

# Nicholas Fund (NICSX)

Style: Mid-Cap Growth

March 31, 2014

Portfolio Manager: Albert (Ab) O. Nicholas, CFA  
 Associate 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 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:	\$2,716.5 million
Number of Holdings:	41
Weighted Avg. Trailing P/E Capped:	21.03x
Weighted Avg. Forward P/E Capped:	17.71x
Weighted Avg. Market Cap.:	\$43,924.6 million
Weighted Median Market Cap.:	\$16,898.5 million
Weighted Harmonic Avg. Price/Book:	3.79x
Turnover Rate:	20.69% (09/30/13) <sup>(1)</sup>
Standard Deviation:	15.18% 10-Yr <sup>(2)</sup>
Sharpe Ratio:	0.56 10-Yr <sup>(2)</sup>
	<sup>(1)</sup> Annualized
	<sup>(2)</sup> Average Annual

## Top 10 Holdings:

% of Net Assets

Valeant Pharmaceuticals International, Inc.	6.79%
Walgreen Co.	4.86%
Affiliated Managers Group, Inc.	4.45%
Gilead Sciences, Inc.	4.04%
Thermo Fisher Scientific Inc.	3.65%
O'Reilly Automotive, Inc.	3.51%
Aon plc	3.34%
Snap-on Incorporated	3.01%
Polaris Industries Inc.	2.84%
Ball Corporation	2.81%
	<hr/> 39.30% <hr/>

## Morningstar Ratings:

	<b>Overall</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Rating	★★★★★	★★★★★	★★★★★	★★★★★
# of Funds	641	641	556	420

Category: Mid-Cap Growth

Source: Morningstar, as of March 31, 2014.

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.<sup>(3)</sup>

## Performance History: as of March 31, 2014

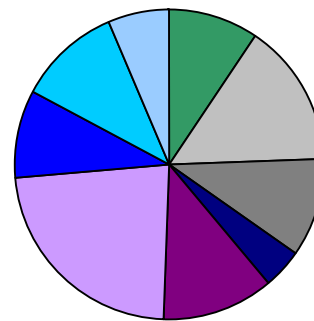
	<b>Quarter</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
<b>Nicholas Fund</b>	1.02%	24.78%	17.65%	25.40%	9.41%
<b>S&amp;P 500</b>	1.81%	21.86%	14.66%	21.16%	7.42%
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Nicholas Fund</b>	40.18%	17.57%	4.38%	20.95%	34.28%
<b>S&amp;P 500</b>	32.39%	16.00%	2.11%	15.06%	26.46%

Expense Ratio: (including Acquired Funds Fees and Expenses) 0.75%<sup>(4)</sup>

**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](http://www.nicholasfunds.com/returns.html) or calling 1-800-544-6547.**

## Sector Weightings:

% of Portfolio



■ Cash 9.40%
■ Consumer Discretionary 15.12%
■ Consumer Staples 10.16%
■ Energy 4.34%
■ Financials 11.46%
■ Health Care 23.13%
■ Industrials 9.06%
■ Information Technology 10.99%
■ Materials 6.34%

**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](http://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. Investing in small and medium sized companies involves greater risks than those associated with investing in large company stocks, such as business risk, stock price fluctuations and liquidity.*

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.

<sup>(3)</sup>© [2014] 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. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating <sup>TM</sup> (based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each 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. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.)

One cannot invest directly in an index.

<sup>(4)</sup> This expense ratio may not correlate to the ratio of expenses to average net assets provided in the fund's financial highlights. The financial highlights reflect the operating expenses of the fund and do not include the indirect expenses incurred of 0.01% as a result of acquiring investments in shares of one or more other investment companies (Acquired Fund Fees and Expenses).

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:**

<b>EPS</b>	Company total earnings divided by outstanding shares.
<b>Free Cash Flow</b>	Free cash flow is cash flow available for distribution among all the securities holders of an organization.
<b>Harmonic Price/Book</b>	Price per share divided by book value per share. The harmonic function reduces the impact of outliers in the denominator on the aggregate calculation.
<b>Price/Earning Capped</b>	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. These weighted average values are limited in a range between 0 and 60.
<b>Sharpe Ratio</b>	A measure of a fund's historical returns adjusted for risk, or volatility.
<b>Standard Deviation</b>	Standard Deviation is a statistical measure of the historical volatility of a mutual fund or portfolio, usually computed using 36 monthly returns.