

Nicholas II Class I (NCTWX)

Mid-Cap Growth

Lead Portfolio Manager: David O. Nicholas, CFA Co-Portfolio Manager: Brian J. Janowski, CFA, CPA

As of 3/31/2022

Investment Philosophy

The advisor employs a bottom-up process investing primarily in mid-sized companies we believe have high quality characteristics and sustainable business models for the long-term. 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 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 in the business 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	Mid-Cap Growth
Date of Inception	10/17/1983
Net Assets	\$992.2 million
Number of Holdings	70
Wgt. Harmonic Avg. NTM P/E Capped	23.84x
Wgt. Harmonic Avg. LTM P/E Capped	26.30x
Weighted Avg. Market Cap	\$22,261.4 million
Geometric Avg. Market Cap	\$18,368.1 million
Turnover Rate (Annualized)	19.57% (9/30/21)
Standard Deviation (10-yr Annual Avg.)	14.17%
Sharpe Ratio (10-yr Annual Avg.)	0.88

Top Equity Holdings - % of Net Assets*

	Ticker	Portfolio Weighting
Palo Alto Networks Inc	PANW	2.36%
TransUnion	TRU	2.30%
O'Reilly Automotive Inc	ORLY	2.19%
Verisk Analytics Inc	VRSK	2.07%
Zendesk Inc	ZEN	1.90%
Steris PLC	STE	1.84%
Ulta Beauty Inc	ULTA	1.80%
Anaplan Inc	PLAN	1.76%
CDW Corp	CDW	1.71%
BJ's Wholesale Club Holdings Inc	BJ	1.71%
		19.64%

Morningstar Category Ratings

	<u>Overall Rating</u>	<u>3 Yr Rating</u>	<u>5 Yr Rating</u>	<u>10 Yr Rating</u>
Nicholas II Class I	★★★	★★★	★★★	★★★
# of Funds	542	542	503	386

Category: US Fund Mid-Cap Growth 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: 3/31/2022

	<u>Quarter</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Nicholas II Class I	-7.04%	-7.04%	7.59%	14.75%	14.32%	12.74%
Russell Mid Cap Growth	-12.58%	-12.58%	-0.89%	14.81%	15.10%	13.52%
Russell Mid Cap	-5.68%	-5.68%	6.92%	14.89%	12.62%	12.85%

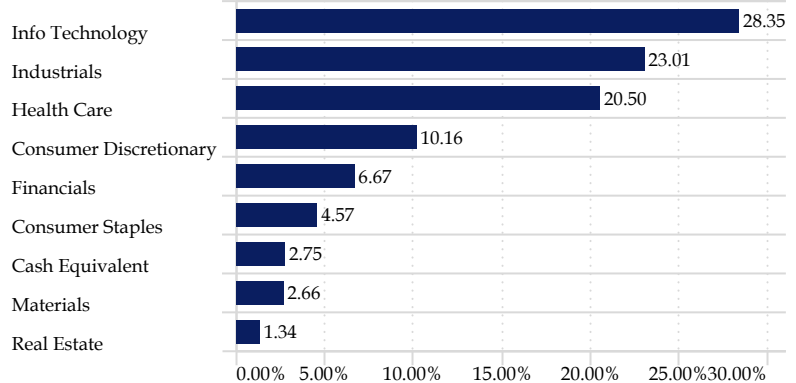
Calendar Year Returns

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Nicholas II Class I	21.58%	15.72%	34.88%	-4.74%	25.63%
Russell Mid Cap Growth	12.73%	35.59%	35.47%	-4.75%	25.27%
Russell Mid Cap	22.58%	17.10%	30.54%	-9.06%	18.52%

Prospectus Gross Expense Ratio 0.59%

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. 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.

Quasar Distributors, LLC - Distributor

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 March 31, 2022, the weighted average market capitalization was approximately \$23.992 billion; the median market capitalization was approximately \$10.693 billion. The largest company in the index had an approximate market capitalization of \$61.421 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.

*Due to rounding, numbers presented may not total.

(1)© [2022] 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, without adjustment for sales loads. 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.

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:

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.

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.

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 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.