

Nicholas Funds

Presented by
Lawrence J. Pavelec, CFA



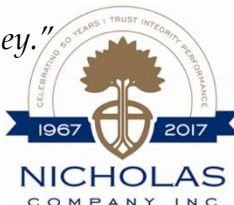
Nicholas 50 Year History

- Founded in 1967
- Located in Milwaukee, WI
- Independently owned and managed
- Practice the investment philosophy created in 1967
- Advisor to the Nicholas Funds and separately managed accounts
- Assets under management: \$4.9 billion (9/30/2017)
- David O. Nicholas, CFA
 - Chief Executive Officer, President and Portfolio Manager
- Ownership: Nicholas Family
- Investment Staff: 8
- Total Staff: 22

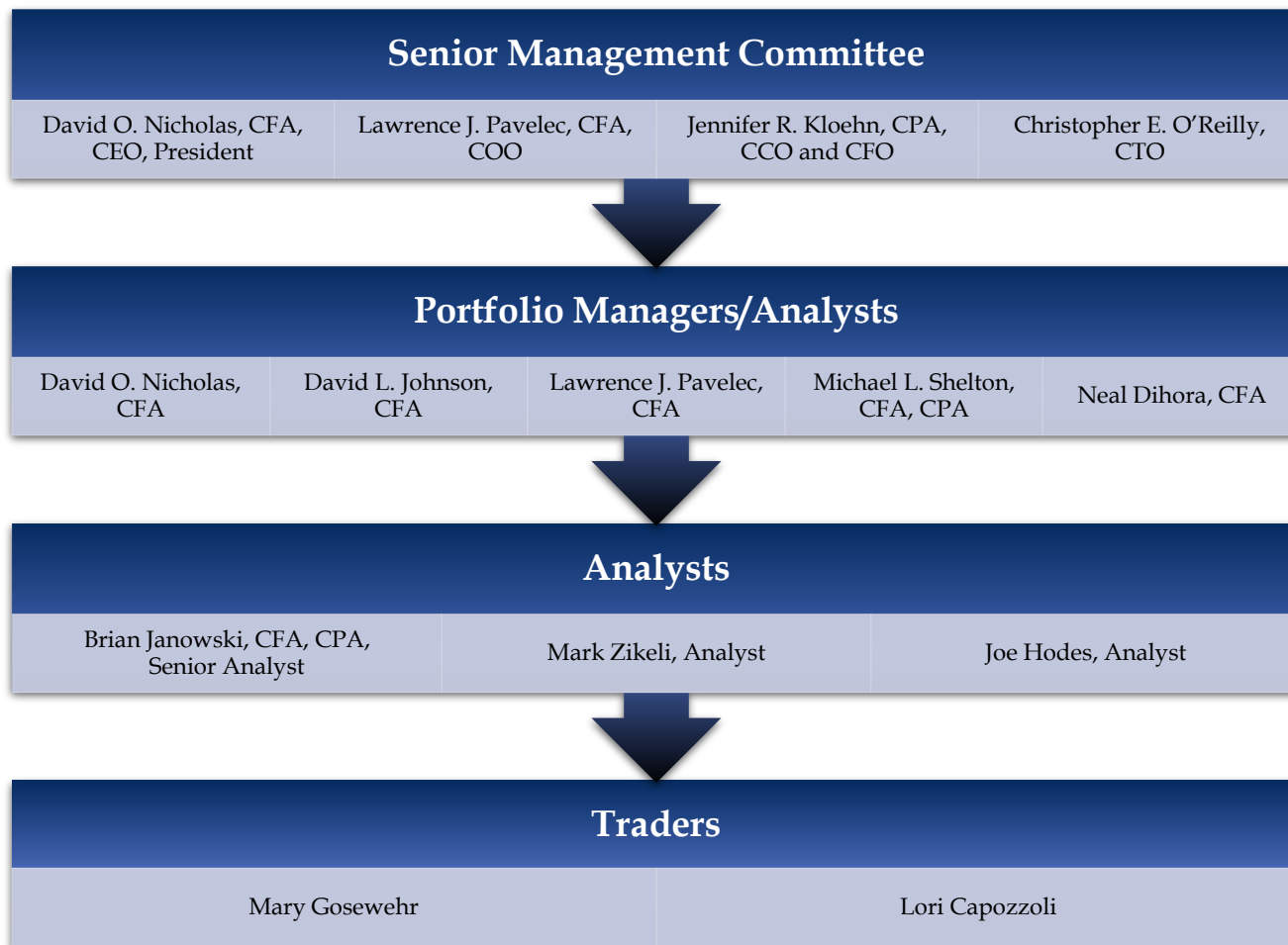


"You should be skeptical, but you have to inherently be an optimist to be in this business. Pessimism makes you very little money."

- Ab Nicholas, Founder



Senior Leadership and Investment Team



Investment Philosophy

Seek to generate high, risk adjusted returns for our clients by;

- Identifying high quality, sustainable businesses through bottom-up, fundamental analysis.
- Acquiring these high quality businesses at reasonable valuations.
- Employing a patient, long-term investment style.
- Maintaining low relative fees and minimizing portfolio turnover.
- Seeking capital appreciation while attempting to mitigate downside risk through security selection.
- Placing our shareholders and clients interests first.

“A Value Approach to Growth Investing”



Stock Selection

Criteria for identifying high quality companies;

- Companies offering a sustainable competitive advantage (identifiable moat) to protect and grow market share.
- Superior business model.
- Sustainable earnings growth rates versus industry and peers.
- Manageable balance sheets and debt service.
- Ability to generate free cash flow to re-invest in the business or return capital to investors.
- Competent management teams with interests aligned with shareholders.



Earnings growth is not a measure of future performance.

Idea Generation

- Portfolio managers and analysts have areas of specialty, but are free to pursue ideas across industries and market capitalizations.
- Utilize technology to identify stocks that meet specific quantitative and qualitative criteria.
- Utilize a trusted network of regional brokers that offer high value supplemental information.
- Ideas derived from research, conferences and company meetings.
- Stocks are reviewed by the investment team during twice weekly research meetings.
 - Formal presentations are made to the team for review and discussion.
 - Presentations include information on the company, business model, financial history, and stock valuation.



Portfolio Construction

- Portfolio managers have flexibility to select stocks from both formal and informal discussions with analysts.
- Portfolio manager is final decision maker on buy/sell decisions.
- Typically positions are built over time with number of portfolio holdings ranging from 40-80 stocks.
- Maximum sector exposure is 25% of market value, but there are no specific requirements or constraints for relative sector weighting.
- Sell decisions are based on valuation or change in investment thesis.
- Risk management is performed and reviewed daily via attribution analysis and documented research notes.



Trailing Performance

<u>Performance as of September 30, 2017</u>	Ticker	Expense Ratio	Assets (millions)	3 Month	Year to Date	Average Annual			
						1 Year	3 Year	5 Year	10 Year
Nicholas Fund	NICSX	0.72%	\$ 2,756.3	2.45%	12.32%	12.24%	6.21%	13.12%	8.92%
S&P 500				4.48%	14.24%	18.61%	10.81%	14.22%	7.44%
Russell 1000 Growth				5.90%	20.72%	21.94%	12.69%	15.26%	9.08%
Morningstar Large Growth Category		1.49%		5.29%	19.85%	19.75%	10.36%	13.70%	7.55%
Nicholas II Class I	NCTWX	0.61%	\$ 704.6	3.75%	17.75%	19.02%	10.10%	13.59%	8.36%
Russell Midcap Growth				5.28%	17.29%	17.82%	9.96%	14.18%	8.20%
Morningstar Mid-Cap Growth Category		2.04%		4.63%	16.84%	18.18%	9.13%	12.62%	6.92%
Nicholas Limited Edition Class I	NCLEX	0.86%	\$ 350.0	4.12%	16.34%	19.59%	11.96%	12.76%	9.18%
Russell 2000 Growth				6.22%	16.81%	20.98%	12.17%	14.28%	8.47%
Morningstar Small Growth Category		1.62%		5.62%	15.93%	20.40%	11.15%	13.02%	7.57%
Nicholas Equity Income Fund	NSEIX	0.72%	\$ 503.6	1.81%	7.24%	9.63%	7.01%	11.42%	8.54%
S&P 500				4.48%	14.24%	18.61%	10.81%	14.22%	7.44%
Morningstar Mid-Cap Value Category		1.87%		3.06%	7.46%	14.83%	7.90%	12.71%	6.85%
Lipper Equity Income Funds Objective				3.55%	9.47%	14.31%	7.71%	11.14%	6.07%
Nicholas High Income Fund Class I	NCINX	0.69%	\$ 103.4	1.27%	5.05%	6.28%	3.18%	3.96%	5.13%
BofA ML US HY Constrained				2.04%	7.04%	9.05%	5.88%	6.39%	7.81%
Morningstar High Yield Bond Category		1.56%		1.79%	5.94%	7.77%	4.17%	5.14%	6.24%

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Investment performance for the periods prior to the fiscal year ended June 30, 2011 reflects fee waivers in effect for Nicholas Equity Income Fund. In the absence of such waivers the total return would be reduced.



Calendar Year Performance

	Ticker	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Nicholas Fund	NICSX	0.92%	-2.95%	15.31%	40.18%	17.57%	4.38%	20.95%	34.28%	-31.57%	1.65%
S&P 500		11.96%	1.38%	13.69%	32.39%	16.00%	2.11%	15.06%	26.46%	-37.00%	5.49%
Russell 1000 Growth		7.08%	5.67%	13.05%	33.48%	15.26%	2.64%	16.71%	37.21%	-38.44%	11.81%
Morningstar Large Growth Category ^{(a)(b)(c)}		3.23%	3.60%	7.00%	34.93%	14.07%	-3.81%	22.52%	37.39%	-39.18%	6.16%
Nicholas II Class I	NCTWX	4.87%	0.92%	11.27%	32.74%	14.84%	0.01%	21.94%	29.08%	-30.77%	6.40%
Russell Midcap Growth		7.33%	-0.20%	11.90%	35.74%	15.81%	-1.65%	26.38%	46.29%	-44.32%	11.43%
Morningstar Mid-Cap Growth Category		6.03%	-0.95%	7.00%	34.93%	14.07%	-3.96%	24.61%	39.11%	-43.77%	15.09%
Nicholas Limited Edition Class I	NCLEX	12.37%	-1.83%	4.34%	36.13%	10.58%	1.33%	31.62%	27.50%	-30.26%	11.20%
Russell 2000 Growth		11.32%	-1.38%	5.60%	43.30%	14.59%	-2.91%	29.09%	34.47%	-38.54%	7.05%
Morningstar Small Growth Category		11.20%	-2.41%	2.44%	40.91%	13.15%	-3.55%	26.98%	35.46%	-41.55%	7.59%
Nicholas Equity Income Fund	NSEIX	12.60%	-3.69%	8.76%	32.93%	13.58%	1.62%	22.04%	34.54%	-23.59%	1.29%
S&P 500		11.96%	1.38%	13.69%	32.39%	16.00%	2.11%	15.06%	26.46%	-37.00%	5.49%
Morningstar Mid-Cap Value Category		18.06%	-5.41%	9.31%	35.14%	16.60%	-3.96%	21.92%	35.41%	-36.77%	0.83%
Lipper Equity Income Funds Objective		13.69%	-3.23%	10.18%	27.98%	12.57%	2.51%	15.25%	23.54%	-33.02%	5.86%
Nicholas High Income Fund Class I	NCINX	9.94%	-4.54%	1.62%	5.91%	13.36%	4.93%	12.99%	36.42%	-23.26%	2.13%
BofA ML US HY Constrained		17.49%	-4.61%	2.51%	7.41%	15.55%	4.37%	15.07%	58.10%	-26.11%	2.53%
Morningstar High Yield Bond Category		13.30%	-4.01%	1.11%	6.90%	14.67%	2.83%	14.24%	46.70%	-26.41%	1.47%

(a) Prior to calendar year 2015, Morningstar categorized the Fund as Mid-Cap Growth.

(b) Prior to calendar year 2012, Morningstar categorized the Fund as Mid-Cap Blend.

(c) Prior to calendar year 2008, Morningstar categorized the Fund as Large-Blend.

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Investment performance for the periods prior to the fiscal year ended June 30, 2011 reflects fee waivers in effect for Nicholas Equity Income Fund. In the absence of such waivers the total return would be reduced.

Rankings and Ratings

As of September 30, 2017

	Ticker	Morningstar Category	Morningstar Ratings			
			Overall	3 Year	5 Year	10 Year
Nicholas Fund	NICSX	Large Growth # of Funds	★★★ 1,259	★ 1,259	★★★ 1,125	★★★★★ 800
Nicholas II Class I	NCTWX	Mid-Cap Growth # of Funds	★★★★★ 563	★★★★★ 563	★★★★★ 484	★★★★★ 362
Nicholas Limited Edition Class I	NCLEX	Small Growth # of Funds	★★★★★ 597	★★★★★ 597	★★★ 532	★★★★★ 399
Nicholas Equity Income Fund	NSEIX	Mid-Cap Value # of Funds	★★★★★ 363	★★ 363	★★ 319	★★★★★ 226
Nicholas High Income Fund Class I	NCINX	High Yield Bond # of Funds	★★ 601	★★ 601	★★ 485	★★ 319
			Lipper Ranking Based on Total Return			
		Lipper Category	1 Year	3 Year	5 Year	10 Year
Nicholas Equity Income Fund	NSEIX	Equity Income # of Funds	89% 547	68% 478	51% 370	2% 242

The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five-, and ten-year Morningstar rating metrics which are based on risk adjusted returns. 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 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. Morningstar Rating is for the share class indicated above only; other classes may have different performance characteristics. ©2017, Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (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.

Lipper Analytical Services, Inc. is an independent mutual fund research and rating service. Each Lipper average represents a universe of funds with similar investment objectives. Rankings for the periods shown are based on Fund total returns with dividends and distributions reinvested and do not reflect sales charges.



Nicholas Fund

NICSX

Lead Portfolio Manager: David O. Nicholas, CFA
Co-Portfolio Manager: Michael L. Shelton, CFA, CPA

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

Must be preceded or accompanied by a prospectus.

Mutual fund investing involves risk. Principal loss is possible.

Please refer to Glossary for index definitions.

Quasar Distributors, LLC, Distributor



Nicholas Fund

Objective: The Fund strives to increase the value of your investment over the long-term (“long-term growth”).

Security Selection Process: The Fund generally invests in growth companies with market capitalizations between \$3 billion and \$100 billion at the time of purchase. A disciplined philosophy and process guides the portfolio manager to identify stocks of companies with key characteristics, including companies with the following:

- Sustainable competitive advantage (identifiable moat) to protect and grow its market share.
 - Low cost.
 - Intangibles such as a patent or brand.
 - Switching costs.
- Superior business model.
 - Recurring sales from subscriptions or consumables products.
 - Participation in a growth sector of an industry or economy.
 - History of increasing sales and earnings.
- A competent management team with proven experience and knowledge of their business and industry.
- The stock trading at valuation that offers potential capital growth that is commensurate with the expected earnings growth and risk.

Portfolio Structure: The Fund generally will own a diversified portfolio of between 50 and 75 stocks. The position sizes may vary from a minimum of 0.75% to upwards of 4.00% for a high conviction holding. Cash positions will be a residual based on recent trading, fund flows and stock valuations.



Nicholas Fund Historical Performance

<u>Performance as of September 30, 2017</u>	<u>Ticker</u>	<u>Expense Ratio</u>	<u>Assets (millions)</u>	<u>3 Month</u>	<u>Year to Date</u>	<u>Average Annual</u>			
						<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Nicholas Fund	NICSX	0.72%	\$ 2,756.3	2.45%	12.32%	12.24%	6.21%	13.12%	8.92%
S&P 500				4.48%	14.24%	18.61%	10.81%	14.22%	7.44%
Russell 1000 Growth				5.90%	20.72%	21.94%	12.69%	15.26%	9.08%
Morningstar Large Growth Category		1.49%		5.29%	19.85%	19.75%	10.36%	13.70%	7.55%

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Morningstar rankings represent a fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total fund return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees.



Nicholas Fund Characteristics

Nicholas Fund

As of 9/30/2017

Characteristics

Net Assets	\$2,756.3 million
Weighted Avg. Market Capitalization	\$121,413.6
Geometric Avg. Market Capitalization	\$49,980.2
Weighted Avg. Forward P/E Capped	21.84x
Weighted Avg. Trailing P/E Capped	23.68x
Weighted Harmonic Avg. Price/Book	4.07x
Weighted Harmonic Avg. Price/Sales	2.92x
Historical 3 Year Sales Growth	10.67%
Return on Assets	9.45%
Return on Equity	20.41%
Long-Term Debt/Capital	43.04%
Turnover Rate (3/31/17)*	40.90%
Typical Position Size	1.0% - 4.0%

Market Capitalization Exposure

% of Portfolio

Capitalizations > \$50 Billion	51.96%
Capitalizations \$25 Billion to \$50 Billion	3.31%
Capitalizations \$10 Billion to \$25 Billion	36.69%
Capitalizations \$5 Billion to \$10 Billion	8.03%

Source: Factset

*Annualized

Top 10 Holdings

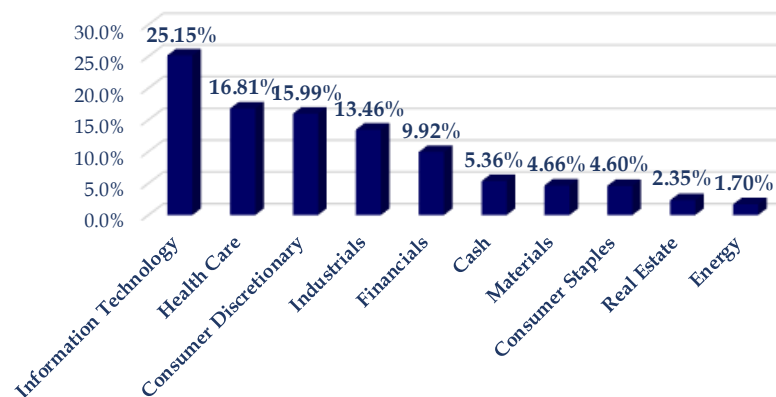
% of Net Assets

Charles Schwab Corporation (The)	3.49%
Mastercard Incorporated - Class A	3.25%
Thermo Fisher Scientific Inc.	3.16%
Cisco Systems, Inc.	2.81%
Microsoft Corporation	2.43%
CBRE Group, Inc.	2.34%
LKQ Corporation	2.28%
Snap-on Incorporated	2.22%
Aon plc	2.20%
Cintas Corporation	2.17%

% of Top Ten Holdings 26.35%

Total Holdings 57

Sector Weights - % of Portfolio



Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

Nicholas II

NCTWX

Portfolio Manager: David O. Nicholas, CFA

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

Must be preceded or accompanied by a prospectus.

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Please refer to Glossary for index definitions.

Quasar Distributors, LLC, Distributor



Nicholas II

Objective: The Fund strives to increase the value of your investment over the long-term (“long-term growth”).

Security Selection Process: The Fund generally invests in mid-sized companies with market capitalizations between \$3 billion and \$25 billion at the time of purchase. A disciplined philosophy and process guides the portfolio manager to identify stocks of companies with key characteristics, including companies with the following:

- Sustainable competitive advantage (identifiable moat) to protect and grow its market share.
 - Low cost.
 - Intangible such as a patent or brand.
 - Switching costs.
- Sustainable business model.
 - Recurring sales from subscriptions or consumables products.
 - Participation in a growth sector of an industry or economy.
 - History of increasing sales and earnings.
- A competent management team with proven experience and knowledge of their business and industry.
- The stock trading at valuation that offers potential capital growth that is commensurate with the expected earnings growth and risk.

Portfolio Structure: The Fund generally will own a diversified portfolio of between 60 and 80 stocks. The position sizes may vary from a minimum of 0.75% to upwards of 3.00% for a high conviction holding. Cash positions will be a residual based on recent trading, fund flows and stock valuations.



Nicholas II Historical Performance

<u>Performance as of September 30, 2017</u>	<u>Ticker</u>	<u>Expense Ratio</u>	<u>Assets (millions)</u>	<u>3 Month</u>	<u>Year to Date</u>	<u>Average Annual</u>			
						<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Nicholas II Class I	NCTWX	0.61%	\$ 704.6	3.75%	17.75%	19.02%	10.10%	13.59%	8.36%
Russell Midcap Growth				5.28%	17.29%	17.82%	9.96%	14.18%	8.20%
Morningstar Mid-Cap Growth Category		2.04%		4.63%	16.84%	18.18%	9.13%	12.62%	6.92%

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Nicholas II Characteristics

Nicholas II

As of 9/30/2017

Characteristics

Net Assets	\$801.8 million
Weighted Avg. Market Capitalization	\$17,841.7
Geometric Avg. Market Capitalization	\$13,347.8
Weighted Avg. Forward P/E Capped	22.55x
Weighted Avg. Trailing P/E Capped	24.94x
Weighted Harmonic Avg. Price/Book	4.16x
Weighted Harmonic Avg. Price/Sales	2.11x
Historical 3 Year Sales Growth	11.47%
Return on Assets	6.95%
Return on Equity	16.70%
Long-Term Debt/Capital	43.45%
Turnover Rate (3/31/17)*	17.31%
Typical Position Size	0.5%-3.0%

Market Capitalization Exposure

	% of Portfolio
Capitalizations > \$25 Billion	13.67%
Capitalizations \$10 Billion to \$25 Billion	55.87%
Capitalizations \$5 Billion to \$10 Billion	23.88%
Capitalizations < \$5 Billion	6.58%

Source: Factset

*Annualized

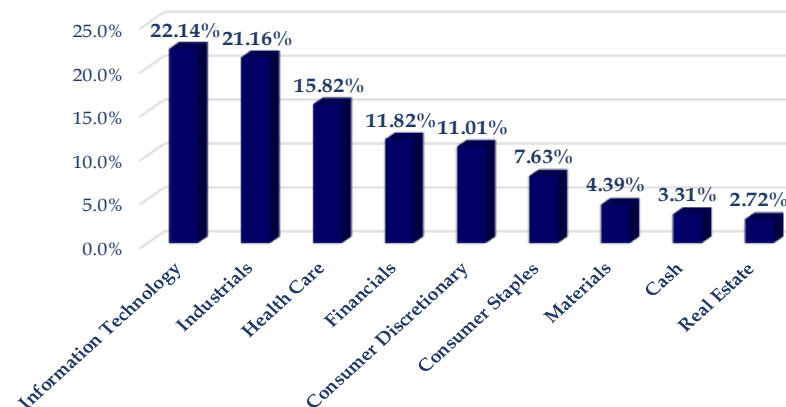
Top 10 Holdings

	% of Net Assets
FleetCor Technologies, Inc.	1.88%
Thermo Fisher Scientific Inc.	1.80%
CBRE Group, Inc.	1.77%
Vantiv, Inc. - Class A	1.76%
Fortune Brands Home & Sec, Inc.	1.72%
LKQ Corporation	1.71%
Affiliated Managers Group, Inc.	1.69%
Fidelity National InfoServices, Inc.	1.69%
Raymond James Financial, Inc.	1.68%
TransUnion	1.68%

% of Top Ten Holdings 17.38%

Total Holdings 76

Sector Weights - % of Portfolio



Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

Nicholas Limited Edition

NCLEX

Lead Portfolio Manager: David O. Nicholas, CFA

Co-Portfolio Manager: Neal Dihora, CFA

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Nicholas Limited Edition

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- Sustainable competitive advantage (identifiable moat) to protect and grow its market share.
 - Low cost.
 - Intangible such as a patent or brand.
 - Network effects.
 - Switching costs.
- Superior business model.
 - Recurring sales from subscriptions or consumable products.
 - Participation in a growth sector of an industry or economy.
 - History of increasing sales and earnings.
- A competent management team with proven experience and knowledge of their business and industry.
- The stock trading at valuation that offers potential capital growth that is commensurate with the expected earnings growth and risk.

Portfolio Structure: The Fund generally will own a diversified portfolio of between 75 and 100 stocks. The position sizes may vary from a minimum of 0.50% to upwards of 3.00% for a high conviction holding. Cash positions will be a residual based on recent trading, fund flows and stock valuations.



Nicholas Limited Edition Performance History

<u>Performance as of September 30, 2017</u>	Ticker	Expense Ratio	Assets (millions)	3 Month	Year to Date	Average Annual			
						1 Year	3 Year	5 Year	10 Year
Nicholas Limited Edition Class I	NCLEX	0.86%	\$ 350.0	4.12%	16.34%	19.59%	11.96%	12.76%	9.18%
Russell 2000 Growth				6.22%	16.81%	20.98%	12.17%	14.28%	8.47%
Morningstar Small Growth Category		1.62%		5.62%	15.93%	20.40%	11.15%	13.02%	7.57%

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Nicholas Limited Edition Characteristics

Nicholas Limited Edition

As of 9/30/2017

Characteristics

Net Assets	\$385.2 million
Weighted Avg. Market Capitalization	\$3,422.4
Geometric Avg. Market Capitalization	\$2,629.1
Weighted Avg. Forward P/E Capped	25.40x
Weighted Avg. Trailing P/E Capped	26.05x
Weighted Harmonic Avg. Price/Book	3.58x
Weighted Harmonic Avg. Price/Sales	1.59x
Historical 3 Year Sales Growth	16.00%
Return on Assets	4.42%
Return on Equity	8.64%
Long-Term Debt/Capital	29.20%
Turnover Rate (6/30/17)*	37.11%
Typical Position Size	0.5%-3.0%

Market Capitalization Exposure

	% of Portfolio
Capitalizations > \$4 Billion	27.47%
Capitalizations \$2 Billion to \$4 Billion	37.75%
Capitalizations \$1 Billion to \$2 Billion	25.01%
Capitalizations < \$1 Billion	9.76%

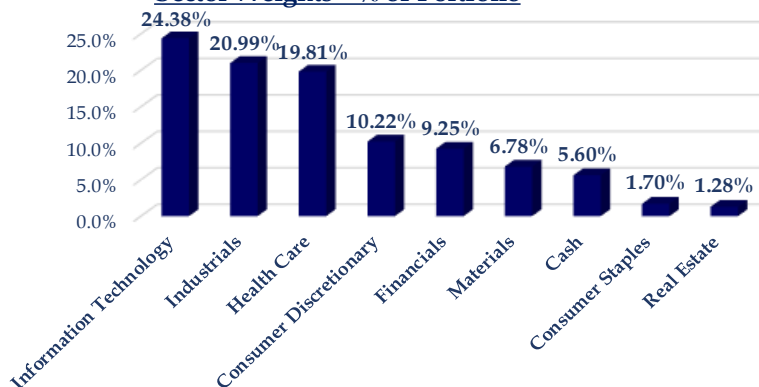
Source: Factset

*Annualized

Top 10 Holdings

	% of Net Assets
Vocera Communications, Inc.	1.79%
LivaNova PLC	1.73%
Knight-Swift TranspHldngs, Inc.	1.69%
Marten Transport, Ltd.	1.64%
ExlService Holdings, Inc.	1.57%
Q2 Holdings, Inc.	1.57%
ICON plc	1.57%
SP Plus Corporation	1.52%
WNS (Holdings) Limited	1.52%
Paylocity Holding Corporation	1.49%
% of Top Ten Holdings	16.09%
Total Holdings	76

Sector Weights - % of Portfolio



Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

Nicholas Equity Income Fund

NSEIX

Lead Portfolio Manager: Michael L. Shelton, CFA, CPA
Co-Portfolio Manager: David O. Nicholas, CFA

The Fund may invest in smaller companies, which involve additional risks such as limited liquidity and greater volatility. Additionally, the Fund may invest in debt securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.

Must be preceded or accompanied by a prospectus.

Mutual fund investing involves risk. Principal loss is possible.

Please refer to Glossary for index definitions.

Quasar Distributors, LLC, Distributor



Nicholas Equity Income Fund

Objectives: The Fund's main goal is to produce reasonable income and the Fund's secondary goal is moderate long-term growth.

Security Selection Process: The Fund invests in dividend paying companies of all market capitalizations. A disciplined philosophy and process guides the portfolio manager to identify stocks with key characteristics, including companies with the following:

- A dividend yield greater than the S&P 500 dividend yield.
- Pay-out ratio of less than 70% of earnings.
- History of consistently raising the dividend.
- Sustainable business model and an identifiable moat that should enable it to protect and grow its market share.
- Critical service or product that is well positioned to expand market share and sales.
- Participation in a growth sector of an industry or economy.
- History of increasing sales and earnings.
- A capable management team with proven experience and knowledge of their business and industry.
- The stock trading at valuation that offers an attractive dividend yield and potential capital growth that is commensurate with the expected earnings growth and risk.

Portfolio Structure: The Fund generally will own a diversified portfolio of between 50 and 75 stocks. The position sizes may vary from a minimum of 1.00% to upwards of 4.00% for a high conviction holding. Cash positions will be a residual based on recent trading, fund flows and stock valuations.



Nicholas Equity Income Fund Performance History

<u>Performance as of September 30, 2017</u>	<u>Ticker</u>	<u>Expense Ratio</u>	<u>Assets (millions)</u>	<u>3 Month</u>	<u>Year to Date</u>	<u>Average Annual</u>			
						<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Nicholas Equity Income Fund	NSEIX	0.72%	\$ 503.6	1.81%	7.24%	9.63%	7.01%	11.42%	8.54%
S&P 500				4.48%	14.24%	18.61%	10.81%	14.22%	7.44%
Morningstar Mid-Cap Value Category		1.87%		3.06%	7.46%	14.83%	7.90%	12.71%	6.85%
Lipper Equity Income Funds Objective				3.55%	9.47%	14.31%	7.71%	11.14%	6.07%
Nicholas Equity Income Fund 30-Day SEC Yield = 2.35%									

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 calling 1-800-544-6547.

Lipper Analytical Services, Inc. is an independent mutual fund research and rating service. Each Lipper average represents a universe of funds with similar investment objectives. Ranking for the periods shown are based on Fund total returns with dividends and distributions reinvested and do not reflect sales charges.

Morningstar rankings represent a fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total fund return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees.



Nicholas Equity Income Fund Characteristics

Nicholas Equity Income Fund

As of 9/30/2017

Characteristics

Net Assets	\$503.6 million
Weighted Avg. Market Capitalization	\$95,319.9
Geometric Avg. Market Capitalization	\$25,520.6
Weighted Avg. Forward P/E Capped	17.61x
Weighted Avg. Trailing P/E Capped	19.24x
Weighted Harmonic Avg. Price/Book	3.12x
Weighted Harmonic Avg. Price/Sales	1.89x
Historical 3 Year Sales Growth	8.53%
Return on Assets	8.61%
Return on Equity	18.74%
Long-Term Debt/Capital	46.86%
Turnover Rate (3/31/17)*	36.18%
Typical Position Size	1.0% - 4.0%

Market Capitalization Exposure

	% of Portfolio
Capitalizations > \$50 Billion	39.03%
Capitalizations \$25 Billion to \$50 Billion	5.97%
Capitalizations \$10 Billion to \$25 Billion	20.16%
Capitalizations \$2 Billion to \$10 Billion	29.45%
Capitalizations < \$2 Billion	5.39%

Source: Factset

*Annualized

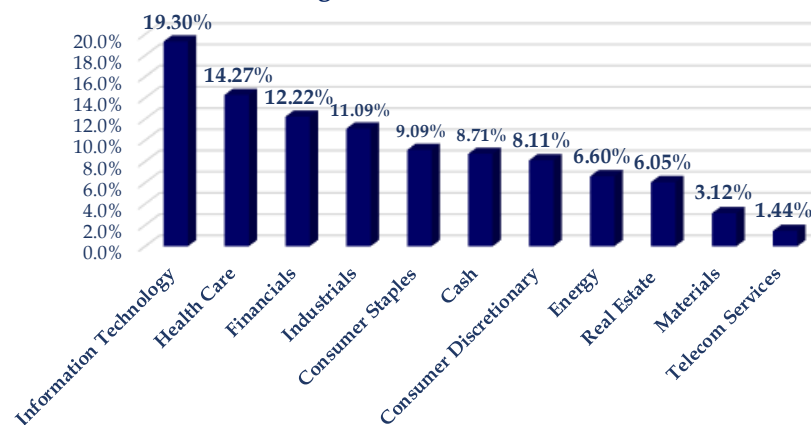
Top 10 Holdings

	% of Net Assets
Microsoft Corporation	3.25%
Pfizer Inc.	2.94%
Apple Inc.	2.78%
Northern Trust Corporation	2.65%
Snap-on Incorporated	2.46%
PNC Financial Services Group, Inc.	2.38%
Abbott Laboratories	2.33%
Walgreens Boots Alliance, Inc.	2.31%
Kinder Morgan, Inc.	2.30%
W.P. Carey Inc.	2.23%

% of Top Ten Holdings 25.63%

Total Holdings 59

Sector Weights - % of Portfolio



Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

Top 10 Holdings by Dividend Yield

Company	Yield*
Kinder Morgan, Inc.	11.55%
EnLink Midstream Partners LP	9.31%
Williams Partners L.P.	8.74%
Dorchester Minerals, L.P.	8.58%
Allergan plc	7.50%
Enterprise Products Partners	6.44%
W.P. Carey Inc.	5.97%
B&G Foods, Inc.	5.84%
Cedar Fair, L.P.	5.33%
AT&T Inc.	5.00%
<i>S&P 500 Indicated Dividend Yield</i>	1.98%

*Source: Factset, S&P Dow Jones as of 9/30/2017

Dividend Yield is the securities annual dividends per share for the fiscal year-end as of the report date divided by the securities closing price as of the report date.

S&P 500 Indicated Dividend Yield reflects the Dividend Yield of the S&P 500 Index. One cannot invest directly in an index.

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.



Nicholas High Income Fund

NCINX

Portfolio Manager: Lawrence J. Pavelec, CFA

The Fund invests in debt securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.

Must be preceded or accompanied by a prospectus.

Mutual fund investing involves risk. Principal loss is possible.

Please refer to Glossary for index definitions.

Quasar Distributors, LLC, Distributor



Nicholas High Income Fund

Objective: The Fund seeks high current income as its primary investment objective. Capital appreciation is a secondary objective that is sought only when consistent with the Fund's primary investment objective.

Security Selection Process: The Fund generally invests in high yield corporate securities, including corporate bonds, dividend paying stocks and convertible bonds. A disciplined philosophy and process guides the portfolio manager to identify securities of companies with key characteristics, including the following:

- Securities generally hold a below investment grade credit rating between Baa and Caa at the time of purchase.
- An attractive yield as adjusted for financial strength, leverage and credit rating.
- Balance sheet strength to service and reduce the current level of debt.
- History of sustainable earnings to allow management to reduce leverage and reinvest in the business.
- A competitive advantage to protect and grow its market share.
 - Low cost.
 - Intangible such as a patent or brand.
 - Switching costs.
 - Identifiable moat.
- Sustainable business model.
 - Recurring sales from subscriptions or consumable products.
- History of increasing sales and earnings.
- A competent management team with proven experience and knowledge of their business and industry.
- The security trading at valuation that offers an above level of yield and potential capital growth that is commensurate with the expected earnings growth and credit risk.

Portfolio Structure: The Fund generally will own a diversified portfolio of between 75 and 100 securities. The position sizes may vary from a minimum of 0.50% to upwards of 2.00% for a high conviction holding. Cash positions will be a residual based on recent trading, fund flows and security valuations.



Nicholas High Income Fund Performance History

<u>Performance as of September 30, 2017</u>	<u>Ticker</u>	<u>Expense Ratio</u>	<u>Assets (millions)</u>	<u>3 Month</u>	<u>Year to Date</u>	<u>Average Annual</u>			
						<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Nicholas High Income Fund Class I	NCINX	0.69%	\$ 103.4	1.27%	5.05%	6.28%	3.18%	3.96%	5.13%
BofA ML US HY Constrained				2.04%	7.04%	9.05%	5.88%	6.39%	7.81%
Morningstar High Yield Bond Category		1.56%		1.79%	5.94%	7.77%	4.17%	5.14%	6.24%
Nicholas High Income Fund Class I 30-Day SEC Yield = 4.46%									

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 calling 1-800-544-6547.

Morningstar rankings represent a fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total fund return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees.



Nicholas High Income Fund Characteristics

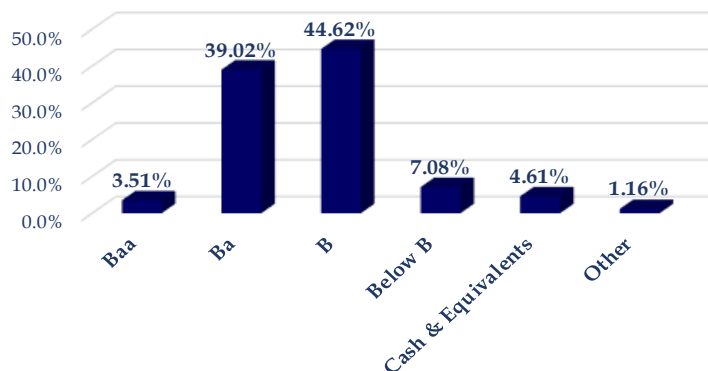
Nicholas High Income Fund

As of 9/30/2017

Characteristics

Net Assets	\$107.8 million
Weighted Average Maturity	6.32 years
Weighted Average Duration	3.49 years
Turnover Rate (6/30/17)*	44.92%
Typical Position Size	0.5% - 3.0%

Credit Quality/Sector Weights



*Annualized

Top 10 Holdings

Top 10 Holdings	% of Net Assets
Mercer International Inc.	2.09%
Zayo Group, LLC	1.96%
GEO Group, Inc. (The)	1.95%
FAGE International S.A.	1.93%
Allison Transmission, Inc.	1.92%
LPL Holdings, Inc.	1.92%
Koppers Inc.	1.74%
Beacon Roofing Supply, Inc.	1.73%
Valvoline Finco Two LLC	1.66%
Dell Inc.	1.54%

% of Top Ten Holdings	18.44%
Total Holdings	87

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

Investment Team

David O. Nicholas, CFA – Chief Executive Officer, President and Portfolio Manager

- Nicholas Company, Inc., 1986 – Present
- First Wisconsin National Bank, Milwaukee, 1983 – 1986
- University of Wisconsin – Milwaukee, M.S. 1987
- University of Wisconsin, B.B.A. 1983

David L. Johnson, CFA – Executive Vice President and Portfolio Manager

- Nicholas Company, Inc., 1980 – Present
- Newton & Company/Heritage Investment Advisors, 1973 – 1980
- Milwaukee Company/Wisconsin Investment Management, 1967 – 1973
- University of Wisconsin, B.B.A. 1964, M.B.A. 1967

Lawrence J. Pavelec, CFA – Executive Vice President and Portfolio Manager

- Nicholas Company, Inc., 2003 – Present
- Brandes Investment Partners, LLC, 1999 – 2003
- Heartland Advisors, 1998 – 1999
- M&I Investment Management Inc., 1984 – 1998
- University of Wisconsin – La Crosse, B.S. 1980

Michael L. Shelton, CFA, CPA – Senior Vice President and Portfolio Manager

- Nicholas Company, Inc., 2006 – Present
- U.S. Department of Defense, 2004 – 2006
- Robert W. Baird, 1997 – 2000
- McDonald Investments, 1996 – 1997
- Ernst & Young, LLP, 1994 – 1996
- Ohio State University, M.B.A. 2004
- Miami University, B.S. 1994



Investment Team

Neal Dihora, CFA – Senior Vice President and Co-Portfolio Manager

- Nicholas Company, Inc., 2003 – 2005, 2015 – Present
- Morningstar, 2010 – 2015
- Wasatch Advisors, Inc., 2002 – 2003, 2005 – 2008
- Milliman Inc., 1997 – 2000, 2009 – 2010
- University of Wisconsin, B.B.A. 1997, M.S. 2002

Brian J. Janowski, CFA, CPA – Senior Research Analyst

- Nicholas Company, Inc., 2016 – Present
- BMO Financial Group, 2008 – 2016
- American Family Insurance, 2002 – 2008
- State of Wisconsin Investment Board, 1997 – 2002
- BDO Seidman, LLP, 1995 – 1997
- University of Wisconsin, B.B.A. 1995

Mark A. Zikeli – Research Analyst

- Nicholas Company, Inc., 2016 – Present
- Longbow Research, 2012 – 2016
- NuKu Asset Management, 2011 – 2012
- University of Wisconsin – Milwaukee, B.B.A. 2011
- 2017 Level III Candidate in the CFA Program

Joseph Hodes – Research Analyst

- Nicholas Company, Inc., 2017 – Present
- William Blair, 2015 – 2017
- Marquette University, B.S. 2015
- 2017 Level III Candidate in the CFA Program



Glossary of Terms

- **Annualized Return** - Rate of return of the account smoothed as though the return occurred equally over twelve-month periods. When the specified time frame is less than a year, the rate of return is projected as though the same performance continues to occur for a twelve-month period. See Rate of Return.
- **Average Credit Quality** – Gives a snapshot of the portfolio’s overall credit quality. It is an average of each bond’s credit rating, adjusting for its relative weighting in the portfolio.
- **Average Effective Duration** - A measure of a fund's interest-rate sensitivity - the longer a fund's duration the more sensitive the fund is to shifts in interest rates. Duration is determined by a formula that includes coupon rates and bond maturities. Small coupons tend to increase duration, while shorter maturities and higher coupons shorten duration. The relationship between funds with different durations is straightforward: A fund with a duration of 10 years is twice as volatile as a fund with a 5-year duration.
- **Average Effective Maturity** - Used for taxable fixed-income funds only, this figure takes into consideration all mortgage prepayments, puts, and adjustable coupons; it does not, however, account for call provisions. The number listed is a weighted average of all the maturities of the bonds in the portfolio, computed by weighing each maturity date (the date the security comes due) by the market value of the security.
- **Basis Point** - One-hundredth of a percentage point. For example, 50 basis points equals .50%.
- **Beta** - A stock's (or portfolio's) beta measures its volatility versus an index. A stock (or portfolio) with a beta higher than 1 has tended to exhibit more volatility than the index, while a stock (or portfolio) with a beta between 0 and 1 has tended to exhibit less volatility than the index.
- **BofA ML US HY Index** - The Index tracks the performance of below investment grade corporate debt publicly issued in the US domestic market. Securities must have at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of \$100 million.
- **BofA ML US HY BB-B Index** - The Index is an unmanaged market index comprised of various fixed income securities rated BB and B. You cannot invest directly in an index.
- **BofA ML US HY Constrained Index** - The index contains securities in the BofA Merrill Lynch US High Yield Index, but caps issuer exposure at 2%. Constituents are cap-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. You cannot invest directly in an index.
- **Bond** - Interest-bearing certificates of indebtedness or IOU's. While bonds' rates of return remain fixed, bond prices change in relation to interest rates - when interest rates go up, bond prices go down, and vice versa. However, bond funds are variable funds and fluctuate with market conditions.



Glossary of Terms

- **Bond Ratings** - A and above - Obligations deemed to be of high quality, with low credit risk. Baa - Obligations subject to moderate credit risks. Ba - Considered speculative, subject to substantial credit risk. B - Considered speculative, subject to high credit risk. Below B - Very high credit risk, likely in or very near default. Not Rated - Indicates that no public rating has been requested, that there is insufficient information on which to base a rating, or that the rating agency does not rate a particular type of obligation as a matter of policy.
- **Common Equity** - A security that represents ownership in a corporation. Owners of the security are generally entitled to vote on the selection of directors and other important matters.
- **Current Yield** - Annualized income from the investment (dividends, interest, etc.) divided by the current market price of the investment.
- **Diversification** - Spreading your money over many different types of investments. This does not guarantee against loss of value in your investments.
- **Debt to Capital** - The ratio is the long-term debt of a company divided by the company's total capital. A company's capital is defined as long-term debt plus preferred stock plus common stock expressed as a percentage.
- **Dividends** - The distribution of earnings to stockholders by a company. Dividends are usually paid out from current earnings.
- **Dividend Yield** - The annual dividends per share divided by the price per share expressed as a percentage.
- **Earnings growth** - The annual rate of growth of earnings from investments.
- **Earnings Per Share (EPS)** - The net income available to common shareholders less dividends on preferred stock divided by the weighted average number of shares outstanding. The growth rate is a measure of the annual percentage growth rate of EPS over the stated period of time.
- **EBITDA** - Earnings Before Interest, Taxes, Depreciation and Amortization.
- **Equal Weighted** - Performance data or other data calculated by weighting all of a composite's or index's components equally.
- **Fiscal Year** - Business year. Assumed to be the calendar year, unless otherwise designated.



Glossary of Terms

- **Free Cash Flow** - It is generally defined as cash flow from operating activities minus total capital expenditures. It may be specifically defined as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) less Capital Expenditures and Interest Expense.
- **Fundamental Information** - Benchmark and portfolio fundamentals are, in general, unadjusted figures based on published historical information. Portfolio fundamentals may be adjusted by the firm in cases where unadjusted information would materially misrepresent the company or the aggregate portfolio information.
- **Geometric Avg. Market Cap** - A measure of the mean market capitalization of the portfolio. It is calculated by raising the market capitalization of each company to a power equal to that holdings weight in the portfolio. The resulting numbers are then multiplied by each other.
- **Gross of Fees** - Prior to subtraction of management fees.
- **Harmonic Average** - A way to average a set of data. This function ignores NA and zero (0) data points. Negative values are included in the calculation. The harmonic average is useful when averaging series with abnormal spikes or dips. The harmonic average by itself does not exclude extreme values (positive or negative). It simply reduces the impact of outliers on the aggregate calculation.
- **Long-Term Debt/Capital** - Long-term debt of a corporation divided by the corporation's common equity.
- **Large Cap** - Large Capitalization refers to those companies with a market capitalization generally greater than \$10 billion.
- **Lipper Equity Income Funds Objective** - Funds that by prospectus language and portfolio practice, seek relatively high current income and growth of income through investing 65% or more of their portfolio in equities.
- **Market Capitalization** - The number of common shares outstanding multiplied by the current market price per common share.
- **Market Price** - Price of the investment as of the appraisal date.
- **Medium/Mid Cap** - Medium Capitalization - refers to those companies with a market capitalization generally between \$2 billion and \$10 billion.
- **Morningstar™ Category Averages** - Each Morningstar™ Average represents a universe with similar investment objectives.
- **NASDAQ Composite** - The NASDAQ Composite Index is an unmanaged, capitalization-weighted index of all stocks traded on the NASDAQ Stock Market and includes dividends and distributions, but does not reflect fees, brokerage commissions, or other expenses of investing. One cannot invest directly in an index.
- **Net of Fees** - After subtraction of management fees.
- **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.



Glossary of Terms

- **Price/Sales Ratio** - The common stock price at a specific point in time divided by the revenue per share. The harmonic function reduces the impact of outliers in the denominator on the aggregate calculation.
- **Price/Earnings** - PE is a valuation ratio of a company's current share price compared to its per-share earnings or in the case of REITs (real estate investment trusts), their funds from operations. PTPs (Publicly Traded Partnerships) have been excluded from the calculation. These weighted average values are limited in a range between 0 and 60.
- **Rate of Return** - Percentage change in the market value of the account over the specified time frame, including realized and unrealized gains or losses, dividends, and income.
- **Return on Assets (ROA)** - A measure of a company's profitability determined by dividing the net income of a company for a stated period divided by the total assets.
- **Return on Equity (ROE)** - Net income divided by common equity.
- **Realized Gain/Loss** - Profit or loss resulting from the sale or other disposal of a security.
- **Russell 1000® Index** - The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. One cannot invest directly in an index.
- **Russell 1000® Growth Index** - The Russell 1000® Growth Index measures the performance of the largest companies in the Russell 3000 Index with higher price-to-book ratios and higher forecasted growth values. One cannot invest directly in an index.
- **Russell 2000® Index** - Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. One cannot invest directly in an index.
- **Russell 2000® Growth Index** - Russell 2000® Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. One cannot invest directly in an index.
- **Russell Midcap® Index** - Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index. One cannot invest directly in an index.



Glossary of Terms

- **Russell Midcap® Growth Index** - 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.
- **Russell Midcap® Value Index** - Russell Midcap® Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios or price-to-earnings ratios. The stocks are also members of the Russell 1000 Growth index. One cannot invest directly in an index.
- **Sales Growth** - The amount a company derives from sales compared to a previous, corresponding period of time.
- **Sharpe Ratio** - A risk-adjusted measure developed by Professor William F. Sharpe, which measures reward per unit of risk. The higher the Sharpe Ratio, the better. The numerator is the difference between the portfolio's annualized return and the annualized return of the risk-free instrument (T-Bills). The denominator is the portfolio's annualized standard deviation.
- **Small Cap** - Refers to those companies with a market capitalization of generally less than \$3 billion.
- **S&P 500** - The S&P 500 Index consists of 500 stocks and is designed to form a representative sample of the United States stock market. This index is often used as a benchmark for U.S. equity portfolios and includes dividends and distributions, but does not reflect fees, brokerage commissions, or other expenses of investing. One cannot invest directly in an index.
- **Total Return (Cumulative Return)** - Rate of return of the account over the specified time period. See Rate of Return.
- **Turnover Rate** - The percentage of investment holdings that have been replaced in a given period of time.
- **Typical Position** - A position most likely to be held in the portfolio.
- **Unit Cost** - Average cost per share.
- **Unrealized Gain/Loss** - A tentative gain or loss on an investment that has not been realized. A gain or loss becomes realized once the investment is sold.
- **Yield** - Annual income from the investment (dividends, interest, etc.) divided by the current market price of the investment.
- **Weighted Average 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.

