

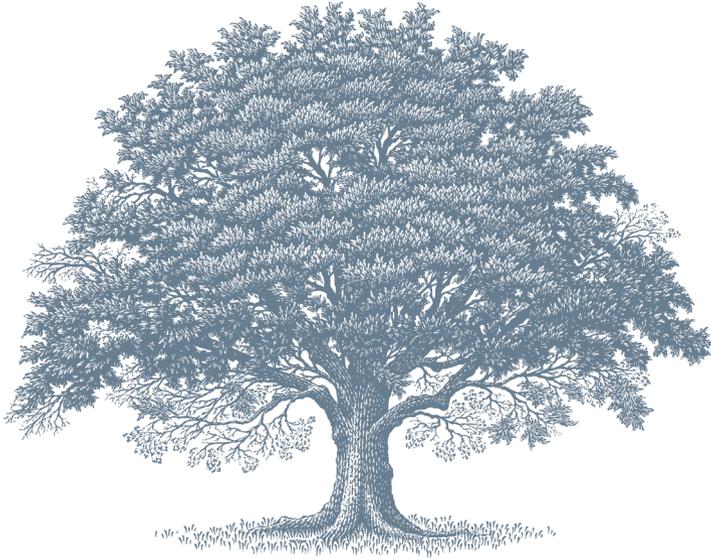
Item 7. Financial Statements and Financial Highlights for
Open-End Management Investment Companies.

SEMI-ANNUAL FINANCIAL STATEMENTS
AND OTHER INFORMATION

September 30, 2025

NICHOLAS FUND, INC.

CONSISTENCY *in a* WORLD OF CHANGE



Financial Highlights (NICSX)

For a share outstanding throughout each period

	Six Months Ended 09/30/2025 (unaudited)	Years Ended March 31,				
		2025	2024	2023	2022	2021
NET ASSET VALUE,						
BEGINNING OF PERIOD	\$ 89.46	\$ 95.25	\$ 75.77	\$ 80.56	\$ 80.14	\$ 56.53
INCOME (LOSS) FROM INVESTMENT OPERATIONS						
Net investment income ⁽¹⁾12	.28	.32	.21	.15	.33
Net gain (loss) on securities (realized and unrealized)	7.28	1.54	25.06	(3.43)	10.51	28.49
Total from investment operations	7.40	1.82	25.38	(3.22)	10.66	28.82
LESS DISTRIBUTIONS						
From net investment income ..	—	(.28)	(.32)	(.19)	(.20)	(.34)
From net capital gain	(4.83)	(7.33)	(5.58)	(1.38)	(10.04)	(4.87)
Total distributions	(4.83)	(7.61)	(5.90)	(1.57)	(10.24)	(5.21)
NET ASSET VALUE,						
END OF PERIOD	\$ 92.03	\$ 89.46	\$ 95.25	\$ 75.77	\$ 80.56	\$ 80.14
TOTAL RETURN	8.47% ⁽²⁾	1.84%	34.93%	(3.86)%	13.42%	51.97%
SUPPLEMENTAL DATA						
Net assets, end of period (millions)	\$4,139.8	\$3,986.5	\$4,177.7	\$3,256.2	\$3,582.6	\$3,353.3
Ratio of expenses to average net assets .....	.70% ⁽³⁾	.70%	.70%	.71%	.71%	.71%
Ratio of net investment income to average net assets .....	.26% ⁽³⁾	.28%	.39%	.30%	.18%	.46%
Portfolio turnover rate	14.41% ⁽³⁾	15.41%	10.67%	15.61%	11.49%	16.74%

⁽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.

Schedule of Investments

September 30, 2025 (unaudited)

**Shares or
Principal
Amount**

Value

COMMON STOCKS — 96.17%

**Communication Services - Media &
Entertainment — 9.34%**

917,660	Alphabet Inc. Class C	\$ 223,496,093
99,560	Meta Platforms, Inc.	73,114,873
46,305	Netflix, Inc.*	55,515,991
706,479	Trade Desk, Inc. Class A*	34,624,536
		<u>386,751,493</u>

**Consumer Discretionary - Consumer Discretionary
Distribution & Retail — 10.95%**

869,171	Amazon.com, Inc.*	190,843,876
218,308	Home Depot, Inc.	88,456,218
732,445	O'Reilly Automotive, Inc.*	78,964,895
657,130	TJX Companies Inc	94,981,570
		<u>453,246,559</u>

Consumer Discretionary - Consumer Services — 3.66%

1,076,335	Chipotle Mexican Grill, Inc.*	42,181,569
178,045	McDonald's Corporation	54,106,095
653,460	Starbucks Corporation	55,282,716
		<u>151,570,380</u>

**Consumer Staples - Consumer Staples
Distribution & Retail — 1.96%**

87,870	Costco Wholesale Corporation	81,335,108
--------	------------------------------------	------------

**Consumer Staples - Food, Beverage
& Tobacco — 1.02%**

634,330	The Coca-Cola Company	42,068,766
---------	-----------------------------	------------

**Consumer Staples - Household &
Personal Products — 1.02%**

2,611,142	Kenvue Inc.	42,378,835
-----------	------------------	------------

Financials - Banks — 1.59%

208,430	JPMorgan Chase & Co.	65,745,075
---------	---------------------------	------------

Financials - Financial Services — 8.45%

526,574	Fiserv, Inc.*	67,891,186
395,000	Intercontinental Exchange, Inc.	66,549,600
120,275	Mastercard Incorporated Class A	68,413,623
164,740	S&P Global, Inc.	80,180,605

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

Schedule of Investments (continued)

September 30, 2025 (unaudited)

Shares or Principal Amount		Value
COMMON STOCKS — 96.17% (continued)		
Financials - Financial Services — 8.45% (continued)		
195,120	Visa Inc. Class A	\$ 66,610,066
		<u>349,645,080</u>
Financials - Insurance — 1.55%		
180,507	Aon Plc Class A	<u>64,365,186</u>
Health Care - Health Care Equipment & Services — 4.12%		
656,910	Alcon AG	48,946,364
624,170	Boston Scientific Corporation*	60,937,717
163,895	Stryker Corporation	60,587,065
		<u>170,471,146</u>
Health Care - Pharmaceuticals, Biotechnology & Life Sciences — 7.07%		
1,002,813	AstraZeneca PLC	76,935,813
98,060	Eli Lilly & Company	74,819,780
1,347,460	Sanofi Sponsored ADR	63,600,112
159,228	Thermo Fisher Scientific Inc.	77,228,765
		<u>292,584,470</u>
Industrials - Capital Goods — 5.40%		
918,155	Carrier Global Corporation	54,813,853
1,320,580	Fastenal Company	64,761,243
650,000	Fortive Corp.	31,843,500
151,040	Illinois Tool Works Inc.	39,385,190
296,245	Johnson Controls International plc	32,572,138
		<u>223,375,924</u>
Industrials - Commercial & Professional Services — 2.42%		
259,210	Cintas Corporation	53,205,445
266,240	Waste Connections, Inc.	46,804,992
		<u>100,010,437</u>

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

Schedule of Investments (continued)

September 30, 2025 (unaudited)

Shares or Principal Amount		Value
COMMON STOCKS — 96.17% (continued)		
Information Technology - Semiconductors & Semiconductor Equipment — 10.97%		
446,329	Advanced Micro Devices, Inc.*	\$ 72,211,569
50,895	KLA Corporation	54,895,347
440,450	Lam Research Corporation	58,976,255
1,152,620	NVIDIA Corporation	215,055,840
288,096	Texas Instruments Incorporated	52,931,878
		<u>454,070,889</u>
Information Technology - Software & Services — 19.96%		
161,434	Adobe Incorporated*	56,945,843
280,974	Atlassian Corp Class A*	44,871,548
135,503	Cadence Design Systems, Inc.*	47,596,784
406,358	Microsoft Corporation	210,473,126
222,630	Palo Alto Networks, Inc.*	45,331,921
80,000	Roper Technologies, Inc.	39,895,200
270,220	Salesforce, Inc.	64,042,140
67,015	ServiceNow, Inc.*	61,672,564
313,075	Snowflake Inc.*	70,614,066
126,097	Synopsys, Inc.*	62,214,999
280,695	Workday, Inc. Class A*	67,571,707
184,180	Zscaler, Inc.*	55,191,379
		<u>826,421,277</u>
Information Technology - Technology Hardware & Equipment — 3.59%		
583,760	Apple Inc.	<u>148,642,809</u>
Materials - Materials — 3.10%		
202,240	Sherwin-Williams Company	70,027,622
190,310	Vulcan Materials Company	58,543,162
		<u>128,570,784</u>
	TOTAL COMMON STOCKS	
	(cost \$1,827,759,125)	<u>3,981,254,218</u>

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

Schedule of Investments (continued)

September 30, 2025 (unaudited)

Shares or Principal Amount		Value
SHORT-TERM INVESTMENTS — 3.82%		
Money Market Demand Account — 1.40%		
\$58,233,368	U.S. Bank Money Market, 3.95%	\$ 58,233,368
Money Market Fund — 1.21%		
50,000,000	First American Government Obligations Fund - X Class, 7-day net yield, 4.069%	50,000,000
U.S. Government Security — 1.21%		
50,000,000	U.S. Treasury Bill 10/02/2025, 4.052%	49,994,427
	TOTAL SHORT-TERM INVESTMENTS (cost \$158,227,896)	158,227,795
	TOTAL INVESTMENTS (cost \$1,985,987,021) — 99.99%	4,139,482,013
	OTHER ASSETS, NET OF LIABILITIES — 0.01%	296,570
	TOTAL NET ASSETS (basis of percentages disclosed above) — 100%	<u>\$4,139,778,583</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, 2025 (unaudited)

ASSETS

Investments in securities at value (cost \$1,985,987,021)	\$4,139,482,013
Receivables	
Investment securities sold	2,068,551
Dividend and interest	1,538,444
Capital stock subscription	67,072
Total receivables	<u>3,674,067</u>
Other	83,128
Total assets	<u>4,143,239,208</u>

LIABILITIES

Payables	
Due to adviser	
Management fee	2,221,246
Accounting and administration fee	38,610
Total due to adviser	<u>2,259,856</u>
Capital stock redemption	1,016,254
Other payable and accrued expense	184,515
Total liabilities	<u>3,460,625</u>
Total net assets	<u>\$4,139,778,583</u>

NET ASSETS CONSIST OF

Paid in capital	\$1,837,503,039
Accumulated distributable earnings	2,302,275,544
Total net assets	<u>\$4,139,778,583</u>

NET ASSET VALUE PER SHARE (\$.50 par value, 200,000,000 shares authorized), offering price and redemption price (44,985,064 shares outstanding)

\$92.03

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

Statement of Operations

For the six months ended September 30, 2025 (unaudited)

INCOME

Dividend (net of foreign taxes of \$505,133)	\$ 17,064,436
Interest	2,595,824
Total income	<u>19,660,260</u>

EXPENSES

Management fee	13,323,880
Transfer agent fees	309,739
Administration services	233,262
Accounting and pricing services	125,995
Custodian fees	101,550
Insurance	79,548
Registration fees	33,992
Postage and mailing	33,782
Printing	27,832
Audit and tax fees	24,380
Directors' fees	22,725
Legal fees	7,871
Other operating expenses	8,858
Total expenses	<u>14,333,414</u>
Net investment income	<u>5,326,846</u>

NET REALIZED GAIN ON INVESTMENTS 158,913,627

CHANGE IN NET UNREALIZED APPRECIATION/DEPRECIATION

ON INVESTMENTS	<u>167,076,738</u>
Net realized and unrealized gain (loss) on investments	<u>325,990,365</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 331,317,211</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, 2025 (unaudited) and the year ended March 31, 2025

	Six Months Ended 9/30/2025 (unaudited)	Year Ended 3/31/2025
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Net investment income	\$ 5,326,846	\$ 11,963,686
Net realized gain on investments	158,913,627	357,075,288
Change in net unrealized appreciation/ depreciation on investments	<u>167,076,738</u>	<u>(286,816,112)</u>
Net increase (decrease) in net assets resulting from operations	<u>331,317,211</u>	<u>82,222,862</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM		
Investment operations	<u>(212,693,520)</u>	<u>(332,654,830)</u>
CAPITAL SHARE TRANSACTIONS		
Proceeds from shares issued (179,940 and 543,918 shares, respectively)	16,142,537	51,652,804
Reinvestment of distributions (2,106,533 and 3,271,430 shares, respectively)	187,039,027	301,378,060
Cost of shares redeemed (1,863,535 and 3,115,639 shares, respectively)	<u>(168,529,186)</u>	<u>(293,830,207)</u>
Change in net assets derived from capital share transactions	<u>34,652,378</u>	<u>59,200,657</u>
Total increase (decrease) in net assets	<u>153,276,069</u>	<u>(191,231,311)</u>
NET ASSETS		
Beginning of period	<u>3,986,502,514</u>	<u>4,177,733,825</u>
End of period	<u>\$4,139,778,583</u>	<u>\$3,986,502,514</u>

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

Notes to Financial Statements

September 30, 2025 (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 U.S. generally accepted accounting principles (“U.S. 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 Financial Statements and Other Information on Form N-CSR for the year ended March 31, 2025.

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 period. 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

Notes to Financial Statements (continued)

September 30, 2025 (unaudited)

pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value such as a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 - quoted prices in active markets for identical investments

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, benchmark yields, bids, offers, 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, 2025 in valuing the Fund's investments carried at value:

Valuation Inputs	Investments in Securities
Level 1 –	
Common Stocks ⁽¹⁾	\$ 3,981,254,218
Money Market Deposit Account	58,233,368
Money Market Fund	50,000,000
Level 2 –	
U.S. Government Security	49,994,427
Level 3 –	
None	—
Total	<u>\$ 4,139,482,013</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.

Notes to Financial Statements (continued)

September 30, 2025 (unaudited)

- (c) Dividend income is recorded on the ex-dividend date, and interest income is recognized on an accrual basis. Non-cash dividends, if any, are recorded at value on date of distribution. Generally, discounts and premiums on long-term debt security purchases, if any, are amortized over the expected lives of the respective securities using the effective yield method.
- (d) Provision has not been made for federal income taxes or excise taxes since the Fund has elected to be taxed as a “regulated investment company” and intends to distribute substantially all net investment income and net realized capital gains on sales of investments to its shareholders and otherwise comply with the provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies.
- (e) Dividends and distributions paid to shareholders are recorded on the ex-dividend date. Distributions from net investment income are generally declared and paid at least 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. 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, 2025 and the year ended March 31, 2025 was as follows:

	09/30/2025	03/31/2025
Distributions paid from:		
Ordinary income	\$ —	\$ 20,042,718
Long-term capital gain	<u>212,693,520</u>	<u>312,612,112</u>
Total distributions paid	<u>\$ 212,693,520</u>	<u>\$ 332,654,830</u>

The following information for the Fund is presented on an income tax basis as of March 31, 2025.

Investment cost for federal tax purposes	<u>\$ 2,008,588,591</u>
Unrealized appreciation	\$ 2,051,145,123
Unrealized depreciation	<u>(64,726,869)</u>
Net unrealized appreciation	<u>\$ 1,986,418,254</u>

The differences between U.S. GAAP financial statement and tax-basis cost is attributable primarily to the Fund’s holdings in partnership interests.

As of March 31, 2025, the Fund realized post-October losses of approximately \$14,837,607, which for tax purposes, will be deferred and recognized in the following year.

Notes to Financial Statements (continued)

September 30, 2025 (unaudited)

The Fund had no material uncertain tax positions and has not recorded a liability for unrecognized tax benefits as of September 30, 2025. Also, the Fund recognized no interest and penalties related to uncertain tax benefits during the period ended September 30, 2025. At September 30, 2025, the fiscal years 2022 through 2025 remain open to examination in the Fund's major tax jurisdictions.

- (f) The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board ("FASB") ASC 946, "Financial Services - Investment Companies." U.S. GAAP guidance requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.
- (g) In the normal course of business the Fund enters into contracts that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund that have not yet occurred. Based on experience, the Fund expects the risk of loss to be remote.
- (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, 2025. On February 10, 2025, the Board of Directors approved a change in the fiscal year end after the completion of the March 31, 2025 year end for the Fund from March 31st to October 31st. Other than this event, there have been no material subsequent events since September 30, 2025 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 administration 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.

Notes to Financial Statements (continued)

September 30, 2025 (unaudited)

(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 \$4,383 for the period ended September 30, 2025 for legal services rendered by this law firm.

(3) Investment Transactions —

For the period ended September 30, 2025, the cost of purchases and the proceeds from sales of investment securities, other than short-term obligations, aggregated \$286,776,082 and \$497,546,111, respectively.

(4) Operating Segments —

The Fund has adopted FASB Accounting Standards Update 2023-07, Segment Reporting (“Topic 280”) - Improvements to Reportable Segment Disclosures. An operating segment is defined in Topic 280 as a component of a public entity that engages in business activities from which it may recognize revenues and incur expenses, has operating results that are regularly reviewed by the public entity’s chief operating decision maker (“CODM”) to make decisions about resources to be allocated to the segment and assess its performance, and has discrete financial information available. The management committee of the Fund’s adviser acts as the Fund’s CODM. The Fund represents a single operating segment, as the CODM monitors the operating results of the Fund as a whole and the Fund’s long-term strategic asset allocation is pre-determined in accordance with the terms of its prospectus, based on a defined investment strategy which is executed by the Fund’s portfolio managers. The financial information in the form of the Fund’s portfolio investments, total returns, expense ratios and changes in net assets (i.e., changes in net assets resulting from operations, subscriptions and redemptions), which are used by the CODM to assess the segment’s performance versus the Fund’s comparative benchmarks and to make resource allocation decisions for the Fund’s single segment, is consistent with that presented within the Fund’s financial statements. Segment assets are reflected on the accompanying statement of assets and liabilities as “total assets” and significant segment expenses are listed on the accompanying statement of operations.

Approval of Investment Advisory Contract

(unaudited)

In May 2025, 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 2026. 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 annual period ended March 31, 2025, the management fee was 0.65% and the Fund's total expense ratio (including the management fee) was 0.70%. 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; (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 16th, 3rd, 6th and 19th out of 21 funds for the one-, three-, five- and ten-year periods ending March 31, 2025. The Fund had the fifteenth 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 concluded that the nature, extent, and quality of the services to be 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 benchmarks and its 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.

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.

Nicholas Funds Services Offered

(unaudited)

- IRAs
 - Traditional
 - Roth
 - SEP
 - SIMPLE
- Coverdell Education Savings 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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

JEFFREY J. STRONG, Senior 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

Portland, Maine

Custodian

U.S. BANK N.A.

Milwaukee, Wisconsin

Independent Registered Public Accounting Firm

DELOITTE & TOUCHE LLP

Milwaukee, Wisconsin

Counsel

MICHAEL BEST & FRIEDRICH LLP

Milwaukee, Wisconsin

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contain this and other important information about the investment company, and they may be obtained by calling 1-800-544-6547 or visiting www.nicholasfunds.com. Please read the prospectus carefully before investing.

Item 8. Changes in and Disagreements with Accountants for Open-End Management Investment Companies.

There have been no such changes in or disagreements with accountants as contemplated by Item 304 of Regulation S-K.

Item 9. Proxy Disclosures for Open-End Management Investment Companies.

Not applicable for this reporting period.

Item 10. Remuneration Paid to Directors, Officers, and Others of Open-End Management Investment Companies.

The remuneration paid to directors, officers, and others is disclosed in the Statement of Operations included under Item 7.(a) Financial Statements and Financial Highlights for Open-End Management Investment Companies of this Report.

Item 11. Statement Regarding Basis for Approval of Investment Advisory Contract.

The basis for approval of the investment advisory contract is included under Item 7.(a) Financial Statements and Financial Highlights for Open-End Management Investment Companies of this Report.