

# Nicholas Equity Income Fund (NSEIX)

Style: Equity Income, Growth

March 31, 2012

Co-Portfolio Managers: Albert (Ab) O. Nicholas, CFA & Michael L. Shelton, CFA

## Investment Philosophy:

The advisor invests in high quality companies that meet our investment criteria, which includes

- Attractive dividend yield
- A strategic position within their industry
- An enduring franchise, product or brand
- Consistent, or improving, earnings growth and free cash flow
- Low debt levels
- Reputable management with meaningful stock ownership
- Out-of-favor or undiscovered companies
- Stock price below long-term potential value

## Investment Approach:

Nicholas Equity Income Fund seeks to provide investors with a reasonable stream of income along with long-term capital growth through a diversified portfolio of stocks with attractive dividend yields. The Fund will invest in small- to large-sized companies with capitalizations generally between \$1 to \$100 billion. The Fund is typically benchmarked against the Standard & Poor's 500 Index over a market cycle.

## Portfolio Information:

Date of Inception:	11/23/1993
Net Assets:	\$201.5 million
Number of Holdings:	48
Weighted Avg. Trailing P/E:	18.53x
Weighted Avg. Forward P/E:	14.38x
Weighted Avg. Market Cap.:	\$30,505.3 million
Weighted Median Market Cap.:	\$3,443.7 million
Weighted Harmonic Avg. Price/Book:	2.34x
Last 3 yrs EPS Growth (Source: Factset):	12.88%
Turnover Rate:	31.35% (09/30/11) <sup>(1)</sup>
Standard Deviation:	14.22% 10-Yr <sup>(2)</sup>
Sharpe Ratio:	0.41% 10-Yr <sup>(2)</sup>
	<sup>(1)</sup> Annualized
	<sup>(2)</sup> Average Annual

## Lipper Rankings:

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Ranking	72%	3%	2%	8%
# of Funds	294	251	214	109

Category: Equity Income

Source: Lipper, as of March 31, 2012. <sup>(3)</sup>

Lipper Ranking Scale: 1% equals highest; 100% equals lowest (based on total returns)

## Performance History: as of March 31, 2012

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Nicholas Equity Income	6.70%	4.35%	26.56%	5.96%	6.94%
S&P 500	12.59%	8.54%	23.42%	2.01%	4.12%
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Nicholas Equity Income	1.62%	22.04%	34.54%	-23.59%	1.29%
S&P 500	2.11%	15.06%	26.46%	-37.00%	5.49%

Expense Ratio: 0.85%

Expense Ratio: (including Acquired Funds Fees and Expenses) 0.99% <sup>(4)</sup>

30-Day SEC Yield: 3.33%

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting [www.nicholasfunds.com/returns.html](http://www.nicholasfunds.com/returns.html) or calling 1-800-544-6547.

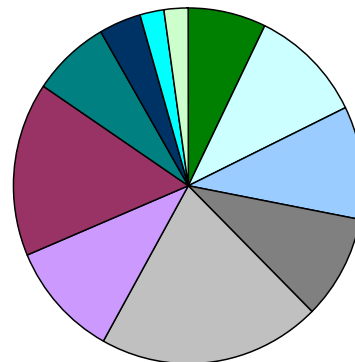
## Top 10 Holdings:

## % of Net Assets

Philip Morris International Inc.	2.95%
Dorchester Minerals, L.P.	2.87%
TOTAL S.A.	2.79%
Snap-on Incorporated	2.72%
PAA Natural Gas Storage, L.P.	2.64%
W.P. Carey & Co. LLC	2.62%
Old Republic International Corporation	2.62%
Novartis AG	2.61%
Leggett & Platt, Incorporated	2.57%
Brown & Brown, Inc.	2.42%
	<u>26.81%</u>

## Sector Weightings:

## % of Portfolio



■ Cash 7.28%
□ Consumer Discretionary 10.61%
□ Consumer Staples 10.29%
■ Energy 9.31%
□ Financials 20.61%
□ Health Care 10.58%
■ Industrials 15.68%
■ Info Technology 7.25%
■ Materials 3.85%
■ Telecomm Services 2.38%
□ Utilities 2.16%

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by visiting [www.nicholasfunds.com](http://www.nicholasfunds.com). Read it carefully before investing.

Diversification does not assure a profit or protect against loss in a declining market.

The Fund may invest in smaller companies, which involve additional risks such as limited liquidity and greater volatility. Additionally, the Fund may invest in debt securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.

Please refer to Page 2 for additional disclosures.  
Quasar Distributors, LLC, Distributor

<sup>(3)</sup> **Lipper Analytical Services, Inc.** is an independent mutual fund research and rating service. Each Lipper average represents a universe of Funds with similar investment objectives. Rankings for the periods shown are based on Fund total returns with dividends and distributions reinvested and do not reflect sales charges.

**S&P 500 Index** is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. You cannot invest directly in an index.

<sup>(4)</sup> This expense ratio may not correlate to the ratio of expenses to average net assets provided in the respective fund's financial highlights. The financial highlights reflect the operating expenses of the respective fund and do not include the indirect expenses incurred as a result of acquiring investments in shares of one or more other investment companies (Acquired Fund Fees and Expenses).

Fund holdings and/or sector weightings are subject to change at any time and are not recommendations to buy or sell any security.

**Glossary of Terms:**

<b>Cash flow</b>	Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.
<b>Dividend Yield</b>	An indication of the income generated by a share of stock. Represents average dividend yield on the securities in the portfolio, not the actual dividend yield on the portfolio.
<b>EPS</b>	Company total earnings divided by outstanding shares.
<b>Harmonic Price/Book</b>	Price per share divided by book value per share. The harmonic function reduces the impact of outliers in the denominator on the aggregate calculation.
<b>Price/Earning</b>	Price per share divided by earnings per share.
<b>Standard Deviation</b>	Standard Deviation is a statistical measure of the historical volatility of a mutual fund or portfolio, usually computed using 36 monthly returns.
<b>Sharpe Ratio</b>	A measure of a fund's historical returns adjusted for risk, or volatility.