

Nicholas Equity Income Fund (NSEIX)

Style: Equity Income, Growth

March 31, 2014

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

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:	\$516.9 million
Number of Holdings:	52
Weighted Avg. Trailing P/E Capped:	19.06x
Weighted Avg. Forward P/E Capped:	17.88x
Weighted Avg. Market Cap.:	\$38,035.8 million
Weighted Median Market Cap.:	\$12,311.3 million
Weighted Harmonic Avg. Price/Book:	2.56x
Turnover Rate:	29.22% (09/30/13) ⁽¹⁾
Standard Deviation:	13.45% 10-Yr ⁽²⁾
Sharpe Ratio:	0.69 10-Yr ⁽²⁾

⁽¹⁾Annualized

⁽²⁾Average Annual

Top 10 Holdings:

% of Net Assets

Walgreen Co.	2.87%
Microsoft Corporation	2.82%
Nielsen Holdings N.V.	2.74%
Cardinal Health, Inc.	2.71%
Target Corporation	2.63%
KAR Auction Services, Inc.	2.59%
Pfizer Inc.	2.58%
Tupperware Brands Corporation	2.55%
Williams Companies, Inc. (The)	2.34%
Gannett Co., Inc.	2.32%

26.15%

Lipper Rankings:

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Ranking	67%	22%	2%	3%
# of Funds	428	308	268	153

Category: Equity Income

Source: Lipper, as of March 31, 2014. ⁽³⁾

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

Performance History: as of March 31, 2014

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Nicholas Equity Income	-0.10%	16.80%	13.83%	23.44%	10.54%
S&P 500	1.81%	21.86%	14.66%	21.16%	7.42%

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Nicholas Equity Income	32.93%	13.58%	1.62%	22.04%	34.54%
S&P 500	32.39%	16.00%	2.11%	15.06%	26.46%

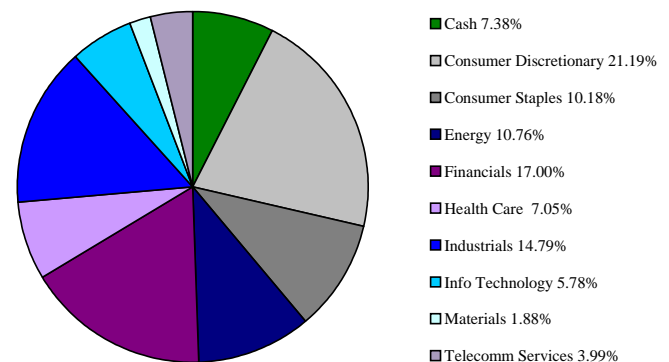
Expense Ratio: (including Acquired Funds Fees and Expenses) 0.76% ⁽⁴⁾

30-Day SEC Yield: 2.45%

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 or calling 1-800-544-6547.

Sector Weightings:

% of Portfolio



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

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

Mutual fund investing involves risk; principal loss is possible. The Fund invests in small and medium sized companies, which involve additional risks. Small- and mid- cap companies tend to have limited liquidity and greater price volatility than large-cap companies. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities such as limited liquidity and greater volatility. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. The Fund may invest in REIT's and other Real Estate Securities which involve additional risks related to the real estate industry. The performance of these securities is dependent on the types and locations of the properties owned by the entities issuing the securities and how well the properties are managed.

Please refer to Page 2 for additional disclosures.

Quasar Distributors, LLC, Distributor



⁽³⁾ **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.

⁽⁴⁾ 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 of 0.01% incurred as a result of acquiring investments in shares of one or more other investment companies (Acquired Fund Fess 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:

Dividend Yield	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.
EPS	Company total earnings divided by outstanding shares.
Free Cash Flow	Free cash flow is cash flow available for distribution among all the securities holders of an organization.
Harmonic Price/Book	Price per share divided by book value per share. The harmonic function reduces the impact of outliers in the denominator on the aggregate calculation.
Price/Earning Capped	PE is a valuation ratio of a company's current share price compared to its per-share earnings or in the case of REITs (real estate investment trusts), their funds from operations. These weighted average values are limited in a range between 0 and 60.
Sharpe Ratio	A measure of a fund's historical returns adjusted for risk, or volatility.
Standard Deviation	Standard Deviation is a statistical measure of the historical volatility of a mutual fund or portfolio, usually computed using 36 monthly returns.