

# ANNUAL REPORT

March 31, 2024

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## NICHOLAS EQUITY INCOME FUND, INC.

CONSISTENCY *in a* WORLD *of* CHANGE





# NICHOLAS EQUITY INCOME FUND, INC.

May 2024

## Report to Fellow Shareholders:

For the year ended March 31, 2024, Nicholas Equity Income Fund (“Fund”) returned 15.68% versus 29.88% for the Standard & Poor’s 500 Index (“S&P 500”). The primary investment objective of the Fund is to produce reasonable income for the investor. To achieve this objective, the Fund seeks an income yield that exceeds the corporate dividend yield on the securities included in the S&P 500 Index. We are pleased to report as of March 31, 2024, the Fund had a 30-day SEC yield of 2.13%, which exceeds the S&P 500 indicated dividend yield of 1.40%.

Returns for the Fund and selected indices are provided in the chart below for the periods ended March 31, 2024. For all time periods, except the one and three-year period ended March 31, 2024, the Fund compares favorably to the Morningstar Large Value Category and the Lipper Equity Income Funds Objective. Both benchmarks are more income-oriented, and thus provide meaningful comparisons to the Fund.

	Average Annual Total Return				
	1 Year	3 Year	5 Year	10 Year	15 Year
Nicholas Equity Income Fund, Inc. . . . .	15.68%	7.18%	11.17%	9.20%	13.76%
Standard & Poor’s 500 Index . . . . .	29.88%	11.49%	15.05%	12.96%	15.63%
Morningstar Large Value Category . . . . .	20.70%	8.87%	10.89%	9.09%	12.88%
Lipper Equity Income Funds Objective . . .	18.83%	8.24%	10.27%	8.83%	12.14%
Consumer Price Index (seasonally adjusted) . . . . .	3.48%	5.63%	4.19%	2.84%	2.60%
Ending value of \$10,000 invested in Nicholas Equity Income Fund, Inc. . . . .	\$11,568	\$12,314	\$16,979	\$24,123	\$69,134
Fund’s Expense Ratio: (from 07/29/23 Prospectus): 0.70%					

*Performance data quoted represents past performance and is no guarantee of 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).*

*The Fund’s returns are reduced by expenses, while the market indices are not. The ending values above illustrate the performance of a hypothetical \$10,000 investment made in the Fund over the timeframes listed. Assumes reinvestment of dividends and capital gains. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. These figures do not imply any future performance.*

As of March 31, 2024, the Fund held 66 stocks and a cash position of approximately 5%. All stocks in the portfolio have paid dividends during the past period and most have consistently raised their dividends over time. The Fund’s top five holdings were Microsoft, JPMorgan Chase, AstraZeneca PLC, AbbVie and TJX Companies. These five holdings accounted for 12.78% of the Fund’s net assets. For the year end period ended March 31, 2024, stocks that helped the Fund’s performance included Eaton Corp. Plc, Broadcom Inc., Lincoln Electric Holdings, Inc., M.D.C. Holdings, Inc., JPMorgan Chase & Co. and International Business Machines. Stocks that hindered performance included Air Products and Chemicals, Inc., W.P. Carey, Inc., Perrigo Co, Plc, NextEra Energy, Inc. and Unilever Plc. Relative to the S&P 500, the Fund’s holdings within the industrial and financial sectors positively contributed to performance over the past year, whereas holdings within technology and healthcare lagged. In terms of industry concentration, healthcare represented approximately 19% of the portfolio, financials 15%, information technology 13%, consumer staples 11%, industrials 9%, consumer discretionary 7%, materials 6%, real estate 5%, utilities 4%, energy 4% and communication services 2%.

Throughout much of 2023, the prevailing opinion was that the U.S. would face a recession, prompted by the fastest pace of interest rate increases seen in over four decades by the Federal Reserve. Contrary to these expectations, the U.S. did not fall into a recession as the U.S. government materially increased its spending. So much that it led to one of the largest deficits as a percentage of GDP since 1948, surpassed only in years marked by unforeseen crises like COVID or the Global Financial Crisis, or by exceptionally high unemployment rates.

Based on historically low unemployment rates, the deficit, ideally should be around 1% of GDP or \$260 billion not \$1.7 trillion. This deficit spending led to government jobs making up an unprecedented 25% of all jobs created in 2023 compared to the average of 5%. This fiscal expansion, along with the dominance of the “Magnificent 7” stocks, which surged by 107%, fueled a more than 26% in total return in the stock market in 2023 and for the twelve-month period ending March 2024 nearly a 30% increase.

The “Magnificent Seven” have undeniably demonstrated growth, innovation, and strong financial health and five of them are projected to be the top five contributors to year-over-year earnings growth for the S&P 500 for the first quarter of 2024. Excluding these five companies, the earnings decline for the remaining 495 companies in the S&P 500 would be -6.0% for the first quarter of 2024 versus barely positive for the quarter. Thus, the overall market return is materially impacted by the results of these companies given they account for such a large percentage of earnings and market capitalization. In addition to the influence of these companies, the market has moved based on changing expectations of the Federal Reserve and interest rates. Over the past year, the Federal reserve has shifted from “higher for longer” to signaling numerous potential rate cuts in 2024 to a posture of fewer rate cuts as the inflation data has remained sticky. The most recent core personal-consumption expenditures price index (excludes food and energy) rose 2.8% year-on-year in March. This higher-than-expected reading comes as the first real GDP estimate for the first quarter of 2024 showed GDP growth of only 1.6%, which is the weakest pace of growth since the second quarter of 2022. Inflation and slowing growth would lead to stagflation, which is generally considered worse than a recession because it is a much more challenging economic condition to manage. Despite this, the market is near all-time highs and is valued at approximately 20x forward earnings, which is above the 10-year average of 17.8x.

As a result of this environment of uncertainty, management is focused on companies that boast robust balance sheets and a steady flow of earnings, enabling them to continue paying dividends. Historically, dividends contributed to around 40% of the total returns of common stocks, serving as a buffer against market volatility during bearish phases. In the inflation-heavy 1970s, a period that bears notable resemblances to our current economic scenario, dividends made up a remarkable 72% of total returns. This fact, we believe, further highlights the advantages of a strategy focused on dividend-paying companies. Our investment approach targets businesses led by management teams which we believe have proven track records of navigating through shifting and uncertain landscapes. In our analysis, these companies must have strong business models, clear competitive edges, and the capacity to yield returns that surpass their cost of capital. We are prepared to seize additional opportunities, as market volatility might present chances to improve the quality of our Fund’s portfolio at appealing valuations.

We appreciate your ongoing commitment to the Fund.

Sincerely,



Michael L. Shelton  
Lead Portfolio Manager



David O. Nicholas  
Co-Portfolio Manager

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

The Fund may invest in small and medium sized companies, which involve additional risks. Small- and medium-capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization 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 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.

**Earnings growth is not representative of the Fund's future performance.**

**Diversification does not assure a profit or protect against loss in a declining market.**

Please refer to the schedule of investments in the report for complete fund holdings information. Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

The 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. Each Morningstar Category average represents a universe of Funds with similar investment objectives. The Consumer Price Index (seasonally adjusted) represents changes in prices of all goods and services purchased for consumption by urban households. One cannot invest directly in an index.

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.

**Dividend / Indicated Yield:** The annual dividends per share divided by the price per share expressed as a percentage.

**Forward Price to Earnings (P/E) Ratio** is a stock's current price over its "predicted" earnings per share.

**Gross Domestic Product (GDP):** The monetary value of all the finished goods and services produced within a country's borders in a specific time period.

**30-day SEC yield:** A standardized yield computed by dividing the net investment income per share earned during the past 30-day period by the share price at the end of the period.

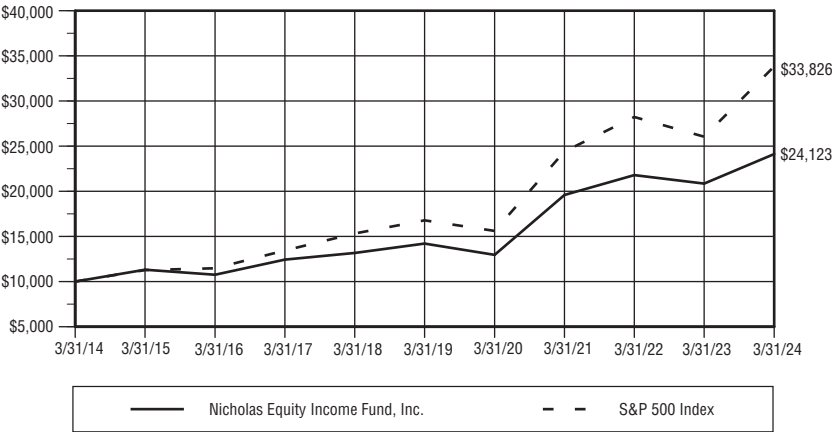
There is no guarantee that distributions will be made.

**Must be preceded or accompanied by a prospectus.**

The Nicholas Funds are distributed by Quasar Distributors, LLC.

**COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN NICHOLAS EQUITY INCOME FUND, INC. AND S&P 500 INDEX (unaudited)**

The line graph which follows compares the initial account value and subsequent account value at the end of each of the most recently completed ten fiscal years of the Fund to the same investment over the same periods in the S&P 500 Index. The graph assumes a \$10,000 investment in the Fund and the index at the beginning of the period.



The Fund’s average annual total returns for the one-, five- and ten-year periods ended on the last day of the most recent fiscal year are as follows:

	One Year Ended March 31, 2024	Five Years Ended March 31, 2024	Ten Years Ended March 31, 2024
Average Annual Total Return . . . . .	15.68%	11.17%	9.20%

*Past performance is not predictive of future performance, and the above graph and table do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.*

# Financial Highlights (NSEIX)

For a share outstanding throughout each period

	Years Ended March 31,				
	2024	2023	2022	2021	2020
NET ASSET VALUE,					
BEGINNING OF PERIOD . . . . .	\$19.84	\$21.57	\$21.75	\$15.14	\$18.87
INCOME (LOSS) FROM					
INVESTMENT OPERATIONS					
Net investment income <sup>(1)</sup> . . . . .	.44	.40	.36	.36	.36
Net gain (loss) on securities					
(realized and unrealized) . . . . .	2.54	(1.35)	2.02	7.23	(1.57)
Total from					
investment operations . . . . .	2.98	(.95)	2.38	7.59	(1.21)
LESS DISTRIBUTIONS					
From net investment income . . . . .	(.45)	(.38)	(.36)	(.29)	(.28)
From net capital gain . . . . .	(.43)	(.40)	(2.20)	(.69)	(2.24)
Total distributions . . . . .	(.88)	(.78)	(2.56)	(.98)	(2.52)
NET ASSET VALUE, END OF PERIOD . . . . .	<u>\$21.94</u>	<u>\$19.84</u>	<u>\$21.57</u>	<u>\$21.75</u>	<u>\$15.14</u>
TOTAL RETURN . . . . .	15.68%	(4.31)%	11.23%	51.18%	(8.80)%
SUPPLEMENTAL DATA:					
Net assets, end of period (millions) . . . . .	\$473.7	\$442.0	\$487.4	\$459.6	\$295.9
Ratio of expenses to average net assets . . .	.70%	.70%	.70%	.72%	.73%
Ratio of net investment income					
to average net assets . . . . .	2.22%	2.00%	1.65%	1.92%	1.88%
Portfolio turnover rate . . . . .	11.98%	18.75%	18.11%	33.58%	32.04%

(1) Computed based on average shares outstanding.

The accompanying notes to financial statements are an integral part of these highlights.

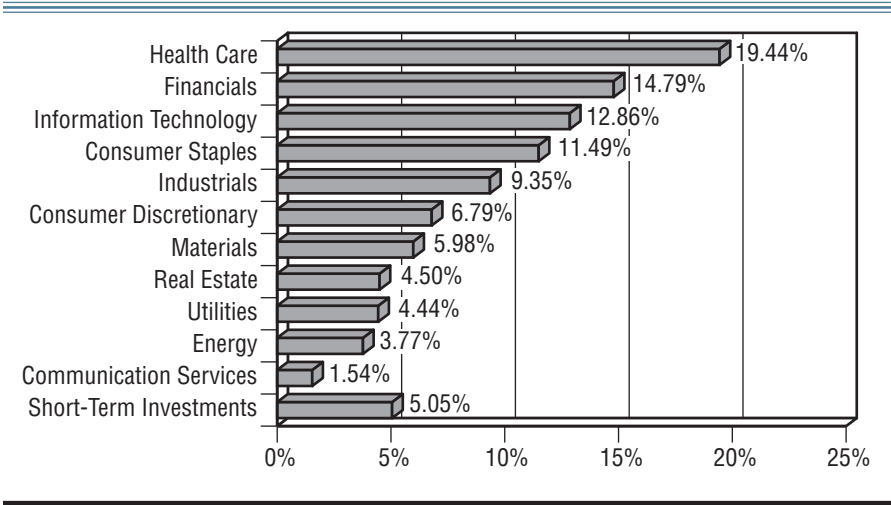
# Top Ten Equity Portfolio Holdings

March 31, 2024 (unaudited)

Name	Percentage of Net Assets
Microsoft Corporation	3.53%
JPMorgan Chase & Co.	2.60%
Astrazeneca PLC Sponsored ADR	2.27%
AbbVie, Inc.	2.21%
TJX Companies Inc	2.17%
Abbott Laboratories	2.14%
CMS Energy Corporation	2.13%
Merck & Co., Inc.	2.08%
Charles Schwab Corp	2.05%
Medtronic Plc	2.01%
Total of top ten	23.19%

## Sector Diversification (as a percentage of portfolio)

March 31, 2024 (unaudited)





# Fund Expenses

For the six month period ended March 31, 2024 (unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees and other operating expenses. The following table is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with those of other mutual funds.

The example is based on an investment of \$1,000 made at the beginning of the period and held for the entire period.

The first line of the table below provides information about the actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as wire fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value 09/30/23	Ending Account Value 03/31/24	Expenses Paid During Period* 10/01/23 – 03/31/24
Actual	\$1,000.00	\$1,175.90	\$3.75
Hypothetical (5% return before expenses)	1,000.00	1,021.55	3.49

\* Expenses are equal to the Fund’s six-month annualized expense ratio of 0.69%, multiplied by the average account value over the period, multiplied by 183 then divided by 366 to reflect the one-half year period.

# Schedule of Investments

March 31, 2024

Shares or Principal Amount		Value
<b>COMMON STOCKS — 94.41%</b>		
<b>Communication Services – Media &amp; Entertainment — 0.45%</b>		
49,135	Comcast Corporation Class A .....	\$ 2,130,002
<b>Communication Services – Telecommunication Services — 1.08%</b>		
122,040	Verizon Communications Inc. ....	5,120,798
<b>Consumer Discretionary – Consumer Discretionary Distribution &amp; Retail — 5.51%</b>		
20,300	Home Depot, Inc. ....	7,787,080
150,430	LKQ Corporation .....	8,034,466
101,500	TJX Companies Inc. ....	10,294,130
		26,115,676
<b>Consumer Discretionary – Consumer Durables &amp; Apparel — 1.16%</b>		
87,500	M.D.C. Holdings, Inc. ....	5,504,625
<b>Consumer Discretionary – Consumer Services — 0.07%</b>		
8,646	Cedar Fair, L.P. ....	362,267
<b>Consumer Staples – Consumer Staples Distribution &amp; Retail — 3.07%</b>		
78,155	Sysco Corporation .....	6,344,623
46,180	Target Corporation .....	8,183,558
		14,528,181
<b>Consumer Staples – Food Beverage &amp; Tobacco — 3.88%</b>		
142,500	Coca-Cola Company .....	8,718,150
67,870	Mondelez International, Inc. Class A .....	4,750,900
53,500	Philip Morris International Inc. ....	4,901,670
		18,370,720
<b>Consumer Staples – Household &amp; Personal Products — 4.48%</b>		
180,430	Kenvue, Inc. ....	3,872,028
53,500	Procter & Gamble Company .....	8,680,375
173,000	Unilever PLC Sponsored ADR .....	8,682,870
		21,235,273
<b>Energy – Energy — 3.75%</b>		
52,445	Chevron Corporation .....	8,272,674
41,000	ConocoPhillips .....	5,218,480
119,100	Enterprise Products Partners L.P. ....	3,475,338
20,183	Williams Companies, Inc. ....	786,531
		17,753,023
<b>Financials – Banks — 4.95%</b>		
61,500	JPMorgan Chase & Co. ....	12,318,450
52,800	PNC Financial Services Group, Inc. ....	8,532,480
58,070	U.S. Bancorp .....	2,595,729
		23,446,659

The accompanying notes to financial statements are an integral part of this schedule.

# Schedule of Investments (continued)

March 31, 2024

Shares or Principal Amount		Value
<b>COMMON STOCKS — 94.41% (continued)</b>		
<b>Financials – Financial Services — 8.09%</b>		
7,950	BlackRock, Inc. ....	\$ 6,627,915
134,495	Charles Schwab Corp .....	9,729,368
28,415	CME Group Inc. Class A .....	6,117,465
50,500	Cohen & Steers, Inc. ....	3,882,945
77,415	Nasdaq, Inc. ....	4,884,887
7,975	Northern Trust Corporation .....	709,137
49,500	Raymond James Financial, Inc. ....	6,356,790
		<u>38,308,507</u>
<b>Financials – Insurance — 1.67%</b>		
30,620	Chubb Limited .....	<u>7,934,561</u>
<b>Health Care – Health Care Equipment &amp; Services — 7.12%</b>		
89,045	Abbott Laboratories .....	10,120,855
99,610	CVS Health Corporation .....	7,944,894
109,000	Medtronic Plc .....	9,499,350
46,250	Quest Diagnostics Incorporated .....	6,156,338
		<u>33,721,437</u>
<b>Health Care – Pharmaceuticals Biotechnology &amp; Life Sciences — 12.21%</b>		
57,500	AbbVie, Inc. ....	10,470,750
158,755	Astrazeneca PLC Sponsored ADR .....	10,755,651
85,395	GSK plc Sponsored ADR .....	3,660,884
49,460	Johnson & Johnson .....	7,824,077
74,845	Merck & Co., Inc. ....	9,875,798
266,450	Perrigo Co. Plc .....	8,577,026
240,185	Pfizer Inc. ....	6,665,134
		<u>57,829,320</u>
<b>Industrials – Capital Goods — 7.82%</b>		
29,255	Eaton Corp. Plc .....	9,147,453
29,500	Honeywell International Inc. ....	6,054,875
9,500	Illinois Tool Works Inc. ....	2,549,135
36,725	L3Harris Technologies Inc. ....	7,826,098
33,260	Lincoln Electric Holdings, Inc. ....	8,495,934
6,500	Lockheed Martin Corporation .....	2,956,655
		<u>37,030,150</u>
<b>Industrials – Commercial &amp; Professional Services — 0.28%</b>		
40,840	Genpact Limited .....	<u>1,345,678</u>
<b>Industrials – Transportation — 1.20%</b>		
23,075	Union Pacific Corporation .....	<u>5,674,835</u>

The accompanying notes to financial statements are an integral part of this schedule.

# Schedule of Investments (continued)

March 31, 2024

Shares or Principal Amount		Value
<b>COMMON STOCKS — 94.41% (continued)</b>		
<b>Information Technology – Semiconductors &amp; Semiconductor Equipment — 4.71%</b>		
35,160	Analog Devices, Inc. ....	\$ 6,954,296
6,355	Broadcom Inc. ....	8,422,981
77,410	Microchip Technology Incorporated ....	6,944,451
		<u>22,321,728</u>
<b>Information Technology – Software &amp; Services — 7.13%</b>		
46,000	International Business Machines Corporation ....	8,784,160
39,760	Microsoft Corporation ....	16,727,827
65,870	Oracle Corporation ....	8,273,931
		<u>33,785,918</u>
<b>Information Technology – Technology Hardware &amp; Equipment — 0.94%</b>		
89,095	Cisco Systems, Inc. ....	4,446,731
<b>Materials – Materials — 5.95%</b>		
32,100	Air Products and Chemicals, Inc. ....	7,776,867
31,500	Avery Dennison Corporation ....	7,032,375
101,125	Ball Corporation ....	6,811,780
85,500	DuPont de Nemours, Inc. ....	6,555,285
		<u>28,176,307</u>
<b>Real Estate – Equity Real Estate Investment Trusts (REITs) — 4.48%</b>		
37,635	American Tower Corporation ....	7,436,300
10,750	Equinix, Inc. ....	8,872,297
86,800	W. P. Carey Inc. ....	4,898,992
		<u>21,207,589</u>
<b>Utilities – Utilities — 4.41%</b>		
167,120	CMS Energy Corporation ....	10,084,021
118,470	NextEra Energy, Inc. ....	7,571,418
39,650	WEC Energy Group Inc. ....	3,256,058
		<u>20,911,497</u>
	<b>TOTAL COMMON STOCKS</b>	
	(cost \$302,502,880) ....	<u>447,261,482</u>

The accompanying notes to financial statements are an integral part of this schedule.

# Schedule of Investments (continued)

March 31, 2024

Shares or Principal Amount		Value
<b>SHORT-TERM INVESTMENTS — 5.03%</b>		
<b>Money Market Deposit Account — 1.44%</b>		
\$6,830,151	U.S. Bank Money Market, 5.240% .....	\$ 6,830,151
<b>Money Market Fund – 1.27%</b>		
6,000,000	Morgan Stanley Institutional Liquidity Funds Government Portfolio (Institutional Class), 7-day net yield, 5.222% .....	6,000,000
<b>U.S. Government Securities — 2.32%</b>		
5,000,000	U.S. Treasury Bill 04/02/2024, 1.323% .....	4,999,275
6,000,000	U.S. Treasury Bill 05/02/2024, 4.903% .....	5,972,722
		10,971,997
	TOTAL SHORT-TERM INVESTMENTS (cost \$23,802,439) .....	23,802,148
	TOTAL INVESTMENTS (cost \$326,305,319) — 99.44% .....	471,063,630
	OTHER ASSETS, NET OF LIABILITIES — 0.56% .....	2,656,503
	TOTAL NET ASSETS (basis of percentages disclosed above) — 100% .....	\$473,720,133

The accompanying notes to financial statements are an integral part of this schedule.

# Statement of Assets and Liabilities

March 31, 2024

## ASSETS

Investments in securities at value (cost \$326,305,319) . . . . .	\$471,063,630
Receivables —	
Investment securities sold . . . . .	4,224,751
Dividend and interest . . . . .	690,090
Capital stock subscription . . . . .	132,550
Total receivables . . . . .	<u>5,047,391</u>
Other . . . . .	<u>76,803</u>
Total assets . . . . .	<u><u>476,187,824</u></u>

## LIABILITIES

Payables —	
Due to adviser —	
Management fee . . . . .	240,814
Accounting and administrative fee . . . . .	6,506
Total due to adviser . . . . .	<u>247,320</u>
Investment securities purchased . . . . .	2,119,011
Capital stock redemption . . . . .	65,880
Other payables and accrued expense . . . . .	35,480
Total liabilities . . . . .	<u>2,467,691</u>
Total net assets . . . . .	<u><u>\$473,720,133</u></u>

## NET ASSETS CONSIST OF

Paid in capital . . . . .	\$322,609,177
Accumulated distributable earnings . . . . .	<u>151,110,956</u>
Total net assets . . . . .	<u><u>\$473,720,133</u></u>

## NET ASSET VALUE PER SHARE (\$.0001 par value,

250,000,000 shares authorized), offering price	
and redemption price (21,594,296 shares outstanding) . . . . .	<u><u>\$21.94</u></u>

The accompanying notes to financial statements are an integral part of this statement.

# Statement of Operations

For the year ended March 31, 2024

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## INCOME

Dividend .....	\$11,506,327
Interest .....	1,354,130
Total income .....	<u>12,860,457</u>

## EXPENSES

Management fee .....	2,692,536
Transfer agent fees .....	83,850
Administration services .....	72,670
Accounting & pricing services .....	51,298
Registration fees .....	38,669
Audit and tax fees .....	38,010
Directors' fees .....	23,130
Custodian fees .....	21,853
Insurance .....	16,898
Printing .....	13,542
Legal fees .....	10,689
Postage and mailing .....	7,788
Other operating expenses .....	11,234
Total expenses .....	<u>3,082,167</u>
Net investment income .....	<u>9,778,290</u>

NET REALIZED GAIN ON INVESTMENTS .....	<u>8,021,159</u>
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## CHANGE IN NET UNREALIZED APPRECIATION/DEPRECIATION

ON INVESTMENTS .....	47,477,423
Net realized and unrealized gain on investments .....	55,498,582
Net increase in net assets resulting from operations .....	<u>\$65,276,872</u>

The accompanying notes to financial statements are an integral part of this statement.

# Statements of Changes in Net Assets

For the years ended March 31, 2024 and 2023

	2024	2023
INCREASE (DECREASE) IN NET ASSETS		
FROM OPERATIONS		
Net investment income . . . . .	\$ 9,778,290	\$ 8,938,090
Net realized gain on investments . . . . .	8,021,159	9,443,109
Change in net unrealized appreciation/depreciation on investments . . . . .	47,477,423	(39,980,133)
Net increase (decrease) in net assets resulting from operations . . . . .	65,276,872	(21,598,934)
DISTRIBUTIONS TO SHAREHOLDERS FROM		
Investment operations . . . . .	(19,498,942)	(17,571,701)
CAPITAL SHARE TRANSACTIONS		
Proceeds from shares issued (1,058,011 and 590,671 shares, respectively) . . . . .	20,792,088	11,700,043
Reinvestment of distributions (775,290 and 743,326 shares, respectively) . . . . .	14,944,269	14,523,067
Cost of shares redeemed (2,520,264 and 1,648,567 shares, respectively) . . . . .	(49,815,961)	(32,388,817)
Change in net assets derived from capital share transactions . . . . .	(14,079,604)	(6,165,707)
Total increase (decrease) in net assets . . . . .	31,698,326	(45,336,342)
NET ASSETS		
Beginning of period . . . . .	442,021,807	487,358,149
End of period . . . . .	<u>\$473,720,133</u>	<u>\$442,021,807</u>

The accompanying notes to financial statements are an integral part of these statements.



# Notes to Financial Statements

March 31, 2024

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## (1) Summary of Significant Accounting Policies —

Nicholas Equity Income Fund, Inc. (the “Fund”) is organized as a Maryland corporation and is registered as an open-end, diversified management investment company under the Investment Company Act of 1940, as amended. The primary objective of the Fund is to produce reasonable income with moderate long-term growth. The following is a summary of the significant accounting policies of the Fund:

- (a) Equity securities traded on a stock exchange will ordinarily be valued on the basis of the last sale price on the date of valuation on the securities principal exchange, or if in the absence of any sale on that day, the closing bid price. For securities principally traded on the NASDAQ market, the Fund uses the NASDAQ Official Closing Price. Investments in shares of open-end mutual funds, including money market funds, are valued at their daily net asset value. Debt securities, excluding short-term investments, are valued at their current evaluated bid price as determined by an independent pricing service, which generates evaluations on the basis of dealer quotes for normal institutional-sized trading units, issuer analysis, bond market activity and various other factors. Short-term investments are valued using evaluated bid prices. Securities for which market quotations may not be readily available are valued at their fair value as determined in good faith by procedures adopted by the Board of Directors. The Board of Directors has delegated fair value responsibilities to Nicholas Company, Inc., the Fund’s adviser. The Fund did not maintain any positions in derivative instruments or engage in hedging activities during the year. Investment transactions for financial statement purposes are recorded on trade date.

In accordance with Accounting Standards Codification (“ASC”) 820-10, “Fair Value Measurement” (“ASC 820-10”), fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820-10 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value such as a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, benchmark yields, bids, offers,

# Notes to Financial Statements (continued)

March 31, 2024

transactions, spreads and other relationships observed in the markets among market securities, underlying equity of the issuer, proprietary pricing models, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of March 31, 2024 in valuing the Fund’s investments carried at value:

<u>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 —	
Common Stocks <sup>(1)</sup> .....	\$447,261,482
Money Market Deposit Account .....	6,830,151
Money Market Fund .....	6,000,000
Level 2 —	
U.S. Government Securities .....	10,971,997
Level 3 —	
None .....	—
Total .....	<u>\$471,063,630</u>

(1) See Schedule of Investments for further detail by industry.

The Fund did not hold any Level 3 investments during the year.

- (b) Net realized gain (loss) on portfolio securities was computed on the basis of specific identification.
- (c) Dividend income is recorded on the ex-dividend date, and interest income is recognized on an accrual basis. Non-cash dividends, if any, are recorded at value on date of distribution. Generally, discounts and premiums on long-term debt security purchases, if any, are amortized over the expected lives of the respective securities using the effective yield method.
- (d) Provision has not been made for federal income taxes or excise taxes since the Fund has elected to be taxed as a “regulated investment company” and intends to distribute substantially all net investment income and net realized capital gains on sales of investments to its shareholders and otherwise comply with the provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies.
- (e) Dividends and distributions paid to shareholders are recorded on the ex-dividend date. Distributions from net investment income are generally declared and paid at least quarterly. Distributions of net realized capital gain, if any, are declared and paid at least annually.

The amount of distributions from net investment income and net realized capital gain are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles (“U.S. GAAP”) for

# Notes to Financial Statements (continued)

March 31, 2024

financial reporting purposes. Financial reporting records are adjusted for permanent book-to-tax differences to reflect tax character. These reclassifications have no effect on net assets or net asset value per share. At March 31, 2024, reclassifications were recorded to decrease undistributed ordinary income by \$36,473, decrease accumulated distributed net realized gain by \$447,126, and increase paid in capital by \$483,599.

The tax character of distributions paid during the years ended March 31, 2024 and 2023 was as follows:

	<u>03/31/2024</u>	<u>03/31/2023</u>
Distributions paid from:		
Ordinary income . . . . .	\$10,016,329	\$ 8,485,907
Long-term capital gain . . . . .	9,482,613	9,085,794
Total distributions paid . . . . .	<u>\$19,498,942</u>	<u>\$17,571,701</u>

As of March 31, 2024, investment cost for federal tax purposes was \$324,764,762 and the tax basis components of net assets were as follows:

Unrealized appreciation . . . . .	\$153,417,308
Unrealized depreciation . . . . .	<u>(7,118,440)</u>
Net unrealized appreciation . . . . .	<u>146,298,868</u>
Undistributed ordinary income . . . . .	2,145,414
Accumulated net realized capital gain . . . . .	7,573,832
Other temporary differences . . . . .	(4,907,158)
Paid in capital . . . . .	<u>322,609,177</u>
Net assets . . . . .	<u>\$473,720,133</u>

The difference between financial statement and tax-basis cost is attributable primarily to holdings in partnership interests.

The Fund had no material uncertain tax positions and has not recorded a liability for unrecognized tax benefits as of March 31, 2024. Also, the Fund recognized no interest and penalties related to uncertain tax benefits during the year ended March 31, 2024. At March 31, 2024, the fiscal years 2021 through 2024 remain open to examination in the Fund's major tax jurisdictions.

- (f) The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board ("FASB") ASC 946, "Financial Services – Investment Companies." U.S. GAAP guidance requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.
- (g) In the normal course of business the Fund enters into contracts that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund that have not yet occurred. Based on experience, the Fund expects the risk of loss to be remote.

# Notes to Financial Statements (continued)

March 31, 2024

- (h) In connection with the preparation of the Fund's financial statements, management evaluated subsequent events after the date of the Statement of Assets and Liabilities of March 31, 2024. There have been no material subsequent events since March 31, 2024 that would require adjustment to or additional disclosure in these financial statements.

## **(2) Related Parties —**

- (a) Investment Adviser and Management Agreement —

The Fund has an agreement with Nicholas Company, Inc. (with whom certain officers and directors of the Fund are affiliated) (the "Adviser") to serve as investment adviser and manager. Under the terms of the agreement, a monthly fee is paid to the Adviser based on an annualized fee of 0.70% of the average net asset value up to and including \$50 million and 0.60% of the average net asset value in excess of \$50 million.

The Adviser may be paid for accounting and administrative services rendered by its personnel, subject to the following guidelines: (i) up to five basis points, on an annual basis, of the average net asset value of the Fund up to and including \$2 billion and up to three basis points, on an annual basis, of the average net asset value of the Fund greater than \$2 billion, based on the average net asset value of the Fund as determined by valuations made at the close of each business day of each month, and (ii) where the preceding calculation results in an annual payment of less than \$50,000, the Adviser, in its discretion, may charge the Fund up to \$50,000 for such services.

- (b) Legal Counsel —

A director of the Adviser is affiliated with a law firm that provides services to the Fund. The Fund incurred expenses of \$5,101 for the year ended March 31, 2024 for legal services rendered by this law firm.

## **(3) Investment Transactions —**

For the year ended March 31, 2024, the cost of purchases and the proceeds from sales of investment securities, other than short-term obligations, aggregated \$49,695,461 and \$72,018,952, respectively.

# Report of Independent Registered Public Accounting Firm

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To the shareholders and Board of Directors of Nicholas Equity Income Fund, Inc.

## **Opinion on the Financial Statements and Financial Highlights**

We have audited the accompanying statement of assets and liabilities of Nicholas Equity Income Fund, Inc. (the "Fund"), including the schedule of investments, as of March 31, 2024, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of March 31, 2024, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

## **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of March 31, 2024, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

*Deloitte & Touche LLP*

Milwaukee, Wisconsin  
May 29, 2024

We have served as the auditor of one or more Nicholas investment companies since 1977.

# Historical Record

(unaudited)

	Net Asset Value Per Share	Net Investment Income Distributions Per Share <sup>(2)</sup>	Capital Gain Distributions Per Share <sup>(2)</sup>	Dollar Weighted Price/Earnings Ratio <sup>(3)</sup>	Growth of an Initial \$10,000 Investment <sup>(4)</sup>
November 23, 1993 <sup>(1)</sup> . . .	\$10.00	\$ —	\$ —	—	\$10,000
March 31, 1994 . . . . .	10.04	0.0133	—	14.4 times	10,053
March 31, 1995 . . . . .	10.56	0.2810	—	14.6	10,871
March 31, 1996 . . . . .	12.35	0.3370	—	16.8	13,111
March 31, 1997 . . . . .	12.27	0.4527	0.5483	15.9	14,138
March 31, 1998 . . . . .	14.35	0.5014	0.6586	23.0	18,072
March 31, 1999 . . . . .	12.32	0.4843	0.3278	22.0	16,509
March 31, 2000 . . . . .	11.10	0.4447	0.2392	20.6	15,816
March 31, 2001 . . . . .	11.20	0.1980	—	21.0	16,250
March 31, 2002 . . . . .	12.66	0.1697	—	22.4	18,642
March 31, 2003 . . . . .	9.02	0.1920	—	15.6	13,531
March 31, 2004 . . . . .	12.45	0.1486	—	16.1	18,933
March 31, 2005 . . . . .	13.58	0.2120	—	21.0	20,995
March 31, 2006 . . . . .	13.66	0.3843	0.4259	16.8	22,456
March 31, 2007 . . . . .	15.98	0.3663	0.2138	17.0	27,307
March 31, 2008 . . . . .	12.59	0.3377	2.0340	18.2	25,247
March 31, 2009 . . . . .	8.64	0.4188	—	11.6	17,989
March 31, 2010 . . . . .	13.64	0.3167	—	17.7	29,211
March 31, 2011 . . . . .	15.98	0.3017	0.0041	19.4	34,949
March 31, 2012 . . . . .	15.61	0.4843	0.5318	18.5	36,470
March 31, 2013 . . . . .	17.93	0.4658	0.3584	22.3	44,139
March 31, 2014 . . . . .	19.68	0.4076	0.8054	19.1	51,554
March 31, 2015 . . . . .	20.99	0.4294	0.7468	22.4	58,325
March 31, 2016 . . . . .	18.65	0.4226	0.8980	15.4	55,455
March 31, 2017 . . . . .	20.70	0.3615	0.3955	18.6	64,090
March 31, 2018 . . . . .	20.50	0.5324	0.8782	19.1	67,893
March 31, 2019 . . . . .	18.87	0.5634	2.3904	17.6	73,247
March 31, 2020 . . . . .	15.14	0.2772	2.2405	16.3	66,803
March 31, 2021 . . . . .	21.75	0.2839	0.6929	23.7	100,994
March 31, 2022 . . . . .	21.57	0.3630	2.1970	19.3	112,341
March 31, 2023 . . . . .	19.84	0.3760	0.4038	17.8	107,502
March 31, 2024 . . . . .	21.94	0.4515(a)	0.4264(b)	22.6	124,362

(1) Date of Initial Public Offering.

(2) Rounded.

(3) Based on latest 12 months accomplished earnings.

(4) Assuming reinvestment of all distributions.

(a) Paid \$0.11247807 on May 10, 2023 to shareholders of record on May 9, 2023.

Paid \$0.10860304 on August 2, 2023 to shareholders of record on August 1, 2023.

Paid \$0.10834771 on October 25, 2023 to shareholders of record on October 24, 2023.

Paid \$0.12205516 on December 27, 2023 to shareholders of record on December 26, 2023.

(b) Paid \$0.42642 on May 10, 2023 to shareholders of record on May 9, 2023.

# Approval of Investment Advisory Contract

(unaudited)

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A discussion of the Approval by the Board of Directors of the Fund's Investment Advisory Contract can be found in the Fund's Semiannual Report dated September 30, 2023.

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## Liquidity Risk Management Program

(unaudited)

The Fund has adopted and implemented a liquidity risk management program (the "Program") in accordance with Rule 22e-4 under the 1940 Act. The Program seeks to assess and manage the Fund's liquidity risk, i.e., the risk that the Fund is unable to satisfy redemption requests without significantly diluting remaining investors' interests in the Fund. The Board of Directors of the Fund has designated Nicholas Company, Inc., the Fund's investment adviser, to administer the Program. Certain aspects of the Program rely on third parties to perform certain functions, including the provision of market data and application of models.

The Program is comprised of various components designed to support the assessment and/or management of liquidity risk, including: (1) the periodic assessment (no less frequently than annually) of certain factors that influence the Fund's liquidity risk; (2) the periodic classification (no less frequently than monthly) of the Fund's investments into one of four liquidity categories that reflect an estimate of their liquidity under current market conditions; (3) a 15% limit on the acquisition of "illiquid investments" (as defined under Rule 22e-4); (4) for a Fund that does not invest primarily in "highly liquid investments" (as defined under Rule 22e-4), the determination of a minimum percentage of the Fund's assets that will generally be invested in highly liquid investments (a "Highly Liquid Investment Minimum"); and (5) periodic reporting to the Board of Directors.

At a meeting of the Board of Directors on February 12, 2024, Nicholas Company, Inc. provided a written report to the Board addressing the operation, and the adequacy and effectiveness of the implementation, of the Program, including, as applicable, the operation of any Highly Liquid Investment Minimum and any material changes to the Program, for the period from January 1, 2023 through December 31, 2023 (the "Reporting Period"). Among other things, the annual report discussed: (1) the results of stress tests designed to assess liquidity under a hypothetical stressed scenario involving elevated redemptions; and (2) an assessment of the methodologies used to classify investments into one of four liquidity categories. The report concluded that the Program was reasonably designed to assess and manage liquidity risk and was adequately and effectively implemented during the Reporting Period.

There can be no assurance that the Program will achieve its objectives under all circumstances in the future. Please refer to the Fund's prospectus for more information regarding the Fund's exposure to liquidity risk and other risks to which it may be subject.

# Information on Proxy Voting

(unaudited)

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A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available, without charge, upon request by calling 800-544-6547 or 414-276-0535. It also appears in the Fund's Statement of Additional Information, which can be found on the SEC's website, [www.sec.gov](http://www.sec.gov). A record of how the Fund voted its proxies for the most recent twelve-month period ended June 30, also is available on the Fund's website, [www.nicholasfunds.com](http://www.nicholasfunds.com), and the SEC's website, [www.sec.gov](http://www.sec.gov).

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## Quarterly Portfolio Schedule

(unaudited)

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The Fund files its complete schedule of investments with the SEC for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The Fund's Form N-PORT reports are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.



# Directors and Officers of the Fund

(unaudited)

The following table sets forth the pertinent information about the Fund's directors and officers as of March 31, 2024. Unless otherwise listed, the business address of each director and officer is 411 East Wisconsin Avenue, Milwaukee, WI 53202.

<b>Name and Age</b>	<b>Positions Held With Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupations During Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>	<b>Other Directorships Held by Director</b>
<b>INTERESTED DIRECTOR</b>					
David O. Nicholas, CFA – 62 <sup>(1)</sup>	President, Director and Co-Portfolio Manager	(2), 31 years	President, Chief Executive Officer, Chief Investment Officer and Director, Nicholas Company, Inc., the Adviser to the Fund. He also is the Lead Portfolio Manager of Nicholas Fund, Inc., Nicholas II, Inc. and Nicholas Limited Edition, Inc.	4	None
<b>DISINTERESTED DIRECTORS</b>					
John A. Hauser – 65	Director	(2), 8 years	Chaplain, Door County Medical Center, 2019 to present. Private Investor, January 2018 to present. Senior Vice President – Trust and Community Relations, Nicolet Bank, October 2016 to December 2016. Senior Vice President – Director of Wealth Services, April 2016 to October 2016. Prior to its acquisition by Nicolet Bank in April 2016, Mr. Hauser served in various senior management roles for Baylake Bank from 1984 to 2008 and from 2009 to April 2016.	4	None

# Directors and Officers of the Fund (continued)

(unaudited)

<u>Name and Age</u>	<u>Positions Held With Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupations During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by Director</u>
David P. Pelisek, CFA – 65	Director	(2), 4 years	Private Investor, September 2016 to present. Managing Director, Robert W. Baird & Co., Inc., and Partner, Baird Capital Partners Buyout Funds I–V, January 1994 to May 2016.	4	None
Julie M. Van Cleave – 64	Director	(2), 2 years	Private Investor, July 2020 to present. Chief Investment Officer, University of Wisconsin Foundation, July 2013 to June 2020.	4	None

<u>Name and Age</u>	<u>Positions Held With Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupations During Past 5 Years</u>
<b>OFFICERS</b>			
Lawrence J. Pavelec, CFA – 65	Senior Vice President and Secretary	Annual, 20 years	Executive Vice President, Secretary and Chief Operating Officer, Nicholas Company, Inc., the Adviser to the Fund, and employed by the Adviser since 2003.
Jennifer R. Kloehn, CPA – 50	Senior Vice President, Treasurer and Chief Compliance Officer	Annual, 8 years	Executive Vice President, Treasurer, Chief Financial Officer and Chief Compliance Officer, Nicholas Company, Inc., the Adviser to the Fund, and employed by the Adviser since 1998.

# Directors and Officers of the Fund (continued)

(unaudited)

<b>Name and Age</b>	<b>Positions Held With Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupations During Past 5 Years</b>
Michael L. Shelton, CFA, CPA – 52	Senior Vice President and Lead Portfolio Manager	Annual, 13 years	Senior Vice President and Senior Research Analyst, Nicholas Company, Inc. the Adviser to the Fund. He also is Co-Portfolio Manager of Nicholas Fund, Inc.

- (1) David O. Nicholas is the only director of the Fund who is an “interested person” of the Fund, as that term is defined in the 1940 Act. Mr. Nicholas is a Director of the Adviser and owns 60% of the outstanding voting securities of the Adviser.
- (2) Until duly elected or re-elected at a subsequent annual meeting of the Fund.

The Fund’s Statement of Additional Information includes additional information about the Fund directors and is available, without charge, upon request, by calling 800-544-6547 or 414-276-0535.

# Privacy Policy

(unaudited)

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Nicholas Equity Income Fund, Inc. respects each shareholder's right to privacy. We are committed to safeguarding the information that you provide us to maintain and execute transactions on your behalf.

We collect the following non-public personal information about you:

- \* Information we receive from you on applications or other forms, whether we receive the form in writing or electronically. This includes, but is not limited to, your name, address, phone number, tax identification number, date of birth, beneficiary information and investment selection.
- \* Information about your transactions with us and account history with us. This includes, but is not limited to, your account number, balances and cost basis information. This also includes transaction requests made through our transfer agent.
- \* Other general information that we may obtain about you such as demographic information.

WE DO NOT SELL ANY NON-PUBLIC PERSONAL INFORMATION  
ABOUT CURRENT OR FORMER SHAREHOLDERS.

INFORMATION SHARED WITH OUR TRANSFER AGENT,  
A THIRD PARTY COMPANY, ALSO IS NOT SOLD.

We may share, only as permitted by law, non-public personal information about you with third party companies. Listed below are some examples of third parties to whom we may disclose non-public personal information. While these examples do not cover every circumstance permitted by law, we hope they help you understand how your information may be shared.

We may share non-public personal information about you:

- \* With companies who work for us to service your accounts or to process transactions that you may request. This would include, but is not limited to, our transfer agent to process your transactions, mailing houses to send you required reports and correspondence regarding the Fund and its Adviser, the Nicholas Company, Inc., and our dividend disbursing agent to process fund dividend checks.
- \* With a party representing you, with your consent, such as your broker or lawyer.
- \* When required by law, such as in response to a subpoena or other legal process.

The Fund and its Adviser maintain policies and procedures to safeguard your non-public personal information. Access is restricted to employees who the Adviser determines need the information in order to perform their job duties. To guard your non-public personal information we maintain physical, electronic, and procedural safeguards that comply with federal standards.

In the event that you hold shares of the Fund with a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information would be shared with non-affiliated third parties.

# Automatic Investment Plan — An Update

(unaudited)

The Nicholas Family of Funds' Automatic Investment Plan provides a simple method to dollar cost average into the fund(s) of your choice.

Dollar cost averaging involves making equal systematic investments over an extended time period. A fixed dollar investment will purchase more shares when the market is low and fewer shares when the market is high. The automatic investment plan is an excellent way for you to become a disciplined investor.

The following table illustrates what dollar cost averaging can achieve. Please note that past performance is no guarantee of future results. Nicholas Company recommends dollar cost averaging as a practical investment method. It should be consistently applied for long periods so that investments are made through several market cycles.

	Nicholas Equity Income Fund	
	11/23/1993*	03/31/2014
\$1,000 initial investment on .....		
Number of years investing \$100 each month following the date of initial investment .....	30.4	10
Total cash invested .....	\$37,500	\$13,000
Total dividend and capital gain distributions reinvested .....	\$174,642	\$7,199
Total full shares owned at 03/31/2024 .....	13,459	1,025
Total market value at 03/31/2024 .....	\$295,310	\$22,505

The results above assume purchase on the last day of the month. The Nicholas Automatic Investment Plan actually invests on the date specified by the investor. Total market value includes reinvestment of all distributions.

\* Date of Initial Public Offering.

# Nicholas Funds Services Offered

(unaudited)

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- IRAs
  - Traditional
  - Roth
  - SIMPLE
  - SEP
- Coverdell Education Accounts
- Automatic Investment Plan
- Direct Deposit of Dividend and Capital Gain Distributions
- Systematic Withdrawal Plan
- Monthly Automatic Exchange between Funds
- Telephone Purchase and Redemption
- Telephone Exchange
- 24-hour Automated Account Information (800-544-6547)
- 24-hour Internet Account Access ([www.nicholasfunds.com](http://www.nicholasfunds.com))

Please call a shareholder representative for further information on the above services or with any other questions you may have regarding the Nicholas Funds (800-544-6547).

# Notes

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***Directors and Officers***

DAVID O. NICHOLAS, President and Director

JOHN A. HAUSER, Director

DAVID P. PELISEK, Director

JULIE M. VAN CLEAVE, Director

JENNIFER R. KLOEHN, Senior Vice President,  
Treasurer and Chief Compliance Officer

LAWRENCE J. PAVELEC, Senior Vice President and Secretary

MICHAEL L. SHELTON, Senior Vice President

***Investment Adviser***

NICHOLAS COMPANY, INC.

Milwaukee, Wisconsin

[www.nicholasfunds.com](http://www.nicholasfunds.com)

414-276-0535 or 800-544-6547

***Accountant***

***Dividend Disbursing Agent***

***Transfer Agent***

U.S. BANCORP FUND SERVICES, LLC

Milwaukee, Wisconsin

414-276-0535 or 800-544-6547

***Distributor***

QUASAR DISTRIBUTORS, LLC

Portland, Maine

***Custodian***

U.S. BANK N.A.

Milwaukee, Wisconsin

***Independent Registered Public Accounting Firm***

DELOITTE & TOUCHE LLP

Milwaukee, Wisconsin

***Counsel***

MICHAEL BEST & FRIEDRICH LLP

Milwaukee, Wisconsin

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This report is submitted for the information of shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.