

Nicholas Fund (NICSX)

Style: Mid-Cap Blend

December 31, 2009

Portfolio Manager: Albert (Ab) 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:	\$1,432.1 million
Number of Holdings:	57
Weighted Avg. Trailing P/E:	18.79x
Weighted Avg. Forward P/E:	17.9x
Weighted Avg. Market Cap.:	\$12,329.8 million
Weighted Median Market Cap.:	\$4,576.4 million
Weighted Harmonic Avg. Price/Book:	2.43x
Last 3 Yrs. EPS Growth:	6.64%
Turnover Rate:	25.69 (09/30/09) ⁽¹⁾
Standard Deviation:	15.73% 10-Yr ⁽²⁾
Sharpe Ratio:	-0.06 10-Yr ⁽²⁾
⁽¹⁾ Annualized	
⁽²⁾ Average Annual	

Top 10 Holdings:

% of Net Assets

Oshkosh Corporation	4.61%
Kinder Morgan Management, LLC	4.48%
Affiliated Managers Group, Inc.	4.23%
Walgreen Co.	3.72%
DaVita, Inc.	3.49%
Alcon, Inc.	3.21%
O'Reilly Automotive, Inc.	3.17%
Thermo Fisher Scientific Inc.	3.02%
Apache Corporation	2.88%
W.W. Grainger, Inc.	2.87%
	<hr/> 35.68%

Morningstar Ratings:

	<u>Overall</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Rating	★★★	★★★★	★★★★★	★★
# of Funds	369	369	303	152

Category: Mid-Cap Blend

Source: Morningstar, as of December 31, 2009.

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, 2009

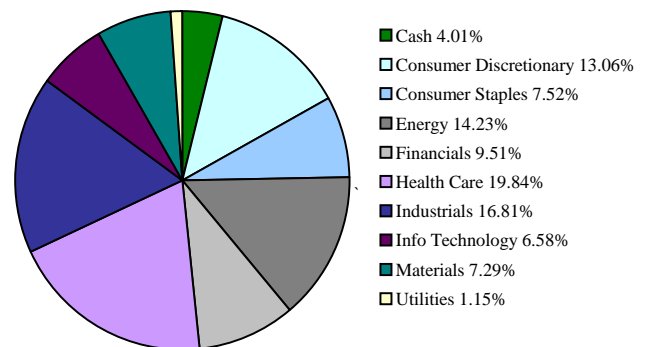
	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Nicholas Fund	6.07%	34.28%	-2.25%	1.52%	0.62%
S&P 500	6.04%	26.46%	-5.63%	0.42%	-0.95%
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Nicholas Fund	34.28%	-31.57%	1.65%	9.34%	5.60%
S&P 500	26.46%	-37.00%	5.49%	15.79%	4.91%

Expense Ratio: 0.77%

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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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.