

SEMIANNUAL REPORT
September 30, 2022

NICHOLAS FUND, INC.

CONSISTENCY *in a* WORLD OF CHANGE



NICHOLAS FUND, INC.

November 2022

Dear Fellow Shareholders:

For the six-months ended September 30, 2022, Nicholas Fund (“Fund”) returned -18.87% versus -20.20% for the Standard & Poor’s 500 Index (“S&P 500”) and -23.77% return of the Russell 1000 Growth Index (“R1k Growth”). For the twelve-months ended September 30, 2022, the Fund returned -16.87% compared to -15.47% for the S&P 500 and -22.59% for the R1k Growth. During the period value stocks outperformed growth as higher interest rates depressed price-to-earnings (“PE”) ratios on higher valued growth stocks, such as Information Technology, which have a larger weighting in the R1k Growth Index.

Returns for the Fund and selected indices are provided in the chart below for the period ended September 30, 2022.

	Average Annual Total Return					
	6 Month	1 Year	3 Year	5 Year	10 Year	50 Year
Nicholas Fund, Inc.	-18.87%	-16.87%	7.22%	9.36%	11.23%	10.15%
Standard & Poor’s 500 Index	-20.20%	-15.47%	8.16%	9.24%	11.70%	10.31%
Russell 1000 Growth Index	-23.77%	-22.59%	10.67%	12.17%	13.70%	N/A
Consumer Price Index	3.15%	8.22%	4.97%	3.79%	2.54%	3.98%
Ending value of \$10,000 invested in Nicholas Fund, Inc.	\$8,113	\$8,313	\$12,325	\$15,644	\$29,980	\$1,255,699
Fund’s Expense Ratio (from 07/29/22 Prospectus):	0.71%					

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.

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.

The equity markets experienced significant price declines during the six-month period ending September 30, 2022, as investors reduced risk in response to the aggressive fiscal policy enacted by the Federal Reserve (“Fed”). Following years of the Fed’s Zero Interest Rate Policy with little success in raising the rate of inflation, a shockwave of historically high inflation washed across the U.S. economy leaving policy makers uncertain over fiscal policy. The high inflation rate was initially labelled as transitory due to clogged supply chains and labor shortages that were expected to right themselves given time after the economy reopened from the COVID shutdown. The Fed shifted their policy in March 2022 to begin raising rates as their view on transitory inflation turned to sticky, embedded inflation. The Federal Reserve raised the Fed Funds rate a total of 300 basis points between March and September 2022. Longer term interest rates fell briefly in July before hitting new intra-day highs of 4.01% in late September. The impact of higher interest rates pushed mortgage rates toward 7.0% which had a chilling effect on affordability and sales.

A mid-summer bear market rally ensued as sentiment swung to inflation peaking and the belief that the Fed’s tightening cycle would end soon; however, the Fed raised rates by 75 basis points in July and September following data suggesting inflation had eased but was still too stubbornly high. The Federal Reserve’s forward guidance was very strong and decisive stating they would stay the

course raising rates by another 75 basis points again later in the year, which led to a market sell-off into quarter-end forfeiting all the gains made between June 30 and August 16, 2022.

Expectations for the 3Q22 corporate revenue and earnings per share (“EPS”) are to grow approximately 10.0% and 2.4%, respectively. It appears value stocks are positioned to produce higher earnings than growth stocks during the period. The cyclical energy sector is expected to have the highest EPS growth at roughly +120%. Financial and technology companies are expecting negative EPS growth.

As of September 30, 2022, the Fund held 60 stocks and ended the quarter with 3.0% cash equivalents. The largest sector weightings included Info Technology 34.5%, Health Care 15.2%, Consumer Discretionary 14.6%, Financials 10.4% and Industrials 9.6%. The Weighted Average Market Cap was \$353 billion, and the Forward P/E was 19.88%. The Fund’s PE was moderately higher than the S&P 500 due to its sector and security weights, primarily in Information Technology.


The Fund exceeded the S&P 500 for the six-months ended September 30, 2022, largely due to the Fund’s larger sector weightings and security selection within the Consumer Discretionary and Industrial sectors. The Fund benefitted from Consumer Discretionary positions held in O’Reilly Automotive, TJX Companies and Ulta Beauty. The Industrial sector was led by positions in Cintas Corporation and Fortive Corp. The Fund’s positions in Energy and Health Care were a drag on performance. The Fund generally has an underweight in Energy stocks due to their cyclical nature and dependence on hard to forecast commodity prices. Even as the price of oil fell during the period, the stocks held by the Fund in the Energy sector outperformed those held in the S&P 500. Specific positions led the underperformance during the period in the Health Care sector, including DexCom, Inc., Alcon AG and Intuitive Surgical.

We remain cautious on the near-term prospects for the equity markets. We believe, it will be a formidable challenge to overcome significant headwinds facing the markets over the next several quarters. The Federal Reserve’s intent to raise interest rates until they sufficiently dampen demand to relieve pricing inflation will weigh heavily on stocks. We will be carefully watching the general rise of interest rates and the impact on consumer spending. Additionally, the impact Russia’s war on Ukraine will have on energy and grains could be consequential.

Against a challenging landscape, we remain committed to investing in high quality companies with sustainable competitive advantages, consistent revenue and earnings growth and strong balance sheets. We believe companies holding these characteristics along with a stock priced at a reasonable valuation offer the best opportunity to achieve the Fund’s investment objective for our shareholders.

Thank you for your continued support.

Sincerely,



David O. Nicholas
Lead Portfolio Manager



Michael L. Shelton
Co-Portfolio Manager



Jeffrey J. Strong
Co-Portfolio Manager

Mutual fund investing involves risk. Principal loss is possible. Investing in small- and medium-sized companies involves greater risks than those associated with investing in large company stocks, such as business risk, stock price fluctuations and liquidity.

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

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

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. The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Nasdaq-100 is a stock market index made up of 102 equity securities issued by 100 of the largest non-financial companies listed on the Nasdaq stock market. It is a modified capitalization-weighted index. The Consumer Price Index represents changes in prices of all goods and services purchased for consumption by urban households. One cannot invest directly in an index.

Basis Point (bp): A unit equal to 1/100th of 1% and is used to denote the change in a financial instrument.

Earnings growth: The annual rate of growth of earnings from investments.

Earnings Per Share (EPS): The net income available to common shareholders less dividends on preferred stock divided by the weighted average number of shares outstanding.

Price-to-Earnings (PE): PE is a valuation ratio of a company's current share price compared to its per-share earnings.

Weighted Average Market Cap: A measure of the mean size of a portfolio's holdings. It is a sum calculated by multiplying the weight of each security in a portfolio by their respective market capitalizations.

Must be preceded or accompanied by a prospectus.

The Nicholas Funds are distributed by Quasar Distributors, LLC.

Financial Highlights (NICSX)

For a share outstanding throughout each period

	Six Months Ended 09/30/2022 (unaudited)	Years Ended March 31,				
		2022	2021	2020	2019	2018
NET ASSET VALUE,						
BEGINNING OF PERIOD	\$80.56	\$80.14	\$56.53	\$65.11	\$62.10	\$65.52
INCOME (LOSS) FROM INVESTMENT OPERATIONS						
Net investment income ⁽¹⁾	.09	.15	.33	.33	.38	.29
Net gain (loss) on securities (realized and unrealized)	(15.16)	10.51	28.49	(3.33)	7.14	5.90
Total from investment operations	(15.07)	10.66	28.82	(3.00)	7.52	6.19
LESS DISTRIBUTIONS						
From net investment income	(.04)	(.20)	(.34)	(.34)	(.39)	(.41)
From net capital gain	(1.21)	(10.04)	(4.87)	(5.24)	(4.12)	(9.20)
Total distributions	(1.25)	(10.24)	(5.21)	(5.58)	(4.51)	(9.61)
NET ASSET VALUE, END OF PERIOD	\$64.24	\$80.56	\$80.14	\$56.53	\$65.11	\$62.10
TOTAL RETURN	(18.87)% ⁽²⁾	13.42%	51.97%	(5.90)%	13.07%	10.11%
SUPPLEMENTAL DATA:						
Net assets, end of period (millions)	\$2,830.8	\$3,582.6	\$3,353.3	\$2,370.2	\$2,737.5	\$2,695.8
Ratio of expenses to average net assets	.71% ⁽³⁾	.71%	.71%	.72%	.72%	.72%
Ratio of net investment income to average net assets	.25% ⁽³⁾	.18%	.46%	.49%	.60%	.46%
Portfolio turnover rate	19.81% ⁽³⁾	11.49%	16.74%	15.36%	12.76%	18.40%

(1) Computed based on average shares outstanding.

(2) Not annualized.

(3) Annualized.

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

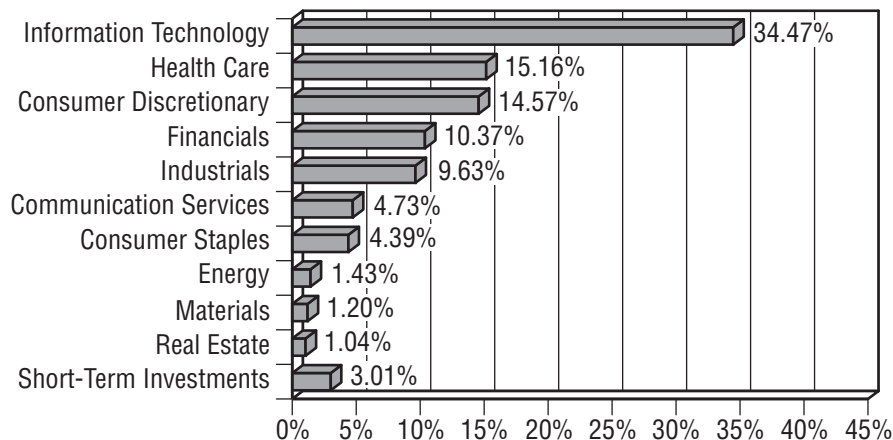
Top Ten Equity Portfolio Holdings

September 30, 2022 (unaudited)

<u>Name</u>	<u>Percentage of Net Assets</u>
Microsoft Corporation	4.74%
Apple Inc.	4.18%
Alphabet Inc. Class C	3.82%
O'Reilly Automotive, Inc.	2.86%
Aon plc Class A	2.57%
Cintas Corporation	2.49%
Home Depot, Inc.	2.42%
Thermo Fisher Scientific Inc.	2.41%
Fiserv, Inc.	2.29%
Mastercard Incorporated Class A	1.99%
Total of top ten	<u>29.77%</u>

Sector Diversification (as a percentage of portfolio)

September 30, 2022 (unaudited)



Fund Expenses

For the six month period ended September 30, 2022 (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 03/31/22	Ending Account Value 09/30/22	Expenses Paid During Period* 04/01/22 – 09/30/22
Actual	\$1,000.00	\$ 811.30	\$3.22
Hypothetical (5% return before expenses)	1,000.00	1,021.44	3.60

* Expenses are equal to the Fund's six-month annualized expense ratio of 0.71%, multiplied by the average account value over the period, multiplied by 183 then divided by 365 to reflect the one-half year period.

Schedule of Investments

September 30, 2022 (unaudited)

Shares or Principal Amount		Value
COMMON STOCKS — 97.08%		
Communication Services – Media & Entertainment — 4.74%		
1,125,400	Alphabet Inc. Class C*	\$ 108,207,210
191,140	Meta Platforms Inc. Class A*	25,933,875
		<u>134,141,085</u>
Consumer Discretionary – Consumer Services — 3.66%		
25,610	Chipotle Mexican Grill, Inc.*	38,485,684
117,600	McDonald's Corporation	27,135,024
450,000	Starbucks Corporation	37,917,000
		<u>103,537,708</u>
Consumer Discretionary – Retailing — 10.93%		
470,770	Amazon.com, Inc.*	53,197,010
248,665	Home Depot, Inc.	68,616,620
114,976	O'Reilly Automotive, Inc.*	80,868,370
850,000	TJX Companies Inc	52,802,000
134,060	Ulta Beauty Inc.*	53,783,531
		<u>309,267,531</u>
Consumer Staples – Food & Staples Retailing — 1.75%		
105,000	Costco Wholesale Corporation	49,588,350
Consumer Staples – Food, Beverage & Tobacco — 2.64%		
195,000	Constellation Brands, Inc. Class A	44,787,600
545,040	Mondelez International, Inc. Class A	29,884,543
		<u>74,672,143</u>
Energy – Energy — 1.43%		
1,700,000	Enterprise Products Partners L.P.	40,426,000
Financials – Banks — 2.29%		
319,170	JPMorgan Chase & Co.	33,353,265
724,770	Truist Financial Corporation	31,556,486
		<u>64,909,751</u>
Financials – Diversified Financials — 4.48%		
455,000	Intercontinental Exchange, Inc.	41,109,250
164,740	S&P Global, Inc.	50,303,359
492,340	Charles Schwab Corp	35,384,476
		<u>126,797,085</u>
Financials – Insurance — 3.61%		
271,960	Aon Plc Class A	72,849,925
161,430	Chubb Limited	29,360,888
		<u>102,210,813</u>

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

Schedule of Investments (continued)

September 30, 2022 (unaudited)

Shares or Principal Amount		Value
COMMON STOCKS — 97.08% (continued)		
Health Care – Health Care Equipment & Services — 8.92%		
605,000	Alcon Inc.	\$ 35,198,900
1,110,000	Boston Scientific Corporation*	42,990,300
496,905	DexCom, Inc.*	40,020,729
183,615	Laboratory Corporation of America Holdings	37,606,188
504,380	Medtronic Plc	40,728,685
110,800	UnitedHealth Group Incorporated	55,958,432
		252,503,234
Health Care – Pharmaceuticals, Biotechnology & Life Sciences — 6.25%		
231,900	Johnson & Johnson	37,883,184
111,620	Eli Lilly and Company	36,092,327
404,752	Merck & Co., Inc.	34,857,242
134,363	Thermo Fisher Scientific Inc.	68,147,570
		176,980,323
Industrials – Capital Goods — 5.68%		
1,005,000	Fastenal Company	46,270,200
650,000	Fortive Corp.	37,895,000
265,000	Honeywell International Inc.	44,247,050
178,735	Illinois Tool Works Inc.	32,288,478
		160,700,728
Industrials – Commercial & Professional Services — 3.96%		
181,645	Cintas Corporation	70,512,773
392,045	Copart, Inc.*	41,713,588
		112,226,361
Information Technology – Semiconductors & Semiconductor Equipment — 6.72%		
409,031	Advanced Micro Devices, Inc.*	25,916,204
107,030	KLA Corporation	32,390,489
68,990	Lam Research Corporation	25,250,340
264,320	NVIDIA Corporation	32,085,805
340,000	Skyworks Solutions, Inc.	28,991,800
294,305	Texas Instruments Incorporated	45,552,528
		190,187,166
Information Technology – Software & Services — 23.60%		
140,615	Adobe Incorporated*	38,697,248
250,540	Cadence Design Systems, Inc.*	40,945,752
148,650	CrowdStrike Holdings, Inc. Class A*	24,499,007
691,620	Fiserv, Inc.*	64,714,883
267,572	Global Payments Inc.	28,911,155

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

Schedule of Investments (continued)

September 30, 2022 (unaudited)

Shares or Principal Amount		Value
COMMON STOCKS — 97.08% (continued)		
Information Technology –		
Software & Services — 23.60% (continued)		
197,860	Mastercard Incorporated Class A	\$ 56,259,512
576,180	Microsoft Corporation	134,192,322
260,700	Palo Alto Networks, Inc.*	42,700,053
80,000	Roper Technologies, Inc.	28,771,200
218,110	Salesforce, Inc.*	31,372,942
86,330	ServiceNow, Inc.*	32,599,071
146,985	Synopsys, Inc.*	44,905,387
265,030	Visa Inc. Class A	47,082,580
345,465	Workday, Inc. Class A*	52,586,682
		<u>668,237,794</u>
Information Technology –		
Technology Hardware & Equipment — 4.18%		
855,660	Apple Inc.	118,252,212
Materials – Materials — 1.20%		
166,585	Sherwin-Williams Company	34,108,279
Real Estate – Real Estate — 1.04%		
435,570	CBRE Group, Inc. Class A*	29,405,331
	TOTAL COMMON STOCKS	
	(cost \$1,667,972,952)	<u>2,748,151,894</u>
SHORT-TERM INVESTMENTS — 3.01%		
U.S. Government Securities — 1.76%		
\$20,000,000	U.S. Treasury Bill 10/06/2022, 1.424%	19,996,096
30,000,000	U.S. Treasury Bill 10/20/2022, 2.273%	29,964,548
		<u>49,960,644</u>
Money Market Fund — 1.25%		
35,258,730	Morgan Stanley Liquidity Funds Government Portfolio (Institutional Class), 7-day net yield 2.81%	35,258,730
	TOTAL SHORT-TERM INVESTMENTS	
	(cost \$85,216,500)	<u>85,219,374</u>
	TOTAL INVESTMENTS	
	(cost \$1,753,189,452) — 100.09%	<u>2,833,371,268</u>
	LIABILITIES, NET OF OTHER ASSETS — (0.09)%	<u>(2,560,121)</u>
	TOTAL NET ASSETS	
	(basis of percentages disclosed above) — 100%	<u>\$2,830,811,147</u>

* Non-income producing security.

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

Statement of Assets and Liabilities

September 30, 2022 (unaudited)

ASSETS

Investments in securities at value (cost \$1,753,189,452)	\$2,833,371,268
Receivables —	
Dividend and interest	1,497,201
Capital stock subscription	637,101
Total receivables	<u>2,134,302</u>
Other	64,249
Total assets	<u>\$2,835,569,819</u>

LIABILITIES

Payables —	
Investment securities purchased	1,450,332
Due to adviser —	
Management fee	1,629,333
Accounting and administrative fee	32,691
Total due to adviser	<u>1,662,024</u>
Capital stock redemption	1,477,177
Other payables and accrued expense	169,139
Total liabilities	<u>4,758,672</u>
Total net assets	<u>\$2,830,811,147</u>

NET ASSETS CONSIST OF

Paid in capital	\$1,736,745,368
Accumulated distributable earnings	<u>1,094,065,779</u>
Total net assets	<u>\$2,830,811,147</u>

NET ASSET VALUE PER SHARE (\$.50 par value,
200,000,000 shares authorized), offering price

and redemption price (44,067,033 shares outstanding)

\$64.24

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

Statement of Operations

For the six months ended September 30, 2022 (unaudited)

INCOME

Dividend (net of foreign taxes of \$18,658)	\$ 14,707,911
Interest	599,296
Total income	<u>15,307,207</u>

EXPENSES

Management fee	10,396,123
Transfer agent fees	318,069
Accounting and administrative fees	301,142
Custodian fees	79,339
Insurance	54,913
Postage and mailing	41,341
Printing	31,510
Registration fees	29,900
Directors' fees	22,725
Audit and tax fees	19,163
Legal fees	8,190
Accounting system and pricing service fees	7,228
Other operating expenses	13,025
Total expenses	<u>11,322,668</u>
Net investment income	<u>3,984,539</u>

NET REALIZED GAIN ON INVESTMENTS

	<u>10,439,341</u>
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CHANGE IN NET UNREALIZED APPRECIATION (DEPRECIATION)

ON INVESTMENTS	<u>(682,182,850)</u>
Net realized and unrealized gain (loss) on investments	<u>(671,743,509)</u>
Net increase (decrease) in net assets resulting from operations	<u><u>\$(667,758,970)</u></u>

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

Statements of Changes in Net Assets

For the six months ended September 30, 2022 (unaudited)
and the year ended March 31, 2022

	Six Months Ended 09/30/2022 (unaudited)	Year Ended 03/31/2022
INCREASE (DECREASE) IN		
NET ASSETS FROM OPERATIONS		
Net investment income	\$ 3,984,539	\$ 6,458,563
Net realized gain on investments	10,439,341	249,709,212
Change in net unrealized appreciation (depreciation) on investments	<u>(682,182,850)</u>	<u>191,674,157</u>
Net increase (decrease) in net assets resulting from operations	<u>(667,758,970)</u>	<u>447,841,932</u>
DISTRIBUTIONS TO SHAREHOLDERS		
From investment operations	<u>(54,946,355)</u>	<u>(431,452,721)</u>
CAPITAL SHARE TRANSACTIONS		
Proceeds from shares issued (197,287 and 553,473 shares, respectively)	14,249,346	46,234,933
Reinvestment of distributions (713,617 and 4,864,190 shares, respectively)	51,173,451	400,480,106
Cost of shares redeemed (1,316,596 and 2,788,654 shares, respectively)	<u>(94,539,339)</u>	<u>(233,738,021)</u>
Change in net assets derived from capital share transactions	<u>(29,116,542)</u>	<u>212,977,018</u>
Total increase (decrease) in net assets	<u>(751,821,867)</u>	<u>229,366,229</u>
NET ASSETS		
Beginning of period	<u>3,582,633,014</u>	<u>3,353,266,785</u>
End of period	<u><u>\$2,830,811,147</u></u>	<u><u>\$3,582,633,014</u></u>

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

Notes to Financial Statements

September 30, 2022 (unaudited)

These financial statements have been prepared pursuant to reporting rules for interim financial statements. Accordingly, these financial statements do not include all of the information and footnotes required by generally accepted accounting principles (“GAAP”) for annual financial statements. These financial statements should be read in conjunction with the financial statements and financial highlights and notes in the Fund’s Annual Report on Form N-CSR for the year ended March 31, 2022.

These financial statements have not been audited. Management believes that these financial statements include all adjustments (which, unless otherwise noted, include only normal recurring adjustments) necessary for a fair presentation of the financial results for each period shown.

(1) Summary of Significant Accounting Policies —

Nicholas 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 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 closing 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

Notes to Financial Statements (continued)

September 30, 2022 (unaudited)

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, 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 September 30, 2022 in valuing the Fund's investments carried at value:

<u>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 —	
Common Stocks ⁽¹⁾	\$2,748,151,894
Money Market Fund	35,258,730
Level 2 —	
U.S. Government Securities	49,960,644
Level 3 —	
None	—
Total	<u>\$2,833,371,268</u>

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

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

- (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

Notes to Financial Statements (continued)

September 30, 2022 (unaudited)

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 semiannually. 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 financial reporting purposes. Financial reporting records are adjusted for permanent book-to-tax differences to reflect tax character.

The tax character of distributions paid during the six months ended September 30, 2022 and the year ended March 31, 2022 was as follows:

	<u>09/30/2022</u>	<u>03/31/2022</u>
Distributions paid from:		
Ordinary income	\$ 1,618,902	\$ 21,311,770
Long-term capital gain	53,327,453	410,140,951
Total distributions paid	<u>\$54,946,355</u>	<u>\$431,452,721</u>

The following information for the Fund is presented on an income tax basis as of March 31, 2022.

Investment cost for federal tax purposes	<u>\$1,809,160,121</u>
Unrealized appreciation	\$1,808,560,460
Unrealized depreciation	<u>(29,205,413)</u>
Net unrealized appreciation	<u>\$1,779,355,047</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 September 30, 2022. Also, the Fund recognized no interest and penalties related to uncertain tax benefits during the period ended September 30, 2022. At September 30, 2022, the fiscal years 2019 through 2022 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

Notes to Financial Statements (continued)

September 30, 2022 (unaudited)

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.

- (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 September 30, 2022. There have been no material subsequent events since September 30, 2022 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 0.75% of the average net asset value up to and including \$50 million and 0.65% 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 \$4,473 for the six-month period ended September 30, 2022 for legal services rendered by this law firm.

(3) Investment Transactions —

For the period ended September 30, 2022, the cost of purchases and the proceeds from sales of investment securities, other than short-term obligations, aggregated \$306,747,745 and \$411,405,308, respectively.

Historical Record

(unaudited)

	Net Asset Value Per Share	Net Investment Income Distributions Per Share	Capital Gain Distributions Per Share	Dollar Weighted Price/Earnings Ratio ⁽²⁾	Growth of an Initial \$10,000 Investment ⁽³⁾
July 14, 1969 ⁽¹⁾	\$ 6.59	\$ —	\$ —	—	\$ 10,000
March 31, 1985	29.24	0.6420	1.5760	13.2 times	69,858
March 31, 1986	35.26	0.5750	0.6100	15.8	87,699
March 31, 1987	39.94	0.8820	0.1870	16.3	102,387
March 31, 1988	32.15	1.8400	4.0340	14.1	98,557
March 31, 1989	35.27	1.0250	0.4510	13.2	113,155
March 31, 1990	37.72	0.9240	1.0540	14.9	127,360
March 31, 1991	42.99	0.7900	0.2250	16.9	149,180
March 31, 1992	49.68	0.6790	0.8240	19.4	178,011
March 31, 1993	52.91	0.6790	2.0420	18.5	200,098
March 31, 1994	51.10	0.8175	1.0470	16.7	200,182
March 31, 1995	52.22	0.7070	3.3170	17.2	221,970
March 31, 1996	63.81	0.5650	4.0945	21.0	293,836
March 31, 1997	67.11	0.4179	5.3166	21.7	336,973
March 31, 1998	93.98	0.3616	5.8002	30.0	508,762
March 31, 1999	85.20	0.5880	8.2716	31.7	509,446
March 31, 2000	84.56	0.3114	5.9433	37.3	543,813
March 31, 2001	54.11	0.1900	19.2500	26.6	452,780
March 31, 2002	53.74	0.2360	—	23.8	451,627
March 31, 2003	40.37	0.1585	—	16.4	340,547
March 31, 2004	56.14	0.0905	—	19.4	474,406
March 31, 2005	60.05	0.0678	0.4100	19.4	511,476
March 31, 2006	61.49	0.2512	5.3194	18.4	574,151
March 31, 2007	57.85	0.8173	4.3310	16.6	588,783
March 31, 2008	45.03	0.2283	9.9501	17.4	550,664
March 31, 2009	27.71	0.1714	4.6096	12.1	376,093
March 31, 2010	44.00	0.0939	—	19.1	598,760
March 31, 2011	48.18	0.0297	3.7458	17.9	716,234
March 31, 2012	47.85	0.1844	3.3515	18.7	769,243
March 31, 2013	55.01	0.0144	2.6127	20.1	934,800
March 31, 2014	65.28	0.3265	2.7697	21.0	1,166,414
March 31, 2015	71.57	0.2066	5.6554	21.5	1,393,972
March 31, 2016	61.78	0.3937	3.4892	16.8	1,272,980
March 31, 2017	65.52	0.4386	1.7763	22.2	1,398,599
March 31, 2018	62.10	0.4061	9.2027	23.9	1,539,955
March 31, 2019	65.11	0.3917	4.1213	23.8	1,741,281
March 31, 2020	56.53	0.3365	5.2417	22.5	1,638,615
March 31, 2021	80.14	0.3380	4.8738	33.1	2,490,274
March 31, 2022	80.56	0.1990	10.0384	27.1	2,824,387
September 30, 2022 ..	64.24	0.0368(a)	1.2121(a)	22.5	2,291,442

(1) Date of Initial Public Offering.

(2) Based on latest 12 months accomplished earnings.

(3) Assuming reinvestment of all distributions.

(a) Paid on June 8, 2022 to shareholders of record on June 7, 2022.

Approval of Investment Advisory Contract

(unaudited)

In May 2022, the Board of Directors of the Fund renewed the one-year term of the Investment Advisory Agreement by and between the Fund and the Adviser through May 2023. In connection with the renewal of the Investment Advisory Agreement, no changes to the amount or manner of calculation of the management fee or the terms of the agreement were proposed by the Adviser or adopted by the Board. For the fiscal year ended March 31, 2022, the management fee was 0.65% and the Fund's total expense ratio (including the management fee) was 0.71%. In renewing the Investment Advisory Agreement, the Board carefully considered the following factors on an absolute basis and relative to the Fund's peer group (i) the Fund's expense ratio, which was low compared to the overall peer group; (ii) the Fund's performance on a short-term and long-term basis; (iii) the Fund's management fee; (iv) the range and quality of the services offered by the Adviser. The peer group fund data included large-cap blend and growth focused funds with similar asset sizes and a prospectus objective of growth. In terms of the peer group data used for performance comparisons, the Fund was ranked 6th, 16th, 21st and 19th out of 31 funds for the one-, three-, five- and ten-year periods ending March 31, 2022. The Fund had the tenth lowest expense ratio among its peer group. The Board also reviewed the Fund's risk/return profile as measured by standard deviation and the Fund's Morningstar rankings.

The Board considered the range of services to be provided by the Adviser to the Fund under the Advisory Agreement. The Board discussed the nature, extent, and quality of the services to be provided by the Adviser and concluded that the services provided were consistent with the terms of the advisory agreement and the needs of the Fund, and that the services provided were of a high quality. The Board considered the investment performance of the Fund and the Adviser. Among other things, the Board noted its consideration of the Fund's performance relative to peer funds. The Board reviewed the actual relative short-term and long-term performance of the Fund. The Board agreed that the Fund demonstrated strong long-term performance relative to its benchmarks and peers. The Board also discussed the extent to which economies of scale would be realized, and whether such economies were reflected in the Fund's fee levels and concluded that the Adviser had been instrumental in holding down Fund costs, citing consistently low fees relative to comparable funds.

The Board considered the cost of services provided by the Adviser. The Board also considered the profits realized by the Adviser in connection with the management and distribution of the Fund, as expressed by the Adviser's management in general terms. The Board expressed the opinion that given the Board's focus on performance and maintaining a low fee structure that the Adviser's profits were not relevant.

The Board determined that the Adviser had fully and adequately carried out the terms and conditions of its contract with the Fund. The Board expressed satisfaction with the Fund's performance, management's control of expenses and the rate of the management fee for the Fund and the overall level of services provided to the Fund by the Adviser.

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 4, 2022, 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, 2021, through December 31, 2021 (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)

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. 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, and the SEC's website, www.sec.gov.

Quarterly Portfolio Schedule

(unaudited)

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 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.

Privacy Policy

(unaudited)

Nicholas 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 markets cycles.

	Nicholas Fund	
	07/14/1969*	09/30/2012
\$1,000 initial investment on		
Number of years investing \$100 each month following the date of initial investment	52.7	10
Total cash invested	\$64,900	\$13,000
Total dividend and capital gain distributions reinvested	\$3,183,336	\$8,998
Total full shares owned at 09/30/2022	54,743	330
Total market value at 09/30/2022	\$3,516,732	\$21,242

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)

- 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)

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).

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

JEFFREY J. STRONG, Senior Vice President

CANDACE L. LESAK, Vice President

Investment Adviser

NICHOLAS COMPANY, INC.

Milwaukee, Wisconsin

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

Milwaukee, Wisconsin

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

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.