | Government Securities Fund | | High Income Fund | |
|--|--|-----------------------|--|-----------------------|
| | Six months ended 3-31-16 (Unaudited) | Year ended 9-30-15 | Six months ended 3-31-16 (Unaudited) | Year ended 9-30-15 |
| INCREASE (DECREASE) IN NET ASSETS | | | | |
| Operations: | | | | |
| Net investment income | \$ 1,442 | \$ 2,920 | \$ 76,525 | \$ 154,778 |
| Net realized gain (loss) on investments | 272 | 1,570 | (110,270) | (27,805) |
| Net change in unrealized appreciation (depreciation) | 1,896 | 223 | (11,235) | (227,080) |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 3,610 | 4,713 | (44,980) | (100,107) |
| Distributions to Shareholders From: | | | | |
| Net investment income: | | | | |
| Class A | (1,693) | (3,630) | (62,736) | (129,291) |
| Class B | (1) | (4) | (168) | (409) |
| Class C | (9) | (32) | (1,133) | (2,632) |
| Class Y | (23) | (44) | (10,881) | (21,894) |
| Net realized gains: | | | | |
| Class A | — | — | —* | (37,342) |
| Class B | — | — | — | (158) |
| Class C | — | — | — | (906) |
| Class Y | — | — | — | (6,110) |
| Total Distributions to Shareholders | (1,726) | (3,710) | (74,918) | (198,742) |
| Capital Share Transactions | 16,316 | (8,176) | (77,098) | 60,890 |
| Net Increase (Decrease) in Net Assets | 18,200 | (7,173) | (196,996) | (237,959) |
| Net Assets, Beginning of Period | 250,627 | 257,800 | 2,123,428 | 2,361,387 |
| Net Assets, End of Period | \$268,827 | \$250,627 | \$1,926,432 | \$2,123,428 |
| Undistributed (distributions in excess of) net investment income | \$ (284) | \$ — | \$ 963 | \$ (44) |

*Not shown due to rounding.

See Accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

Waddell & Reed Advisors Funds

| | Municipal Bond Fund | | Municipal High Income Fund | |
|---|--|-----------------------|--|-----------------------|
| | Six months ended 3-31-16 (Unaudited) | Year ended 9-30-15 | Six months ended 3-31-16 (Unaudited) | Year ended 9-30-15 |
| (In thousands) | | | | |
| INCREASE (DECREASE) IN NET ASSETS | | | | |
| Operations: | | | | |
| Net investment income | \$ 12,408 | \$ 24,429 | \$ 19,159 | \$ 36,776 |
| Net realized gain (loss) on investments | 357 | (7,987) | (3,967) | (3,111) |
| Net change in unrealized appreciation (depreciation) | 11,394 | 3,030 | 4,129 | (2,812) |
| Net Increase in Net Assets Resulting from Operations | 24,159 | 19,472 | 19,321 | 30,853 |
| Distributions to Shareholders From: | | | | |
| Net investment income: | | | | |
| Class A | (12,325) | (23,664) | (18,462) | (35,495) |
| Class B | (8) | (16) | (16) | (38) |
| Class C | (141) | (277) | (426) | (862) |
| Class Y | N/A | N/A | N/A | N/A |
| Net realized gains: | | | | |
| Class A | — | — | — | — |
| Class B | — | — | — | — |
| Class C | — | — | — | — |
| Class Y | N/A | N/A | N/A | N/A |
| Total Distributions to Shareholders | (12,474) | (23,957) | (18,904) | (36,395) |
| Capital Share Transactions | 16,705 | 5,053 | 24,237 | 35,448 |
| Net Increase in Net Assets | 28,390 | 568 | 24,654 | 29,906 |
| Net Assets, Beginning of Period | 865,583 | 865,015 | 840,404 | 810,498 |
| Net Assets, End of Period | \$893,973 | \$865,583 | \$865,058 | \$840,404 |
| Undistributed net investment income | \$ 2,000 | \$ 2,066 | \$ 1,960 | \$ 1,705 |

See Accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS

Waddell & Reed Advisors Funds FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

BOND FUND

| | Net Asset Value, Beginning of Period | Net Investment Income ⁽¹⁾ | Net Realized and Unrealized Gain (Loss) on Investments | Total from Investment Operations | Distributions From Net Investment Income | Distributions From Net Realized Gains | Total Distributions |
|-------------------------------------|--------------------------------------|--------------------------------------|--|----------------------------------|--|---------------------------------------|---------------------|
| Class A Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | \$6.30 | \$0.06 | \$ 0.11 | \$ 0.17 | \$(0.07) | \$(0.07) | \$(0.14) |
| Year ended 9-30-2015 | 6.34 | 0.13 | (0.03) | 0.10 | (0.14) | — | (0.14) |
| Year ended 9-30-2014 | 6.33 | 0.16 | 0.03 | 0.19 | (0.18) | — | (0.18) |
| Year ended 9-30-2013 | 6.67 | 0.15 | (0.32) | (0.17) | (0.17) | — | (0.17) |
| Year ended 9-30-2012 | 6.46 | 0.18 | 0.23 | 0.41 | (0.20) | — | (0.20) |
| Year ended 9-30-2011 | 6.42 | 0.17 | 0.06 | 0.23 | (0.19) | — | (0.19) |
| Class B Shares⁽⁵⁾ | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 6.29 | 0.02 | 0.11 | 0.13 | (0.03) | (0.07) | (0.10) |
| Year ended 9-30-2015 | 6.34 | 0.05 | (0.04) | 0.01 | (0.06) | — | (0.06) |
| Year ended 9-30-2014 | 6.33 | 0.08 | 0.03 | 0.11 | (0.10) | — | (0.10) |
| Year ended 9-30-2013 | 6.66 | 0.07 | (0.31) | (0.24) | (0.09) | — | (0.09) |
| Year ended 9-30-2012 | 6.45 | 0.10 | 0.23 | 0.33 | (0.12) | — | (0.12) |
| Year ended 9-30-2011 | 6.42 | 0.10 | 0.05 | 0.15 | (0.12) | — | (0.12) |
| Class C Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 6.29 | 0.03 | 0.12 | 0.15 | (0.04) | (0.07) | (0.11) |
| Year ended 9-30-2015 | 6.34 | 0.07 | (0.03) | 0.04 | (0.09) | — | (0.09) |
| Year ended 9-30-2014 | 6.33 | 0.10 | 0.03 | 0.13 | (0.12) | — | (0.12) |
| Year ended 9-30-2013 | 6.66 | 0.09 | (0.31) | (0.22) | (0.11) | — | (0.11) |
| Year ended 9-30-2012 | 6.45 | 0.12 | 0.23 | 0.35 | (0.14) | — | (0.14) |
| Year ended 9-30-2011 | 6.42 | 0.12 | 0.04 | 0.16 | (0.13) | — | (0.13) |
| Class Y Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 6.30 | 0.07 | 0.11 | 0.18 | (0.07) | (0.07) | (0.14) |
| Year ended 9-30-2015 | 6.35 | 0.15 | (0.04) | 0.11 | (0.16) | — | (0.16) |
| Year ended 9-30-2014 | 6.34 | 0.18 | 0.03 | 0.21 | (0.20) | — | (0.20) |
| Year ended 9-30-2013 | 6.67 | 0.17 | (0.31) | (0.14) | (0.19) | — | (0.19) |
| Year ended 9-30-2012 | 6.46 | 0.20 | 0.23 | 0.43 | (0.22) | — | (0.22) |
| Year ended 9-30-2011 | 6.42 | 0.19 | 0.05 | 0.24 | (0.20) | — | (0.20) |

(1)Based on average weekly shares outstanding.

(2)Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods less than one year are not annualized.

(3)Ratios excluding expense waivers are included only for periods in which the class had waived or reimbursed expenses.

(4)Annualized.

(5)These class shares are not available for direct investment. However, they are available for dividend reinvestment and exchange of the same class shares of another Waddell & Reed Advisors Fund or Ivy Fund.

| | Net Asset Value, End of Period | Total Return ⁽²⁾ | Net Assets, End of Period (in millions) | Ratio of Expenses to Average Net Assets Including Expense Waiver | Ratio of Net Investment Income to Average Net Assets Including Expense Waiver | Ratio of Expenses to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Ratio of Net Investment Income to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Portfolio Turnover Rate |
|-------------------------------------|--------------------------------|-----------------------------|---|--|---|---|--|-------------------------|
| Class A Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | \$6.33 | 2.62% | \$1,195 | 0.97% ⁽⁴⁾ | 1.99% ⁽⁴⁾ | 0.98% ⁽⁴⁾ | 1.98% ⁽⁴⁾ | 48% |
| Year ended 9-30-2015 | 6.30 | 1.66 | 1,206 | 0.95 | 2.02 | 0.96 | 2.01 | 58 |
| Year ended 9-30-2014 | 6.34 | 3.03 | 1,239 | 0.96 | 2.58 | 0.97 | 2.57 | 18 |
| Year ended 9-30-2013 | 6.33 | -2.48 | 1,365 | 0.94 | 2.32 | 0.95 | 2.31 | 28 |
| Year ended 9-30-2012 | 6.67 | 6.24 | 1,584 | 0.96 | 2.74 | 0.97 | 2.73 | 24 |
| Year ended 9-30-2011 | 6.46 | 3.65 | 1,329 | 0.97 | 2.73 | 0.98 | 2.72 | 61 |
| Class B Shares⁽⁵⁾ | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 6.32 | 1.97 | 3 | 2.35 ⁽⁴⁾ | 0.62 ⁽⁴⁾ | — | — | 48 |
| Year ended 9-30-2015 | 6.29 | 0.21 | 3 | 2.26 | 0.73 | — | — | 58 |
| Year ended 9-30-2014 | 6.34 | 1.70 | 4 | 2.25 | 1.30 | — | — | 18 |
| Year ended 9-30-2013 | 6.33 | -3.70 | 6 | 2.20 | 1.06 | — | — | 28 |
| Year ended 9-30-2012 | 6.66 | 5.12 | 10 | 2.18 | 1.55 | — | — | 24 |
| Year ended 9-30-2011 | 6.45 | 2.34 | 12 | 2.12 | 1.60 | — | — | 61 |
| Class C Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 6.33 | 2.33 | 10 | 1.87 ⁽⁴⁾ | 1.09 ⁽⁴⁾ | — | — | 48 |
| Year ended 9-30-2015 | 6.29 | 0.56 | 10 | 1.87 | 1.11 | — | — | 58 |
| Year ended 9-30-2014 | 6.34 | 2.08 | 11 | 1.89 | 1.65 | — | — | 18 |
| Year ended 9-30-2013 | 6.33 | -3.35 | 14 | 1.84 | 1.42 | — | — | 28 |
| Year ended 9-30-2012 | 6.66 | 5.44 | 20 | 1.85 | 1.85 | — | — | 24 |
| Year ended 9-30-2011 | 6.45 | 2.58 | 17 | 1.87 | 1.84 | — | — | 61 |
| Class Y Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 6.34 | 2.90 | 2 | 0.67 ⁽⁴⁾ | 2.29 ⁽⁴⁾ | — | — | 48 |
| Year ended 9-30-2015 | 6.30 | 1.80 | 2 | 0.67 | 2.41 | — | — | 58 |
| Year ended 9-30-2014 | 6.35 | 3.33 | 25 | 0.67 | 2.87 | — | — | 18 |
| Year ended 9-30-2013 | 6.34 | -2.19 | 15 | 0.65 | 2.59 | — | — | 28 |
| Year ended 9-30-2012 | 6.67 | 6.73 | 35 | 0.66 | 3.07 | — | — | 24 |
| Year ended 9-30-2011 | 6.46 | 3.94 | 57 | 0.68 | 3.00 | — | — | 61 |

See Accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS

Waddell & Reed Advisors Funds FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

CASH MANAGEMENT

| | Net Asset Value, Beginning of Period | Net Investment Income ⁽¹⁾ | Net Realized and Unrealized Gain on Investments | Total from Investment Operations | Distributions From Net Investment Income | Distributions From Net Realized Gains | Total Distributions |
|--|--------------------------------------|--------------------------------------|---|----------------------------------|--|---------------------------------------|---------------------|
| Class A Shares | | | | | | | |
| Six-month period ended 3-31-2016 (unaudited) | \$1.00 | \$0.00* | \$0.00 | \$0.00* | \$—* | \$— | \$—* |
| Year ended 9-30-2015 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2014 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2013 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2012 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2011 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Class B Shares⁽⁵⁾ | | | | | | | |
| Six-month period ended 3-31-2016 (unaudited) | 1.00 | 0.00* | 0.00 | 0.00* | —* | — | —* |
| Year ended 9-30-2015 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2014 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2013 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2012 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2011 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Class C Shares⁽⁵⁾ | | | | | | | |
| Six-month period ended 3-31-2016 (unaudited) | 1.00 | 0.00* | 0.00 | 0.00* | —* | — | —* |
| Year ended 9-30-2015 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2014 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2013 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2012 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |
| Year ended 9-30-2011 | 1.00 | 0.00* | 0.00* | 0.00* | —* | — | —* |

* Not shown due to rounding.

(1) Based on average weekly shares outstanding.

(2) Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods less than one year are not annualized.

(3) Ratios excluding expense waivers are included only for periods in which the class had waived or reimbursed expenses.

(4) Annualized.

(5) These class shares are not available for direct investment. However, they are available for dividend reinvestment and exchange of the same class shares of another Waddell & Reed Advisors Fund or Ivy Fund.

| | Net Asset Value, End of Period | Total Return ⁽²⁾ | Net Assets, End of Period (in millions) | Ratio of Expenses to Average Net Assets Including Expense Waiver | Ratio of Net Investment Income to Average Net Assets Including Expense Waiver | Ratio of Expenses to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Ratio of Net Investment Loss to Average Net Assets Excluding Expense Waiver ⁽³⁾ |
|-------------------------------------|--------------------------------|-----------------------------|---|--|---|---|--|
| Class A Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | \$1.00 | 0.01% | \$1,464 | 0.35% ⁽⁴⁾ | 0.02% ⁽⁴⁾ | 0.79% ⁽⁴⁾ | -0.42% ⁽⁴⁾ |
| Year ended 9-30-2015 | 1.00 | 0.02 | 1,350 | 0.19 | 0.02 | 0.80 | -0.59 |
| Year ended 9-30-2014 | 1.00 | 0.02 | 1,271 | 0.17 | 0.02 | 0.79 | -0.60 |
| Year ended 9-30-2013 | 1.00 | 0.02 | 1,290 | 0.25 | 0.02 | 0.82 | -0.55 |
| Year ended 9-30-2012 | 1.00 | 0.02 | 1,060 | 0.32 | 0.02 | 0.83 | -0.49 |
| Year ended 9-30-2011 | 1.00 | 0.02 | 1,097 | 0.34 | 0.02 | 0.79 | -0.43 |
| Class B Shares⁽⁵⁾ | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 1.00 | 0.01 | 1 | 0.35 ⁽⁴⁾ | 0.02 ⁽⁴⁾ | 1.79 ⁽⁴⁾ | -1.42 ⁽⁴⁾ |
| Year ended 9-30-2015 | 1.00 | 0.02 | 1 | 0.19 | 0.02 | 1.79 | -1.58 |
| Year ended 9-30-2014 | 1.00 | 0.02 | 1 | 0.17 | 0.02 | 1.99 | -1.80 |
| Year ended 9-30-2013 | 1.00 | 0.02 | 2 | 0.26 | 0.02 | 1.33 | -1.05 |
| Year ended 9-30-2012 | 1.00 | 0.02 | 2 | 0.31 | 0.02 | 1.98 | -1.65 |
| Year ended 9-30-2011 | 1.00 | 0.02 | 4 | 0.34 | 0.02 | 1.81 | -1.45 |
| Class C Shares⁽⁵⁾ | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 1.00 | 0.01 | 4 | 0.35 ⁽⁴⁾ | 0.02 ⁽⁴⁾ | 1.62 ⁽⁴⁾ | -1.25 ⁽⁴⁾ |
| Year ended 9-30-2015 | 1.00 | 0.02 | 5 | 0.18 | 0.02 | 1.59 | -1.39 |
| Year ended 9-30-2014 | 1.00 | 0.02 | 5 | 0.17 | 0.02 | 1.59 | -1.40 |
| Year ended 9-30-2013 | 1.00 | 0.02 | 8 | 0.24 | 0.02 | 1.63 | -1.37 |
| Year ended 9-30-2012 | 1.00 | 0.02 | 5 | 0.31 | 0.02 | 1.65 | -1.32 |
| Year ended 9-30-2011 | 1.00 | 0.02 | 9 | 0.34 | 0.02 | 1.67 | -1.31 |

See Accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS

Waddell & Reed Advisors Funds FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

GLOBAL BOND FUND

| | Net Asset Value, Beginning of Period | Net Investment Income ⁽¹⁾ | Net Realized and Unrealized Gain (Loss) on Investments | Total from Investment Operations | Distributions From Net Investment Income | Distributions From Net Realized Gains | Total Distributions |
|-------------------------------------|--------------------------------------|--------------------------------------|--|----------------------------------|--|---------------------------------------|---------------------|
| Class A Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | \$3.52 | \$0.06 | \$ 0.01 | \$ 0.07 | \$(0.04) | \$ — | \$(0.04) |
| Year ended 9-30-2015 | 3.90 | 0.13 | (0.39) | (0.26) | (0.12) | — | (0.12) |
| Year ended 9-30-2014 | 3.88 | 0.15 | 0.02 | 0.17 | (0.15) | — | (0.15) |
| Year ended 9-30-2013 | 4.01 | 0.16 | (0.10) | 0.06 | (0.17) | (0.02) | (0.19) |
| Year ended 9-30-2012 | 3.88 | 0.17 | 0.13 | 0.30 | (0.17) | — | (0.17) |
| Year ended 9-30-2011 | 4.05 | 0.16 | (0.19) | (0.03) | (0.14) | — | (0.14) |
| Class B Shares⁽⁵⁾ | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 3.51 | 0.03 | 0.02 | 0.05 | (0.02) | — | (0.02) |
| Year ended 9-30-2015 | 3.89 | 0.08 | (0.39) | (0.31) | (0.07) | — | (0.07) |
| Year ended 9-30-2014 | 3.88 | 0.10 | 0.01 | 0.11 | (0.10) | — | (0.10) |
| Year ended 9-30-2013 | 4.01 | 0.11 | (0.10) | 0.01 | (0.12) | (0.02) | (0.14) |
| Year ended 9-30-2012 | 3.88 | 0.12 | 0.13 | 0.25 | (0.12) | — | (0.12) |
| Year ended 9-30-2011 | 4.05 | 0.11 | (0.18) | (0.07) | (0.10) | — | (0.10) |
| Class C Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 3.51 | 0.04 | 0.02 | 0.06 | (0.03) | — | (0.03) |
| Year ended 9-30-2015 | 3.90 | 0.09 | (0.39) | (0.30) | (0.09) | — | (0.09) |
| Year ended 9-30-2014 | 3.88 | 0.12 | 0.02 | 0.14 | (0.12) | — | (0.12) |
| Year ended 9-30-2013 | 4.01 | 0.13 | (0.10) | 0.03 | (0.13) | (0.03) | (0.16) |
| Year ended 9-30-2012 | 3.88 | 0.13 | 0.13 | 0.26 | (0.13) | — | (0.13) |
| Year ended 9-30-2011 | 4.05 | 0.12 | (0.18) | (0.06) | (0.11) | — | (0.11) |
| Class Y Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 3.52 | 0.06 | 0.02 | 0.08 | (0.05) | — | (0.05) |
| Year ended 9-30-2015 | 3.90 | 0.14 | (0.39) | (0.25) | (0.13) | — | (0.13) |
| Year ended 9-30-2014 | 3.88 | 0.16 | 0.03 | 0.19 | (0.17) | — | (0.17) |
| Year ended 9-30-2013 | 4.02 | 0.18 | (0.12) | 0.06 | (0.18) | (0.02) | (0.20) |
| Year ended 9-30-2012 | 3.88 | 0.18 | 0.14 | 0.32 | (0.18) | — | (0.18) |
| Year ended 9-30-2011 | 4.06 | 0.17 | (0.19) | (0.02) | (0.16) | — | (0.16) |

(1)Based on average weekly shares outstanding.

(2)Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods less than one year are not annualized.

(3)Ratios excluding expense waivers are included only for periods in which the class had waived or reimbursed expenses.

(4)Annualized.

(5)These class shares are not available for direct investment. However, they are available for dividend reinvestment and exchange of the same class shares of another Waddell & Reed Advisors Fund or Ivy Fund.

| | Net Asset Value, End of Period | Total Return ⁽²⁾ | Net Assets, End of Period (in millions) | Ratio of Expenses to Average Net Assets Including Expense Waiver | Ratio of Net Investment Income to Average Net Assets Including Expense Waiver | Ratio of Expenses to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Ratio of Net Investment Income to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Portfolio Turnover Rate |
|-------------------------------------|--------------------------------|-----------------------------|---|--|---|---|--|-------------------------|
| Class A Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | \$3.55 | 2.05% | \$565 | 1.20% ⁽⁴⁾ | 3.16% ⁽⁴⁾ | 1.23% ⁽⁴⁾ | 3.13% ⁽⁴⁾ | 8% |
| Year ended 9-30-2015 | 3.52 | -6.89 | 641 | 1.17 | 3.36 | 1.19 | 3.34 | 16 |
| Year ended 9-30-2014 | 3.90 | 4.48 | 787 | 1.17 | 3.79 | 1.19 | 3.77 | 27 |
| Year ended 9-30-2013 | 3.88 | 1.48 | 796 | 1.19 | 4.04 | 1.21 | 4.02 | 21 |
| Year ended 9-30-2012 | 4.01 | 7.78 | 794 | 1.21 | 4.23 | 1.23 | 4.21 | 27 |
| Year ended 9-30-2011 | 3.88 | -0.72 | 778 | 1.18 | 3.93 | 1.20 | 3.91 | 30 |
| Class B Shares⁽⁵⁾ | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 3.54 | 1.36 | 2 | 2.55 ⁽⁴⁾ | 1.82 ⁽⁴⁾ | 2.58 ⁽⁴⁾ | 1.79 ⁽⁴⁾ | 8 |
| Year ended 9-30-2015 | 3.51 | -8.13 | 2 | 2.52 | 2.02 | 2.54 | 2.00 | 16 |
| Year ended 9-30-2014 | 3.89 | 2.87 | 3 | 2.45 | 2.51 | 2.47 | 2.49 | 27 |
| Year ended 9-30-2013 | 3.88 | 0.26 | 4 | 2.42 | 2.82 | 2.44 | 2.80 | 21 |
| Year ended 9-30-2012 | 4.01 | 6.51 | 6 | 2.37 | 3.07 | 2.39 | 3.05 | 27 |
| Year ended 9-30-2011 | 3.88 | -1.77 | 8 | 2.26 | 2.84 | 2.28 | 2.82 | 30 |
| Class C Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 3.54 | 1.65 | 6 | 2.05 ⁽⁴⁾ | 2.31 ⁽⁴⁾ | 2.08 ⁽⁴⁾ | 2.28 ⁽⁴⁾ | 8 |
| Year ended 9-30-2015 | 3.51 | -7.92 | 7 | 2.00 | 2.53 | 2.02 | 2.51 | 16 |
| Year ended 9-30-2014 | 3.90 | 3.63 | 11 | 2.00 | 2.96 | 2.02 | 2.94 | 27 |
| Year ended 9-30-2013 | 3.88 | 0.62 | 12 | 2.00 | 3.22 | 2.02 | 3.20 | 21 |
| Year ended 9-30-2012 | 4.01 | 6.89 | 14 | 2.03 | 3.40 | 2.05 | 3.38 | 27 |
| Year ended 9-30-2011 | 3.88 | -1.52 | 16 | 2.02 | 3.10 | 2.04 | 3.08 | 30 |
| Class Y Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 3.55 | 2.23 | 49 | 0.81 ⁽⁴⁾ | 3.55 ⁽⁴⁾ | 0.84 ⁽⁴⁾ | 3.52 ⁽⁴⁾ | 8 |
| Year ended 9-30-2015 | 3.52 | -6.56 | 53 | 0.81 | 3.71 | 0.83 | 3.69 | 16 |
| Year ended 9-30-2014 | 3.90 | 4.88 | 52 | 0.80 | 4.15 | 0.82 | 4.13 | 27 |
| Year ended 9-30-2013 | 3.88 | 1.86 | 38 | 0.80 | 4.42 | 0.82 | 4.40 | 21 |
| Year ended 9-30-2012 | 4.02 | 8.22 | 41 | 0.81 | 4.61 | 0.83 | 4.59 | 27 |
| Year ended 9-30-2011 | 3.88 | -0.59 | 45 | 0.81 | 4.31 | 0.83 | 4.29 | 30 |

See Accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS

Waddell & Reed Advisors Funds FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

GOVERNMENT SECURITIES FUND

| | Net Asset Value, Beginning of Period | Net Investment Income ⁽¹⁾ | Net Realized and Unrealized Gain (Loss) on Investments | Total from Investment Operations | Distributions From Net Investment Income | Distributions From Net Realized Gains | Total Distributions |
|-------------------------------------|--------------------------------------|--------------------------------------|--|----------------------------------|--|---------------------------------------|---------------------|
| Class A Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | \$5.51 | \$0.03 | \$ 0.06 | \$ 0.09 | \$(0.04) | \$ — | \$(0.04) |
| Year ended 9-30-2015 | 5.49 | 0.07 | 0.03 | 0.10 | (0.08) | — | (0.08) |
| Year ended 9-30-2014 | 5.51 | 0.08 | (0.01) | 0.07 | (0.09) | — | (0.09) |
| Year ended 9-30-2013 | 5.85 | 0.07 | (0.29) | (0.22) | (0.09) | (0.03) | (0.12) |
| Year ended 9-30-2012 | 5.89 | 0.10 | 0.03 | 0.13 | (0.12) | (0.05) | (0.17) |
| Year ended 9-30-2011 | 5.90 | 0.14 | 0.07 | 0.21 | (0.15) | (0.07) | (0.22) |
| Class B Shares⁽⁵⁾ | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 5.51 | 0.00* | 0.06 | 0.06 | (0.01) | — | (0.01) |
| Year ended 9-30-2015 | 5.49 | 0.00* | 0.04 | 0.04 | (0.02) | — | (0.02) |
| Year ended 9-30-2014 | 5.51 | 0.01 | 0.00 | 0.01 | (0.03) | — | (0.03) |
| Year ended 9-30-2013 | 5.85 | 0.01 | (0.29) | (0.28) | (0.03) | (0.03) | (0.06) |
| Year ended 9-30-2012 | 5.89 | 0.03 | 0.03 | 0.06 | (0.05) | (0.05) | (0.10) |
| Year ended 9-30-2011 | 5.90 | 0.08 | 0.07 | 0.15 | (0.09) | (0.07) | (0.16) |
| Class C Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 5.51 | 0.01 | 0.05 | 0.06 | (0.01) | — | (0.01) |
| Year ended 9-30-2015 | 5.49 | 0.02 | 0.04 | 0.06 | (0.04) | — | (0.04) |
| Year ended 9-30-2014 | 5.51 | 0.03 | 0.00 | 0.03 | (0.05) | — | (0.05) |
| Year ended 9-30-2013 | 5.85 | 0.03 | (0.29) | (0.26) | (0.05) | (0.03) | (0.08) |
| Year ended 9-30-2012 | 5.89 | 0.05 | 0.03 | 0.08 | (0.07) | (0.05) | (0.12) |
| Year ended 9-30-2011 | 5.90 | 0.09 | 0.07 | 0.16 | (0.10) | (0.07) | (0.17) |
| Class Y Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 5.51 | 0.04 | 0.06 | 0.10 | (0.05) | — | (0.05) |
| Year ended 9-30-2015 | 5.49 | 0.08 | 0.04 | 0.12 | (0.10) | — | (0.10) |
| Year ended 9-30-2014 | 5.51 | 0.10 | (0.01) | 0.09 | (0.11) | — | (0.11) |
| Year ended 9-30-2013 | 5.85 | 0.09 | (0.29) | (0.20) | (0.11) | (0.03) | (0.14) |
| Year ended 9-30-2012 | 5.89 | 0.11 | 0.03 | 0.14 | (0.13) | (0.05) | (0.18) |
| Year ended 9-30-2011 | 5.90 | 0.14 | 0.09 | 0.23 | (0.17) | (0.07) | (0.24) |

* Not shown due to rounding.

(1)Based on average weekly shares outstanding.

(2)Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods less than one year are not annualized.

(3)Ratios excluding expense waivers are included only for periods in which the class had waived or reimbursed expenses.

(4)Annualized.

(5)These class shares are not available for direct investment. However, they are available for dividend reinvestment and exchange of the same class shares of another Waddell & Reed Advisors Fund or Ivy Fund.

| | Net Asset Value, End of Period | Total Return ⁽²⁾ | Net Assets, End of Period (in millions) | Ratio of Expenses to Average Net Assets Including Expense Waiver | Ratio of Net Investment Income (Loss) to Average Net Assets Including Expense Waiver | Ratio of Expenses to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Ratio of Net Investment Income (Loss) to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Portfolio Turnover Rate |
|-------------------------------------|--------------------------------|-----------------------------|---|--|--|---|---|-------------------------|
| Class A Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | \$5.56 | 1.61% | \$261 | 1.03% ⁽⁴⁾ | 1.16% ⁽⁴⁾ | 1.08% ⁽⁴⁾ | 1.11% ⁽⁴⁾ | 18% |
| Year ended 9-30-2015 | 5.51 | 1.88 | 244 | 1.01 | 1.18 | 1.07 | 1.12 | 63 |
| Year ended 9-30-2014 | 5.49 | 1.35 | 249 | 1.02 | 1.45 | 1.06 | 1.41 | 3 |
| Year ended 9-30-2013 | 5.51 | -3.80 | 336 | 1.00 | 1.31 | 1.06 | 1.25 | 26 |
| Year ended 9-30-2012 | 5.85 | 2.20 | 456 | 0.99 | 1.65 | 1.05 | 1.59 | 37 |
| Year ended 9-30-2011 | 5.89 | 3.84 | 415 | 1.01 | 2.44 | 1.07 | 2.38 | 77 |
| Class B Shares⁽⁵⁾ | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 5.56 | 1.02 | 1 | 2.19 ⁽⁴⁾ | -0.01 ⁽⁴⁾ | 2.23 ⁽⁴⁾ | -0.05 ⁽⁴⁾ | 18 |
| Year ended 9-30-2015 | 5.51 | 0.68 | 1 | 2.20 | -0.01 | 2.24 | -0.05 | 63 |
| Year ended 9-30-2014 | 5.49 | 0.13 | 2 | 2.23 | 0.24 | 2.27 | 0.20 | 3 |
| Year ended 9-30-2013 | 5.51 | -4.88 | 2 | 2.13 | 0.18 | 2.17 | 0.14 | 26 |
| Year ended 9-30-2012 | 5.85 | 1.06 | 4 | 2.13 | 0.53 | 2.17 | 0.49 | 37 |
| Year ended 9-30-2011 | 5.89 | 2.69 | 5 | 2.10 | 1.34 | 2.14 | 1.30 | 77 |
| Class C Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 5.56 | 1.17 | 4 | 1.89 ⁽⁴⁾ | 0.29 ⁽⁴⁾ | 1.93 ⁽⁴⁾ | 0.25 ⁽⁴⁾ | 18 |
| Year ended 9-30-2015 | 5.51 | 1.04 | 4 | 1.84 | 0.35 | 1.88 | 0.31 | 63 |
| Year ended 9-30-2014 | 5.49 | 0.49 | 5 | 1.87 | 0.60 | 1.91 | 0.56 | 3 |
| Year ended 9-30-2013 | 5.51 | -4.56 | 7 | 1.79 | 0.52 | 1.83 | 0.48 | 26 |
| Year ended 9-30-2012 | 5.85 | 1.37 | 11 | 1.81 | 0.83 | 1.85 | 0.79 | 37 |
| Year ended 9-30-2011 | 5.89 | 2.97 | 10 | 1.84 | 1.60 | 1.88 | 1.56 | 77 |
| Class Y Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 5.56 | 1.77 | 3 | 0.71 ⁽⁴⁾ | 1.48 ⁽⁴⁾ | 0.75 ⁽⁴⁾ | 1.44 ⁽⁴⁾ | 18 |
| Year ended 9-30-2015 | 5.51 | 2.20 | 2 | 0.70 | 1.50 | 0.74 | 1.46 | 63 |
| Year ended 9-30-2014 | 5.49 | 1.67 | 2 | 0.69 | 1.78 | 0.73 | 1.74 | 3 |
| Year ended 9-30-2013 | 5.51 | -3.50 | 2 | 0.69 | 1.63 | 0.73 | 1.59 | 26 |
| Year ended 9-30-2012 | 5.85 | 2.53 | 19 | 0.68 | 1.97 | 0.72 | 1.93 | 37 |
| Year ended 9-30-2011 | 5.89 | 4.17 | 28 | 0.69 | 2.67 | 0.73 | 2.63 | 77 |

See Accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS

Waddell & Reed Advisors Funds FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

HIGH INCOME FUND

| | Net Asset Value, Beginning of Period | Net Investment Income ⁽¹⁾ | Net Realized and Unrealized Gain (Loss) on Investments | Total from Investment Operations | Distributions From Net Investment Income | Distributions From Net Realized Gains | Total Distributions |
|-------------------------------------|--------------------------------------|--------------------------------------|--|----------------------------------|--|---------------------------------------|---------------------|
| Class A Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | \$6.58 | \$0.24 | \$(0.36) | \$(0.12) | \$(0.24) | \$ — | \$(0.24) |
| Year ended 9-30-2015 | 7.52 | 0.48 | (0.80) | (0.32) | (0.48) | (0.14) | (0.62) |
| Year ended 9-30-2014 | 7.66 | 0.51 | 0.05 | 0.56 | (0.51) | (0.19) | (0.70) |
| Year ended 9-30-2013 | 7.43 | 0.56 | 0.24 | 0.80 | (0.57) | — | (0.57) |
| Year ended 9-30-2012 | 6.61 | 0.56 | 0.83 | 1.39 | (0.57) | — | (0.57) |
| Year ended 9-30-2011 | 6.92 | 0.55 | (0.31) | 0.24 | (0.55) | — | (0.55) |
| Class B Shares⁽⁵⁾ | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 6.58 | 0.20 | (0.36) | (0.16) | (0.20) | — | (0.20) |
| Year ended 9-30-2015 | 7.52 | 0.40 | (0.80) | (0.40) | (0.40) | (0.14) | (0.54) |
| Year ended 9-30-2014 | 7.66 | 0.42 | 0.05 | 0.47 | (0.42) | (0.19) | (0.61) |
| Year ended 9-30-2013 | 7.43 | 0.48 | 0.23 | 0.71 | (0.48) | — | (0.48) |
| Year ended 9-30-2012 | 6.61 | 0.49 | 0.82 | 1.31 | (0.49) | — | (0.49) |
| Year ended 9-30-2011 | 6.92 | 0.47 | (0.31) | 0.16 | (0.47) | — | (0.47) |
| Class C Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 6.58 | 0.24 | (0.39) | (0.15) | (0.21) | — | (0.21) |
| Year ended 9-30-2015 | 7.52 | 0.43 | (0.80) | (0.37) | (0.43) | (0.14) | (0.57) |
| Year ended 9-30-2014 | 7.66 | 0.45 | 0.05 | 0.50 | (0.45) | (0.19) | (0.64) |
| Year ended 9-30-2013 | 7.43 | 0.50 | 0.24 | 0.74 | (0.51) | — | (0.51) |
| Year ended 9-30-2012 | 6.61 | 0.51 | 0.83 | 1.34 | (0.52) | — | (0.52) |
| Year ended 9-30-2011 | 6.92 | 0.49 | (0.31) | 0.18 | (0.49) | — | (0.49) |
| Class Y Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 6.58 | 0.25 | (0.36) | (0.11) | (0.25) | — | (0.25) |
| Year ended 9-30-2015 | 7.52 | 0.50 | (0.80) | (0.30) | (0.50) | (0.14) | (0.64) |
| Year ended 9-30-2014 | 7.66 | 0.53 | 0.05 | 0.58 | (0.53) | (0.19) | (0.72) |
| Year ended 9-30-2013 | 7.43 | 0.58 | 0.24 | 0.82 | (0.59) | — | (0.59) |
| Year ended 9-30-2012 | 6.61 | 0.59 | 0.82 | 1.41 | (0.59) | — | (0.59) |
| Year ended 9-30-2011 | 6.92 | 0.57 | (0.31) | 0.26 | (0.57) | — | (0.57) |

(1)Based on average weekly shares outstanding.

(2)Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods less than one year are not annualized.

(3)Ratios excluding expense waivers are included only for periods in which the class had waived or reimbursed expenses.

(4)Annualized.

(5)These class shares are not available for direct investment. However, they are available for dividend reinvestment and exchange of the same class shares of another Waddell & Reed Advisors Fund or Ivy Fund.

| | Net Asset Value, End of Period | Total Return ⁽²⁾ | Net Assets, End of Period (in millions) | Ratio of Expenses to Average Net Assets Including Expense Waiver | Ratio of Net Investment Income to Average Net Assets Including Expense Waiver | Ratio of Expenses to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Ratio of Net Investment Income to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Portfolio Turnover Rate |
|-------------------------------------|--------------------------------|-----------------------------|---|--|---|---|--|-------------------------|
| Class A Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | \$6.22 | -1.83% | \$1,613 | 1.04% ⁽⁴⁾ | 7.72% ⁽⁴⁾ | 1.05% ⁽⁴⁾ | 7.71% ⁽⁴⁾ | 15% |
| Year ended 9-30-2015 | 6.58 | -4.49 | 1,789 | 1.00 | 6.79 | 1.01 | 6.78 | 43 |
| Year ended 9-30-2014 | 7.52 | 7.47 | 1,977 | 1.00 | 6.57 | 1.01 | 6.56 | 65 |
| Year ended 9-30-2013 | 7.66 | 11.01 | 1,782 | 1.03 | 7.39 | 1.04 | 7.38 | 92 |
| Year ended 9-30-2012 | 7.43 | 21.79 | 1,566 | 1.07 | 7.97 | 1.09 | 7.95 | 81 |
| Year ended 9-30-2011 | 6.61 | 3.22 | 1,232 | 1.08 | 7.74 | 1.10 | 7.72 | 98 |
| Class B Shares⁽⁵⁾ | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 6.22 | -2.44 | 5 | 2.29 ⁽⁴⁾ | 6.47 ⁽⁴⁾ | 2.30 ⁽⁴⁾ | 6.46 ⁽⁴⁾ | 15 |
| Year ended 9-30-2015 | 6.58 | -5.59 | 6 | 2.17 | 5.60 | 2.18 | 5.59 | 43 |
| Year ended 9-30-2014 | 7.52 | 6.29 | 9 | 2.11 | 5.50 | 2.12 | 5.49 | 65 |
| Year ended 9-30-2013 | 7.66 | 9.78 | 11 | 2.14 | 6.31 | 2.15 | 6.30 | 92 |
| Year ended 9-30-2012 | 7.43 | 20.45 | 14 | 2.19 | 6.90 | 2.21 | 6.88 | 81 |
| Year ended 9-30-2011 | 6.61 | 2.11 | 15 | 2.15 | 6.65 | 2.17 | 6.63 | 98 |
| Class C Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 6.22 | -2.21 | 31 | 1.84 ⁽⁴⁾ | 7.63 ⁽⁴⁾ | 1.85 ⁽⁴⁾ | 7.62 ⁽⁴⁾ | 15 |
| Year ended 9-30-2015 | 6.58 | -5.24 | 37 | 1.78 | 6.00 | 1.79 | 5.99 | 43 |
| Year ended 9-30-2014 | 7.52 | 6.65 | 50 | 1.77 | 5.81 | 1.78 | 5.80 | 65 |
| Year ended 9-30-2013 | 7.66 | 10.15 | 47 | 1.80 | 6.60 | 1.81 | 6.59 | 92 |
| Year ended 9-30-2012 | 7.43 | 20.83 | 38 | 1.87 | 7.16 | 1.89 | 7.14 | 81 |
| Year ended 9-30-2011 | 6.61 | 2.38 | 28 | 1.89 | 6.92 | 1.91 | 6.90 | 98 |
| Class Y Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 6.22 | -1.68 | 277 | 0.75 ⁽⁴⁾ | 7.92 ⁽⁴⁾ | 0.76 ⁽⁴⁾ | 7.91 ⁽⁴⁾ | 15 |
| Year ended 9-30-2015 | 6.58 | -4.24 | 291 | 0.73 | 7.05 | 0.74 | 7.04 | 43 |
| Year ended 9-30-2014 | 7.52 | 7.76 | 325 | 0.73 | 6.83 | 0.74 | 6.82 | 65 |
| Year ended 9-30-2013 | 7.66 | 11.33 | 285 | 0.75 | 7.66 | 0.76 | 7.65 | 92 |
| Year ended 9-30-2012 | 7.43 | 22.16 | 214 | 0.77 | 8.27 | 0.79 | 8.25 | 81 |
| Year ended 9-30-2011 | 6.61 | 3.53 | 127 | 0.77 | 8.04 | 0.79 | 8.02 | 98 |

See Accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS

Waddell & Reed Advisors Funds FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

MUNICIPAL BOND FUND

| | Net Asset Value, Beginning of Period | Net Investment Income ⁽¹⁾ | Net Realized and Unrealized Gain (Loss) on Investments | Total from Investment Operations | Distributions From Net Investment Income | Distributions From Net Realized Gains | Total Distributions |
|-------------------------------------|--------------------------------------|--------------------------------------|--|----------------------------------|--|---------------------------------------|---------------------|
| Class A Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | \$7.55 | \$0.11 | \$ 0.10 | \$ 0.21 | \$(0.11) | \$— | \$(0.11) |
| Year ended 9-30-2015 | 7.59 | 0.21 | (0.04) | 0.17 | (0.21) | — | (0.21) |
| Year ended 9-30-2014 | 7.30 | 0.24 | 0.30 | 0.54 | (0.25) | — | (0.25) |
| Year ended 9-30-2013 | 7.74 | 0.24 | (0.45) | (0.21) | (0.23) | — | (0.23) |
| Year ended 9-30-2012 | 7.36 | 0.28 | 0.38 | 0.66 | (0.28) | — | (0.28) |
| Year ended 9-30-2011 | 7.42 | 0.30 | (0.06) | 0.24 | (0.30) | — | (0.30) |
| Class B Shares⁽⁵⁾ | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 7.54 | 0.07 | 0.10 | 0.17 | (0.07) | — | (0.07) |
| Year ended 9-30-2015 | 7.57 | 0.14 | (0.03) | 0.11 | (0.14) | — | (0.14) |
| Year ended 9-30-2014 | 7.29 | 0.17 | 0.29 | 0.46 | (0.18) | — | (0.18) |
| Year ended 9-30-2013 | 7.72 | 0.16 | (0.44) | (0.28) | (0.15) | — | (0.15) |
| Year ended 9-30-2012 | 7.35 | 0.20 | 0.37 | 0.57 | (0.20) | — | (0.20) |
| Year ended 9-30-2011 | 7.41 | 0.23 | (0.06) | 0.17 | (0.23) | — | (0.23) |
| Class C Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 7.54 | 0.07 | 0.11 | 0.18 | (0.08) | — | (0.08) |
| Year ended 9-30-2015 | 7.58 | 0.15 | (0.05) | 0.10 | (0.14) | — | (0.14) |
| Year ended 9-30-2014 | 7.29 | 0.18 | 0.30 | 0.48 | (0.19) | — | (0.19) |
| Year ended 9-30-2013 | 7.73 | 0.17 | (0.44) | (0.27) | (0.17) | — | (0.17) |
| Year ended 9-30-2012 | 7.35 | 0.21 | 0.38 | 0.59 | (0.21) | — | (0.21) |
| Year ended 9-30-2011 | 7.41 | 0.24 | (0.07) | 0.17 | (0.23) | — | (0.23) |

(1) Based on average weekly shares outstanding.

(2) Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods less than one year are not annualized.

(3) Ratios excluding expense waivers are included only for periods in which the class had waived for reimbursed expenses.

(4) Annualized.

(5) These class shares are not available for direct investment. However, they are available for dividend reinvestment and exchange of the same class shares of another Waddell & Reed Advisors Fund or Ivy Fund.

| | Net Asset Value, End of Period | Total Return ⁽²⁾ | Net Assets, End of Period (in millions) | Ratio of Expenses to Average Net Assets Including Expense Waiver | Ratio of Net Investment Income to Average Net Assets Including Expense Waiver | Ratio of Expenses to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Ratio of Net Investment Income to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Portfolio Turnover Rate |
|-------------------------------------|--------------------------------|-----------------------------|---|--|---|---|--|-------------------------|
| Class A Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | \$7.65 | 2.78% | \$877 | 0.86% ⁽⁴⁾ | 2.83% ⁽⁴⁾ | 0.89% ⁽⁴⁾ | 2.80% ⁽⁴⁾ | 1% |
| Year ended 9-30-2015 | 7.55 | 2.24 | 851 | 0.86 | 2.80 | 0.90 | 2.76 | 9 |
| Year ended 9-30-2014 | 7.59 | 7.56 | 849 | 0.87 | 3.25 | 0.90 | 3.22 | 5 |
| Year ended 9-30-2013 | 7.30 | -2.69 | 860 | 0.86 | 3.09 | 0.89 | 3.06 | 9 |
| Year ended 9-30-2012 | 7.74 | 8.95 | 942 | 0.86 | 3.62 | 0.90 | 3.58 | 7 |
| Year ended 9-30-2011 | 7.36 | 3.40 | 774 | 0.87 | 4.22 | 0.91 | 4.18 | 5 |
| Class B Shares⁽⁵⁾ | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 7.64 | 2.30 | 1 | 1.81 ⁽⁴⁾ | 1.88 ⁽⁴⁾ | 1.83 ⁽⁴⁾ | 1.86 ⁽⁴⁾ | 1 |
| Year ended 9-30-2015 | 7.54 | 1.43 | 1 | 1.80 | 1.85 | 1.82 | 1.83 | 9 |
| Year ended 9-30-2014 | 7.57 | 6.36 | 1 | 1.84 | 2.29 | 1.87 | 2.26 | 5 |
| Year ended 9-30-2013 | 7.29 | -3.67 | 1 | 1.88 | 2.07 | 1.90 | 2.05 | 9 |
| Year ended 9-30-2012 | 7.72 | 7.86 | 1 | 1.85 | 2.66 | 1.87 | 2.64 | 7 |
| Year ended 9-30-2011 | 7.35 | 2.41 | 2 | 1.84 | 3.25 | 1.87 | 3.22 | 5 |
| Class C Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 7.64 | 2.34 | 16 | 1.72 ⁽⁴⁾ | 1.96 ⁽⁴⁾ | 1.74 ⁽⁴⁾ | 1.94 ⁽⁴⁾ | 1 |
| Year ended 9-30-2015 | 7.54 | 1.37 | 14 | 1.73 | 1.93 | 1.76 | 1.90 | 9 |
| Year ended 9-30-2014 | 7.58 | 6.63 | 15 | 1.73 | 2.39 | 1.76 | 2.36 | 5 |
| Year ended 9-30-2013 | 7.29 | -3.50 | 18 | 1.70 | 2.24 | 1.72 | 2.22 | 9 |
| Year ended 9-30-2012 | 7.73 | 7.99 | 22 | 1.73 | 2.73 | 1.75 | 2.71 | 7 |
| Year ended 9-30-2011 | 7.35 | 2.50 | 13 | 1.75 | 3.34 | 1.78 | 3.31 | 5 |

See Accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS

Waddell & Reed Advisors Funds FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

MUNICIPAL HIGH INCOME FUND

| | Net Asset Value, Beginning of Period | Net Investment Income ⁽¹⁾ | Net Realized and Unrealized Gain (Loss) on Investments | Total from Investment Operations | Distributions From Net Investment Income | Distributions From Net Realized Gains | Total Distributions |
|-------------------------------------|--------------------------------------|--------------------------------------|--|----------------------------------|--|---------------------------------------|---------------------|
| Class A Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | \$4.90 | \$0.11 | \$ 0.00* | \$ 0.11 | \$(0.11) | \$— | \$(0.11) |
| Year ended 9-30-2015 | 4.93 | 0.22 | (0.04) | 0.18 | (0.21) | — | (0.21) |
| Year ended 9-30-2014 | 4.67 | 0.24 | 0.26 | 0.50 | (0.24) | — | (0.24) |
| Year ended 9-30-2013 | 5.03 | 0.23 | (0.36) | (0.13) | (0.23) | — | (0.23) |
| Year ended 9-30-2012 | 4.74 | 0.24 | 0.29 | 0.53 | (0.24) | — | (0.24) |
| Year ended 9-30-2011 | 4.87 | 0.26 | (0.12) | 0.14 | (0.27) | — | (0.27) |
| Class B Shares⁽⁵⁾ | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 4.90 | 0.09 | (0.01) | 0.08 | (0.08) | — | (0.08) |
| Year ended 9-30-2015 | 4.93 | 0.17 | (0.03) | 0.14 | (0.17) | — | (0.17) |
| Year ended 9-30-2014 | 4.67 | 0.20 | 0.25 | 0.45 | (0.19) | — | (0.19) |
| Year ended 9-30-2013 | 5.03 | 0.18 | (0.36) | (0.18) | (0.18) | — | (0.18) |
| Year ended 9-30-2012 | 4.74 | 0.20 | 0.29 | 0.49 | (0.20) | — | (0.20) |
| Year ended 9-30-2011 | 4.87 | 0.22 | (0.13) | 0.09 | (0.22) | — | (0.22) |
| Class C Shares | | | | | | | |
| Six-month period ended | | | | | | | |
| 3-31-2016 (unaudited) | 4.90 | 0.09 | 0.00* | 0.09 | (0.09) | — | (0.09) |
| Year ended 9-30-2015 | 4.93 | 0.17 | (0.03) | 0.14 | (0.17) | — | (0.17) |
| Year ended 9-30-2014 | 4.67 | 0.20 | 0.26 | 0.46 | (0.20) | — | (0.20) |
| Year ended 9-30-2013 | 5.03 | 0.19 | (0.36) | (0.17) | (0.19) | — | (0.19) |
| Year ended 9-30-2012 | 4.74 | 0.20 | 0.29 | 0.49 | (0.20) | — | (0.20) |
| Year ended 9-30-2011 | 4.87 | 0.22 | (0.12) | 0.10 | (0.23) | — | (0.23) |

* Not shown due to rounding.

(1) Based on average weekly shares outstanding.

(2) Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods less than one year are not annualized.

(3) Ratios excluding expense waivers are included only for periods in which the class waived or reimbursed expenses.

(4) Annualized.

(5) These class shares are not available for direct investment. However, they are available for dividend reinvestment and exchange of the same class shares of another Waddell & Reed Advisors Fund or Ivy Fund.

| | Net Asset Value, End of Period | Total Return ⁽²⁾ | Net Assets, End of Period (in millions) | Ratio of Expenses to Average Net Assets Including Expense Waiver | Ratio of Net Investment Income to Average Net Assets Including Expense Waiver | Ratio of Expenses to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Ratio of Net Investment Income to Average Net Assets Excluding Expense Waiver ⁽³⁾ | Portfolio Turnover Rate |
|-------------------------------------|--------------------------------|-----------------------------|---|--|---|---|--|-------------------------|
| Class A Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | \$4.90 | 2.23% | \$840 | 0.86% ⁽⁴⁾ | 4.49% ⁽⁴⁾ | 0.89% ⁽⁴⁾ | 4.46% ⁽⁴⁾ | 2% |
| Year ended 9-30-2015 | 4.90 | 3.78 | 816 | 0.87 | 4.37 | 0.90 | 4.34 | 7 |
| Year ended 9-30-2014 | 4.93 | 11.03 | 785 | 0.90 | 5.12 | 0.93 | 5.09 | 8 |
| Year ended 9-30-2013 | 4.67 | -2.80 | 693 | 0.89 | 4.57 | 0.91 | 4.55 | 19 |
| Year ended 9-30-2012 | 5.03 | 11.51 | 791 | 0.89 | 4.95 | 0.92 | 4.92 | 6 |
| Year ended 9-30-2011 | 4.74 | 3.11 | 639 | 0.89 | 5.65 | 0.92 | 5.62 | 14 |
| Class B Shares⁽⁵⁾ | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 4.90 | 1.74 | 1 | 1.82 ⁽⁴⁾ | 3.53 ⁽⁴⁾ | 1.84 ⁽⁴⁾ | 3.51 ⁽⁴⁾ | 2 |
| Year ended 9-30-2015 | 4.90 | 2.78 | 1 | 1.85 | 3.40 | 1.87 | 3.38 | 7 |
| Year ended 9-30-2014 | 4.93 | 9.95 | 1 | 1.88 | 4.15 | 1.91 | 4.12 | 8 |
| Year ended 9-30-2013 | 4.67 | -3.75 | 2 | 1.88 | 3.58 | 1.90 | 3.56 | 19 |
| Year ended 9-30-2012 | 5.03 | 10.45 | 2 | 1.84 | 4.03 | 1.87 | 4.00 | 6 |
| Year ended 9-30-2011 | 4.74 | 2.16 | 2 | 1.83 | 4.72 | 1.86 | 4.69 | 14 |
| Class C Shares | | | | | | | | |
| Six-month period ended | | | | | | | | |
| 3-31-2016 (unaudited) | 4.90 | 1.81 | 24 | 1.70 ⁽⁴⁾ | 3.65 ⁽⁴⁾ | 1.72 ⁽⁴⁾ | 3.63 ⁽⁴⁾ | 2 |
| Year ended 9-30-2015 | 4.90 | 2.92 | 23 | 1.71 | 3.53 | 1.73 | 3.51 | 7 |
| Year ended 9-30-2014 | 4.93 | 10.11 | 24 | 1.73 | 4.29 | 1.76 | 4.26 | 8 |
| Year ended 9-30-2013 | 4.67 | -3.58 | 27 | 1.70 | 3.76 | 1.72 | 3.74 | 19 |
| Year ended 9-30-2012 | 5.03 | 10.58 | 32 | 1.72 | 4.10 | 1.75 | 4.07 | 6 |
| Year ended 9-30-2011 | 4.74 | 2.23 | 21 | 1.75 | 4.80 | 1.78 | 4.77 | 14 |

See Accompanying Notes to Financial Statements.

1. ORGANIZATION

Waddell & Reed Advisors Funds, a Delaware statutory trust (the "Trust"), is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. Waddell & Reed Advisors Bond Fund, Waddell & Reed Advisors Cash Management, Waddell & Reed Advisors Global Bond Fund, Waddell & Reed Advisors Government Securities Fund, Waddell & Reed Advisors High Income Fund, Waddell & Reed Advisors Municipal Bond Fund and Waddell & Reed Advisors Municipal High Income Fund (each, a "Fund") are seven series of the Trust and are the only series of the Trust included in these financial statements. The investment objective(s), policies and risk factors of each Fund are described more fully in the Prospectus and Statement of Additional Information. The investment manager to each Fund is Waddell & Reed Investment Management Company ("WRIMCO" or the "Manager").

Each Fund (except Cash Management, Municipal Bond Fund and Municipal High Income Fund, which do not offer Class Y shares) offers Class A, Class B, Class C and Class Y shares. The Funds' Class B shares are not available for purchase by new and existing investors. Class B shares will continue to be available for dividend reinvestment and exchanges from Class B shares of another fund within Waddell & Reed Advisors Funds. Class C shares of Cash Management are closed to direct investment. Class C shares of Cash Management will continue to be available for dividend reinvestment and exchanges from Class C shares of another fund within Waddell & Reed Advisors Funds. Class A shares are sold at their offering price, which is normally net asset value ("NAV") plus a front-end sales charge. For Class A shares, a 1% contingent deferred sales charge ("CDSC") is only imposed on shares purchased at NAV for \$1 million or more that are subsequently redeemed within 12 months of purchase. Class B and Class C shares are sold without a front-end sales charge, but may be subject to a CDSC. Class Y shares are sold to certain institutional investors without either a front-end sales charge or a CDSC. All classes of shares have identical rights and voting privileges with respect to the Fund in general and exclusive voting rights on matters that affect that class alone. Net investment income, net assets and NAV per share may differ due to each class having its own expenses, such as transfer agent and shareholder servicing fees, directly attributable to that class. Class A, Class B and Class C shares have separate distribution and/or service plans. No such plan has been adopted for Class Y shares or Class A shares of Cash Management. Class B shares will automatically convert to Class A shares 96 months after the date of purchase.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by each Fund.

Security Transactions and Related Investment Income. Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses are calculated on the identified cost basis. Interest income is recorded on the accrual basis and includes paydown gain (loss) and accretion of discounts and amortization of premiums. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Fund is informed of the ex-dividend date. All or a portion of the distributions received from a real estate investment trust or publicly traded partnership may be designated as a reduction of cost of the related investment and/or realized gain.

Foreign Currency Translation. Each Fund's accounting records are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars daily, using foreign exchange rates obtained from an independent pricing service authorized by the Board of Trustees of the Trust (the "Board"). Purchases and sales of investment securities and accruals of income and expenses are translated at the rate of exchange prevailing on the date of the transaction. For assets and liabilities other than investments in securities, net realized and unrealized gains and losses from foreign currency translation arise from changes in currency exchange rates. Each Fund combines fluctuations from currency exchange rates and fluctuations in value when computing net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments. Foreign exchange rates are typically valued as of the close of the New York Stock Exchange ("NYSE"), normally 4:00 P.M. Eastern time, on each day the NYSE is open for trading.

Allocation of Income, Expenses, Gains and Losses. Income, expenses (other than those attributable to a specific class), gains and losses are allocated on a daily basis to each class of shares based upon the relative proportion of net assets represented by such class. Operating expenses directly attributable to a specific class are charged against the operations of that class.

Income Taxes. It is the policy of each Fund to distribute all of its taxable income and capital gains to its shareholders and otherwise qualify as a regulated investment company under Subchapter M of the Internal Revenue Code. In addition, each Fund intends to pay distributions as required to avoid imposition of excise tax. Accordingly, no provision has been made for Federal income taxes. The Funds file income tax returns in U.S. federal and applicable state jurisdictions. The Funds' tax returns are subject to examination by the relevant taxing authority until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax returns. Management of the Trust periodically reviews all tax positions to assess that it is more likely than not that the position would be sustained upon examination by the relevant tax authority based on the technical merits of each position. As of the date of these financial statements, management believes that no liability for unrecognized tax positions is required.

Dividends and Distributions to Shareholders. Dividends and distributions to shareholders are recorded by each Fund on the business day following record date. Net investment income dividends and capital gains distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America ("U.S. GAAP"). If the total dividends and distributions made in any tax year exceeds net investment income and accumulated realized capital gains, a portion of the total distribution may be treated as a tax return of capital.

Segregation and Collateralization. In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission ("SEC"), the Dodd Frank Wall Street Reform and Consumer Protection Act, or the interpretive rules and regulations of the U.S. Commodities Futures

Trading Commission require that a Fund either deliver collateral or segregate assets in connection with certain investments (e.g., dollar rolls, financial futures contracts, foreign currency exchange contracts, options written, securities with extended settlement periods and swaps), the Fund will segregate collateral or designate on its books and records cash or other liquid securities having a value at least equal to the amount that is required to be physically segregated for the benefit of the counterparty. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit cash or securities as collateral for certain investments. Certain countries require that cash reserves be held while investing in companies incorporated in that country. These cash reserves and cash collateral that has been pledged to cover obligations of the Funds under derivative contracts, if any, will be reported separately on the Statement of Assets and Liabilities as "Restricted cash." Securities collateral pledged for the same purpose, if any, is noted on the Schedule of Investments.

Concentration of Market and Credit Risk. In the normal course of business, the Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Funds may be exposed to counterparty credit risk, or the risk that an entity with which the Funds have unsettled or open transactions may fail to or be unable to perform on its commitments. The Funds manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded on the Funds' Statement of Assets and Liabilities, less any collateral held by the Funds.

Certain Funds may hold high-yield and/or non-investment-grade bonds, which may be subject to a greater degree of credit risk. Credit risk relates to the ability of the issuer to meet interest or principal payments or both as they become due. The Funds may acquire securities in default and are not obligated to dispose of securities whose issuers subsequently default.

Certain Funds may enter into financial instrument transactions (such as swaps, futures, options and other derivatives) that may have off-balance sheet market risk. Off-balance sheet market risk exists when the maximum potential loss on a particular financial instrument is greater than the value of such financial instrument, as reflected on the Statement of Assets and Liabilities.

If a Fund invests directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in financial derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the base currency of the Fund, or, in the case of hedging positions, that the Fund's base currency will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad.

Inflation-Indexed Bonds. Certain Funds may invest in inflation-indexed bonds. Inflation-indexed bonds are fixed-income securities whose principal value is periodically adjusted to the rate of inflation. The interest rate on these bonds is generally fixed at issuance at a rate lower than typical bonds. Over the life of an inflation-indexed bond, however, interest will be paid based on a principal value, which is adjusted for inflation. Any increase or decrease in the principal amount of an inflation-indexed bond will be included as interest income on the Statement of Operations, even though investors do not receive their principal until maturity.

Interest Only Obligations. These securities entitle the owner to receive only the interest portion from a bond, Treasury note or pool of mortgages. These securities are generally created by a third party separating a bond or pool of mortgages into distinct interest-only and principal-only securities. As the principal (par) amount of a bond or pool of mortgages is paid down, the amount of interest income earned by the owner will decline as well.

Loans. Certain Funds may invest in loans, the interest rates of which float or adjust periodically based upon a specified adjustment schedule, benchmark indicator, or prevailing interest rates, the debtor of which may be a domestic or foreign corporation, partnership or other entity ("Borrower"). Loans generally pay interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates generally include prime rates of one or more major U.S. banks, London Interbank Offered Rate ("LIBOR") rates or certificates of deposit rates. Loans often require prepayments from excess cash flow or permit the Borrower to repay at its election. The degree to which Borrowers repay cannot be predicted with accuracy. As a result, the actual maturity may be substantially less than the stated maturities. Loans are exempt from registration under the Securities Act of 1933, as amended, may contain certain restrictions on resale, and cannot be sold publicly. A Fund's investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties.

When a Fund purchases assignments, it acquires all the rights and obligations under the loan agreement of the assigning lender. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than those held by the assigning lender. When a Fund purchases a participation of a loan interest, the Fund typically enters into a contractual agreement with the lender or other third party selling the participation. A participation interest in loans includes the right to receive payments of principal, interest and any fees to which it is entitled from the lender and only upon receipt by the lender of payments from the Borrower, but not from the Borrower directly. When investing in a participation interest, if a Borrower is unable to meet its obligations under a loan agreement, a Fund generally has no right to enforce compliance with the terms of the loan agreement. As a result, the Fund assumes the credit risk of the Borrower, the selling participant, and any other persons that are interpositioned between the Fund and the

Borrower. If the lead lender in a typical lending syndicate becomes insolvent, enters Federal Deposit Insurance Corporation (“FDIC”) receivership or, if not FDIC insured, enters into bankruptcy, the Fund may incur certain costs and delays in receiving payment or may suffer a loss of principal and/or interest.

Payment In-Kind Securities. Certain Funds may invest in payment in-kind securities (“PIKs”). PIKs give the issuer the option at each interest payment date of making interest payments in either cash or additional debt securities. Those additional debt securities usually have the same terms, including maturity dates and interest rates, and associated risks as the original bonds. The daily market quotations of the original bonds may include the accrued interest (referred to as a dirty price) and require a pro-rata adjustment from the unrealized appreciation or depreciation on investments to interest receivable on the Statement of Assets and Liabilities.

Securities on a When-Issued or Delayed Delivery Basis. Certain Funds may purchase securities on a “when-issued” basis, and may purchase or sell securities on a “delayed delivery” basis. “When-issued” or “delayed delivery” refers to securities whose terms and indenture are available and for which a market exists, but which are not available for immediate delivery. Delivery and payment for securities that have been purchased by a Fund on a when-issued basis normally take place within six months and possibly as long as two years or more after the trade date. During this period, such securities do not earn interest, are subject to market fluctuation and may increase or decrease in value prior to their delivery. The purchase of securities on a when-issued basis may increase the volatility of a Fund’s NAV to the extent the Fund executes such transactions while remaining substantially fully invested. When a Fund engages in when-issued or delayed delivery transactions, it relies on the buyer or seller, as the case may be, to complete the transaction. Their failure to do so may cause the Fund to lose the opportunity to obtain or dispose of the security at a price and yield WRIMCO considers advantageous. The Fund maintains internally designated assets with a value equal to or greater than the amount of its purchase commitments. The Fund may also sell securities that it purchased on a when-issued or delayed delivery basis prior to settlement of the original purchase.

Custodian Fees. “Custodian fees” on the Statement of Operations may include interest expense incurred by a Fund on any cash overdrafts of its custodian account during the period. Such cash overdrafts may result from the effects of failed trades in portfolio securities and from cash outflows resulting from unanticipated shareholder redemption activity. A Fund pays interest to its custodian on such cash overdrafts, to the extent they are not offset by positive cash balances maintained by that Fund. The “Earnings credit” line item, if shown, represents earnings on cash balances maintained by that Fund during the period. Such interest expense and other custodian fees may be paid with these earnings.

Independent Trustees and Chief Compliance Officer Fees. Fees paid to the Independent Trustees can be paid in cash or deferred to a later date, at the election of the Trustee according to the Deferred Fee Agreement entered into between the Trust and the Trustee(s). Each Fund records its portion of the deferred fees as a liability on the Statement of Assets and Liabilities. All fees paid in cash plus any appreciation (depreciation) in the underlying deferred plan are shown on the Statement of Operations. Additionally, fees paid to the Chief Compliance Officer of the Funds are shown on the Statement of Operations.

Indemnifications. The Trust’s organizational documents provide current and former Trustees and Officers with a limited indemnification against liabilities arising in connection with the performance of their duties to the Trust. In the normal course of business, the Trust may also enter into contracts that provide general indemnification. The Trust’s maximum exposure under these arrangements is unknown and is dependent on future claims that may be made against the Trust. The risk of material loss from such claims is considered remote.

Basis of Preparation. Each Fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946 (“ASC 946”). The accompanying financial statements were prepared in accordance with U.S. GAAP, including but not limited to ASC 946. U.S. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity.

New Rule Issuance. In July 2014, the SEC issued *Final Rule Release No. 33-9616, Money Market Fund Reform; Amendments to Form PF*, which amends the rules governing money market funds. The final amendments impose different implementation dates for the changes that certain money market funds will need to make. Management is currently evaluating the implication of these amendments and their impact of the Final Rule to the Funds’ financial statements and related disclosures.

Subsequent Events. Management has performed a review for subsequent events through the date this report was issued.

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

Each Fund’s investments are reported at fair value. Fair value is defined as the price that each Fund would receive upon selling an asset or would pay upon satisfying a liability in an orderly transaction between market participants at the measurement date. Each Fund calculates the NAV of its shares as of the close of the NYSE, normally 4:00 P.M. Eastern time, on each day the NYSE is open for trading.

For purposes of calculating the NAV, the portfolio securities and other assets are valued on each business day using pricing and valuation methods as adopted by the Board. Where market quotes are readily available, fair value is generally determined on the basis of last reported sales prices, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or pricing services.

Prices for fixed-income securities are typically based on quotes that are obtained from an independent pricing service authorized by the Board. To determine values of fixed-income securities, the independent pricing service utilizes such factors as current quotations by broker/dealers, coupon, maturity, quality, type of issue, trading characteristics, and other yield and risk factors it deems relevant in determining valuations. Securities that cannot be valued by the independent pricing service may be valued using quotes obtained from dealers that make markets in the securities.

Investments in Waddell & Reed Advisors Cash Management are valued on the basis of amortized cost (which approximates value), whereby a portfolio security is valued at its cost initially, and thereafter valued to reflect a constant amortization to maturity of any discount or premium. Short-term securities with maturities of 60 days or less held in all Funds (with the exception of Waddell & Reed Advisors Cash Management) are valued based on quotes that are obtained from an independent pricing service authorized by the Board as described in the preceding paragraph above.

Because many foreign markets close before the NYSE, events may occur between the close of the foreign market and the close of the NYSE that could have a material impact on the valuation of foreign securities. Waddell & Reed Services Company (“WRSCO”), pursuant to procedures adopted by the Board, evaluates the impact of these events and may adjust the valuation of foreign securities to reflect the fair value as of the close of the NYSE. In addition, all securities for which values are not readily available or are deemed unreliable are appraised at fair value as determined in good faith under the supervision of the Board.

Where market quotes are not readily available, portfolio securities or assets are valued at fair value, as determined in good faith by the Board or Valuation Committee pursuant to procedures approved by the Board.

Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information or broker quotes), including where events occur after the close of the relevant market, but prior to the NYSE close, that materially affect the values of a Fund’s securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available.

The Board has delegated to WRSCO the responsibility for monitoring significant events that may materially affect the values of a Fund’s securities or assets and for determining whether the value of the applicable securities or assets should be re-evaluated in light of such significant events. The Board has established a Valuation Committee to administer and oversee the valuation process, including the use of third party pricing vendors.

The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available. For instances in which daily market quotes are not readily available, investments may be valued, pursuant to procedures established by the Board, with reference to other securities or indices. In the event that the security or asset cannot be valued pursuant to one of the valuation methods established by the Board, the value of the security or asset will be determined in good faith by the Valuation Committee in accordance with the procedures adopted by the Board.

When a Fund uses these fair valuation methods applied by WRSCO that use significant unobservable inputs to determine its NAV, securities will be priced by a method that the Board or persons acting at their direction believe accurately reflects fair value and are categorized as Level 3 of the fair value hierarchy. These methods may require subjective determinations about the value of a security. The prices used by a Fund may differ from the value that will ultimately be realized at the time the securities are sold.

WRSCO is responsible for monitoring the implementation of the pricing and valuation policies through a series of activities to provide reasonable comfort of the accuracy of prices including: 1) periodic vendor due diligence meetings to review methodologies, new developments, and process at vendors, 2) daily and monthly multi-source pricing comparisons reviewed and submitted to the Valuation Committee, and 3) daily review of unpriced, stale, and variance reports with exceptions reviewed by management and the Valuation Committee.

Accounting standards establish a framework for measuring fair value and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity’s own assumptions about the factors that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

An individual investment’s fair value measurement is assigned a level based upon the observability of the inputs which are significant to the overall valuation.

The three-tier hierarchy of inputs is summarized as follows:

Level 1 – Observable input such as quoted prices, available in active markets, for identical assets or liabilities.

Level 2 – Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

Level 3 – Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at their direction that are used in determining the fair value of investments.

A description of the valuation techniques applied to the Funds’ major classes of assets and liabilities measured at fair value on a recurring basis follows:

Asset-Backed Securities and Mortgage-Backed Securities. The fair value of asset-backed securities and mortgage-backed securities are estimated using recently executed transactions and based on models that consider the estimated cash flows of each debt tranche of the issuer, establish a

benchmark yield, and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche including, but not limited to, the prepayment speed assumptions and attributes of the collateral. To the extent the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy, and otherwise they would be categorized as Level 3.

Corporate Bonds. The fair value of corporate bonds, as obtained from an independent pricing service, is estimated using various techniques, which consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. While most corporate bonds are categorized in Level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction prices, quotations, or similar observable inputs, they are categorized in Level 3 of the fair value hierarchy.

Derivative Instruments. Forward foreign currency contracts are valued based upon the closing prices of the forward currency rates determined at the close of the NYSE provided by an independent pricing service. Swaps derive their value from underlying asset prices, indices, reference rates and other inputs or a combination of these factors. Swaps are valued by an independent pricing service unless the price is unavailable, in which case they are valued at the price provided by a dealer in that security. Futures contracts traded on an exchange are generally valued at the settlement price. Listed options are ordinarily valued at the mean of the last bid and ask price provided by an independent pricing service unless the price is unavailable, in which case they are valued at a quotation obtained from a broker-dealer. Over-the-counter (“OTC”) options are ordinarily valued at the mean of the last bid and ask price provided by an independent pricing service for a comparable listed option unless such a price is unavailable, in which case they are valued at a quotation obtained from a broker-dealer. If no comparable listed option exists from which to obtain a price from an independent pricing service and a quotation cannot be obtained from a broker-dealer, the OTC option will be valued using a model reasonably designed to provide a current market price.

Listed derivatives that are actively traded are valued based on quoted prices from the exchange and are categorized in Level 1 of the fair value hierarchy. OTC derivative contracts include forward foreign currency contracts, swap agreements, and option contracts related to interest rates, foreign currencies, credit standing of reference entities, equity prices, or commodity prices. Depending on the product and the terms of the transaction, the fair value of the OTC derivative products are modeled taking into account the counterparties’ creditworthiness and using a series of techniques, including simulation models. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgments and the pricing inputs are observed from actively quoted markets, as is the case with interest rate swap and option contracts. OTC derivative products valued using pricing models with significant observable inputs are categorized within Level 2 of the fair value hierarchy.

Equity Securities. Equity securities traded on U.S. or foreign securities exchanges or included in a national market system are valued at the official closing price at the close of each business day unless otherwise stated below. OTC equity securities and listed securities for which no price is readily available are valued at the average of the last bid and asked prices.

Mutual funds, including investment funds, typically are valued at the NAV reported as of the valuation date.

Securities that are stated at the last reported sales price or closing price on the day of valuation taken from the primary exchange where the security is principally traded and to the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy.

Foreign securities, for which the primary trading market closes at the same time or after the NYSE, are valued based on quotations from the primary market in which they are traded and categorized in Level 1. Because many foreign securities markets and exchanges close prior to the close of the NYSE, closing prices for foreign securities in those markets or on those exchanges do not reflect the events that occur after that close. Certain foreign securities may be fair valued using a pricing service that considers the correlation of the trading patterns of the foreign security to the intra-day trading in the U.S. markets for investments such as American Depositary Receipts, financial futures, exchange-traded funds, and the movement of certain indices of securities based on a statistical analysis of their historical relationship; such valuations generally are categorized in Level 2.

Preferred stock, repurchase agreements, and other equities traded on inactive markets or valued by reference to similar instruments are also generally categorized in Level 2.

Loans. Loans are valued using a price or composite price from one or more brokers or dealers as obtained from an independent pricing service. The fair value of loans is estimated using recently executed transactions, market price quotations, credit/market events, and cross-asset pricing. Inputs are generally observable market inputs obtained from independent sources. Loans are generally categorized in Level 2 of the fair value hierarchy, unless key inputs are unobservable in which case they would be categorized as Level 3.

Municipal Bonds. Municipal bonds are fair valued based on pricing models used by and obtained from an independent pricing service that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-wants lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond insurance. To the extent that these inputs are observable and timely, the fair values of municipal bonds would be categorized as Level 2; otherwise the fair values would be categorized as Level 3.

Restricted Securities. Restricted securities that are deemed to be both Rule 144A securities and illiquid, as well as restricted securities held in non-public entities, are included in Level 3 of the fair value hierarchy to the extent that significant inputs to valuation are unobservable, because they trade infrequently, and, therefore, the inputs are unobservable. Restricted securities that are valued at a discount to similar publicly traded securities may be categorized as Level 2 of the fair value hierarchy to the extent that the discount is considered to be insignificant to the fair value measurement in its entirety; otherwise they may be categorized as Level 3.

U.S. Government and Agency Securities. U.S. government and agency securities are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, quoted market prices, and reference data. Accordingly, U.S. government and agency securities are normally categorized in Level 1 or 2 of the fair value hierarchy depending on the liquidity and transparency of the market.

Transfers from Level 2 to Level 3 occurred primarily due to the lack of observable market data due to decreased market activity or information for these securities. Transfers from Level 3 to Level 2 occurred primarily due to the increased availability of observable market data due to increased market activity or information. Transfers between levels represent the values as of the beginning of the reporting period.

For fair valuations using unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to total realized and unrealized gains or losses, purchases and sales, and transfers in or out of the Level 3 category during the period. In accordance with the requirements of U.S. GAAP, a fair value hierarchy and Level 3 reconciliation, if any, have been included in the Notes to the Schedule of Investments for each respective Fund.

Net realized gain (loss) and net unrealized appreciation (depreciation), shown on the reconciliation of Level 3 investments if applicable, are included on the Statement of Operations in net realized gain (loss) on investments in unaffiliated and/or affiliated securities and in net change in unrealized appreciation (depreciation) on investments in unaffiliated and/or affiliated securities, respectively. Additionally, the net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of March 31, 2016, if applicable, is included on the Statement of Operations in net change in unrealized appreciation (depreciation) on investments in unaffiliated and/or affiliated securities.

4. DERIVATIVE INSTRUMENTS (\$ amounts in thousands unless indicated otherwise)

The following disclosures contain information on why and how the Funds use derivative instruments, the associated risks of investing in derivative instruments, and how derivative instruments affect the Funds' financial positions and results of operations when presented by primary underlying risk exposure.

Forward Foreign Currency Contracts. Certain Funds may enter into forward foreign currency contracts ("forward contracts") for the purchase or sale of a foreign currency at a negotiated rate at a future date. Forward contracts are reported on a schedule following the Schedule of Investments. Forward contracts will be valued daily based upon the closing prices of the forward currency rates provided by an independent pricing service determined at the close of the NYSE as provided by a bank, dealer or independent pricing service. The resulting unrealized appreciation and depreciation is reported on the Statement of Assets and Liabilities as a receivable or payable and on the Statement of Operations within the change in unrealized appreciation (depreciation). At contract close, the difference between the original cost of the contract and the value at the close date is recorded as a realized gain (loss) on the Statement of Operations.

Risks to a Fund related to the use of such contracts include both market and credit risk. Market risk is the risk that the value of the forward contract will depreciate due to unfavorable changes in the exchange rates. Credit risk arises from the possibility that the counterparty will default. If the counterparty defaults, a Fund's maximum loss will consist of the aggregate unrealized gain on appreciated contracts that is not collateralized.

Global Bond Fund and High Income Fund enter into forward foreign currency exchange contracts as an economic hedge against foreign currencies (foreign currency exchange rate risk).

Futures Contracts. Certain Funds may engage in buying and selling futures contracts. Upon entering into a futures contract, the Fund is required to deposit, in a segregated account, an amount equal to a varying specified percentage of the contract amount. This amount is known as the initial margin. Subsequent payments (variation margins) are made or received by the Fund each day, dependent on the daily fluctuations in the value of the underlying debt security or index.

Futures contracts are reported on a schedule following the Schedule of Investments. Securities held in collateralized accounts to cover initial margin requirements on open futures contracts are identified on the Schedule of Investments. Cash held by the broker to cover initial margin requirements on open futures contracts and the receivable and/or payable for the daily mark to market for the variation margin are noted on the Statement of Assets and Liabilities. The net change in unrealized appreciation (depreciation) is reported on the Statement of Operations. Realized gains (losses) are reported on the Statement of Operations at the closing or expiration of futures contracts.

Risks of entering into futures contracts include the possibility of loss of securities or cash held as collateral, that there may be an illiquid market where the Fund is unable to close the contract or enter into an offsetting position and, if used for hedging purposes, the risk that the price of the contract will correlate imperfectly with the prices of the Fund's securities.

Municipal High Income Fund invests in long and/or short positions in futures contracts to gain exposure to, or economically hedge against, changes in interest rates (interest rate risk), changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk).

Swap Agreements. Certain Funds may invest in swap agreements. Swaps are marked to market daily and changes in value are recorded as unrealized appreciation (depreciation) on the Statement of Operations. Payments received or made by the Fund are recorded as realized gain or loss on the Statement of Operations. Any upfront premiums paid are recorded as assets and any upfront fees received are recorded as liabilities and are shown as swap premiums paid and swap premiums received, respectively, if any, on the Statement of Assets and Liabilities and amortized over the term of the swap. A liquidation payment received or made at the termination or maturity of the swap is recorded as realized gain or loss on the Statement of Operations.

Total return swaps involve a commitment to pay or receive periodic interest payments in exchange for a market-linked return based on a security or a basket of securities representing a variety of securities or a particular index. To the extent the total return of the security, index or other financial measure underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the Fund will receive a payment from or make a payment to the counterparty.

High Income Fund enters into total return swaps to hedge exposure to a security or market.

The creditworthiness of the counterparty with which a Fund enters into a swap agreement is monitored by WRIMCO. If a firm's creditworthiness declines, the value of the agreement would likely decline, potentially resulting in losses. If a default occurs by the counterparty to such a transaction, the Fund will have contractual remedies pursuant to the agreement related to the transaction. The maximum loss a Fund may incur consists of the aggregate unrealized gain on appreciated contracts that is not collateralized.

Collateral and rights of offset. A Fund may mitigate credit risk with respect to OTC derivative counterparties through credit support annexes ("CSA") included with an International Swaps and Derivatives Association, Inc. ("ISDA") Master Agreement which is the standard contract governing most derivative transactions between the Fund and each of its counterparties. The CSA allows the Fund and its counterparty to offset certain derivative financial instruments' payables and/or receivables against each other and/or with collateral, which is generally held by the Fund's custodian. The amount of collateral moved to/from applicable counterparties is based upon minimum transfer amounts specified in the CSA. To the extent amounts due to the Fund from its counterparties are not fully collateralized contractually or otherwise, the Fund bears the risk of loss from counterparty non-performance. See Note 2 "Segregation and Collateralization" for additional information with respect to collateral practices.

Offsetting of Assets and Liabilities. The following tables present financial instruments that are either (1) offset or (2) subject to an enforceable master netting arrangement or similar agreement as of March 31, 2016:

Assets

| Fund | Gross Amounts of Recognized Assets | Gross Amounts Offset on the Statement of Assets and Liabilities | Net Amounts of Assets Presented on the Statement of Assets and Liabilities | Gross Amounts Not Offset on the Statement of Assets and Liabilities | | | |
|--|------------------------------------|---|--|---|------------------------------|--------------------------|-----------------------|
| | | | | Financial Instruments and Derivatives Available for Offset | Non-Cash Collateral Received | Cash Collateral Received | Net Amount Receivable |
| Global Bond Fund | | | | | | | |
| Unrealized appreciation on forward foreign currency contracts | \$ 48 | \$— | \$ 48 | \$— | \$— | \$ — | \$ 48 |
| High Income Fund | | | | | | | |
| Unrealized appreciation on forward foreign currency contracts ⁽¹⁾ | \$2,321 | \$— | \$2,321 | \$— | \$— | \$(1,900) | \$421 |
| Unrealized appreciation on swap agreements | 41 | — | 41 | — | — | — | 41 |
| Total | \$2,362 | \$— | \$2,362 | \$— | \$— | \$(1,900) | \$462 |

(1) Amounts include forward contracts that have an offset to an open and close contract, but have not settled. These amounts are included on the Statement of Assets and Liabilities line item for Investment securities sold receivable.

Liabilities

| Fund | Gross Amounts of Recognized Liabilities | Gross Amounts Offset on the Statement of Assets and Liabilities | Net Amounts of Liabilities Presented on the Statement of Assets and Liabilities | Gross Amounts Not Offset on the Statement of Assets and Liabilities | | | |
|--|---|---|---|---|-----------------------------|-------------------------|--------------------|
| | | | | Financial Instruments and Derivatives Available for Offset | Non-Cash Collateral Pledged | Cash Collateral Pledged | Net Amount Payable |
| High Income Fund | | | | | | | |
| Unrealized depreciation on forward foreign currency contracts ⁽¹⁾ | \$136 | \$— | \$136 | \$— | \$— | \$— | \$136 |

(1) Amounts include forward contracts that have an offset to an open and close contract, but have not settled. These amounts are included on the Statement of Assets and Liabilities line item for Investment securities purchased payable.

Additional Disclosure Related to Derivative Instruments

Fair values of derivative instruments as of March 31, 2016:

| Fund | Type of Risk Exposure | Assets | | Liabilities | |
|------------------|-----------------------|---|-------|---|-------|
| | | Statement of Assets & Liabilities Location | Value | Statement of Assets & Liabilities Location | Value |
| Global Bond Fund | Foreign currency | Unrealized appreciation on forward foreign currency contracts | \$48 | | \$— |
| High Income Fund | Foreign currency | | — | Unrealized depreciation on forward foreign currency contracts | 19 |
| | Interest rate | Unrealized appreciation on swap agreements | 41 | | — |

Amount of realized gain (loss) on derivatives recognized on the Statement of Operations for the period ended March 31, 2016:

| Fund | Type of Risk Exposure | Net realized gain (loss) on: | | | | | Total |
|----------------------------|-----------------------|---|-----------------|-------------------|-----------------|------------------------------------|-------|
| | | Investments in unaffiliated securities* | Swap agreements | Futures contracts | Written options | Forward foreign currency contracts | |
| Global Bond Fund | Foreign currency | \$— | \$— | \$— | \$— | \$305 | \$305 |
| High Income Fund | Foreign currency | — | — | — | — | (4) | (4) |
| | Interest rate | — | (962) | — | — | — | (962) |
| Municipal High Income Fund | Interest Rate | — | — | 512 | — | — | 512 |

* Purchased options are reported as investments in unaffiliated securities and are reflected on the accompanying Schedule of Investments.

Change in unrealized appreciation (depreciation) on derivatives recognized on the Statement of Operations for the period ended March 31, 2016:

| Fund | Type of Risk Exposure | Net change in unrealized appreciation (depreciation) on: | | | | | Total |
|----------------------------|-----------------------|--|-----------------|-------------------|-----------------|------------------------------------|--------|
| | | Investments in unaffiliated securities* | Swap agreements | Futures contracts | Written options | Forward foreign currency contracts | |
| Global Bond Fund | Foreign currency | \$— | \$— | \$— | \$— | \$(36) | \$(36) |
| High Income Fund | Foreign currency | — | — | — | — | (151) | (151) |
| | Interest rate | — | 188 | — | — | — | 188 |
| Municipal High Income Fund | Interest rate | — | — | 70 | — | — | 70 |

* Purchased options are reported as investments in unaffiliated securities and are reflected on the accompanying Schedule of Investments.

During the period ended March 31, 2016, the average derivative volume was as follows:

| Fund | Forward foreign currency contracts ⁽¹⁾ | Long futures contracts ⁽¹⁾ | Short futures contracts ⁽¹⁾ | Swap agreements ⁽²⁾ | Purchased options ⁽¹⁾ | Written options ⁽¹⁾ |
|----------------------------|---|---------------------------------------|--|--------------------------------|----------------------------------|--------------------------------|
| Global Bond Fund | \$70 | \$— | \$ — | \$ — | \$— | \$— |
| High Income Fund | 33 | — | — | 7,925 | — | — |
| Municipal High Income Fund | — | — | 4,796 | — | — | — |

(1) Average value outstanding during the period.

(2) Average notional amount outstanding during the period.

5. INVESTMENT MANAGEMENT AND PAYMENTS TO AFFILIATED PERSONS (\$ amounts in thousands unless indicated otherwise)

Management Fees. WRIMCO, a wholly owned subsidiary of Waddell & Reed, Inc. ("W&R"), serves as each Fund's investment manager. The management fee is accrued daily by each Fund at the following annual rates as a percentage of average daily net assets:

| Fund (M – Millions) | \$0 to \$500M | \$500 to \$1,000M | \$1,000 to \$1,500M | Over \$1,500M |
|----------------------------|---------------|-------------------|---------------------|---------------|
| Bond Fund | 0.525% | 0.500% | 0.450% | 0.400% |
| Cash Management | 0.400 | 0.400 | 0.400 | 0.400 |
| Global Bond Fund | 0.625 | 0.600 | 0.550 | 0.500 |
| Government Securities Fund | 0.500 | 0.450 | 0.400 | 0.350 |
| High Income Fund | 0.625 | 0.600 | 0.550 | 0.500 |
| Municipal Bond Fund | 0.525 | 0.500 | 0.450 | 0.400 |
| Municipal High Income Fund | 0.525 | 0.500 | 0.450 | 0.400 |

Effective October 1, 2006, under terms of a settlement agreement, the management fee is payable at the following annual rates for those Funds included in the settlement agreement until September 30, 2016:

| Fund (M – Millions) | \$0 to \$500M | \$500 to \$1,000M | \$1,000 to \$1,500M | Over \$1,500M |
|----------------------------|---------------|-------------------|---------------------|---------------|
| Bond Fund ⁽¹⁾ | 0.485% | 0.500% | 0.450% | 0.400% |
| Global Bond Fund | 0.590 | 0.600 | 0.550 | 0.500 |
| Government Securities Fund | 0.460 | 0.450 | 0.400 | 0.350 |
| High Income Fund | 0.575 | 0.600 | 0.550 | 0.500 |
| Municipal Bond Fund | 0.485 | 0.500 | 0.450 | 0.400 |
| Municipal High Income Fund | 0.485 | 0.500 | 0.450 | 0.400 |

(1)Effective October 8, 2007, upon completion of the merger of Limited-Term Bond Fund into Bond Fund, the management fee for Bond Fund is as follows: 0.475% of net assets up to \$1 billion, 0.45% of net assets over \$1 billion and up to \$1.5 billion, and 0.40% of net assets over \$1.5 billion.

WRIMCO has voluntarily agreed to waive a Fund's management fee on any day that the Fund's net assets are less than \$25 million, subject to WRIMCO's right to change or modify this waiver. See Expense Reimbursements and/or Waivers for more information.

Accounting Services Fees. The Trust has an Accounting Services Agreement with WRSCO, doing business as WI Services Company ("WISC"), an affiliate of W&R. Under the agreement, WISC acts as the agent in providing bookkeeping and accounting services and assistance to the Trust, including maintenance of Fund records, pricing of Fund shares and preparation of certain shareholder reports. For these services, each Fund pays WISC a monthly fee of one-twelfth of the annual fee based on the average net asset levels shown in the following table:

| (M – Millions) | \$0 to \$10M | \$10 to \$25M | \$25 to \$50M | \$50 to \$100M | \$100 to \$200M | \$200 to \$350M | \$350 to \$550M | \$550 to \$750M | \$750 to \$1,000M | Over \$1,000M |
|-----------------|--------------|---------------|---------------|----------------|-----------------|-----------------|-----------------|-----------------|-------------------|---------------|
| Annual Fee Rate | \$0.00 | \$11.50 | \$23.10 | \$35.50 | \$48.40 | \$63.20 | \$82.50 | \$96.30 | \$121.60 | \$148.50 |

In addition, for each class of shares in excess of one, each Fund pays WISC a monthly per-class fee equal to 2.5% of the monthly accounting services base fee.

Each Fund also pays WISC a monthly administrative fee at the annual rate of 0.01%, or one basis point, for the first \$1 billion of net assets with no fee charged for net assets in excess of \$1 billion. This fee is voluntarily waived by WISC until a Fund's net assets are at least \$10 million and is included in "Accounting services fee" on the Statement of Operations.

Shareholder Servicing. General. Under the Shareholder Servicing Agreement between the Trust and WISC, with respect to Class A, Class B and Class C shares, for each shareholder account that was in existence at any time during the prior month, each Fund (except Cash Management) pays a monthly fee of \$1.6958 per account; however, WISC has agreed to reduce that fee if the number of total shareholder accounts within the Complex (Waddell & Reed Advisors Funds, InvestEd Portfolios and Ivy Funds) reaches certain levels. Cash Management pays a monthly fee of \$1.75 for each shareholder account that was in existence at any time during the prior month plus, for Class A shareholder accounts, \$0.75 for each shareholder check processed in the prior month. Government Securities Fund Class A, which also has check writing privileges, pays \$0.75 for each shareholder check processed in the prior month. For Class Y shares, each Fund pays a monthly fee equal to one-twelfth of 0.15 of 1% of the average daily net assets of the class for the preceding month. Each Fund also reimburses WISC for certain out-of-pocket costs for all classes.

Networked accounts. For certain networked accounts (that is, those accounts whose Fund shares are purchased through certain financial intermediaries), WISC has agreed to reduce its per account fees charged to the Funds to \$0.50 per month per shareholder account. Additional fees may be paid by the Funds to those intermediaries. The Fund will reimburse WISC for such costs if the annual rate of the third-party per account charges for a Fund are less than or equal to \$12.00 per account or an annual fee of 0.14 of 1% that is based on average daily net assets.

Broker accounts. Certain broker-dealers that maintain shareholder accounts with each Fund through an omnibus account provide transfer agent and other shareholder-related services that would otherwise be provided by WISC if the individual accounts that comprise the omnibus account were opened by their beneficial owners directly. Each Fund may pay such broker-dealers a per account fee for each open account within the omnibus account (up to \$18.00 per account), or a fixed rate fee (up to an annual fee of 0.20 of 1% that is based on average daily net assets), based on the average daily NAV of the omnibus account (or a combination thereof).

Distribution and Service Plan for Class A Shares. Under a Distribution and Service Plan for Class A shares adopted by the Trust pursuant to Rule 12b-1 under the 1940 Act, each Fund, other than Cash Management, may pay a distribution and/or service fee to W&R in an amount not to exceed 0.25% of the Fund's average annual net assets. The fee is paid daily to compensate W&R for amounts it expends in connection with the distribution of the Class A shares and/or provision of personal services to Fund shareholders and/or maintenance of shareholder accounts of that class either directly or by third parties. For each of Bond Fund, Government Securities Fund, Municipal Bond Fund and Municipal High Income Fund, the Board of Trustees has limited payments to 0.237%, 0.232%, 0.237% and 0.247%, respectively, of the Fund's average Class A net assets on an annual basis. The Board may in the future, without shareholder approval, authorize payments up to a maximum of 0.25% of the Fund's average Class A net assets on an annual basis, if it determines to do so.

Distribution and Service Plan for Class B and Class C Shares. Under the Distribution and Service Plan adopted by the Trust for Class B and Class C shares, respectively, each Fund may pay W&R a service fee not to exceed 0.25% and a distribution fee not to exceed 0.75% of the Fund's average annual net assets attributable to that class to compensate W&R for its services in connection with the distribution of shares of that class and/or provision of personal services to Class B or Class C shareholders and/or maintenance of shareholder accounts of that class.

Sales Charges. As principal underwriter for the Trust's shares, W&R receives sales commissions (which are not an expense of the Trust) for sales of Class A shares. A CDSC may be assessed against a shareholder's redemption amount of Class B, Class C or certain Class A shares and is paid to W&R. During the period ended March 31, 2016, W&R received the following amounts in sales commissions and CDSCs:

| | Gross Sales Commissions | CDSC | | | Commissions Paid ⁽¹⁾ |
|----------------------------|----------------------------|---------|---------|---------|------------------------------------|
| | | Class A | Class B | Class C | |
| Bond Fund | \$295 | \$ 1 | \$ 1 | \$—* | \$ 197 |
| Cash Management | — | 713 | —* | 1 | 56,339 |
| Global Bond Fund | 70 | —* | 1 | —* | 50 |
| Government Securities Fund | 54 | —* | —* | —* | 42 |
| High Income Fund | 508 | 1 | 1 | 3 | 347 |
| Municipal Bond Fund | 181 | 1 | —* | 1 | 160 |
| Municipal High Income Fund | 285 | 10 | 1 | 2 | 250 |

* Not shown due to rounding.

(1) W&R reallocated/paid this portion of the sales charge to financial advisors and selling broker-dealers.

Expense Reimbursements and/or Waivers. During the period ended March 31, 2016, the following amounts were waived as a result of the reduced management fees related to the settlement agreement:

| | |
|----------------------------|-------|
| Global Bond Fund | \$ 88 |
| Government Securities Fund | 50 |
| High Income Fund | 125 |
| Municipal Bond Fund | 100 |
| Municipal High Income Fund | 100 |

For each of Bond Fund, Government Securities Fund, Municipal Bond Fund and Municipal High Income Fund, the Board of Trustees has limited Rule 12b-1 payments to 0.237%, 0.232%, 0.237% and 0.247%, respectively, of the Fund's average Class A net assets on an annual basis. During the period ended March 31, 2016, the following amounts represent the difference between 0.25% and the reduced Rule 12b-1 fees:

| | |
|----------------------------|-------|
| Bond Fund | \$ 77 |
| Government Securities Fund | 22 |
| Municipal Bond Fund | 57 |
| Municipal High Income Fund | 13 |

WRIMCO has voluntarily agreed to reimburse sufficient expenses of any class of Cash Management to maintain a minimum annualized yield of 0.02%. This reimbursement serves to reduce shareholder servicing and/or distribution and service fees. For the period ended March 31, 2016, the following expenses were reimbursed:

| | |
|--------------------------|---------|
| Cash Management, Class A | \$3,033 |
| Cash Management, Class B | 8 |
| Cash Management, Class C | 31 |

Any amounts due to the funds as a reimbursement but not paid as of March 31, 2016 are shown as a receivable from affiliates on the Statement of Assets and Liabilities.

6. INTERFUND LENDING PROGRAM

Pursuant to an exemptive order issued by the SEC ("Order"), the Trust and the Advisors Fund Complex (Ivy Funds, Ivy Funds Variable Insurance Portfolios and InvestEd Portfolios); referred to with the Funds for purposes of this section as Funds) have the ability to lend money to, and borrow money from, each other pursuant to a master interfund lending agreement ("Interfund Lending Program"). Under the Interfund Lending Program, the Funds may lend or borrow money for temporary purposes directly to or from one another (each an "Interfund Loan"), subject to meeting the conditions of the Order. The interest rate to be charged on an Interfund Loan is the average of the overnight repurchase agreement rate and the short-term bank loan rate. The Funds made no Interfund Loans under the Interfund Lending Program during the period ended March 31, 2016.

7. INVESTMENT SECURITIES TRANSACTIONS (\$ amounts in thousands)

The cost of purchases and the proceeds from maturities and sales of investment securities (excluding short-term securities) for the period ended March 31, 2016, were as follows:

| | Purchases | | Sales | |
|----------------------------|--------------------|------------------|--------------------|------------------|
| | U.S. Government | Other Issuers | U.S. Government | Other Issuers |
| Bond Fund | \$89,258 | \$465,507 | \$62,347 | \$501,287 |
| Cash Management | — | — | — | — |
| Global Bond Fund | 26,368 | 20,785 | 126 | 68,405 |
| Government Securities Fund | 61,542 | — | 44,819 | — |
| High Income Fund | — | 286,098 | — | 435,388 |
| Municipal Bond Fund | — | 13,493 | — | 9,324 |
| Municipal High Income Fund | — | 35,617 | — | 15,858 |

8. CAPITAL SHARE TRANSACTIONS (All amounts in thousands)

The Trust has authorized an unlimited number of no par value shares of beneficial interest of each class of each Fund. Transactions in shares of beneficial interest were as follows:

| | Bond Fund | | | | Cash Management | | | |
|---|--|--------------------|-----------------------|--------------------|--|-------------------|-----------------------|------------------|
| | Six months ended 3-31-16 (Unaudited) | | Year ended 9-30-15 | | Six months ended 3-31-16 (Unaudited) | | Year ended 9-30-15 | |
| | Shares | Value | Shares | Value | Shares | Value | Shares | Value |
| Shares issued from sale of shares: | | | | | | | | |
| Class A | 19,227 | \$ 119,976 | 39,313 | \$ 250,039 | 2,643,222 | \$ 2,643,222 | 5,716,676 | \$ 5,716,713 |
| Class B | 11 | 68 | 21 | 133 | 431 | 431 | 1,186 | 1,186 |
| Class C | 193 | 1,199 | 266 | 1,694 | 1,673 | 1,673 | 4,159 | 4,159 |
| Class Y | 23 | 141 | 452 | 2,895 | N/A | N/A | N/A | N/A |
| Shares issued in reinvestment of distributions to shareholders: | | | | | | | | |
| Class A | 3,959 | 24,562 | 4,345 | 27,573 | 144 | 144 | 268 | 268 |
| Class B | 7 | 41 | 6 | 38 | —* | —* | —* | —* |
| Class C | 25 | 153 | 22 | 138 | 1 | 1 | 1 | 1 |
| Class Y | 8 | 50 | 69 | 441 | N/A | N/A | N/A | N/A |
| Shares redeemed: | | | | | | | | |
| Class A | (26,179) | (163,408) | (47,312) | (300,600) | (2,529,526) | (2,529,526) | (5,638,837) | (5,638,874) |
| Class B | (89) | (556) | (228) | (1,454) | (433) | (433) | (803) | (803) |
| Class C | (164) | (1,022) | (456) | (2,892) | (2,639) | (2,639) | (4,064) | (4,064) |
| Class Y | (25) | (155) | (4,089) | (25,955) | N/A | N/A | N/A | N/A |
| Net increase (decrease) | (3,004) | \$ (18,951) | (7,591) | \$ (47,950) | 112,873 | \$ 112,873 | 78,586 | \$ 78,586 |

| | Global Bond Fund | | | | Government Securities Fund | | | |
|---|--|--------------------|-----------------------|--------------------|--|------------------|-----------------------|-------------------|
| | Six months ended 3-31-16 (Unaudited) | | Year ended 9-30-15 | | Six months ended 3-31-16 (Unaudited) | | Year ended 9-30-15 | |
| | Shares | Value | Shares | Value | Shares | Value | Shares | Value |
| Shares issued from sale of shares: | | | | | | | | |
| Class A | 9,055 | \$ 31,786 | 31,538 | \$ 117,695 | 10,172 | \$ 56,021 | 13,208 | \$ 72,910 |
| Class B | 9 | 32 | 26 | 97 | 18 | 100 | 24 | 134 |
| Class C | 48 | 166 | 344 | 1,296 | 72 | 400 | 198 | 1,099 |
| Class Y | 936 | 3,284 | 3,024 | 11,262 | 209 | 1,153 | 74 | 410 |
| Shares issued in reinvestment of distributions to shareholders: | | | | | | | | |
| Class A | 2,000 | 7,034 | 5,968 | 22,274 | 299 | 1,645 | 640 | 3,530 |
| Class B | 2 | 9 | 13 | 48 | —* | 1 | 1 | 4 |
| Class C | 14 | 50 | 55 | 205 | 2 | 9 | 6 | 33 |
| Class Y | 197 | 693 | 491 | 1,830 | 4 | 23 | 8 | 42 |
| Shares redeemed: | | | | | | | | |
| Class A | (34,260) | (120,385) | (56,907) | (211,312) | (7,664) | (42,099) | (14,951) | (82,513) |
| Class B | (109) | (384) | (305) | (1,132) | (22) | (120) | (84) | (463) |
| Class C | (378) | (1,330) | (1,148) | (4,259) | (62) | (343) | (521) | (2,874) |
| Class Y | (2,297) | (7,983) | (1,882) | (6,972) | (86) | (474) | (88) | (488) |
| Net increase (decrease) | (24,783) | \$ (87,028) | (18,783) | \$ (68,968) | 2,942 | \$ 16,316 | (1,485) | \$ (8,176) |

*Not shown due to rounding.

| | High Income Fund | | | | Municipal Bond Fund | | | |
|--|--|--------------------|-----------------------|------------------|--|------------------|-----------------------|-----------------|
| | Six months ended 3-31-16 (Unaudited) | | Year ended 9-30-15 | | Six months ended 3-31-16 (Unaudited) | | Year ended 9-30-15 | |
| | Shares | Value | Shares | Value | Shares | Value | Shares | Value |
| Shares issued from sale of shares: | | | | | | | | |
| Class A | 21,251 | \$ 133,296 | 46,299 | \$ 329,807 | 10,985 | \$ 83,483 | 17,978 | \$ 136,478 |
| Class B | 23 | 142 | 53 | 373 | 1 | 4 | 5 | 35 |
| Class C | 333 | 2,088 | 927 | 6,625 | 213 | 1,622 | 376 | 2,852 |
| Class Y | 2,365 | 15,015 | 5,416 | 38,654 | N/A | N/A | N/A | N/A |
| Shares issued in reinvestment of distributions to shareholders: | | | | | | | | |
| Class A | 9,460 | 59,108 | 22,280 | 157,975 | 1,481 | 11,231 | 2,844 | 21,533 |
| Class B | 26 | 163 | 78 | 556 | 1 | 7 | 2 | 16 |
| Class C | 165 | 1,031 | 463 | 3,284 | 18 | 137 | 35 | 268 |
| Class Y | 1,736 | 10,841 | 3,938 | 27,923 | N/A | N/A | N/A | N/A |
| Shares redeemed: | | | | | | | | |
| Class A | (42,891) | (267,466) | (59,728) | (425,087) | (10,315) | (78,417) | (20,027) | (151,883) |
| Class B | (178) | (1,102) | (410) | (2,924) | (15) | (115) | (17) | (131) |
| Class C | (1,191) | (7,395) | (2,324) | (16,562) | (164) | (1,247) | (543) | (4,115) |
| Class Y | (3,662) | (22,819) | (8,428) | (59,734) | N/A | N/A | N/A | N/A |
| Net increase (decrease) | (12,563) | \$ (77,098) | 8,564 | \$ 60,890 | 2,205 | \$ 16,705 | 653 | \$ 5,053 |

| | Municipal High Income Fund | | | |
|--|--|------------------|-----------------------|------------------|
| | Six months ended 3-31-16 (Unaudited) | | Year ended 9-30-15 | |
| | Shares | Value | Shares | Value |
| Shares issued from sale of shares: | | | | |
| Class A | 17,021 | \$ 83,526 | 31,444 | \$ 155,595 |
| Class B | 1 | 5 | 4 | 20 |
| Class C | 672 | 3,299 | 1,339 | 6,605 |
| Class Y | N/A | N/A | N/A | N/A |
| Shares issued in reinvestment of distributions to shareholders: | | | | |
| Class A | 3,036 | 14,895 | 5,858 | 28,921 |
| Class B | 3 | 15 | 7 | 36 |
| Class C | 80 | 390 | 159 | 783 |
| Class Y | N/A | N/A | N/A | N/A |
| Shares redeemed: | | | | |
| Class A | (15,204) | (74,659) | (29,950) | (147,716) |
| Class B | (28) | (135) | (71) | (350) |
| Class C | (631) | (3,099) | (1,714) | (8,446) |
| Class Y | N/A | N/A | N/A | N/A |
| Net increase | 4,950 | \$ 24,237 | 7,076 | \$ 35,448 |

9. COMMITMENTS

Bridge loan commitments may obligate a Fund to furnish temporary financing to a borrower until permanent financing can be arranged. In connection with these commitments, the Fund earns a commitment fee, typically set as a percentage of the commitment amount. Such fee income is included in interest income on the Statement of Operations. At March 31, 2015, there were no outstanding bridge loan commitments.

10. FEDERAL INCOME TAX MATTERS (\$ amounts in thousands)

For Federal income tax purposes, cost of investments owned at March 31, 2016 and the related unrealized appreciation (depreciation) were as follows:

| Fund | Cost of Investments | Gross Appreciation | Gross Depreciation | Net Unrealized Appreciation (Depreciation) |
|----------------------------|------------------------|-----------------------|-----------------------|---|
| Bond Fund | \$1,188,642 | \$35,025 | \$ 12,009 | \$ 23,016 |
| Cash Management | 1,478,246 | — | — | — |
| Global Bond Fund | 666,213 | 15,962 | 66,512 | (50,550) |
| Government Securities Fund | 263,073 | 5,182 | 320 | 4,862 |
| High Income Fund | 2,119,279 | 16,663 | 244,357 | (227,694) |
| Municipal Bond Fund | 795,691 | 90,599 | 1,062 | 89,537 |
| Municipal High Income Fund | 824,444 | 70,996 | 41,280 | 29,716 |

For Federal income tax purposes, the Funds' distributed and undistributed earnings and profit for the year ended September 30, 2015 and the post-October and late-year ordinary activity were as follows:

| Fund | Distributed Ordinary Income | Undistributed Ordinary Income | Distributed Long-Term Capital Gains | Undistributed Long-Term Capital Gains | Tax Return of Capital | Post-October Capital Losses Deferred | Late-Year Ordinary Losses Deferred |
|----------------------------|-----------------------------|-------------------------------|-------------------------------------|---------------------------------------|-----------------------|--------------------------------------|------------------------------------|
| Bond Fund | \$ 28,664 | \$ 1,211 | \$ — | \$ 12,023 | \$— | \$ — | \$— |
| Cash Management | 257 | 95 | — | — | — | — | — |
| Global Bond Fund | 24,794 | 3,288 | — | — | — | 10,595 | — |
| Government Securities Fund | 3,730 | 125 | — | — | — | — | — |
| High Income Fund | 167,879 | 1,361 | 30,342 | — | — | 27,049 | — |
| Municipal Bond Fund | 23,957 | 1,386 | — | — | — | 8,170 | — |
| Municipal High Income Fund | 36,307 | 432 | — | — | — | 3,184 | — |

Internal Revenue Code regulations permit each Fund to elect to defer into its next fiscal year capital losses incurred between each November 1 and the end of its fiscal year. Each Fund is also permitted to defer into its next fiscal year late-year ordinary losses that arise from the netting of activity generated between each November 1 and the end of its fiscal year on certain specified ordinary items.

Accumulated capital losses represent net capital loss carryovers as of September 30, 2015 that may be available to offset future realized capital gains and thereby reduce future capital gains distributions. Under the Regulated Investment Company Modernization Act of 2010 (the "Modernization Act"), a Fund is permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. Any losses incurred during those future taxable years will be required to be utilized prior to any losses incurred in pre-enactment taxable years which have only an eight year carryforward period. As a result of this ordering rule, pre-enactment capital loss carryovers may expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under the previous law. The Fund's first fiscal year end subject to the Modernization Act was September 30, 2012. The following table shows the expiration dates for capital loss carryovers from pre-enactment taxable years and the amounts of capital loss carryovers, if any, by each of the applicable Funds electing to be taxed as a regulated investment company during the year ended September 30, 2015:

| Fund | Pre-Enactment | | | | Post-Enactment | |
|----------------------------|---------------|------|--------|------|-----------------------------------|----------------------------------|
| | 2016 | 2017 | 2018 | 2019 | Short-Term Capital Loss Carryover | Long-Term Capital Loss Carryover |
| Bond Fund | \$— | \$ — | \$ — | \$ — | \$ — | \$ — |
| Cash Management | — | — | 111 | 215 | — | — |
| Global Bond Fund | — | — | — | — | 688 | 6,135 |
| Government Securities Fund | — | — | — | — | 3,042 | 226 |
| High Income Fund | — | — | — | — | — | — |
| Municipal Bond Fund | — | — | 53 | 56 | — | 4,006 |
| Municipal High Income Fund | — | 504 | 16,061 | — | 1,047 | 3,276 |

11. REGULATORY AND LITIGATION MATTERS

On July 24, 2006, WRIMCO, W&R and WRSCO (collectively, "Waddell & Reed") reached a settlement with the SEC to resolve proceedings brought in connection with its investigation of frequent trading and market timing in certain Waddell & Reed Advisors Funds.

Under the terms of the SEC's cease-and desist order ("SEC Order"), pursuant to which Waddell & Reed neither admitted nor denied any of the findings contained therein, among other provisions Waddell & Reed agreed to pay \$40 million in disgorgement and \$10 million in civil money penalties.

Pursuant to the terms of the SEC order, the \$50 million in disgorgement and civil penalties, plus accrued interest ("Fair Fund"), must be distributed in accordance with a distribution plan developed by an independent distribution consultant, in consultation with W&R and as approved by the SEC, using a distribution methodology acceptable to the Funds' Disinterested Trustees. The SEC Order also required that the independent distribution consultant develop the distribution methodology pursuant to which Fund shareholders shall receive their proportionate share of losses, if any, suffered by the Funds due to market timing. On July 15, 2014, the SEC ordered that the Fair Fund be distributed to investors as provided for in the distribution plan.

The foregoing is only a summary of the SEC Order. A copy of the SEC Order and the distribution plan are available on the SEC's website at www.sec.gov.

PROXY VOTING INFORMATION

Waddell & Reed Advisors Funds

Proxy Voting Guidelines

A description of the policies and procedures Waddell & Reed Advisors Funds uses to determine how to vote proxies relating to portfolio securities is available (i) without charge, upon request, by calling 1.888.WADDELL and (ii) on the Securities and Exchange Commission's ("SEC") website at www.sec.gov.

Proxy Voting Records

Information regarding how each Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on Form N-PX through Waddell & Reed's website at www.waddell.com and on the SEC's website at www.sec.gov.

QUARTERLY PORTFOLIO SCHEDULE INFORMATION

Waddell & Reed Advisors Funds

Portfolio holdings can be found on the Trust's website at www.waddell.com. Alternatively, a complete schedule of portfolio holdings of each Fund for the first and third quarters of each fiscal year is filed with the SEC and can be found on the Trust's Form N-Q. These holdings may be viewed in the following ways:

- On the SEC's website at www.sec.gov.
- For review and copy at the SEC's Public Reference Room in Washington, DC. Information on the operations of the Public Reference Room may be obtained by calling 1.800.SEC.0330.

TO ALL TRADITIONAL IRA PLANHOLDERS:

Waddell & Reed Advisors Funds

As required by law, we are hereby providing notice to you that income tax may be withheld automatically from any distribution or withdrawal from a traditional IRA. A Fund is generally required to withhold taxes unless you make a written election not to have taxes withheld. The election may be made on the distribution/withdrawal form provided by Waddell & Reed, Inc. which can be obtained from your Waddell & Reed financial adviser or by submitting Internal Revenue Service Form W-4P. Once made, an election can be revoked by providing written notice to Waddell & Reed, Inc. If you elect not to have tax withheld you may be required to make payments of estimated tax. Penalties may be imposed by the IRS if withholding and estimated tax payments are not adequate.

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The Waddell & Reed Advisors Funds Family

Global/International Funds

Waddell & Reed Advisors Global Growth Fund

Domestic Equity Funds

Waddell & Reed Advisors Accumulative Fund

Waddell & Reed Advisors Core Investment Fund

Waddell & Reed Advisors Dividend Opportunities Fund

Waddell & Reed Advisors New Concepts Fund

Waddell & Reed Advisors Small Cap Fund

Waddell & Reed Advisors Tax-Managed Equity Fund

Waddell & Reed Advisors Value Fund

Waddell & Reed Advisors Vanguard Fund

Fixed Income Funds

Waddell & Reed Advisors Bond Fund

Waddell & Reed Advisors Global Bond Fund

Waddell & Reed Advisors Government Securities Fund

Waddell & Reed Advisors High Income Fund

Waddell & Reed Advisors Municipal Bond Fund

Waddell & Reed Advisors Municipal High Income Fund

Money Market Funds

Waddell & Reed Advisors Cash Management

Specialty Funds

Waddell & Reed Advisors Asset Strategy Fund

Waddell & Reed Advisors Continental Income Fund

Waddell & Reed Advisors Energy Fund

Waddell & Reed Advisors Science and Technology Fund

1.888.WADDELL

Visit us online at www.waddell.com

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, or summary prospectus, carefully before investing.

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