



NICHOLAS COMPANY, INC. FORM CRS SUMMARY OF MATERIAL CHANGES

The following is a summary of the material changes made to this Form CRS.

As of January 24, 2024, the response to the question “How do your financial professionals make money?” has been revised to include a discussion of a deferred compensation plan.

Except as noted above, no additional changes have been made to the Form CRS dated June 30, 2020.



Nicholas Company, Inc.
Form CRS Client Relationship Summary
January 24, 2024

Nicholas Company, Inc. is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Please note that brokerage and investment advisory services and fees differ, and it is important that you understand these differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

We offer investment advisory services to retail investors, including:

- **Principal Service.** We provide investment management services to client accounts through four distinct long-term growth strategies, which differ based on market capitalization, industry concentration, and investments in dividend paying companies. We also provide investment management services through wrap fee programs sponsored by unaffiliated brokers, dealers and other financial intermediaries.
- **Monitoring Services.** As part of our standard investment advisory services, your portfolio manager monitors your investments on an ongoing basis, usually several times a week. Your investments are also reviewed on a periodic basis by oversight controls, such as our Investment Committee and Compliance Team.
- **Discretionary Authority.** Our investment advisory services are typically provided on a discretionary basis. You authorize Nicholas Company, Inc. to exercise discretionary authority over your account through the investment advisory agreement. Our discretionary authority may be limited by conditions you impose in your investment objectives or guidelines, or by other written instructions you provide to us.
- **Limited Investment Offerings.** Nicholas specializes in investments in equity securities such as common stocks, preferred stocks, REITS and other real estate-based securities.

Account Minimums. Depending on the type of strategy and other relevant factors, we generally require an account minimum of \$1,000,000. If you participate in a wrap fee program, you may not be subject to this account minimum.

For additional information, please see our Form ADV, Part 2A brochure ("Brochure"), Items 4 and 7 available at <http://www.nicholasfunds.com/ADV2A>.

Conversation Starters. Ask your financial professional:

- Given my financial situation, should I choose an investment advisory service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

What fees will I pay?

Principal Fees and Costs. We charge you a fee for our investment advisory services based on the percentage of assets held in your account as set forth in our current fee schedule. Your actual fee differs based on strategy, account size and other relevant factors.

- **Asset-Based Fee.** The asset-based fee we charge is calculated based on the average value of a client's assets at the beginning and the end of each quarter. The more assets in your account, the more you will pay in fees. As a result, we may have an incentive to encourage you to increase your account size.
- **Wrap Fee Program.** Fees for each wrap fee program will vary and fees for our investment advisory services may be less than the fees set forth in our annual fee schedule. Asset-based fees associated with a wrap fee program will include most transaction costs and fees to a broker-dealer or bank that has custody of these assets, and therefore are higher than a typical asset-based advisory fee.
- **Other Direct Fee Arrangements.** We offer performance-based fees (fees that are based on a share of capital gains or capital appreciation of a client account) to investors with a minimum investment of \$75,000,000.

Other Fees and Costs. You may incur additional fees outside of what we charge you, including but not limited to, custodian, brokerage, and transaction costs. You pay these fees to other entities who provide these services, not to us.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For additional information, please see Items 5.A., B., C., and D. in our Brochure available at <http://www.nicholasfunds.com/ADV2A>.

Conversation Starter. Ask your financial professional:

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

We benefit from the advisory services we provide to you because of the advisory fees we receive from you. This compensation may vary based on different factors, such as those listed above in this Item.

We provide investment management services for registered investment companies (the “Nicholas Family of Funds”). We will not invest your discretionary funds in the Nicholas Family of Funds, but we may invest your funds using strategies similar to those employed by the Nicholas Family of Funds. Therefore, we may make investment decisions which would involve the purchase or sale of securities similar to purchase or sales being made for the Nicholas Family of Funds or in other client accounts. As a result, the demand for securities being purchased or the supply of securities being sold may increase, and this could have an adverse effect on the price of those securities and/or the size of the position obtained or disposed of by the client accounts.

We receive soft-dollar compensation such as research or brokerage services in connection with the services we provide to you and on behalf of the Nicholas Family of Funds that are paid for with client commissions paid by brokerage houses. We receive a benefit when client brokerage commissions are used to obtain research and statistical services because we do not have to produce or pay for them. To the extent that we use client brokerage commissions to obtain research services that we could otherwise purchase directly, we may have an incentive to place more orders or pay higher commissions than would otherwise be the case, or you may pay higher commissions to brokers than might be charged if a different brokerage house had been selected.

Conversation Starter. Ask your financial professional:

- How might your conflicts of interest affect me, and how will you address them?

For additional information, please see Items 5, 6 and 11 in our Brochure, available at <http://www.nicholasfunds.com/ADV2A>.

How do your financial professionals make money?

Our portfolio managers are responsible for the day-to-day management of your investments. They are paid a base salary as well as a bonus primarily based on the relative performance of the accounts they manage in comparison to industry competitors. The overall bonus pool is based on firm revenues. Our portfolio managers are also eligible for deferred compensation. The deferred compensation plan provides participants with deferred cash awards that appreciate or depreciate based on the investment of the awards in the Nicholas Family of Funds. The awards fully vest after three years. The annual award amount and the investment allocation is at the complete discretion of David O. Nicholas.

Because our portfolio managers receive compensation based on firm revenues, they may be incentivized to increase assets under management in order to increase the firm’s revenue from advisory fees.

Do you or your financial professionals have legal or disciplinary history?

No, neither Nicholas Company, Inc. nor any of its financial professionals currently disclose (or are required to disclose) any of the information discussed in previous paragraph.

Visit Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

Conversation Starter. Ask your financial professional:

- As a financial professional, do you have any disciplinary history? For what type of conduct?

Additional Information

For additional information about our services, please see our Brochure. If you would like additional, up-to-date information or a copy of this disclosure, please call 1- 866-246-8800 or visit <http://www.nicholasfunds.com/CRS>.

Conversation Starters. Ask your financial professional:

- Who is my primary contact person?
- Is he or she a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?