

Nicholas II Class I (NCTWX)

Style: Mid-Cap Growth

December 31, 2011

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 II pursues long-term capital growth through a diversified stock portfolio of small- to medium-sized companies with capitalizations generally between \$500 million to \$10 billion. The Fund is typically benchmarked against the Russell Midcap Growth Index over a market cycle.

Portfolio Information:

Date of Inception:	10/17/1983
Net Assets:	\$422.4 million
Number of Holdings:	85
Weighted Avg. Trailing P/E:	19.37x
Weighted Avg. Forward P/E:	15.42x
Weighted Avg. Market Cap.:	\$9,121.6 million
Weighted Median Market Cap.:	\$6,740.3 million
Weighted Harmonic Avg. Price/Book:	2.98x
Last 3 Yrs. EPS Growth (Source: Factset):	12.19%
Turnover Rate:	27.93% (09/30/11) ⁽¹⁾
Standard Deviation:	15.50% 10-Yr ⁽²⁾
Sharpe Ratio:	0.25 10-Yr ⁽²⁾
	⁽¹⁾ Annualized
	⁽²⁾ Average Annual

Top 10 Holdings:

	% of Net Assets
LKQ Corporation	1.87%
IHS Inc. - Class A	1.87%
Fastenal Company	1.86%
O'Reilly Automotive, Inc.	1.74%
AMETEK, Inc.	1.67%
IDEX Corporation	1.66%
Kinder Morgan Management, LLC	1.60%
Willis Group Holdings PLC	1.59%
Westinghouse Air Brake Technologies Corporation	1.58%
TJX Companies, Inc. (The)	1.58%
	<hr/> 17.02%

Morningstar Ratings:

	Overall	3 Year	5 Year	10 Year
Rating	★★★★	★★★	★★★★	★★★★
# of Funds	659	659	596	411

Category: Mid-Cap Growth

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

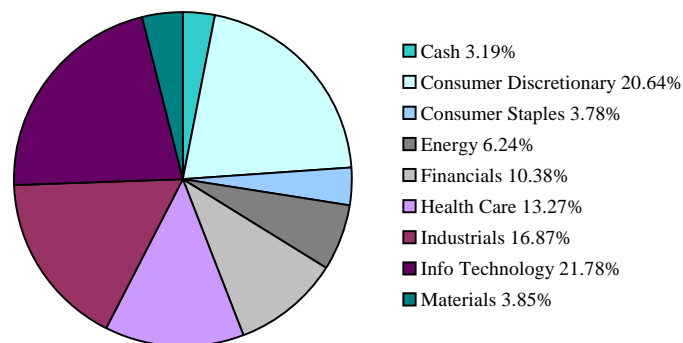
	Quarter	1 Year	3 Year	5 Year	10 Year	
Nicholas II Russell Midcap Growth	2011	12.67%	0.01%	16.33%	3.00%	4.70%
	2010	11.24%	-1.65%	22.06%	2.44%	5.29%
Nicholas II Russell Midcap Growth	2009	0.01%	21.94%	29.08%	-30.77%	6.40%
	2008	-1.65%	26.38%	46.29%	-44.32%	11.43%
2007						

Expense ratio: 0.68%

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 by 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 invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility.

Please refer to Page 2 for additional disclosures.

Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 31% of the total market capitalization of the Russell 1000 Index. As of December 31, 2011, the weighted average market capitalization was approximately \$7.908 billion; the median market capitalization was approximately \$3.968 billion. The largest company in the index had an approximate market capitalization of \$20.431 billion.

Russell Midcap® Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index. One 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.