



Nicholas Limited Edition Class N (NNLEX)

Style: Small-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 Limited Edition pursues long-term capital growth through a diversified stock portfolio of primarily small-sized companies with capitalizations generally less than \$2 billion. The Fund is typically benchmarked against the Russell 2000 Growth Index over a market cycle.

Portfolio Information:

Date of Inception:	02/28/2005
Net Assets:	\$30.6 million
Number of Holdings:	92
Weighted Avg. Trailing P/E:	22.90x
Weighted Avg. Forward P/E:	17.11x
Weighted Avg. Market Cap.:	\$1,834.0 million
Weighted Median Market Cap.:	\$1,446.1 million
Weighted Harmonic Avg. Price/Book:	2.49x
Last 3 Yrs EPS Growth (Source: Factset):	9.59%
Turnover Rate:	24.64% (06/30/11) ⁽¹⁾
Standard Deviation:	20.14% 5-Yr ⁽²⁾
Sharpe Ratio:	0.30 5-Yr ⁽²⁾
	⁽¹⁾ Annualized
	⁽²⁾ Average Annual

Top 10 Holdings:

% of Net Assets

Liz Claiborne, Inc.	1.77%
Huron Consulting Group Inc.	1.68%
Ulta Salon, Cosmetics & Fragrance, Inc.	1.63%
IHS Inc. - Class A	1.46%
Echo Global Logistics, Inc.	1.46%
Copart, Inc.	1.42%
Tupperware Brands Corporation	1.41%
AptarGroup, Inc.	1.39%
InnerWorkings, Inc.	1.38%
Monro Muffler Brake, Inc.	1.37%
	<hr/> 14.97% <hr/>

Morningstar Ratings:

	<u>Overall</u>	<u>3 Year</u>	<u>5 Year</u>
Rating	★★★★★	★★★★★	★★★★★
# of Funds	676	676	573

Category: Small 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

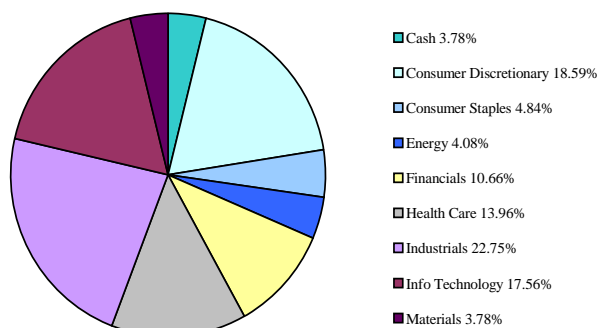
	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Since Inception 02/28/2005</u>
Nicholas Limited Edition	12.14%	0.98%	19.05%	5.40%	6.14%
Russell 2000 Growth	14.99%	-2.91%	19.00%	2.09%	4.51%
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Nicholas Limited Edition	0.98%	31.28%	27.29%	-30.41%	10.74%
Russell 2000 Growth	-2.91%	29.09%	34.47%	-38.54%	7.05%

Expense ratio: 1.19%

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

Please refer to Page 2 for additional disclosures.

Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index. As of December 31, 2011, the weighted average market capitalization was approximately \$1.239 billion; the median market capitalization was approximately \$0.466 billion. The largest company in the index had an approximate market capitalization of \$3.696 billion.

Russell 2000® Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

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:

Cash flow	Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.
EPS	Company total earnings divided by outstanding shares.
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.
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.
Price/Earning	Price per share divided by earnings per share.