

Nicholas Equity Income Fund (NSEIX)

Equity Income

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

As of 3/31/2022

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	\$487.4 million
Number of Holdings	65
Wgt. Harmonic Avg. NTM P/E Capped	16.17x
Wgt. Harmonic Avg. LTM P/E Capped	19.31x
Weighted Avg. Market Cap	\$184,609.5 million
Geometric Avg. Market Cap	\$74,040.8 million
Turnover Rate (Annualized)	21.64% (9/30/21)
Standard Deviation (10-yr Annual Avg.)	12.67%
Sharpe Ratio (10-yr Annual Avg.)	0.91

Top Equity Holdings - % of Net Assets*

	Ticker	Portfolio Weighting
Microsoft Corp	MSFT	2.80%
Medtronic PLC	MDT	2.48%
Chevron Corp	CVX	2.37%
Merck & Co Inc	MRK	2.23%
Analog Devices Inc	ADI	2.19%
Microchip Technology Inc	MCHP	2.13%
Chubb Ltd	CB	2.06%
Cisco Systems Inc	CSCO	2.05%
Sysco Corp	SYN	2.04%
Johnson & Johnson	JNJ	2.02%
		22.37%

Morningstar Category Ratings

	Overall Rating	3 Yr Rating	5 Yr Rating	10 Yr Rating
Nicholas Equity Income Fund	★★★★	★★★★	★★★★	★★★★
# of Funds	1,146	1,146	1,047	770
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: 3/31/2022

	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
Nicholas Equity Income Fund	-2.88%	-2.88%	11.23%	15.32%	11.88%	11.91%
S&P 500	-4.60%	-4.60%	15.65%	18.92%	15.99%	14.64%

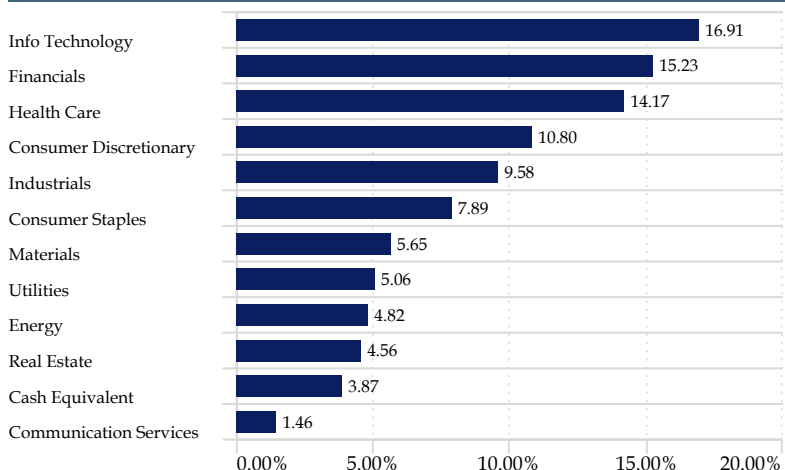
Calendar Year Returns

	2021	2020	2019	2018	2017
Nicholas Equity Income Fund	24.93%	8.73%	30.36%	-4.52%	12.41%
S&P 500	28.71%	18.40%	31.49%	-4.38%	21.83%

Prospectus Gross Expense Ratio 0.72% 30-Day SEC Yield 1.71%

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

Lipper Rankings

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Ranking	76%	23%	36%	26%
# of Funds	458	437	399	246

Category: Equity Income

Source: Lipper, as of March 31, 2022 (2)

Lipper Ranking Scale: 1% equals highest; 100% equals lowest (based on total return)

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(2)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.

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.

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.