

# **NICHOLAS FUND, INC. - NICSX**

## **STATEMENT OF ADDITIONAL INFORMATION**

411 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202  
414-276-0535  
800-544-6547

This Statement of Additional Information is not a prospectus and contains information in addition to and more detailed than that set forth in the current Prospectus of Nicholas Fund, Inc. (the "Fund"), dated July 29, 2023. It is intended to provide you with additional information regarding the activities and operations of the Fund, and should be read in conjunction with the Fund's current Prospectus, as it may be revised from time to time, and the Fund's [Annual Report](#) for the fiscal year ended March 31, 2023, which are incorporated herein by reference. The Fund's Prospectus provides the basic information you should know before investing in the Fund.

To obtain a free copy of the Fund's Prospectus and Annual or Semiannual Report, please write or call the Fund at the address and telephone number set forth above.

**NO LOAD FUND - NO SALES OR REDEMPTION CHARGE BY THE FUND**

Investment Adviser  
**NICHOLAS COMPANY, INC.**

July 29, 2023

## TABLE OF CONTENTS

	Page
INTRODUCTION .....	1
INVESTMENT OBJECTIVES AND INVESTMENT STRATEGIES .....	1
INVESTMENT RESTRICTIONS.....	2
INVESTMENT RISKS .....	5
THE FUND'S INVESTMENT ADVISER AND ACCOUNTANT .....	6
MANAGEMENT - DIRECTORS AND EXECUTIVE OFFICERS AND PORTFOLIO MANAGERS OF THE FUND .....	8
PROXY VOTING GUIDELINES.....	13
PRINCIPAL SHAREHOLDERS .....	14
PORTFOLIO MANAGERS OF THE FUND .....	15
DISTRIBUTION OF FUND SHARES .....	16
PURCHASE, REDEMPTION AND PRICING OF FUND SHARES .....	16
ANTI-MONEY LAUNDERING PROGRAM .....	17
DIVIDENDS, DISTRIBUTIONS AND FEDERAL TAX STATUS.....	17
PORTFOLIO TRANSACTIONS AND BROKERAGE .....	18
PERFORMANCE DATA.....	21
CAPITAL STRUCTURE .....	22
STOCK CERTIFICATES .....	22
ANNUAL MEETING .....	22
SHAREHOLDER REPORTS .....	22
CUSTODIAN AND TRANSFER AGENT.....	22
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND LEGAL COUNSEL .....	23
FINANCIAL INFORMATION.....	23

## INTRODUCTION

Nicholas Fund, Inc. (the "Fund") was incorporated under the laws of Maryland on July 10, 1968. The Fund is an open-end, diversified management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). This type of investment company is commonly called a mutual fund. As an open-end investment company, it obtains its assets by continuously selling shares of its common stock, \$.50 par value, to the public. Proceeds from such sales are invested by the Fund in securities of other companies. In this manner, the resources of many investors are combined and each individual investor has an interest in every one of the securities owned by the Fund. The Fund provides each individual investor with diversification by investing in the securities of many different companies in a variety of industries and furnishes experienced management to select and watch over its investments. As an open-end investment company, the Fund will redeem any of its outstanding shares on demand of the owner at their net asset value next determined following receipt of the redemption request. The investment adviser to the Fund is Nicholas Company, Inc. (the "Adviser").

## INVESTMENT OBJECTIVES AND INVESTMENT STRATEGIES

The investment objectives and strategies of the Fund described in this Statement of Additional Information ("SAI"), supplement the investment objectives and investment strategies disclosures included in the Fund's Prospectus under the caption "INVESTMENT OBJECTIVE, PRINCIPAL INVESTMENT STRATEGIES, RELATED RISKS AND DISCLOSURE OF PORTFOLIO HOLDINGS." Please read the Prospectus in conjunction with this Statement of Additional Information. Set forth below is additional information on the other Fund investment strategies and permissible investments which the Fund may use in an effort to obtain its primary objectives.

Except as otherwise may be stated, all percentage limitations on the Fund's investment practices apply at the time of an investment or a transaction. Accordingly, except with respect to borrowing and restrictions on illiquid securities, a later change in any percentage resulting from a change in value of the investment or the total value of the Fund's assets will not constitute a violation of such restriction.

### **Certain Other Investment Strategies and Portfolio Investments**

From time to time, the Fund may acquire the securities of unseasoned companies (i.e., companies which have a record of less than three years continuous operation) and securities issued in private placements (i.e., securities not registered for purchase by and sale to the public under the Securities Act of 1933, as amended). These types of investments are made by the Fund when the Adviser believes such investments offer the possibility of capital appreciation. The Fund may not invest more than 5% of the Fund's total assets in the securities of unseasoned companies. In addition, the Fund may not invest more than 10% of the Fund's total assets in bonds, debentures or other debt securities distributed in private placements.

From time to time, the Fund may acquire debt securities and preferred stock that are convertible into or carry rights to acquire common stock, and other debt securities, such as those selling at substantial discounts. The Fund is not limited as to the maturities of the debt securities in which it invests. These types of investments are made by the Fund when the Adviser believes they offer the possibility of appreciation in value.

The Fund may temporarily invest in investment grade and non-investment grade fixed income securities as a temporary defensive measure when conditions warrant. "Investment grade fixed income securities" are fixed income securities ranked in one of the top four debt security rating categories of any of the nationally recognized statistical rating organizations ("NRSROs"), or unrated but deemed by the Adviser to be comparable in quality to instruments so rated on the date of purchase. However, this policy does not prohibit the Fund from retaining a security if its credit quality is downgraded to a non-investment grade level after purchase. The Fund usually will not invest more than 5% of its total assets in non-investment grade fixed income securities. In the case of a temporary defensive position, the Fund may hold up to 100% of its portfolio in cash, cash equivalents or U.S. government securities. During any period in which the Fund maintains such a temporary defensive position, it may not achieve its investment objective.

The Fund may only enter into repurchase agreements with a member bank of the Federal Reserve System or a primary dealer in U.S. Government securities. Under such agreements, the Fund buys U.S. Government securities from the bank or primary dealer and simultaneously agrees to sell the securities back to the bank or primary dealer at a mutually agreed upon time and price. Not more than 20% of the Fund's total net assets, taken at market, may be invested in repurchase agreements; provided, however, that repurchase agreements maturing in more than seven days may not constitute more than 10% of the Fund's total net assets, taken at market.

The Fund may make borrowings but only for temporary or emergency purposes and then only in amounts not in excess of 5% of the lower of cost or market value of its total net assets.

Except as otherwise may be stated, all percentage limitations on the Fund's investment practices apply at the time of an investment or a transaction. Accordingly, except with respect to borrowing and restrictions on illiquid securities, a later change in any percentage resulting from a change in value of the investment or the total value of the Fund's assets will not constitute a violation of such restriction.

### **INVESTMENT RESTRICTIONS**

The Fund has adopted the following restrictions, which are matters of fundamental policy and cannot be changed without the approval of the holders of a majority of its outstanding shares or, if it is less, 67% of the shares represented at a meeting of shareholders at which 50% or more of the holders are represented in person or by proxy.

1. The Fund will not purchase securities on margin, participate in a joint trading account, sell securities short, or act as an underwriter or distributor of securities other than its own capital stock. The Fund will not lend money, except for:
  - (a) the purchase of a portion of an issue of publicly distributed debt securities;
  - (b) investments in repurchase agreements in an amount not to exceed 20% of the total net assets, taken at market, of the Fund; provided, however, that repurchase agreements maturing in more than seven (7) days will not constitute more than 10% of the total net assets, taken at market; and
  - (c) the purchase of a portion of bonds, debentures or other debt securities of types commonly distributed privately to financial institutions in an amount not to exceed 10% of the Fund's total net assets, taken at market.
2. The Fund will not purchase or sell real estate or interests in real estate, commodities or commodity futures. The Fund may invest in the securities of real estate investment trusts, but not more than 10% in value of the Fund's total net assets will be so invested.
3. The Fund may make temporary bank borrowings (not in excess of 5% of the lower of cost or market value of the Fund's total assets) for emergency or extraordinary purposes.
4. The Fund will not pledge any of its assets.
5. Securities of other regulated investment companies will not be purchased, except on the open market where no commission or profits result, other than the broker's commission, or as a part of a plan of merger, consolidation or reorganization approved by shareholders of the Fund. No more than 5% of the value of the Fund's total net assets will be invested in the securities of other regulated investment companies.
6. Investments will not be made for the purpose of exercising control or management of any company. The Fund will not purchase securities of any issuer if, as a result of such purchase, the Fund would hold more than 10% of the voting securities of such issuer.
7. Not more than 5% of the Fund's total net assets, taken at market value, will be invested in the securities of any one issuer (excluding U.S. Government securities).

8. Not more than 25% of the Fund's total assets will be concentrated in companies of any one industry or group of related industries.
9. The Fund will not acquire or retain any security issued by a company, if an officer or director of such company is an officer or director of the Fund, or an officer or director or shareholder or other interested person of the Adviser.
10. The Fund will not issue senior securities.

#### **Investment Restrictions Which May Be Changed Without Shareholder Approval**

The Fund's Board of Directors (the "Board") has adopted the following investment restrictions which may be changed by the Board without shareholder approval:

- No investments are permitted in any securities issued by a company if one or more directors or shareholders or other affiliated persons of its investment adviser beneficially own more than one-half of one percent (0.5%) of such company's stock or other securities, and all of the foregoing persons owning more than one-half of one percent (0.5%) together own more than 5% of such companies stock or security
- Not more than 5% of its total net assets may be invested in equity securities which are not readily marketable and in securities of unseasoned companies (companies which have a record of less than three years' continuous operation)
- No investments are permitted in interests in oil, gas or other mineral exploration programs (but investments in securities of companies engaged in oil, gas or other mineral activities are permitted)
- No investments are permitted in puts, calls, straddles, spreads or any combination thereof
- Not more than 1% of its total net assets may be invested in restricted securities
- No purchase of securities of any company are permitted if, as a result of such purchase, the Fund would hold more than 10% of the voting securities of such company
- No investments are permitted in warrants, valued at the lower of cost or market, which exceed 5% of the value of the Fund's net assets. Included within that amount, but not to exceed 2% of the value of the Fund's net assets, may be warrants which are not listed on the New York or American Stock Exchange. Warrants acquired by the Fund in units or attached to securities may be deemed to be without value

The Board will give advance notice to shareholders of any change to these investment restrictions.

Except as otherwise may be stated, all percentage limitations on the Fund's investment practices apply at the time of an investment or a transaction. Accordingly, except with respect to borrowing and restrictions on illiquid securities, a later change in any percentage resulting from a change in value of the investment or the total value of the Fund's assets will not constitute a violation of such restriction.

## **Portfolio Turnover Rate**

The portfolio turnover rate for the Fund is calculated by dividing the lesser of purchases or sales of portfolio investments for the reporting period by the monthly average value of the portfolio investments owned during the reporting period. The calculation excludes all securities, including options, with maturities or expiration dates at the time of acquisition that are one year or less. Portfolio turnover may vary greatly from year to year as well as within a particular year, and may be affected by changes in the holdings of specific issuers, by cash requirements for redemption of shares and by requirements which enable the Fund to receive favorable tax treatment.

Although the Fund's primary investment strategy does not include investing for the purpose of seeking short-term profits, securities in the portfolio will be sold whenever the investment adviser believes it is appropriate to do so in light of the Fund's investment objective without regard to the length of time a particular security may have been held. For the fiscal year ended March 31, 2023, the turnover rate for the Fund was 15.61% compared to 11.49% for the fiscal year ended March 31, 2022. The year-to-year increase in the portfolio turnover rate was the result of both changes in market conditions and investment opportunities available during the year ended March 31, 2023.

## **Disclosure of Portfolio Holdings**

The Board has approved policies and procedures developed by the Adviser governing the disclosure of the Fund's portfolio holdings. The policies and procedures are reasonably designed to ensure that disclosure of portfolio holdings and information about portfolio holdings is in the best interests of Fund shareholders and consistent with applicable law. In addition, the Fund's policies and procedures are designed to appropriately address the potential for conflicts of interest. There can be no assurance that the policy on portfolio holdings disclosure will be effective in protecting the Fund from the potential misuse of holdings by individuals or firms in possession of that information.

The policy and procedures generally prohibit the disclosure of the Fund's portfolio schedule until it has been made available to the public through regulatory filing with the Securities and Exchange Commission ("SEC") or posted to the Fund's website. The Fund's complete portfolio holdings are made available to the public on a quarterly basis generally no later than 60 days after the end of each calendar quarter end. A summary of the Fund's portfolio composition is also posted to the Fund's website at [www.nicholasfunds.com](http://www.nicholasfunds.com) under the heading "Fact Sheet" generally 10 days or more following a calendar quarter end. This summary composition may include the Fund's top ten holdings and a breakdown by sector.

The policy and procedures provide for certain exceptions to the portfolio holdings release policy described above where (i) disclosures are made for legitimate business purposes, (ii) recipients are subject to a duty of confidentiality and (iii) recipients are subject to a duty to refrain from trading based on the disclosed information or otherwise using the information except as necessary in providing services to the Fund. At the time, the Fund has ongoing arrangements for the disclosure of portfolio holdings for legitimate business purposes with:

1. Designated employees of the Fund's Adviser in the course of performing daily operations of the Fund, including but not limited to, portfolio analysis, compliance and administration, who receive such information daily.
2. Various service providers that require such information in order to assist the Fund with its operations: the Fund's custodian, currently U.S. Bank N.A., firm providing accounting services, currently U.S. Bancorp Fund Services, LLC, doing business as U.S. Bank Global Fund Services ("Fund Services"), independent registered public accounting firm, currently Deloitte & Touche LLP, legal counsel, currently Michael Best & Friedrich LLP, order management system, currently Linedata Services Inc., and proxy voting service, currently Institutional Shareholder Services Inc. U.S. Bank N.A, Fund Services, Linedata Services Inc. and Institutional Shareholder Services Inc. receive such information on a daily basis, while Deloitte & Touche LLP and Michael Best & Friedrich LLP receive such information as necessary in connection with professional services provided to the Fund.

3. Financial printers in connection with the printing of Fund publications for distribution to shareholders. Information is provided to printers as soon as practicable after completion of a required reporting period or a reasonable period before a publication target date.
4. Portfolio analysis services: Bloomberg and FactSet Research Systems Inc. Such information is provided daily.
5. Rating and ranking organizations in connection with those firms' research on and classification of the Fund and in order to gather information about how the Fund attributes (such as turnover and industry and sector diversification) compare with those of peer funds, currently provided within 15 days of month-end: Refinity, Mellon Analytical Solutions and Morningstar, Inc.

The Adviser's compliance committee, which is comprised of the Chief Compliance Officer and members of the Adviser's compliance committee designated by the Chief Compliance Officer, have the authority to authorize portfolio disclosures to other third-party service providers not included herein, such as, rating and ranking organizations and intermediaries that may distribute the Fund's shares. Each initial disclosure to an entity or organization of the Fund's portfolio holdings must be authorized by the Chief Compliance Officer or a member of the Adviser's compliance committee designated by the Chief Compliance Officer in accordance with policies and procedures adopted by the Adviser designed to ensure compliance with the 1940 Act and the Investment Advisor's Act of 1940.

The Fund and its Adviser do not receive compensation or other consideration relating to the disclosure of information about the Fund's portfolio securities.

The Fund's Board of Directors will review this policy periodically as part of its ongoing oversight of the Fund's compliance program in addition to receiving periodic reports from the Chief Compliance Officer as to the disclosures made under this policy. The Adviser's compliance committee will review compliance with and the effectiveness of the policies and procedures on an ongoing basis.

## INVESTMENT RISKS

*This section contains a summary description of the risks of other investment strategies and related investments of the Fund as discussed in this Statement of Additional Information. For a description of the principal risks of investing in the Fund, please see the " INVESTMENT OBJECTIVE, PRINCIPAL INVESTMENT STRATEGIES, RELATED RISKS AND DISCLOSURE OF PORTFOLIO HOLDINGS" section in the Fund's Prospectus. As with any mutual fund, there can be no guarantee that the Fund will meet its goals or that you will not lose money on your investment. There is no guarantee that the Fund's performance will be positive over any period of time.*

**Other Risks Related to Certain Portfolio Investments and Strategies.** Although the Fund generally will invest in the common stocks of large- and medium-sized companies, certain investments the Fund may acquire and certain investment techniques the Fund may use entail other risks:

**Liquidity, Information and Valuation Risks of Certain Portfolio Investments.** Securities of unseasoned companies and securities issued in private placements, which may be acquired by the Fund from time to time, may be illiquid or volatile making it potentially difficult or impossible to sell them at the time and at the price the Fund would like. In addition, important information about these types of companies, securities or the markets in which they trade may be inaccurate or unavailable. Consequently, it may be difficult to value accurately these securities as well.

**Debt Securities and Preferred Stock.** From time to time, the Fund may acquire debt securities and preferred stock that are convertible into or carry rights to acquire common stock, and other debt securities, such as those selling at substantial discounts. Debt securities, such as bonds, involve credit risk, which is the risk that the borrower will not make timely payments of principal and interest. Debt securities also are subject to interest rate risk, which is the risk that the value of the security may fall when interest rates rise. In general, the market price of debt securities with longer maturities will move up or down in response to changes in interest rates more than

shorter-term securities. The Fund may invest in both short-term and long-term securities. The Fund is not limited as to the maturities of the debt securities in which it invests. The value of preferred stock and debt securities convertible into common stock generally will be affected by its stated dividend rate or interest rate, as applicable, and the value of the underlying common stock. As a result of the conversion feature, the dividend rate or interest rate on convertible preferred stock or convertible debt securities generally is less than would be the case if the security were not convertible. Therefore, the value of convertible preferred stock and debt securities will be affected by the factors that affect both equity securities (such as stock market movements generally) and debt securities (such as interest rates). Some convertible securities might require the Fund to sell the securities back to the issuer or a third party at a time that is disadvantageous to the Fund.

**Fixed Income Securities.** The Fund's investments in investment grade and non-investment grade fixed income securities may carry some risk. Investment grade fixed income securities described in the fourth category of the NRSROs possess speculative characteristics. In addition, non-investment grade securities tend to reflect individual corporate developments to a greater extent, tend to be more sensitive to economic conditions and tend to have a weaker capacity to pay interest and repay principal than higher rated securities. Because the market for lower rated securities may be thinner and less active than for higher rated securities, there may be market price volatility for these securities and limited liquidity in the resale market. Factors adversely impacting the market value of the Fund investments in fixed income securities also may adversely impact the Fund's net asset value.

**Repurchase Agreements.** While the underlying obligation of a repurchase agreement purchased by the Fund is a U.S. Government security, the obligation of the seller to repurchase the security is not guaranteed by the U.S. Government. Delays or losses could result if the bank or primary dealer defaults on its repurchase obligation or becomes insolvent, which could adversely impact the Fund's net asset value.

**Borrowings.** The use of borrowings can increase the Fund's exposure to market risk. If the Fund borrows money to make more investments than it otherwise could or to meet redemptions, the Fund's share price may be subject to greater fluctuation until the borrowing is paid off.

In view of the risks inherent in all investments in securities, there is no assurance that the Fund's objectives will be achieved.

## THE FUND'S INVESTMENT ADVISER AND ACCOUNTANT

Nicholas Company, Inc., located at 411 East Wisconsin Avenue, Milwaukee, Wisconsin 53202, is the Fund's investment adviser. The Adviser furnishes the Fund with continuous investment service and is responsible for overall management of the Fund's business affairs, subject to supervision by the Fund's Board of Directors. The Adviser is the investment adviser to three other mutual funds and to numerous institutions and individuals with substantial investment portfolios.

The annual fee paid to the Adviser is paid monthly and is based on the average net asset value of the Fund as determined by valuations made at the close of each business day of the month. The annual fee is seventy-five one hundredths of one percent (0.75 of 1%) of the average net asset value of the Fund up to and including \$50,000,000 and sixty-five one hundredths of one percent (0.65 of 1%) of the average net asset value in excess of \$50,000,000. As of the fiscal year ended March 31, 2023, total net assets of the Fund were \$3,256,213,041. During the fiscal years ended March 31, 2023, 2022 and 2021, the Fund paid the Adviser an aggregate of \$20,408,553, \$23,693,950 and \$19,667,325, respectively, in fees.

Under an Investment Advisory Agreement with the Fund, the Adviser, at its own expense and without reimbursement from the Fund, furnishes the Fund with office space, office facilities, executive officers and executive expenses (such as health insurance premiums for executive officers). The Adviser also pays all sales and promotional expenses of the Fund, other than expenses incurred in complying with laws regulating the issue or sale of securities. In addition, the Fund is required to pay for all of its operating expenses, including, but not limited to, the costs of preparing and printing its registration statements required under the Securities Act of 1933 and the 1940 Act, and any amendments thereto, the expense of registering its shares with the Securities and Exchange Commission and in the various states, the printing and distribution costs of prospectuses mailed to existing shareholders and to persons making unsolicited requests for information, the cost of stock certificates, reports to



shareholders, interest charges, taxes and legal fees and expenses. Other operating expenses that the Fund is required to pay under the Investment Advisory Agreement include accounting and administrative services provided to the Fund by the Adviser. On July 24, 2006, the Board of Directors, including a majority of the independent directors, approved a proposal by the Adviser in accordance with the terms of the Investment Advisory Agreement, 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. Without regard to the actual expenses charged to the Fund by the Adviser, the quality and quantity of services may not be reduced and must be consistent with past practice. During the fiscal years ended March 31, 2023, 2022 and 2021, the Fund paid the Adviser an aggregate of \$403,586, \$745,630 and \$652,707, respectively, in accounting and administrative fees. Prior to November 1, 2004, with limited exceptions, the Adviser did not charge, and was not paid by the Fund, for providing such services. Also included as operating expenses that are paid by the Fund are fees of directors who are not interested persons of the Adviser or officers or employees of the Fund, salaries of administrative and clerical personnel, association membership dues, auditing, accounting and tax consulting services, fees and expenses of any custodian or trustees having custody of Fund assets, printing and mailing expenses, postage and charges and expenses of dividend disbursing agents, registrars and stock transfer agents, including the cost of keeping all necessary shareholder records and accounts and handling any problems related thereto, and certain other costs related to the aforementioned items.

The Investment Advisory Agreement with the Adviser is not assignable and may be terminated by either party, without penalty, on 60 days' notice. Otherwise, the Investment Advisory Agreement continues in effect so long as it is approved annually by (i) the Board of Directors or by a vote of a majority of the outstanding shares of the Fund and (ii) in either case, by the affirmative vote of a majority of directors who are not parties to the Investment Advisory Agreement or "interested persons" of the Adviser or of the Fund, as defined in the 1940 Act, cast in person at a meeting called for the purpose of voting for such approval.

David O. Nicholas, President, Lead Portfolio Manager and a Director of the Fund, is President, Chief Executive Officer, Chief Investment Officer and a Director of the Adviser, and is a controlling person of the Adviser through his ownership of 60% of the outstanding voting securities of the Adviser. Michael L. Shelton, Senior Vice President and Co-Portfolio Manager of the Fund, is a Senior Vice President of the Adviser. Jeffrey J. Strong, Senior Vice President and Co-Portfolio Manager of the Fund, is a Vice President of the Adviser. Lynn S. Nicholas is Senior Vice President of the Adviser. David O. Nicholas and Lynn S. Nicholas are siblings. Lawrence J. Pavelec, Senior Vice President and Secretary of the Fund, is Executive Vice President, Secretary and Chief Operating Officer of the Adviser. Candace L. Lesak, Vice President of the Fund, is an employee of the Adviser. Jennifer R. Kloehn, Senior Vice President, Treasurer and Chief Compliance Officer of the Fund, is Executive Vice President, Treasurer, Chief Financial Officer and Chief Compliance Officer of the Adviser. K. Thor Lundgren, 790 N. Water Street, Milwaukee, Wisconsin, is a Director of the Adviser. Mr. Lundgren is of counsel with the law firm of Michael Best & Friedrich LLP, Milwaukee, Wisconsin, legal counsel to the Fund and the Adviser.

Effective April 1, 2022, Fund Services serves as an accountant to the Fund. In connection with its duties as an accountant, Fund Services prepares and maintains the books, accounts and other documents required by the 1940 Act, calculates each Fund's net asset value, furnishes statistical and research data, clerical, accounting and bookkeeping services and stationery and office supplies, and keeps and maintains the Fund's financial accounts and records. For these services, Fund Services receives an asset-based fee. Effective April 1, 2022, Fund Services also serves as a sub-administrator for the Fund and for these services, Fund Services also receives an asset-based fee. In connection with its duties as a sub-administrator, Fund Services provides digital fund data, performance reporting, quarterly IRS compliance testing and tax services to the Fund and combined with its duties as an accountant of the Fund, generally assists in all aspects of the Fund's accounting.

## **MANAGEMENT - DIRECTORS AND EXECUTIVE OFFICERS AND PORTFOLIO MANAGERS OF THE FUND**

The overall operations of the Fund are conducted by the officers of the Fund under the control and direction of its Board of Directors. The Board of Directors governs the Fund and is responsible for protecting the interests of shareholders. The Board of Directors consists of individuals who meet periodically throughout the year to oversee the Fund's activities and review the Fund's performance. This review also includes a periodic review of the fees charged to the Fund. The following table sets forth the pertinent information about the Fund's officers and directors as of June 30, 2023. Unless otherwise listed, the business address of each director and officer is 411 East Wisconsin Avenue, Milwaukee, WI 53202. For each Director, information concerning the number of other directorships/trusteeships held by the Director has also been included. Each Director's education, professional training, business, not-for-profit and/or public service background and commitment to participation on the Board and to the interests of Fund shareholders contribute to his qualification to serve on the Board. In addition, the Directors have the following specific experience, qualifications, attributes and skills that are related to each Director's service in light of the Fund's business and structure:

Mr. David O. Nicholas has more than twenty years of experience in advising the Fund, as well as over thirty years of investment management experience in other funds and private accounts.

Mr. John A. Hauser has extensive business experience, including experience related to banking, investment management and financial matters.

Mr. David P. Pelisek has extensive business experience, including experience related to investment management and financial matters.

Ms. Julie M. Van Cleave has extensive business experience, including board service and experience related to financial matters, investment management and risk management.

The Board is comprised of three Independent Directors, i.e., directors who are not "interested persons" as defined in the 1940 Act, and one interested director. Information for the Independent Directors is set forth separately from information for the Interested Director below. The chairman of the Board, John A. Hauser, is an independent director. The role of the chairman includes, among other things, coordinating communications with management and other service providers and assisting with administration of Board operations. The Board's oversight function involves supervision of the Adviser and the Fund's operations and its compliance program, with particular focus on risk management, through periodic Board reporting. The Board's role in overseeing the Fund's general risks includes receiving performance reports for the Fund and risk management reports from the Fund's Chief Compliance Officer at each regular Board meeting and regularly receiving reports regarding significant compliance risks. The Board plays a key role overseeing the Fund's financial reporting and valuation risks.

The standing committees of the Fund's Board of Directors include an Audit Committee and a Nominating and Governance Committee. Both committees consist of all the Independent Directors, namely John A. Hauser, David P. Pelisek and Julie M. Van Cleave. Mr. Pelisek serves as chairman of the Audit Committee. The Board has determined that Mr. Pelisek is an Audit Committee financial expert. Mr. Hauser serves as chairman of the Nominating and Governance Committee.

The Audit Committee is responsible for selecting the independent registered public accounting firm for the Fund and oversees the preparation of the Fund's financial statements. In this capacity, the Audit Committee meets at least annually with the independent registered public accounting firm to discuss any issues surrounding the preparation and audit of the Fund's financial statements. The Audit Committee also discusses with the independent registered public accounting firm the strengths and weaknesses of the systems and operating procedures employed in connection with the preparation of the Fund's financial statements, pricing procedures and the like, as well as the performance and cooperation of staff members responsible for these functions.

The Audit Committee is primarily responsible for overseeing with Fund management the Fund’s major financial risk exposures, including the risk of fraud or error, and the steps management has taken to monitor and control these exposures, including the Fund’s risk assessment and risk management policies and to aid its oversight and evaluation, the Audit Committee obtains regular periodic reports and other information from the Fund’s management and Chief Compliance Officer regarding the Fund’s operations. While the Board provides risk oversight, the management of the Fund’s risks is carried out on a day-to-day basis by the Adviser, and other Fund service providers. Although the risk management policies and procedures of the Adviser and other Fund service providers are reasonably designed to be effective, there can be no guarantee that they will be effective. The Audit Committee held three meetings during the fiscal year ended March 31, 2023.

The Nominating and Governance Committee nominates candidates for appointment to the Board of Directors to fill vacancies and to nominate candidates for election and re-election to the Board as and when required. The Nominating and Governance Committee generally accepts recommendations for nominations by shareholders of the Fund made within one year prior to the appointment or election of a Director. The Nominating and Governance Committee is also responsible for general governance matters of the Board, such as identifying and recommending best practices, policies, and procedures for the Board. Nominations should be sent to Nicholas Company, Inc., Attention: Chief Compliance Officer, 411 East Wisconsin Avenue, Suite 2100, Milwaukee, WI 53202. The Nominating and Governance Committee held three meetings during the fiscal year ended March 31, 2023.

<u>Name, Age and Address</u> <u>INTERESTED DIRECTOR</u>	<u>Positions Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupations during Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by Director during Past Five Years</u>
David O. Nicholas, 62 (1)	President, Director and Lead Portfolio Manager	(2), 6 years	President, Chief Executive Officer, Chief Investment Officer and Director, Nicholas Company, Inc., the Adviser to the Fund and employed by the Adviser since 1986. He has been Portfolio Manager for, and primarily responsible for the day-to-day management of the portfolios of the Nicholas II, Inc. and Nicholas Limited Edition, Inc. since March 1993 and Co-Portfolio Manager of Nicholas Equity Income Fund, Inc. and Lead Portfolio Manager of Nicholas Fund, Inc. since August 2016. He served as Associate Portfolio Manager of Nicholas Fund, Inc. from April 2011 to August 2016. He is a Chartered Financial Analyst.	4	None

<u>Name, Age and Address</u>	<u>Positions Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupations during Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by Director during Past Five Years</u>
<b><u>DISINTERESTED DIRECTORS</u></b>					
John A. Hauser, 64	Director	(2), 6 years	Chaplain, Door County Medical Center, 2019 to present. Private Investor, January 2017 to present. Senior Vice President – Trust and Community Relations, Nicolet Bank, October 2016 to December 2016. Senior Vice President – Director of Wealth Services, Nicolet Bank, 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
David P. Pelisek, 64	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), 1 year	Private Investor, July 2020 to present. Chief Investment Officer, University of Wisconsin Foundation, July 2013 to June 2020.	4	None
<b><u>OFFICERS</u></b>					
Lawrence J. Pavelec, 64	Senior Vice President	Annual, 18 years	Executive Vice President, Chief Operating Officer and Secretary, Nicholas Company, Inc., the Adviser to the Fund, and employed by the Adviser since April 2003. He was Portfolio Manager for and primarily responsible for the day-to-day management of the portfolio of Nicholas High Income Fund, Inc. from April 2008 until the fund's liquidation in July 2020. He is a Chartered Financial Analyst.	N/A	N/A

<u>Name, Age and Address</u>	<u>Positions Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupations during Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by Director during Past Five Years</u>
Jennifer R. Kloehn, 49	Senior Vice President, Treasurer and Chief Compliance Officer	Annual, 7 years	Executive Vice President, Treasurer, Chief Financial Officer and Chief Compliance Officer, Nicholas Company, Inc., the Adviser to the Fund. Compliance Officer and Assistant Vice President, Nicholas Company, Inc., July 2004 to April 2016 and employed by the Adviser since 1998. She is a Certified Public Accountant.	N/A	N/A
Michael L. Shelton, 51	Senior Vice President and Co-Portfolio Manager	Annual, 7 years	Senior Vice President, Nicholas Company, Inc., the Adviser to the Fund, since May 2017 and employed by the Adviser since July 2006. He has been Lead Portfolio Manager for and primarily responsible for the day-to-day management of the portfolio of the Nicholas Equity Income Fund, Inc. since August 2016. He served as Co-Portfolio Manager of Nicholas Equity Income Fund, Inc. from April 2011 to August 2016. He is a Chartered Financial Analyst and Certified Public Accountant.	N/A	N/A

<u>Name, Age and Address</u>	<u>Positions Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupations during Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by Director during Past Five Years</u>
Jeffrey J. Strong, 39	Senior Vice President and Co-Portfolio Manager	Annual, 2 years	Vice President, Nicholas Company, Inc., the Adviser to the Fund. Co-Portfolio Manager (effective July 29, 2021) of the Fund and employed by Nicholas Company, Inc. since April 2021. He was a portfolio manager at the State of Wisconsin Investment Board from September 2018 to April 2021, and research analyst at Heartland Advisors from February 2017 to September 2018 and at BMO Asset Management Corp from September 2006 to October 2016. He is a Chartered Financial Analyst.	N/A	N/A
Candace L. Lesak, 65	Vice President	Annual, 38 years	Employee, Nicholas Company, Inc., the Adviser to the Fund, since 1983. She is a Certified Financial Planner Emeritus.	N/A	N/A

- (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 because Mr. Nicholas is Chief Executive Officer and 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.

See "The Fund's Investment Adviser" for a description of the relationships of the officers of the Fund to the Adviser and the family relationships between directors of the Adviser and officers and directors of the Fund.

The table below sets forth the aggregate dollar range of shares owned beneficially by each director of the Fund as of December 31, 2022. In addition, the table sets forth the dollar range of shares beneficially owned by each director of the other mutual funds that Nicholas Company, Inc. advises and are overseen by such director as of December 31, 2022.

<u>Name of Director</u>	<u>Dollar Range of Equity Securities in the Fund</u>	<u>Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Director in Family of Investment Companies</u>
David O. Nicholas	Over \$100,000	Over \$100,000
John A. Hauser	Over \$100,000	Over \$100,000
David P. Pelisek	None	Over \$100,000
Julie M. Van Cleave	None	None

The Investment Advisory Agreement between the Fund and Nicholas Company, Inc. states that the Fund shall pay the directors' fees of directors who are not interested persons of Nicholas Fund, Inc. The amount of such fees is subject to increase or decrease at any time.

The table below sets forth the aggregate compensation received by all directors of the Fund during the fiscal year ended March 31, 2023. No officers of the Fund receive any compensation from the Fund, but rather, are compensated by the Adviser in accordance with its Investment Advisory Agreement with the Fund.

<u>Name</u>	<u>Aggregate Compensation from the Fund (1)</u>	<u>Pension or Retirement Benefits Accrued as Part of Fund Expenses</u>	<u>Estimated Annual Benefits Upon Retirement</u>	<u>Total Compensation from Fund and Fund Complex Paid to Directors (1)</u>
David O. Nicholas (2)	\$ 0.00	\$0	\$0	\$ 0.00
John A. Hauser (2)	15,150.00	0	0	38,650.00
David P. Pelisek (2)	15,150.00	0	0	38,650.00
Julie M. Van Cleave (2)	15,150.00	0	0	38,650.00

- (1) For the fiscal year ended March 31, 2023, the Fund compensated the disinterested directors at a rate of \$3,787.50 per meeting attended. The disinterested directors did not receive any other form or amount of compensation from the Fund Complex during the fiscal year ended March 31, 2023. All other directors and officers of the Fund were compensated by the Adviser in accordance with its Investment Advisory Agreement.
- (2) Messrs. Nicholas, Hauser, Pelisek and Ms. Van Cleave also are members of the Board of Directors of Nicholas II, Inc., Nicholas Limited Edition, Inc. and Nicholas Equity Income Fund, Inc.

The Fund and the Adviser adhere to Codes of Ethics ("Codes") established and adopted by their Boards of Directors pursuant to Rule 17j-1 under the 1940 Act. The Codes govern the personal trading activities of all "Access Persons" of the Fund and the Adviser. Access Persons include every director and officer of the Adviser and the investment companies managed by the Adviser, including the Fund, as well as certain employees of the Adviser and Fund who, in connection with their regular functions and duties, make, participate in, or obtain information regarding the purchase or sale of a security by the Adviser or the Fund, or whose functions relate to the making of a recommendation with respect to such purchases or sales. The Codes are based on the principle that such Access Persons have a fiduciary duty to place the interests of the Fund and the Adviser's clients above their own.

The Codes provide for trading "black out" periods of fifteen calendar days during which time Access Persons may not trade in securities which have been purchased or sold, or are being considered for purchase or sale, by the Fund or any other registered investment company or account to which the Adviser serves as investment adviser, unless the transaction is pre-approved by the Fund or the Adviser, as applicable. In addition, the Codes ban Access Persons from engaging in any manipulative or deceptive practices in connection with certain securities held or to be acquired by the Fund. The Codes also require that Access Persons obtain pre-approval prior to investing in any initial public offering or private placement.

### **PROXY VOTING GUIDELINES**

As a shareholder of the companies in which the Fund invests, the Fund receives proxies to vote at those companies' annual or special meetings. The Fund has adopted Proxy Voting Policies and Procedures ("Proxy Voting Policies") pursuant to which the Fund votes shares owned by the Fund. The Fund always endeavors to vote proxies relating to portfolio securities in accordance with its best judgment as to the advancement of the Fund's investment objectives. The Fund's management reviews the Proxy Voting Policies annually.

Subject to the Board's oversight, the Fund has final authority and fiduciary responsibility for voting proxies received by the Fund; however, it has delegated the implementation of the Fund's Proxy Voting Policies to a proxy voting service that is not affiliated with the Fund or its Adviser. In general, the Fund will vote in accordance with the proxy voting recommendations of Institutional Shareholder Services Inc. ("ISS"). ISS is an independent firm that specializes in providing a variety of fiduciary-level proxy-related services to institutional investment managers, plan sponsors, custodians, consultants and other institutional investors. ISS services provided include in-depth research, global issuer analysis and voting recommendations. While the Fund generally will review and utilize the recommendations of ISS in making voting decisions, the Fund is in no way obligated to follow such recommendations. In addition to research and recommendations, ISS provides vote execution, reporting and recordkeeping.

The following is a summary of the manner in which the Fund would normally expect to vote on certain matters that typically are included in the proxies that the Fund receives each year; however, each proxy needs to

be considered separately and the Fund's vote may vary depending upon the actual circumstances presented. Proxies for extraordinary matters, such as mergers, reorganizations and other corporate transactions, are necessarily considered on a case-by-case basis in light of the merits of the individual transactions.

**Election of Directors, Corporate Governance and Routine Matters.** Generally, the Fund supports the company's nominees to serve as directors. The Fund generally supports management on routine corporate matters and matters relating to corporate governance. For example, the Fund generally expects to support management on the following matters: provisions of the corporate charter addressing indemnification of directors and officers; stock repurchase plans; and the selection of independent accountants. The types of matters on corporate governance that the Fund would expect to vote against include: the issuance of preferred shares where the board of directors has complete freedom as to the terms of the preferred; the adoption of a classified board; the adoption of poison pill plans or similar anti-takeover measures; and the authorization of a class of shares not held by the Fund with superior voting rights.

**Compensation Arrangements and Stock Option Plans.** The Fund reviews on a case-by-case basis, utilizing ISS research, compensation arrangements and the establishment of stock option plans. The Fund generally believes, if its view of management is favorable enough that the Fund has invested in the company, arrangements that align the interests of management and shareholders are beneficial to long-term performance. However, some arrangements or plans have features that the Fund would oppose. For example, the Fund would vote against an option plan that has the potential to unreasonably dilute the interests of existing shareholders, permit equity overhang that exceed certain levels or that allow for the repricing of outstanding options.

**Social Policy Based Proposals.** The Fund considers proposals relating to social, political and environmental issues on a case-by-case basis to determine whether they will have a financial impact on shareholder value. However, the Fund generally votes against proposals requesting reports that are duplicative, related to matters that are not material to the business or that would impose unnecessary or excessive costs.

If the Fund's management believes that a material conflict of interest exists with respect to its exercise of any proxy received by the Fund, the Fund will generally rely on the recommendations of the independent proxy voting service. The Adviser's compliance staff will review any votes where a potential conflict exists and the Fund does not rely on the proxy voting services recommendations. A material conflict of interest may arise, for example, if the company to which the proxy relates is a client of the Adviser or one of its affiliates or if the Adviser or one of its affiliates has a material business relationship with that company.

In August of each year the Fund files with the SEC information regarding the voting of proxies by the Fund for the 12-month period ending the preceding June 30th. Shareholders will be able to view such filings without charge on the SEC's website at <http://www.sec.gov> or at the Fund's website at <http://www.nicholasfunds.com>. Shareholders may also obtain a copy of the Proxy Voting Policies by contacting the Fund at 800-544-6547 (toll-free).

## PRINCIPAL SHAREHOLDERS

Set forth below are the names and addresses of all holders of the Fund's shares who as of June 30, 2023 own of record, or are known by the Fund to own beneficially, 5% or more of the Fund's shares. These holders are referred to as principal shareholders.

Charles Schwab & Co., Inc. Custody Account for the Exclusive Benefit of its Customers, 211 Main Street, San Francisco, California 94105, owned of record 2,868,308 shares of the Fund, or 6.53%, as of June 30, 2023.

National Financial Services Corp. for the Exclusive Benefit of Our Customers, 499 Washington Boulevard, Jersey City, New Jersey, 07310, owned of record 2,710,150 shares of the Fund, or 6.17%, as of June 30, 2023.

No other persons are known to the Fund to own beneficially or of record 5% or more of the shares of the Fund as of June 30, 2023. All directors and executive officers of the Fund as a group (9 persons) beneficially own 0.73% of the outstanding shares of the Fund as of June 30, 2023.



## PORTFOLIO MANAGERS OF THE FUND

For the fiscal year ended March 31, 2023, Mr. David O. Nicholas was the Lead Portfolio Manager of the Fund and was primarily responsible for the day-to-day management of the Fund and Messrs, Michael L. Shelton and Jeffrey J. Strong were the Co-Portfolio Managers of the Fund. The following table identifies the number of accounts (other than the Fund) for which they are primarily responsible for the day-to-day management of and total assets of other such accounts within each of the following categories: registered investment companies, other pooled investment vehicles, and other accounts as of March 31, 2023.

<b>Portfolio Manager</b>	<b>Registered Investment Companies, Pooled Investment Vehicles and Other Accounts</b>
David O. Nicholas	3 registered investment companies with \$1,845.0 million in total assets under management and no pooled investment vehicles or other accounts
Michael L. Shelton	1 registered investment company with \$442.3 million in total assets under management and no pooled investment vehicles or other accounts
Jeffrey J. Strong	None

There are no accounts with respect to which the advisory fees are based on the performance of the account.

Material conflicts of interest may arise when the Fund's portfolio manager also has day-to-day management responsibilities with respect to one or more other funds or other accounts, as is the case for Messrs. Nicholas and Shelton. These potential conflicts include:

**Allocation of Limited Time and Attention.** A portfolio manager who is responsible for managing multiple funds and/or accounts may devote unequal time and attention to the management of those funds and/or accounts. The effects of this potential conflict may be more pronounced where funds and/or accounts overseen by a particular portfolio manager have different investment strategies.

**Pursuit of Differing Strategies.** At times, a portfolio manager may determine that an investment opportunity may be appropriate for only some of the funds and/or accounts for which he exercises investment responsibility, or may decide that certain of the funds and/or accounts should take differing positions with respect to a particular security. In these cases, the portfolio manager may place separate transactions for one or more funds or accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment or benefit of one or more other funds and/or accounts.

**Selection of Brokers - Dealers.** Portfolio managers may be able to select or influence the selection of the brokers and dealers that are used to execute securities transactions for the funds and/or accounts that they supervise. In addition to executing trades, some brokers and dealers provide portfolio managers with brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934), which may result in the payment of higher brokerage fees than might have otherwise been available. These services may be more beneficial to certain funds or accounts than to others. Although the payment of brokerage commissions is subject to the requirement that the portfolio manager determine in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided to the fund, a portfolio manager's decision as to the selection of brokers and dealers could yield disproportionate costs and benefits among the funds and/or accounts that he manages.

The Adviser and the Fund have adopted compliance policies and procedures that are designed to address various conflicts of interest that may arise for the Adviser and the individuals that it employs. For example, the Adviser has adopted trade allocation procedures that are designed to facilitate the fair allocation of limited investment opportunities among multiple funds and accounts. There is no guarantee, however, that the policies and procedures adopted by the Adviser and the Fund will be able to detect and/or prevent every situation in which an actual or potential conflict may appear.

The Fund's Portfolio Managers are employed and compensated by the Fund's Adviser, not the Fund. The Adviser compensates its portfolio managers based on the investment performance results of the funds and accounts they manage, the value of the assets in the funds and accounts they manage, in addition to the profitability of the Adviser. As of the Fund's most recently completed fiscal year, March 31, 2023, the Fund's Portfolio Managers' compensation consisted of a base salary and an annual discretionary bonus. The Adviser reviews the base salary of each Portfolio Manager annually to ensure that it reflects their performance, is competitive within the industry and coincides with the skill level necessary to manage the Fund. The annual discretionary bonus is determined by the Adviser's Board of Directors based on a number of subjective and objective factors believed by the Adviser's Board of Directors to be material to its decision. Those factors that may be considered include, without limitation, the Fund's relative and actual long-term, intermediate, and short-term performance before taxes, the Fund's performance relative to its benchmarks and peer group, and the portfolio manager's overall contributions to the organization. The benchmarks and peer groups that the Adviser's Board of Directors may consider are determined annually in the board's discretion and may include, without limitation, the Standard and Poor's Indices and the Russell Indices.

The table below identifies beneficial ownership (in accordance with Rule 16a-1(a)(2) of the Securities Exchange Act of 1934) of the Fund's shares by the Portfolio Managers as of March 31, 2023.

<b>Portfolio Managers</b>	<b>Dollar Range of Ownership of Securities</b>
David O. Nicholas	Over \$1,000,000
Michael L. Shelton	\$500,001 \$1,000,000
Jeffrey J. Strong	\$50,001 \$100,000

#### **DISTRIBUTION OF FUND SHARES**

Quasar Distributors, LLC (the "Distributor"), 111 East Kilbourn Avenue, Milwaukee, Wisconsin, 53202, is the distributor of the Fund's shares pursuant to a Distributor Agreement dated May 1, 2005, as amended on March 31, 2020 and September 30, 2021. The Distributor is a registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA"). The shares are offered on a continuous basis and the Distributor distributes the shares on a "best efforts" basis.

#### **PURCHASE, REDEMPTION AND PRICING OF FUND SHARES**

The sections captioned "PURCHASE OF FUND SHARES" and "REDEMPTION AND EXCHANGE OF FUND SHARES" in the Fund's Prospectus discuss how you may purchase, redeem or exchange shares of the Fund and are incorporated into this SAI by reference.

Although not anticipated, it is possible that conditions may arise in the future which would, in the opinion of the Fund's Adviser or Board of Directors, make it undesirable for the Fund to pay for all redemptions in cash. In such cases, the Board may authorize payment to be made in portfolio securities or other property of the Fund. However, the Fund has obligated itself under the 1940 Act to redeem for cash all shares presented for redemption by any one shareholder up to \$250,000 (or 1% of the Fund's net assets if that is less) in any 90-day period. Securities delivered in payment of redemptions would be valued at the same value assigned to them in computing the net asset value per share. Shareholders receiving such securities would incur brokerage costs when these securities are sold.

The right of redemption may be suspended and the date of payment postponed for more than seven days for any period during which the New York Stock Exchange ("NYSE") is closed other than the customary weekend and holiday closings, and may be suspended for any period during which trading on the NYSE is restricted as determined by the Securities and Exchange Commission ("SEC"), or the SEC has by order permitted such suspension, or the SEC has determined that an emergency exists as a result of which it is not reasonably practicable for the Fund to dispose of its securities or to determine fairly the value of its net assets.

Shareholder purchase, redemption and exchange orders are processed using the net asset value ("NAV") next calculated after receipt of such request in proper order by the Fund (or an Authorized Agent of the Fund). The NAV is determined by dividing the total value in U.S. dollars of the Fund's total net assets by the total number of shares outstanding at that time. Net assets of the Fund are determined by deducting the liabilities of the Fund from the total assets of the Fund. The NAV is determined as of the close of trading on the NYSE on each day the NYSE is open for unrestricted trading. The NYSE is open for trading Monday through Friday except New Year's Day, Martin Luther King Day, President's Day, Good Friday, Memorial Day, Juneteenth National Independence Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Additionally, if any of the aforementioned holidays falls on a Saturday, the NYSE generally will not be open for trading on the preceding Friday, and when any such holiday falls on a Sunday, the NYSE will not be open for trading on the succeeding Monday, unless unusual business conditions exist (such as the ending of a monthly or yearly accounting period).

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 in the absence of any sale on that day, the closing bid price. For valuing securities traded on the NASDAQ market, the Fund uses the NASDAQ Official Closing Price. Most debt securities are valued at the current evaluated bid price. Bid prices for debt securities are obtained from the Fund's pricing service, which utilizes both dealer-supplied valuations and computerized pricing models. Debt securities listed on a national exchange may be priced at the last sales price if the Fund's pricing service believes such price represents market value of the security for institutional trades. The pricing of all debt securities takes into account the fact that the Fund trades in institutional size trading units. Investments in shares of open-end mutual funds, including money market funds, are valued at their daily closing net asset value. Securities for which there are no readily available market quotations will be valued at their then current fair value using methods determined in good faith by the Board of Directors. As an example, a market quotation may not be readily available if the trading of a security is halted by its primary exchange and does not resume before the markets close or the primary exchange experiences technical difficulties. If a security is valued using fair value pricing, the Fund's value for that security is likely to be different from the last quoted market value.

#### **ANTI-MONEY LAUNDERING PROGRAM**

The Fund has established an Anti-Money Laundering Compliance Program (the "Program") as required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act ("USA PATRIOT Act"). In order to ensure compliance with this law, the Fund's Program provides for the development of internal practices, procedures and controls, designation of anti-money laundering compliance officers, an ongoing training program and an audit function to determine the effectiveness of the Program.

Procedures to implement the Program include, but are not limited to, determining that the Fund's transfer agent has established proper anti-money laundering procedures, reporting suspicious and/or fraudulent activity, checking shareholder names against designated government lists, including the Office of Foreign Asset Control and a complete and thorough review of all new opening account applications. The Fund will not transact business with any person or entity whose identity cannot be adequately verified under the provisions of the USA PATRIOT Act.

#### **DIVIDENDS, DISTRIBUTIONS AND FEDERAL TAX STATUS**

The Fund intends to qualify annually as a "regulated investment company" under the Internal Revenue Code of 1986 (the "Code") and intends to take all other action required to ensure that little or no federal income or excise taxes will be payable by the Fund. As a result, the Fund generally will seek to distribute to its shareholders substantially all of its net investment income and net realized capital gain in one or more distributions for each fiscal year (after utilization of any available capital loss carryovers). If the Fund fails to qualify as a regulated investment company under the Internal Revenue Code, its income will be subject to federal income tax, and dividends paid to shareholders will continue to be subject to federal income tax.

The Code generally imposes a 4% nondeductible excise tax on a regulated investment company, such as the Fund, if it does not distribute to its shareholders during the calendar year an amount equal to 98% of the Fund's net investment income, with certain adjustments, for such calendar year, plus 98.2% of the Fund's capital gains (if any) for the one-year period ending on October 31 of such calendar year. In addition, an amount equal to any undistributed net investment income or capital gains from the previous calendar year also must be distributed to avoid the excise tax. The excise tax is imposed on the amount by which the Fund does not meet the foregoing distribution requirements. The Fund intends to make distributions necessary to avoid imposition of the excise tax.

For federal income tax purposes, dividends and distributions by the Fund, whether received in cash or invested in additional shares of the Fund, will be taxable to the Fund's shareholders, except those shareholders that are not subject to tax on their income. Net realized long-term gains are paid to shareholders as capital gain distributions. Income distributed from the Fund's net investment income and net realized short-term gains are paid to shareholders as ordinary income dividends. Distributions may be taxable at different rates depending on the length of time the Fund holds a security. Distributions generally will be made in June and December of each year. The Fund will provide information to shareholders concerning the character and federal tax treatment of all dividends and distributions.

Dividends paid by the Fund to individual shareholders will not qualify for any dividends received exclusion; however, corporate shareholders will be eligible for a dividends received deduction, subject to a reduction for various reasons, including the fact that the total dividends received from domestic corporations in any one year are less than 100% of the Fund's gross income.

At the time of purchase of Fund shares, the Fund may have undistributed income or capital gains included in the computation of the NAV. Therefore, a dividend or capital gain distribution received shortly after such purchase by a shareholder may be taxable to the shareholder, although it is, in whole or in part, a return of capital and may have the effect of reducing the NAV.

Under the Code, dividends declared by the Fund to shareholders of record in December of any year will be deemed to have been received by (and will be taxable to) shareholders as of the record date, provided the dividend is actually paid by the Fund before February 1 of the following year.

The foregoing tax discussion relates to federal income taxes only and is not intended to be a complete discussion of all federal tax consequences. You should consult with a tax adviser concerning the federal, state and local tax aspects of an investment in the Fund.

## **PORTFOLIO TRANSACTIONS AND BROKERAGE**

The Adviser decides which securities to buy for the Fund and when to sell them. It also selects the broker or dealer who places the Fund's investment business and negotiates their commissions. The Adviser selects a broker or dealer to execute a portfolio transaction on the basis that such broker or dealer will execute the order as promptly and efficiently as possible, subject to the overriding policy of the Fund. This policy is to obtain the best market price and reasonable execution for all its transactions, giving due consideration to such factors as reliability of execution and the value of research, statistical and price quotation services provided by such broker or dealer. The research services provided by brokers consist of recommendations to purchase or sell specific securities, the rendering of advice regarding events involving specific companies and events and current conditions in specific industries, and the rendering of advice regarding general economic conditions affecting the stock market and the economy. The Fund and the Adviser are not affiliated with any broker or dealer.

Purchases and sales of portfolio securities are frequently placed, without any agreement or undertaking to do so, with brokers and dealers who provide the Adviser with such brokerage and research services. Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") permits the Adviser, under certain circumstances, to cause the Fund to pay a broker or dealer a commission for effecting a transaction in recognition of the value of the brokerage and research service provided by the broker or dealer. Brokerage and research services include (i) furnishing advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (ii) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts; and (iii) effecting securities transactions and performing functions incidental thereto. Such commissions may be less than, equal to or exceed the amount another broker or dealer would have charged for effecting the transaction.

The Adviser believes it is important to its investment decision-making process to have access to independent research. The Adviser understands that since the brokers and dealers rendering such services are compensated through commissions, such services would be unilaterally reduced or eliminated by the brokers and dealers if none of the Fund's transactions were placed through them. While these services have value which cannot be measured in dollars, the Adviser believes such services do not reduce the Fund's or the Adviser's expenses. Higher commissions may be paid by the Fund, provided (i) the Adviser determines in good faith that the amount is reasonable in relation to the services in terms of the particular transaction or in terms of the Adviser's overall responsibilities with respect to the accounts as to which it exercises investment discretion; (ii) such payment is made in compliance with the provisions of Section 28(e) and other applicable state and federal law; and (iii) in the Adviser's opinion, the total commissions paid by the Fund will be reasonable in relation to the benefits to the Fund over the long term.

In instances where the Adviser determines that the supplemental research and statistical services are of significant value, the Adviser may place the Fund's transactions with brokers or dealers who may charge a higher commission than other brokers or dealers may have charged for the same transaction. The Adviser utilizes research and other information obtained from brokers and dealers in managing its other client accounts. On the other hand, the Adviser obtains research and information from brokers and dealers who transact trades for the Adviser's other client accounts, which is also utilized by the Adviser in managing the Fund's portfolio.

The following table shows the dollar amount of brokerage commissions paid to firms by the Fund for certain research services provided and the approximate dollar amount of the transactions involved for the fiscal year ended March 31, 2023.

	<b>Amount of Commissions Paid to Firms that Provided Research Services <sup>(1)</sup></b>	<b>Amount of Brokerage Transactions Involved <sup>(1)</sup></b>
The Fund .....	\$190,993	\$587,804,501

(1) The provision of such research services was not the only factor considered in the placement of all noted business with such firms. In addition, the amounts disclosed do not include commissions paid to firms who provided unsolicited research services as well as research customarily provided by brokerage firms in the normal course of business.

The Adviser does not specifically negotiate commissions and charges with a broker or dealer in advance of each transaction. The approximate brokerage discount and charges are, however, generally known to the Adviser prior to effecting the transaction. In determining the overall reasonableness of the commissions paid, the Adviser compares the commission rates to those it pays on transactions for its other client accounts and to the rates generally charged in the industry to institutional investors such as the Fund. The commissions also are considered in view of the value of the research, statistical and price quotations services, if any, rendered by the broker or dealer through whom a transaction is placed.

The Adviser may effect portfolio transactions with brokers or dealers who recommended the purchase of the Fund's shares. The Adviser may not allocate brokerage on the basis of recommendations to purchase shares of the Fund.

Over-the-counter market purchases and sales are generally transacted directly with principal market makers, who retain the difference between their cost in a security and its selling price. In some circumstances where, in the opinion of the Adviser, better prices and executions are available elsewhere, the transactions are placed through brokers who are paid commissions directly.

The Fund paid aggregate brokerage commissions of approximately \$342,710, \$390,982 and \$488,669 in the fiscal years ended March 31, 2023, 2022 and 2021, respectively. Brokerage commissions paid may vary significantly from year to year because of portfolio turnover rates, shareholder, broker-dealer, or other financial intermediary purchase and redemption activity, varying market conditions, changes to investment processes, and other factors.

The Adviser, which is the investment adviser to four registered investment companies (including the Fund) and other advisory clients (collectively, "client accounts"), may occasionally make investment decisions which would involve the purchase or sale of securities for the portfolios of more than one client account at the same time. 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. It is the Adviser's policy not to favor one client account over another in making investment recommendations or in placing orders.

The Adviser has adopted procedures that provide generally for the Adviser to aggregate (or "bunch") orders for more than one client account. An aggregated order occurs when the Adviser enters a single order for the purchase or sale of a single security on behalf of more than one client account. The Adviser may aggregate orders when it deems it to be appropriate and in the best interests of the client accounts. Pursuant to the Adviser's trade allocation procedures, client accounts will participate in any aggregated order for a security at the average share price on any given date for all of the Adviser's transactions in that security on behalf of those clients participating in the aggregated order, with transaction costs shared pro rata based on participation. When an aggregated order is only partially filled, the securities purchased generally will be allocated on a pro rata basis to each client account participating in the aggregated order based upon the initial amount requested for the account (subject to certain exceptions) and each participating account will participate at the average share price for the aggregated order on the same business day. Because a pro rata allocation may not always adequately accommodate all facts and circumstances, the trade allocation procedures allow the allocation of securities on a basis other than pro rata. For example, adjustments may be made to eliminate de minimis positions, to give priority to accounts with specialized investment policies and objectives or to consider the unique characteristics of certain accounts (e.g., available cash, industry or issuer concentration, duration or credit exposure).

The Adviser also has adopted procedures governing the allocation of securities issued in initial public offerings ("IPOs") which provide that all portfolio managers for the Adviser's client accounts shall be informed of any opportunity to acquire IPO securities which is presented to or which becomes available to the Adviser or any of its clients. Each client's portfolio manager shall assess whether or not the acquisition of IPO securities is appropriate for, and in the best interests of, his client, based upon multiple factors, including but not limited to the following: (i) the investment objective of the client; (ii) risk tolerance of the client; (iii) market capitalization of the IPO issuer; (iv) nature of the IPO issuer's business and industry; (v) current composition of the client's portfolio (including cash position); and (vi) preference of the portfolio manager for IPO investment opportunities. The IPO procedures provide that a written allocation statement shall be prepared prior to the Adviser submitting an order for IPO securities which identifies the client accounts to participate, the extent of such participation and the basis for allocation among the participating clients in the event the IPO order is partially filled. The allocation in the event of a partial order fill may be based upon a number of factors including but not limited to those specified as factors to be considered in assessing whether or not a client will invest in IPO securities. The procedures provide that any deviation from the initial allocation statement shall be approved by David O. Nicholas or Lawrence J. Pavelec and the Adviser's compliance officer.

The Adviser's procedures for allocation of IPO investment opportunities are designed to ensure that all clients are treated fairly and equitably. However, the procedures do not mandate allocation of IPO investment opportunities among its clients in equal amounts or pro rata based upon the size of the client account's assets. Adviser clients whose accounts are actively traded, have high portfolio turnover rates or invest heavily in all types of IPOs and secondary offerings may receive a greater percentage of IPO allocations than other client accounts without such characteristics.

## PERFORMANCE DATA

The average annual total return of the Fund is calculated according to the following formula:

$$P(1+T)^n = ERV$$

where P equals a hypothetical initial payment of \$1,000; T equals average annual total return; n equals the number of years; and ERV equals the ending redeemable value at the end of the period of a hypothetical \$1,000 payment made at the beginning of the period.

Average annual total return, or "T" in the above formula, is computed by finding the average annual compounded rates of return over the period that would equate the initial amount invested to the ending redeemable value. Average annual total return assumes the reinvestment of all dividends and distributions.

The average annual total return (after taxes on distributions) of the Fund is computed by finding the average annual compounded rates of return over the periods that would equate the initial amount invested to the ending value, according to the following formula:

$$P(1+T)^n = ATV_D$$

where "P" equals a hypothetical initial payment of \$1,000; "T" equals average annual total return (after taxes on distributions); "n" equals the number of years; and "ATV<sub>D</sub>" equals the ending value of a hypothetical \$1,000 investment made at the beginning of the stated periods at the end of the stated periods, after taxes on Fund distributions but not after taxes on redemptions.

The average annual total return (after taxes on distributions and sale of Fund shares) of the Fund is computed by finding the average annual compounded rates of return over the periods that would equate the initial amount invested to the ending value, according to the following formula:

$$P(1+T)^n = ATV_{DR}$$

where "P" equals a hypothetical initial payment of \$1,000; "T" equals average annual total return (after taxes on distributions); "n" equals the number of years; and "ATV<sub>DR</sub>" equals ending value of a hypothetical \$1,000 investment made at the beginning of the stated periods at the end of the stated periods, after taxes on Fund distributions and redemptions.

After-tax returns for the Fund are calculated using historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. In certain cases, the figure representing "Return After Taxes on Distributions and Sales of Fund Shares" may be higher than the other return figures of the same period. A higher after-tax return results when a capital loss occurs upon redemption and provides an assumed tax deduction that benefits the investor. Your actual after-tax returns depend on your tax situation and may differ from those shown. If you own Fund shares in a tax-deferred account, such as a 401(k) plan or an individual retirement account ("IRA"), this information may not apply to your investment.

Cumulative total return represents the simple change in value of an investment over a stated period and may be quoted as a percentage or as a dollar amount. Total returns may be broken down into their components of income and capital (including capital gains and changes in share price) in order to illustrate the relationship between these factors and their contributions to total return.

The Fund's performance data represents past performance and is not intended to predict or indicate future results. The return and principal value of an investment in the Fund will fluctuate, and an investor's redemption proceeds may be more or less than the original investment amount.

### **CAPITAL STRUCTURE**

Nicholas Fund, Inc. is authorized to issue 200,000,000 shares of common stock, par value \$0.50 per share. Each full share has one vote and all shares participate equally in dividends and other distributions by the Fund when and as declared by the Board, and in the residual assets of the Fund in the event of liquidation. There are no conversion or sinking fund provisions applicable to shares and shareholders have no preemptive, rights and may not cumulate their votes in the election of directors. The Fund's shares, when issued, are fully paid and non-assessable.

### **STOCK CERTIFICATES**

Share ownership is recorded electronically. Accordingly, the Fund will not issue certificates evidencing shares purchased. A shareholder's account will be credited with the number of shares purchased, relieving shareholders of responsibility for safekeeping of certificates and the need to deliver them upon redemption. Written confirmations are issued for all purchases of shares. For shareholders who currently hold certificates, they may deliver certificates to the Fund's transfer agent, U.S. Bancorp Fund Services, LLC ("U.S. Bancorp"), and direct that their account be credited with the shares.

### **ANNUAL MEETING**

Under the laws of the State of Maryland, registered investment companies, such as the Fund, may operate without an annual meeting of shareholders under specified circumstances if an annual meeting is not required by the 1940 Act. The Fund has adopted the appropriate provisions in its Articles of Incorporation and will not hold annual meetings of shareholders unless otherwise required to do so.

In the event the Fund is not required to hold annual meetings of shareholders to elect directors, the Board of Directors of the Fund will promptly call a meeting of shareholders of the Fund for the purpose of voting upon the question of removal of any director when requested in writing to do so by the record holders of not less than 10% of the outstanding shares of common stock of the Fund. The affirmative vote of two-thirds of the outstanding shares, cast in person or by proxy at a meeting called for such purpose, is required to remove a director of the Fund. The Fund will assist shareholders in communicating with each other for this purpose pursuant to the requirements of Section 16(c) of the 1940 Act.

### **SHAREHOLDER REPORTS**

Shareholders will be provided at least semiannually with a report showing the Fund's portfolio and other information. After the close of the Fund's fiscal year, which ends March 31, an annual report containing financial statements audited by the Fund's Independent Registered Public Accounting Firm, Deloitte & Touche LLP, will be made electronically available or sent to shareholders.

### **CUSTODIAN AND TRANSFER AGENT**

U.S. Bank N.A. ("U.S. Bank") acts as Custodian of the Fund. U.S. Bancorp Fund Services, LLC, 615 East Michigan Street, Milwaukee, Wisconsin 53202, acts as Transfer Agent and Dividend Disbursing Agent of the Fund. As custodian, U.S. Bank holds all securities and cash of the Fund, delivers and receives payment for securities sold, receives and pays for securities purchased, collects income from investments and performs other duties, all as directed by the officers of the Fund. U.S. Bank and U.S. Bancorp do not exercise any supervisory function over the management of the Fund, the purchase or sale of securities or the payment of distributions to shareholders.



## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND LEGAL COUNSEL**

Deloitte & Touche LLP, 555 East Wells Street, Suite 1400, Milwaukee, Wisconsin 53202, served as the Fund's Independent Registered Public Accounting Firm for the fiscal year ended March 31, 2023.

Michael Best & Friedrich LLP, 790 North Water Street, Milwaukee, Wisconsin 53202, counsel for the Fund, has passed upon the legality of the shares of the Fund being offered by this Prospectus.

## **FINANCIAL INFORMATION**

The schedule of investments, the financial statements, the financial highlights and notes thereto and the Report of Independent Registered Public Accounting Firm contained in the [Annual Report](#) of the Fund for the fiscal year ended March 31, 2023, which have been filed with the SEC pursuant to Rule 30e-1 of the 1940 Act, are incorporated herein by reference. You may obtain a free copy of the Annual or Semiannual Report by writing or calling the Fund or view a copy on the SEC's website at <https://www.sec.gov>.