

Nicholas Fund (NICSX)

Style: Mid-Cap Blend

December 31, 2011

Portfolio Manager: Albert (Ab) O. Nicholas, CFA
 Associate Portfolio Manager: David O. Nicholas, CFA

Investment Philosophy:

The advisor invests in high quality, long-term growth companies that meet our investment criteria, which includes

- 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 Fund pursues long-term capital growth through a diversified stock portfolio of 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:	07/14/1969
Net Assets:	\$1,551.7 million
Number of Holdings:	50
Weighted Avg. Trailing P/E:	17.68x
Weighted Avg. Forward P/E:	13.56x
Weighted Avg. Market Cap.:	\$17,430.2 million
Weighted Median Market Cap.:	\$7,334.4 million
Weighted Harmonic Avg. Price/Book:	2.41x
Last 3 Yrs. EPS Growth (Source: Factset):	15.09%
Turnover Rate:	18.39% (09/30/11) ⁽¹⁾
Standard Deviation:	15.81% 10-Yr ⁽²⁾
Sharpe Ratio:	0.23 10-Yr ⁽²⁾
⁽¹⁾ Annualized	
⁽²⁾ Average Annual	

Top 10 Holdings:

% of Net Assets

Affiliated Managers Group, Inc.	5.19%
W.W. Grainger, Inc.	3.85%
MasterCard Incorporated - Class A	3.84%
O'Reilly Automotive, Inc.	3.83%
Kinder Morgan Management, LLC	3.65%
Philip Morris International Inc.	3.54%
Walgreen Co.	3.09%
Valeant Pharmaceuticals International, Inc.	3.01%
Ball Corporation	2.99%
Copart, Inc.	2.67%
	<u>35.66%</u>

Morningstar Ratings:

	<u>Overall</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Rating	★★★★	★★★★	★★★★★	★★★★
# of Funds	378	378	312	200

Category: Mid-Cap Blend

Source: Morningstar, as of December 31, 2011.

The Overall Morningstar Rating™ for a fund is derived from a weighted average of the risk-adjusted performance figures associated with its three-, five- and ten year (if applicable) Morningstar Rating™ metrics. ⁽³⁾

Performance History: as of December 31, 2011

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Nicholas Fund	13.23%	4.38%	19.24%	3.35%	4.35%
S&P 500	11.82%	2.11%	14.11%	-0.25%	2.92%
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Nicholas Fund	4.38%	20.95%	34.28%	-31.57%	1.65%
S&P 500	2.11%	15.06%	26.46%	-37.00%	5.49%

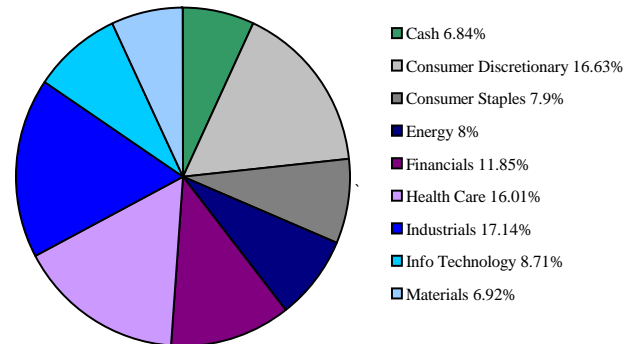
Expense Ratio: 0.76%

Expense Ratio: (including Acquired Funds Fees and Expenses) 0.89% ⁽⁴⁾

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 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.

The Fund may invest in smaller companies, which involve additional risks such as limited liquidity and greater volatility.

Please refer to Page 2 for additional disclosures.

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.

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⁽⁴⁾ The expense ratios do not correlate to the ratio of expenses to average net assets provided in the fund's financial highlights. The financial highlights reflect the operating expenses of the 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:

Standard Deviation	Standard Deviation is a statistical measure of the historical volatility of a mutual fund or portfolio, usually computed using 36 monthly returns.
Sharpe Ratio	A measure of a fund's historical returns adjusted for risk, or volatility.
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	Price per share divided by earnings per share.
EPS	Company total earnings divided by outstanding shares.