

Nicholas Equity Income Fund (NSEIX)

Equity Income

Lead Portfolio Manager: David O. Nicholas, CFA Co-PM: Paul J. Knynch

As of 12/31/2025

Investment Philosophy

The advisor employs a bottom-up process investing primarily in historically dividend-paying companies we believe have high quality characteristics and sustainable business models for the long-term. The strategy's primary objective is seeking to generate an income stream from dividends, and secondarily seeking capital appreciation. An emphasis is placed on balancing capital appreciation potential while managing downside risk through security selection. We believe our patient, long-term approach along with lower turnover and fees, enhances the total return potential for shareholders.

Investment Approach

Security selection is based on identifying key characteristics we feel are critical to the long-term success of investments. These criteria include:

- A competitive dividend yield supported by earnings growth and increasing dividend rates.
- A payout ratio less than 70% of earnings.
- A history of consistent, sustainable revenue and earnings growth.
- Own an enduring product or service with a strategic position within their industry.
- An identifiable moat to protect and enhance market share.
- Manageable balance sheets and debt service.
- Ability to generate free cash flow to reinvest or return capital to investors.
- Proven management teams with interests aligned with shareholders.
- Stocks offering potential capital appreciation relative to historical valuations and earnings growth potential.

Portfolio Information

Investment Style	Equity Income
Date of Inception	11/23/1993
Net Assets	\$451.4 million
Number of Holdings	58
Wgt. Harmonic Avg. NTM P/E	20.66x
Weighted Avg. Market Cap	\$330,047.7 million
Turnover Rate (Annualized)	29.47% (12/31/25)
Standard Deviation (10-yr Annual Avg.)	13.58%
Sharpe Ratio (10-yr Annual Avg.)	0.60

Top Equity Holdings - % of Net Assets*

	Ticker	Portfolio Weighting
Microsoft Corp	MSFT	3.64%
JPMorgan Chase & Co	JPM	2.79%
Chevron Corp	CVX	2.69%
TJX Companies Inc	TJX	2.55%
Charles Schwab Corp	SCHW	2.53%
Abbott Laboratories	ABT	2.46%
AstraZeneca PLC ADR	AZN	2.45%
PNC Financial Services Group Inc	PNC	2.44%
Union Pacific Corp	UNP	2.42%
CMS Energy Corp	CMS	2.35%
		26.32%

Morningstar Category Ratings

	Overall Rating	3 Yr Rating	5 Yr Rating	10 Yr Rating
Nicholas Equity Income Fund	★★	★	★★	★★★
# of Funds	1,059	1,059	995	832
Category: US Fund Large Value		Source: Morningstar		

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 Morningstar Rating™ metrics. (1)

Trailing Returns (periods longer than 1-year are annualized)

As of Date: 12/31/2025

	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
Nicholas Equity Income Fund	-0.24%	9.60%	9.60%	9.14%	8.63%	9.99%
S&P 500	2.66%	17.88%	17.88%	23.01%	14.42%	14.82%

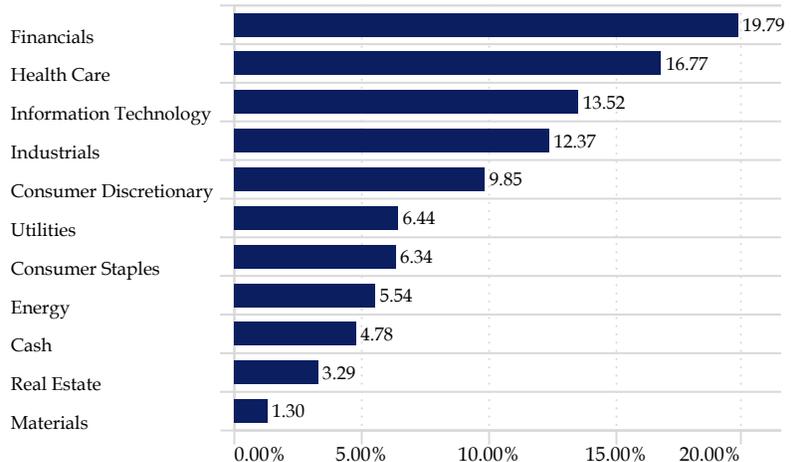
Calendar Year Returns

	2025	2024	2023	2022	2021
Nicholas Equity Income Fund	9.60%	9.95%	7.87%	-6.88%	24.93%
S&P 500	17.88%	25.02%	26.29%	-18.11%	28.71%

Prospectus Gross Expense Ratio 0.70% 30-Day SEC Yield 1.85%

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 Allocation - % of Portfolio*



The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contain 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

(1)© [2025] Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

S&P 500 TR USD Index: is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general.

One cannot invest directly in an index.

*Due to rounding, numbers presented may not total.

Earnings growth is not representative of the Fund's future performance.

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.

Earnings Per Share: 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.

Price/Earning Capped: PE is a valuation ratio of a company's current share price compared to its per-share earnings. These 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.

Weighted Avg. Market Cap: A measure of the mean size of a portfolio's holdings. It is a sum calculated by multiplying the weight of each security in a portfolio by their respective market capitalizations.

Weighted Harmonic Average: A calculation that reduces the impact of extreme observations on the aggregate calculation by weighting them based on their size in the fund.