
TANAKA GROWTH FUND



ANNUAL REPORT

November 30, 2022

Fund Advisor:

Tanaka Capital Management, Inc.
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New York, NY 10165

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TANAKA GROWTH FUND

LETTER TO SHAREHOLDERS

Dear Fellow Shareholder,

January 2023

Calendar 2022 was one of the more difficult investment years in recent memory with cash ending the year as the best asset class performer and stocks, bonds, cryptocurrencies, gold, and commodities all realizing negative returns. The most rapid tightening of financial conditions by central banks in several decades was compounded by heightened geopolitical tensions, which slowed economic growth, pressured equity valuations, and contributed to heightened volatility across assets during the year.

Against this challenging backdrop, the TANAKA Growth Fund was down 20.6% in its fiscal year ending 11/30/22 versus declines of 21.4% for its benchmark Wilshire 2500 Growth index and 9.2% for the S&P 500. In the calendar year ending 12/31/22, the Fund was down 22.6% vs. declines of 29.1% and 18.1% for the Wilshire 2500 Growth index and S&P 500. Shareholders might like to hear that the Fund was ranked in the top 1 percentile in its Morningstar category for the three years through 12/31/22.

The diversity of our portfolio's composition helped the Fund to outperform its benchmark in 2022, but in 2023 we think individual stock-picking will be key to delivering returns in a flat to modestly up stock market. Catalyst Pharmaceuticals is a prime example of how such a stock-pick can materially improve Fund returns in a softer market with its shares more than doubling during 2022, adding six percentage points to Fund performance, after the company won a lawsuit against a competitor and delivered better-than-expected revenue growth. Amyris, another stock-pick, was our worst performer in 2022, but we see several positive catalysts in the year ahead that we believe could drive upside to shares, regardless of the broader market's performance.

Looking at the year ahead, we expect more volatility as investors attempt to juggle falling inflation (a tailwind to stocks) and softening economic conditions caused by restrictive monetary policy (a headwind to stocks). We are somewhat cautious on equities in the short-term as central bank overtightening raises recession risk, however we are optimistic about the intermediate term return potential for stocks from current levels. We think the S&P 500 could be flat to modestly higher in 2023 should the US avoid a more severe downturn, and would note that equities historically tend to perform well in periods after inflation has peaked and in the year following double-digit negative returns. While we continue to like our defensive Value holdings, we see attractive opportunities for certain Growth stocks that are now trading at more reasonable, or even discounted, levels and have the potential to deliver above-average growth over the next 3-5 years as the global economic growth normalizes from its post-pandemic boom. Shareholders looking to add to their Fund accounts may want to keep in mind that our Growth and Tech stocks tend to move early in market recoveries, as we have seen so far in 2023.

Investment Outlook

Despite the historic 4% tightening of monetary conditions by the Federal Reserve last year, the US economy has been resilient, supported by a robust job market, healthy household and corporate balance sheets, and consumer spending that has withstood an erosion of purchasing power by inflation. However, we have seen softer activity in some



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LETTER TO SHAREHOLDERS (CONTINUED)

of the more interest-rate-sensitive industries and acknowledge that economic growth could potentially slow further as the Fed's interest rate hikes work their way through the economy on a lagged basis.

The paths forward for the economy and stock market remain highly dependent on the Fed's future policy response to inflationary pressures and labor shortages. The rapid succession of interest rate hikes by the Fed have been effective in curbing inflationary pressures and we see substantial evidence that inflation has peaked and is on a path to more normalized levels. While areas like commodities, shipping/logistics, housing, and goods have seen easing prices in recent months, wages enabled by a strong labor market have kept inflation uncomfortably high and the Fed on course with its monetary tightening measures. We believe that inflation will continue its downward trajectory over the coming months, which should allow the Fed to ease or pause its tightening, creating an opening to achieve a "soft-ish landing" in which the US economy either avoids a recession or experiences a mild downturn. Although we believe that the odds of a recession have modestly declined recently due to falling inflation and resilient economic data, we do recognize that wage pressures and the Fed's bias towards keeping rates higher for longer could stifle economic activity into a more material downturn.

Despite the near-term macro uncertainty, there are compelling reasons to own stocks, in our view, especially for those with longer-term investment horizons as a recovery in the stock market can happen at any time. Valuations have come down from pandemic highs and investor sentiment remains deeply negative, which is key to the market bottoming process and suggests significant pessimism about the outlook is already baked into stock prices. History is also on the market's side as back-to-back negative return years for the S&P 500 are rare and stocks typically perform well after surging inflation has peaked.

Near-Term Uncertainty Provides Long-Term Opportunity

Our portfolio strategy of owning a balance of Platform Growth companies, high-quality but inexpensive Value stocks, and special situation stock-picks remains unchanged in the current uncertain environment. Our investment discipline is not to try to time the market and we are committed to remaining largely invested through economic cycles to maximize the benefits of long-term compounding. The Fund's cash position is moderately higher than its historical norm due to recent shareholder inflows and we continue to prudently evaluate opportunities to deploy that cash into individual stocks that have been unfairly punished by the market correction and have the potential to emerge from a growth slowdown or recession in a stronger position. We believe that market volatility may create more dislocations between company fundamentals and share prices and present buying opportunities for the investors doing the work to identify them. We continue to concentrate on Platform Growth companies with technologies that can generate multi-year growth through iterations of new products and services and are using innovation to solve critical issues in the world through AI, biomanufacturing, robotics, clean energy, and more. One such example is our recent investment in a leading robotics/automation company that reduces labor in warehouses and distribution centers by 80-90%, helping to alleviate some of the labor constraints that are hampering retail and e-commerce companies around the globe.



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LETTER TO SHAREHOLDERS (CONTINUED)

Risks to Our Outlook

The greatest risk to stocks, in our view, is the Federal Reserve's policy response to inflation and its slowing effects on the economy. Inflationary pressures have fallen since their peak last year and we expect prices to continue to soften in the coming months as supply chain challenges ease and the labor market cools off from historic levels. However, if the improvement in inflation falters or slows from the current pace, the Fed may be emboldened to continue its aggressive policy stance for a longer period, which would raise the risk of an economic downturn and further disruption to financial markets. The correction in stocks over the past year reflects a reduction in valuations while earnings estimates have only declined modestly, but if corporate earnings were to weaken further, there could be additional downside risk to the stock market. Rising geopolitical tensions also represent a risk to our outlook and we continue to closely monitor the developments between Russia, Ukraine, and the rest of Europe as well as escalations between the U.S. and China, in particular. Longer term, we believe that slowing population growth will contribute to modest inflation globally.

Review of Fiscal Year 2022

In the Fund's fiscal 4th Quarter ending 11/30/22, the Fund was down 2.4% vs. a decline of 0.9% and gain of 3.6% for the Wilshire 2500 Growth and S&P 500 indexes. In the Fund's fiscal year ending 11/30/22, the Fund was down 20.6% vs. declines of 21.4% and 9.2% for the Wilshire 2500 Growth and S&P 500 indexes.

Several of our holdings delivered positive returns in 2022, including a few of our stock-picks with company-specific catalysts that drove outperformance of the broader market. The biggest positive contributor to performance was one of our Biotech holdings which more than doubled after it prevailed in a lawsuit against a competitor and announced its intent to acquire other specialty medicines to bolster its commercial portfolio. Our Specialty Materials stock-pick had another strong year, benefiting from positive developments in its ongoing patent infringement lawsuit against Samsung while one of our Semiconductor holdings gained after it was announced that Intel would acquire it for a 60% premium. Several of our more defensive companies, including our Specialty Insurance and Consumer Staples holdings, also rose during the year as investors favored stable, cash flow-generating companies amidst an uncertain macroeconomic backdrop.

Gains in the portfolio were more than offset by losses in some of our Growth holdings, many of which had outperformed in prior years and were impacted most by contracting equity valuations due to higher interest rates. Our Bio-Manufacturing holding declined after elevated cash burn required the company to raise additional capital, however we are optimistic that the combination of an upcoming strategic molecule transaction and improving operational performance could provide sufficient cash runway until the company becomes cash flow positive later this year. Our Electric Vehicle holding was negatively impacted by COVID-related shutdowns in China and the selling of shares by the CEO to fund personal business ventures, both of which we view to be temporary headwinds for the stock. Semiconductor and Semi Capital Equipment stocks fell last year as concerns around industry overcapacity coincided with softening demand for consumer



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electronics, however we are confident that our holdings can weather a near-term downturn and remain constructive about the long-term growth potential for the Semi industry as the global economy becomes increasingly more digital. Our Big Tech holdings while resilient during the pandemic were not totally immune from slowing economic growth and downward pressure on valuations, which broadly impacted stocks during 2022.

If you are interested in adding to your Fund investment or enrolling in a monthly automatic investment plan you can call 1-877-4-TANAKA. You may also send a check written out to the TANAKA Growth Fund to:

The TANAKA Growth Fund
c/o Mutual Shareholder Services
8000 Town Centre, Suite 400
Broadview Heights, OH 44147

Please call or email us if you have any questions. Thank you for your ongoing support!

Graham Tanaka, CFA

Benjamin Bratt, CFA

The Fund's prospectus contains important information about the Fund's investment objectives, potential risks, management fees, charges and expenses, and other information. Please read and consider it carefully before investing or sending money. You may obtain a current copy of the Fund's prospectus by calling 1-877-4-TANAKA.

The Fund's past performance does not guarantee future results. The investment return and principal value of an investment in the Fund 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 calling 1-877-4-TANAKA.

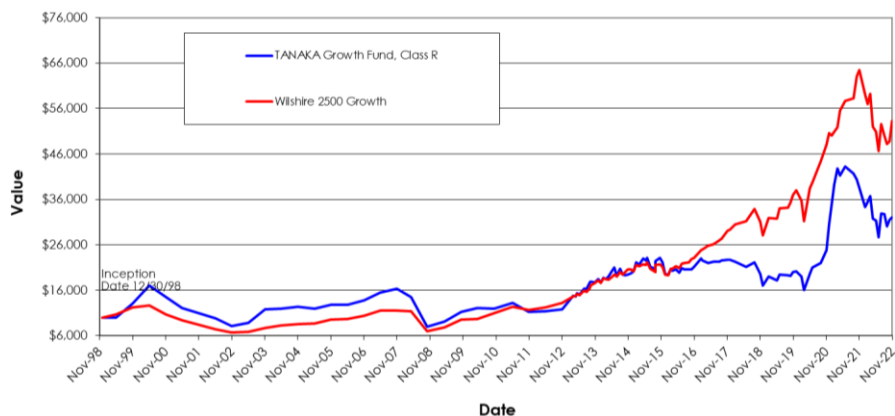
TANAKA GROWTH FUND

PORTFOLIO ILLUSTRATION

November 30, 2022 (UNAUDITED)

TANAKA Growth Fund (TGFRX) Performance through November 30, 2022

Comparison of the Growth of a \$10,000 Investment in the
TANAKA Growth Fund, Class R and the Wilshire 2500 Growth Index



	YTD Total Return 12-31-21 to 11-30-22	One Year Total Return 11-30-21 to 11-30-22	Five Year Average Annual Return 11-30-17 to 11-30-22	Ten Year Average Annual Return 11-30-12 to 11-30-22	Total Average Annual Return Since Inception 12-30-98 to 11-30-22
R-Share					
Wilshire 2500 Growth	-16.88%	-20.58%	7.12%	10.55%	4.99%
	-23.04%	-21.35%	11.25%	14.10%	6.92%

The chart above assumes an initial investment of \$10,000 made on December 30, 1998 (commencement of Fund operations) and held through November 30, 2022. THE FUND'S RETURN REPRESENTS PAST PERFORMANCE AND DOES NOT GUARANTEE FUTURE RESULTS. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Investment returns and principal values will fluctuate so that your shares, when redeemed, may be worth more or less than their original purchase price. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month may be obtained by calling 1-877-4TANAKA.

The Fund is a non-diversified fund. The Fund may be subject to additional risk since it can invest in smaller capitalization companies including technology stocks, and it may invest up to 45% of its net assets in foreign securities, including multinational and emerging market securities. You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses of the Fund before investing. Please read the prospectus carefully before investing as it contains this and other information about the Fund. You may obtain a current copy of the Fund's Prospectus by calling 1-877-4TANAKA. Investment return and principal value fluctuate in response to the activities of individual companies and general market and economic conditions.

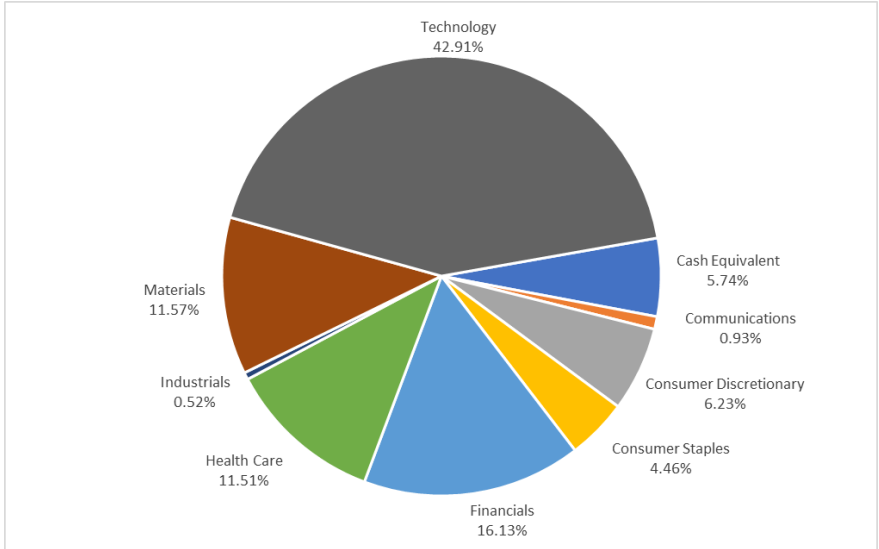
The Wilshire 2500 Growth Index is a benchmark of the large and small-sized growth companies in the US equity market. It is a float-adjusted, market capitalization-weighted derivative index of the Wilshire 2500 Index.

TANAKA GROWTH FUND

PORTFOLIO ILLUSTRATION

November 30, 2022 (UNAUDITED)

The following chart gives a visual breakdown of the Fund by the industry sectors the underlying securities represent as a percentage of the portfolio of investments.



Sectors are based on Bloomberg® classifications.

TANAKA GROWTH FUND

SCHEDULE OF INVESTMENTS

November 30, 2022

<u>Shares</u>	<u>Value</u>
COMMON STOCKS - 94.35%	
Accident & Health Insurance - 6.00%	
12,900 Aflac, Inc.	\$ 927,897
Beverages - 1.95%	
1,625 PepsiCo, Inc.	301,454
Cigarettes - 2.52%	
3,910 Philip Morris International, Inc.	389,710
Electronic Computers - 17.72%	
18,518 Apple, Inc.	2,741,220
General Industrial Machinery & Equipment - 4.25%	
70,000 Symbotic, Inc. Class A ^ † *	657,475
Industrial Organic Chemicals - 4.49%	
401,347 Amyris, Inc. *	694,330
Investment Advice - 4.16%	
20,625 The Carlyle Group, Inc.	642,881
Measuring & Controlling Device - 6.66%	
12,883 Onto Innovation, Inc. *	1,029,996
Miscellaneous Metal Ores - 7.09%	
6,500 Cameco Corp. (Canada) #	158,470
198,889 NexGen Energy Ltd. (Canada) # *	937,573
	1,096,043
Motor Vehicle Parts & Accessories - 0.52%	
370 Honeywell International, Inc.	81,233
Motor Vehicles & Passenger Car - 4.00%	
3,180 Tesla Motors, Inc. *	619,146
Pharmaceutical Preparations - 11.52%	
81,098 Catalyst Pharmaceuticals, Inc. *	1,360,013
16,655 Corcept Therapeutics, Inc. *	421,038
	1,781,051
Radio & TV Broadcasting & Communications Equipment - 5.40%	
6,598 Qualcomm, Inc.	834,581
Retail-Catalog & Mail-Order Houses - 2.23%	
3,580 Amazon.com, Inc. *	345,613

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

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SCHEDULE OF INVESTMENTS (CONTINUED)

November 30, 2022

<u>Shares</u>	<u>Value</u>
Security Brokers, Dealers & Flotation Companies - 4.70%	
11,310 Stifel Financial Corp.	\$ 726,667
Semiconductors & Related Devices - 4.52%	
3,870 Applied Materials, Inc.	424,152
1,620 NVIDIA Corp.	274,153
	<u>698,305</u>
Services-Business Services - 1.85%	
290 Accenture PLC Class A (Ireland) #	87,270
560 MasterCard, Inc. Class A	199,584
	<u>286,854</u>
Services-Computer Programming, Data Processing, Etc. - 0.58%	
760 Meta Platforms, Inc. Class A *	89,756
Specialty Chemicals - 3.84%	
1,260,607 Nanoco Group PLC (United Kingdom) # *	593,179
Television Broadcasting Stations - 0.35%	
2,700 Paramount Global Class B	54,216
TOTAL FOR COMMON STOCKS (Cost \$8,504,680) - 94.35%	<u>14,591,607</u>
SHORT-TERM INVESTMENTS - 5.75%	
888,628 Huntington Conservative Deposit Account 3.61% **	888,628
TOTAL FOR SHORT-TERM INVESTMENTS (Cost \$888,628) - 5.75%	<u>888,628</u>
TOTAL INVESTMENTS (Cost \$9,393,308) - 100.10%	15,480,235
LIABILITIES IN EXCESS OF OTHER ASSETS, NET - (0.10)%	<u>(14,780)</u>
NET ASSETS - 100.00%	<u><u>\$ 15,465,455</u></u>

* Non-income producing securities during the period.

** The Conservative Deposit Account ("CDA") is a short-term investment vehicle in which the Fund holds cash balances. The CDA will bear interest at a variable rate that is determined based on conditions and may change daily and by any amount. The coupon rate shown represents the yield at November 30, 2022.

Total value for foreign common stock is \$1,776,492, representing 11.49% of net assets.

^ Restricted securities are securities acquired in an unregistered, private sale from the issuing company. Total value for restricted security is \$657,475, representing 4.25% of net assets.

† Fair valued security. Total fair value is \$657,475 representing 4.25% of net assets.

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

TANAKA GROWTH FUND

STATEMENT OF ASSETS AND LIABILITIES

November 30, 2022

Assets:	
Investments, at Value (Cost \$9,393,308)	\$15,480,235
Receivables:	
Dividends and Interest	18,133
Prepaid Expenses	12,406
Total Assets	<u>15,510,774</u>
Liabilities:	
Due to Advisor	13,545
Directors' Fees	2,003
Audit Fees	18,500
Custody Fees	1,889
Distribution (12b-1) Fees	2,316
Legal Fees	500
Printing and Mailing Fees	1,858
Transfer Agent and Fund Accounting Fees	3,623
Miscellaneous Fees	1,085
Total Liabilities	<u>45,319</u>
Net Assets	<u>\$15,465,455</u>
Net Assets Consist of:	
Paid-In Capital	\$10,210,176
Distributable Earnings	5,255,279
Net Assets, for 521,646 Shares Outstanding	<u>\$15,465,455</u>
Net Asset Value and Offering Price Per Share	<u>\$ 29.65</u>
Minimum Redemption Price Per Share (\$29.65*0.98) (Note 6) (a)	<u>\$ 29.05</u>

(a) A minimum redemption fee of 2% is imposed in the event of certain redemption transactions occurring within 5 days of purchase.

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

TANAKA GROWTH FUND

STATEMENT OF OPERATIONS

For the year ended November 30, 2022

Investment Income:	
Dividends	\$ 145,911
Interest	8,547
Total Investment Income	<u>154,458</u>
Expenses:	
Advisory	162,193
Distribution (12b-1) Fees	40,548
Transfer Agent and Fund Accounting	38,159
Administrative	16,220
Legal	18,065
Audit	24,936
Registration	15,174
Printing and Mailing	5,951
Custody Fees	3,778
Directors' Fees	9,892
Miscellaneous	5,494
Insurance	6,673
Total Expenses	<u>347,083</u>
Net Investment Loss	<u>(192,625)</u>
Realized and Unrealized Loss on Investments and Foreign Currency Transactions:	
Net Realized Loss on Investments and Foreign Currency Transactions	(659,380)
Net Change in Unrealized Depreciation on Investments and Foreign Currency Transactions	<u>(3,593,698)</u>
Realized and Unrealized Loss on Investments and Foreign Currency Transactions:	<u>(4,253,078)</u>
Net Decrease in Net Assets Resulting from Operations	<u><u>\$(4,445,703)</u></u>

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

TANAKA GROWTH FUND

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended <u>11/30/2022</u>	Year Ended <u>11/30/2021</u>
Increase (Decrease) in Net Assets From Operations:		
Net Investment Loss	\$ (192,625)	\$ (335,506)
Net Realized Gain (Loss) on Investments and Foreign Currency Transactions	(659,380)	2,053,060
Net Change in Unrealized Appreciation (Depreciation) on Investments and Foreign Currency Transactions	<u>(3,593,698)</u>	<u>4,809,658</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(4,445,703)</u>	<u>6,527,212</u>
Total Distributions Paid to Shareholders		
Realized Gains	(1,362,724)	-
Return of Capital	<u>(323)</u>	<u>-</u>
Total Distributions	(1,363,047)	-
Capital Share Transactions (Note 6)	<u>(1,363,899)</u>	<u>5,028,452</u>
Total Increase (Decrease)	(7,172,649)	11,555,664
Net Assets:		
Beginning of Year	<u>22,638,104</u>	<u>11,082,440</u>
End of Year	<u>\$15,465,455</u>	<u>\$22,638,104</u>

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

TANAKA GROWTH FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout each year.

	Years Ended				
	11/30/2022	11/30/2021	11/30/2020	11/30/2019	11/30/2018
Net Asset Value, at Beginning of Year	\$ 40.09	\$ 24.71	\$ 19.94	\$ 19.52	\$ 22.58
Income From Investment Operations:					
Net Investment Loss *	(0.37)	(0.64)	(0.29)	(0.27)	(0.33)
Net Gain (Loss) on Securities (Realized and Unrealized)	(7.42)	16.02	5.06	0.69	(2.73)
Total from Investment Operations	(7.79)	15.38	4.77	0.42	(3.06)
Distributions:					
Realized Gains	(2.65)	-	-	-	-
Return of Capital	- †	-	-	-	-
Total from Distributions	(2.65)	-	-	-	-
Redemption Fees ***	-	- †	-	- †	-
Net Asset Value, at End of Year	\$ 29.65	\$ 40.09	\$ 24.71	\$ 19.94	\$ 19.52
Total Return **	(20.58)%	62.24%	23.92%	2.15%	(13.55)%
Ratios/Supplemental Data:					
Net Assets at End of Year (Thousands)	\$ 15,465	\$ 22,638	\$ 11,082	\$ 9,966	\$ 10,787
Before Waivers or Recoupments					
Ratio of Expenses to Average Net Assets	2.14%	1.98%	2.70%	2.66%	2.29%
Ratio of Net Investment Loss to Average Net Assets	(1.19)%	(1.37)%	(1.69)%	(1.65)%	(1.53)%
After Waivers or Recoupments					
Ratio of Expenses to Average Net Assets	2.14%	2.19%	2.45%	2.45%	2.29%
Ratio of Net Investment Loss to Average Net Assets	(1.19)%	(1.58)%	(1.44)%	(1.44)%	(1.53)%
Portfolio Turnover	7.65%	37.50%	15.08%	4.94%	18.94%

* Per share net investment loss has been determined on the basis of average shares outstanding during the year.

** Assumes reinvestment of dividends, if any.

*** The Fund will impose a 2.00% redemption fee on shares redeemed within 5 days of purchase.

† Amount less than \$0.005 per share.

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

TANAKA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS

November 30, 2022

NOTE 1. ORGANIZATION

The TANAKA Growth Fund (the "Fund") was organized as a series of TANAKA Funds, Inc., a Maryland corporation (the "Company") on November 5, 1997; the Fund commenced operations on December 30, 1998. The Fund is registered under the Investment Company Act of 1940, as amended, as a non-diversified open-end management investment company. The Fund's investment objective is to provide growth of capital. The Investment Advisor of the Fund is Tanaka Capital Management, Inc. (the "Advisor").

NON-DIVERSIFICATION RISK: As a non-diversified fund, the Fund may invest larger positions in small number of companies of its total assets. The Fund's performance may be more sensitive to any single economic, business, political or regulatory occurrence than the value of shares of a diversified investment company. The Fund's performance may be affected disproportionately by the performance of relatively few stocks. In addition, the volatility of the Fund may be greater than the overall volatility of the market.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Fund in the preparation of its financial statements. The Fund is an investment company that follows the accounting and reporting guidance of Accounting Standards Codification Topic 946 applicable to investment companies.

Securities Valuations - All investments in securities are recorded at their estimated fair value, as described in Note 3.

Federal Income Taxes – The Fund makes no provision for federal income or excise tax. The Fund intends to qualify each year as “regulated investment companies” (“RIC”) under subchapter M of the Internal Revenue Code of 1986, as amended, by complying with the requirements applicable to RICs and by distributing substantially all of its taxable income. The Fund also intends to distribute sufficient net investment income and net capital gains, if any, so that it will not be subject to excise tax on undistributed income and gains. If the required amount of net investment income or gains is not distributed, the Fund could incur a tax expense. Therefore, no federal income tax or excise provision is required.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained, assuming examination by tax authorities. Management has analyzed the Fund's tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2019-2021) or expected to be taken in the Fund's 2022 tax returns. The Fund identifies its major tax jurisdiction as U.S. Federal, however the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

TANAKA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

November 30, 2022

The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the year ended November 30, 2022, the Fund did not incur any interest or penalties.

Security Transactions and Related Income - The Fund follows industry practice and records security transactions on the trade date. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income less foreign taxes withheld is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized over the life of the respective securities. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

Dividends and Distributions - The Fund intends to distribute substantially all of its net investment income as dividends to its shareholders on at least an annual basis. The Fund intends to distribute its net realized long-term capital gains and its net realized short-term capital gains at least once a year. Distributions to shareholders which are determined in accordance with income tax regulations and are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from its ultimate treatment for federal income tax purposes. These differences are caused by differences in the timing of the recognition of certain components of income, expense or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset values per share of the Fund.

Foreign Currency - Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on a Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

TANAKA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

November 30, 2022

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – The Fund considers all highly liquid debt instruments having original maturities of three months or less at the date of purchase to be cash equivalents. The Fund may, during the ordinary course of business, maintain account balances with banks in excess of federally insured limits. The Fund has not experienced losses on these accounts, and management believes that the Fund is not exposed to significant risks on such accounts.

NOTE 3. SECURITIES VALUATIONS

Processes and Structure

The Fund’s Board of Directors (the “Board”) has adopted guidelines for valuing securities including in circumstances in which market quotes are not readily available and has designated the Advisor as the valuation designee in accordance with Rule 2a-5 of the Investment Company Act of 1940.

Fair Value Pricing – Under certain circumstances, the Advisor will use its best efforts to arrive at the fair value of a security held by the Fund under all reasonably ascertainable facts and circumstances. The Advisor must prepare a report for the Board not less than quarterly containing a complete listing of any securities for which fair value pricing was employed and detailing the specific reasons for such fair value pricing. The Fund has adopted written policies and procedures to guide the Advisor with respect to the circumstances under which, and the methods to be used, in fair valuing securities.

The Fund invests the majority of its assets in frequently traded exchange listed securities of domestic issuers with relatively liquid markets and calculates its NAV as of the time those exchanges close. However, the Fund may invest in securities on foreign exchanges or in illiquid or restricted securities. Accordingly, there may be circumstances under which the Fund would hold a security that would need to be fair value priced. Examples of when it would be likely that the Fund security would require fair value pricing include but are not limited to: if the exchange on which a portfolio security trades were to close early; if trading in a particular security were to be halted on an exchange and did not resume trading prior to calculation of NAV; if a significant event that materially affected the value of a security were to occur after the securities’ exchange had closed but before the Fund’s NAV had been calculated; and if a security that had a significant exposure to foreign operations was subject to a material event or occurrence in a foreign jurisdiction in which the company had significant operations.

TANAKA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

November 30, 2022

Hierarchy of Fair Value Inputs

The Fund utilizes various methods to measure the fair value of most of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of inputs are as follows:

- *Level 1.* Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- *Level 2.* Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.
- *Level 3.* Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions that a market participant would use in valuing the asset or liability at the measurement date, and that would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Value Measurements

A description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value on a recurring basis follows.

Equity securities (Domestic and Foreign common stock) - Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Certain foreign securities may be fair valued using a pricing service that considers the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments such as American Depositary Receipts,

TANAKA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

November 30, 2022

financial futures, Exchange Traded Funds, and the movement of the certain indexes of securities based on a statistical analysis of the historical relationship, and are categorized in Level 2.

Short term investments - Short term investments are valued using amortized cost, which approximates fair value. These securities will be categorized in Level 1 of the fair value hierarchy. Money market funds are valued at their net asset value of \$1 per share and are categorized in Level 1.

The following table summarizes the inputs used to value the Fund's assets measured at fair value as of November 30, 2022:

<i>Categories</i>	Financial Instruments—Assets			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Fair Value</i>
Common Stocks *	\$ 13,934,132	\$ -	\$ 657,475	\$ 14,591,607
Short-Term Investments	888,628	-	-	888,628
	<u>\$ 14,822,760</u>	<u>\$ -</u>	<u>\$ 657,475</u>	<u>\$ 15,480,235</u>

*Industry classifications for these categories are detailed in the Schedule of Investments.

At November 30, 2022, as disclosed in the Fund's Schedule of Investments, the Fund held one common stock that was classified as Level 3.

Following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

	Level 3
Balance as of November 30, 2021	\$ -
Change in Unrealized Appreciation/(Depreciation)	(42,525)
Realized Gain/(Loss)	-
Purchases/Sales	700,000
Transfers In/(Out) of Level 3	-
Balance as of November 30, 2022	<u>\$ 657,475</u>

The following is a summary of quantitative information about Level 3 Fair Value Measurements:

	Fair Value as of November 30, 2022	Valuation Technique	Unobservable Input	Value Range	Weighted Average
Common Stock	\$ 657,475	Discount to public share price	Discount for lack of marketability	15%	N/A

TANAKA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

November 30, 2022

A change to the unobservable input may result in a significant change to the value of the investment as follows:

Unobservable Input	Impact to Value if Input Increases	Impact to Value if Input Decreases
Discount for lack of marketability	Decrease	Increase

NOTE 4. FEES AND OTHER TRANSACTIONS WITH AFFILIATES

The Fund retains the Advisor to manage the Fund's investments and act as Administrator to the Fund. The Advisor was organized as a Delaware corporation in 1986. Graham Y. Tanaka, portfolio manager and President of the Advisor, is primarily responsible for the day-to-day management of the Fund's portfolio. Certain officers of the Advisor serve as director and officers of the Fund.

Under the terms of an Investment Advisory Agreement, (the "Advisory Agreement"), the Advisor manages the Fund's investments subject to approval by the Board. As compensation for its management services, the Fund is obligated to pay the Advisor a fee computed and accrued daily and paid monthly at an annual rate of 1.00% of the average daily net assets of the Fund. For the year ended November 30, 2022, the Advisor earned a fee of \$162,193 from the Fund. At November 30, 2022, the Fund owed the Advisor \$12,300 for management fees.

Pursuant to a written expense limitation agreement, the Fund's Adviser has agreed to waive or limit its fees and assume other expenses of the Fund (excluding interest, taxes, brokerage commissions and other expenditures capitalized in accordance with generally accepted accounting principles or other extraordinary expenses), so that the Fund's ratio of total annual operating expenses is limited to 2.45% for Class R shares. The expense limitation agreement is effective on an annual basis and may be terminated only by the Board of Trustees by providing 90 days notice, or if the Adviser ceases to serve as adviser to the Fund. The Adviser is entitled to reimbursement of fees waived or expenses assumed subject to the limitations that (i) the reimbursements is made for fees waived or expenses incurred not more than three years prior to the date of the reimbursement and (ii) the reimbursement may not be made if it would cause the Fund's annual expense limitation to be exceeded for Class R Shares. Further, any recoupments will be subject to any lower expenses limitations that have been later implemented by the Board. For the year ended November 30, 2022, the Advisor recouped no fees.

Under the terms of the Administrative Agreement, the Advisor will provide administrative services which are necessary for the day-to-day operations of the Fund. As compensation for the administrative services, the Fund is obligated to pay the Advisor a fee computed and accrued daily and paid monthly at an annual rate of 0.10% of the average daily net assets of the Fund. For the year ended November 30, 2022, the Advisor earned a fee of \$16,220 from the Fund under the Administrative Agreement. At November 30, 2022, the Fund owed the Advisor \$1,245 for administrative fees.

TANAKA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

November 30, 2022

The Fund has adopted a plan pursuant to Rule 12b-1 under the Investment Company Act of 1940 for each class of shares authorized (each such plan, a "Distribution Plan") as amended and approved on December 14, 2020. The Fund is obligated to pay a fee computed and accrued daily at an annual rate of 0.25% of the average daily net assets. The 12b-1 fees are paid to brokers, dealers and other financial institutions, including the investment adviser to the "Fund", (collectively, the "Service Organizations") for services in connection with sales of shares of the Fund. Total fees incurred under the Distribution Plan for the year ended November 30, 2022, were \$40,548. For the year ended November 30, 2022, the Advisor received 12b-1 fees of \$23,453 that were used by the Advisor to cover allowable expenses under the Distribution Plan.

NOTE 5. INVESTMENTS

For the year ended November 30, 2022, purchases and sales of investment securities, excluding short-term investments were as follows:

	<u>Amount</u>
Purchases	\$ 1,231,859
Sales	\$ 3,569,346

NOTE 6. CAPITAL SHARES

The Company is authorized to issue up to 250,000,000 shares of common stock, par value \$0.01 per share, of which it currently has allocated 150,000,000 shares to the Fund. Capital share transactions for the years ended November 30, 2022 and 2021, respectively, were as follows:

	<u>Year Ended 11/30/22</u>		<u>Year Ended 11/30/21</u>	
	<u>Shares</u>	<u>\$ Amount</u>	<u>Shares</u>	<u>\$ Amount</u>
Shares sold	51,599	\$ 1,729,322	383,586	\$ 15,961,893
Shares reinvested	36,969	1,327,920	-	-
Shares redeemed	<u>(131,607)</u>	<u>(4,421,141)</u>	<u>(267,323)</u>	<u>(10,933,441)</u>
Net increase (decrease)	<u>(43,039)</u>	<u>\$ (1,363,899)</u>	<u>116,263</u>	<u>\$ 5,028,452</u>

For the year ended November 30, 2022, the shares redeemed amounts include account servicing fees of \$4,440 which were used to offset Transfer Agent fees on the Statement of Operations.

Shareholders will be subject to a Redemption Fee on redemptions and exchanges equal to 2.00% of the net asset value of Fund shares redeemed within 5 days after their purchase. For the year ended November 30, 2022, no redemption fees were collected from shareholder transactions and the year ended November 30, 2021, \$727 of redemption fees were collected by the Fund from shareholder transactions. These amounts are included in shares sold above.

TANAKA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

November 30, 2022

NOTE 7. TAX MATTERS

As of November 30, 2022, unrealized appreciation (depreciation) and cost of investment securities on a tax basis, were as follows:

Gross unrealized appreciation on investment securities	\$ 7,735,381
Gross unrealized depreciation on investment securities	<u>(1,660,161)</u>
Net unrealized appreciation on investment securities	<u>\$ 6,075,220</u>
Tax Cost of investment securities *	<u>\$ 9,405,015</u>

* Includes short-term investment.

The difference between book and tax unrealized is mainly attributable to the tax deferral of wash sales.

The Fund's distributable earnings on a tax basis are determined only at the end of each fiscal year. As of November 30, 2022, the Fund's most recent fiscal year-end, the components of distributable earnings on a tax basis were as follows:

Unrealized Appreciation	\$ 6,075,220
Late Year Losses	(172,267)
Capital Loss Carryforwards	<u>(647,674)</u>
Total Distributable Earnings, Net	\$ <u>5,255,279</u>

Under current tax law, net capital losses realized after October 31 and net ordinary losses incurred after December 31 may be deferred and treated as occurring on the first day of the following fiscal year. The Fund's carryforward losses, post-October losses and late year losses are determined only at the end of each fiscal year. As of November 30, 2022, the Fund elected to defer late year losses as indicated in the chart below.

Late Year Losses

Deferred

\$ 172,267

As of November 30, 2022, the Fund recorded permanent book/tax differences of \$339,997 from distributable earnings (an increase to distributable earnings) to paid-in-capital (a decrease to paid-in-capital) due to net operating losses.

As of November 30, 2022, the Fund has capital loss carryforwards available for federal income tax purposes as follows:

Long-term non-expiring	\$ 8,525
Short-term non-expiring	<u>639,149</u>
Total	<u>\$ 647,674</u>

TANAKA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

November 30, 2022

To the extent these loss carryforwards are used to offset future capital gains, it is probable that the amount offset will not be distributed to shareholders.

For the year ended November 30, 2022, there was a long-term capital gain and return of capital distribution of \$1,362,704 and \$343, respectively, paid.

No distributions were paid by the Fund for the year ended November 30, 2021.

NOTE 8. INDEMNIFICATIONS

In the normal course of business, the Fund enters into contracts that contain general indemnification to other parties. The Fund's maximum exposure under these contracts is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. The Fund expects the risk of loss to be remote.

NOTE 9. SECTOR RISK

If the Fund's portfolio is overweighted in a certain industry sector, any negative development affecting that sector will have a greater impact on the Fund than a fund that is not overweighted in that sector. For example, to the extent the Fund is overweighted in the technology sector it will be affected by developments affecting the applicable sector. The sector is subject to changing government regulations that may limit profits and restrict services offered. Companies in this sector also may be significantly affected by intense competition. In addition, technology products may be subject to rapid obsolescence.

NOTE 10. MARKET RISK

Overall market risks may also affect the value of the Fund. Factors such as domestic economic growth and market conditions, interest rate levels and political events affect the securities markets. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions and depressions, or other events could have a significant impact on the Fund and its investments and may impair market liquidity, thereby increasing liquidity risk. The Fund could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns. During a general market downturn, multiple asset classes may be negatively affected. Changes in market conditions and interest rates can have the same impact on all types of securities and instruments.

An outbreak of infectious respiratory illness caused by a novel coronavirus known as COVID-19 was first detected in China in December 2019 and has now been detected globally. This coronavirus has resulted in travel restrictions, closed international borders, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, prolonged quarantines, cancellations, supply chain disruptions, and lower consumer demand, as well as general concern and uncertainty. The impact of COVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be

TANAKA GROWTH FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

November 30, 2022

foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established healthcare systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

NOTE 11. SUBSEQUENT EVENTS

On December 27, 2022, the Fund paid a long-term capital gain distribution of \$0.03 per share to shareholder of record as of December 27, 2022 totaling \$16,243. Management has evaluated the impact of all subsequent events on the Fund through the issuance of these financial statements and has noted no further events requiring disclosure or adjustment.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of TANAKA Growth Fund and
Board of Directors of TANAKA Funds, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of TANAKA Funds, Inc. comprising TANAKA Growth Fund (the “Fund”) as of November 30, 2022, the related statement of operations for the year then ended, and the statements of changes in net assets, the related notes, and the financial highlights for each of the two years in the period then ended (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of November 30, 2022, the results of its operations for the year then ended and the changes in net assets and the financial highlights for each of the two years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

The Fund’s financial highlights for the years ended November 30, 2020, and prior, were audited by other auditors whose report dated January 27, 2021, expressed an unqualified opinion on those financial highlights.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of November 30, 2022, by correspondence with the custodian and transfer agent. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Fund’s auditor since 2021. In addition, we served as the Fund’s auditor for fiscal years ended 1998 through 2005.



COHEN & COMPANY, LTD.
Milwaukee, Wisconsin
January 27, 2023

TANAKA GROWTH FUND

EXPENSE ILLUSTRATION

November 30, 2022 (UNAUDITED)

Expense Example

As a shareholder of the TANAKA Growth Fund, you incur ongoing costs which typically consist of management fees; distribution and service (12b-1) fees; transaction fees such as redemption fees and ongoing costs; and other Fund expenses. Please note that the expenses shown in the table are meant to highlight your ongoing costs (in dollars) only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange 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.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, June 1, 2022 through November 30, 2022.

Actual Expenses

The first line of the table below provides information about 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. As a shareholder of the TANAKA Growth Fund, you incur ongoing costs which typically consist of transaction fees such as redemption fees and ongoing costs; and other Fund expenses that are not included in this calculation.

Hypothetical Example for Comparison Purposes

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 this Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. As a shareholder of the TANAKA Growth Fund, you incur ongoing costs which typically consist of transaction fees such as redemption fees and ongoing costs; and other Fund expenses that are not included in this calculation.

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
	<u>June 1, 2022</u>	<u>November 30, 2022</u>	<u>June 1, 2022 to November 30, 2022</u>
Actual	\$1,000.00	\$1,020.30	\$11.19
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,013.99	\$11.16

* Expenses are equal to the Fund's annualized expense ratio of 2.21%, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period).

TANAKA GROWTH FUND

ADDITIONAL INFORMATION

November 30, 2022 (UNAUDITED)

The Fund's Statement of Additional Information (SAI) includes additional information about the Directors and Officers and is available, without charge, upon request. You may call toll-free 1-877-4TANAKA to request a copy of the SAI or to make shareholder inquiries.

LIQUIDITY RISK MANAGEMENT PROGRAM

The Fund has adopted and implemented a written liquidity risk management program as required by Rule 22e-4 (the "Liquidity Rule") under the Investment Company Act. The program is reasonably designed to assess and manage the Fund's liquidity risk, taking into consideration, among other factors, the Fund's investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources.

During the year ended November 30, 2022, the Trust's Liquidity Risk Management Program Committee (the "Committee") reviewed the Fund's investments and determined that the Fund held adequate levels of cash and highly liquid investments to meet shareholder redemption activities in accordance with applicable requirements. Accordingly, the Committee concluded that (i) the Fund's liquidity risk management program is reasonably designed to prevent violations of the Liquidity Rule and (ii) the Fund's liquidity risk management program has been effectively implemented.

INVESTMENT ADVISORY AGREEMENT RENEWAL

At a meeting held on December 13, 2022, the Board considered the renewal of the Investment Advisory Agreement between the Fund and Tanaka Capital Management, Inc. (the "IA Agreement"). The Board began its review of the IA Agreement and discussed the Board's responsibilities and considerations when reviewing the Agreement. Independent Counsel ("Counsel") advised the Board that there are five factors set forth by the SEC as minimum considerations, each of which must be visited when considering the renewal of the IA Agreement. Counsel guided the Board through each consideration, including: (1) the nature, extent, and quality of the services to be provided by the investment advisor; (2) the investment performance of the fund and the investment advisor; (3) the costs of the services to be provided and profits to be realized by the investment advisor and its affiliates from the relationship with the fund; (4) the extent to which economies of scale would be realized as the fund grows; and (5) whether fee levels reflect these economies of scale for the benefit of fund investors.

In addition to the five factors discussed above, and to further assist the Board in making its determination as to whether the IA Agreement should be renewed, the Board had requested and received the following information: a description of the Advisor's business and any personnel changes, the Code of Ethics and insider trading policy, and a description of any material legal proceedings or securities enforcement proceedings regarding the Advisor and sub-advisors and their personnel. In addition, the Board

TANAKA GROWTH FUND

ADDITIONAL INFORMATION (CONTINUED)

November 30, 2022 (UNAUDITED)

requested and received financial statements from the Adviser for relevant periods, a description of the compensation received by the Adviser from the Fund both as aggregate and in relation to fees charged by other advisors to similar funds, information relating to the Adviser's policies and procedures regarding best execution, trade allocation, and soft dollar arrangements. The materials prepared by the Adviser were provided to the Board in advance of the meeting.

The Board considered the fees charged by the Adviser in light of the services provided to the Fund by the Adviser. After full review of the materials presented and careful consideration, the Board, with the independent Directors separately concurring, agreed that the fees charged by the Adviser were fair and reasonable in light of the services provided to the Fund.

The Board then discussed the nature, extent and quality of the Adviser's services to the Fund. In particular, the Board noted with approval the Adviser's commitment to maintaining certain targeted expense ratios for the Fund, its efforts in providing comprehensive and consistent investment management to the Fund, and its efforts to maintain ongoing regulatory compliance for the Fund. The Board noted for the record that it reviewed, on a quarterly basis, performance and management reports relating to the Fund, and those prior reviews were incorporated into the Board's current considerations.

The Board discussed the Advisors current fee structure and whether such structure would allow the Fund to realize economies of scale as they grow. Accordingly, it would be premature of the Board to consider economies of scale.

The Board next considered the investment performance of the Fund and the Adviser's performance. The Board generally approved of the Fund's performance. The Board noted with approval the Adviser's ongoing efforts to maintain such consistent investment discipline. The Board also noted with approval that although the Adviser's business was not devoted exclusively to serving the Fund, the Adviser did not appear to realize any extraordinary ancillary benefits or profits deriving from its relationship with the Fund. Further considerations are discussed below.

1. The nature, quality, and extent of services furnished by TANAKA, including:

(a) That the breadth and the quality of investment advisory and other services being provided are satisfactory, as evidenced in part by the performance record of the Fund compared with the performance records of a peer group of comparable funds;

(b) That TANAKA has made significant expenditures in prior years to ensure that it has the systems and highly trained personnel necessary for it to be able to continue to provide quality service to the Fund's shareholders, including the dedication of substantial resources to TANAKA's investment and trading departments; and

TANAKA GROWTH FUND

ADDITIONAL INFORMATION (CONTINUED)

November 30, 2022 (UNAUDITED)

(c) That the Board is satisfied with the research, portfolio management, and trading services, among others, being provided by TANAKA to the Fund, and has determined that TANAKA is charging fair, reasonable, and competitive fees.

(d) The risks assumed by TANAKA in providing investment advisory services to the Fund including the capital commitments which have been made in the past and which continue to be made by TANAKA to ensure the continuation of the highest quality of service to the Fund is made with the recognition that the Fund's advisory relationship with TANAKA can be terminated at any time and must be renewed on an annual basis.

2. The fairness of fee arrangements, including:

(a) That upon review of the advisory fee structures of the Fund in comparison with other similar funds, the level of investment advisory fees paid by the Fund is competitive;

(b) That the expense ratio of the Fund is generally competitive;

(c) That TANAKA has contractually agreed to impose expense limitations on the Fund at a cost to TANAKA; and

(d) That the advisory and other fees payable by the Fund to TANAKA are essentially fees which would be similar to those which would have resulted solely from "arm's-length" bargaining, and may well be lower than fees arrived at solely from such arm's-length negotiation.

(e) That the fees paid to TANAKA for managing other institutional accounts (such as pension plans) are not lower than the fees paid by similarly-managed funds, and to the extent that the fees of those accounts are lower, the reasons why such accounts are less costly for TANAKA to manage.

(f) The extent to which economies of scale could be realized as a Fund grows in assets and whether the Fund's fees reflect these economies of scale for the benefit of Fund shareholders.

3. The costs borne by TANAKA in providing advisory services to the Fund and the profitability of TANAKA in light of the estimated profitability analysis which had been provided by TANAKA; and

4. The benefits to TANAKA from serving as the Fund's Advisor

After full discussion and consideration, and being no further questions or comments from the Board, the contract with the Adviser was renewed for another year.

TANAKA GROWTH FUND

DIRECTORS & OFFICERS

November 30, 2022 (UNAUDITED)

The following table provides information regarding each Director who is not an interested person of the Company, as defined in the 1940 Act.

Name (Age)	Position(s) Held with Company (Length of Time Served)	Principal Occupations During Past 5 Years	Other Directorships Held by Director
David M. Fox (74)	Director (since 1997)	President and CEO of David Fox & Associates, a television programming sales firm, since 2001.	None
Scott D. Stoker (68)	Director (since 2021)	Retired; President of First Team Communications from 1993 to 2004, a marketing communications firm.	None

The following table provides information regarding each Director who is an interested person of the Company, as defined in the 1940 Act, and each officer of the Company.

Name (Age)	Position(s) Held with Company (Length of Time Served)	Principal Occupations During Past 5 Years	Other Directorships Held by Director
Graham Y. Tanaka (74)*	Chairman, CEO and President (since 1997)	President of Tanaka Capital Management, Inc. since 1986.	Council for Economic Education since 2018.
Benjamin M. Bratt (30)	Treasurer, Secretary, CFO and CCO (since 2015)	Analyst at Tanaka Capital Management, Inc., Mutual Fund Services at Brown Brothers Harriman & Co.	None

* "Interested person", as defined in the 1940 Act, of the Fund because of the affiliation with Tanaka Capital Management, Inc.

Each Director serves until the next annual meeting of shareholders or until his successor is duly elected. The Fund is not in a family of funds or a fund complex, and the only fund overseen by the Board is the Fund.

For the year ended November 30, 2022, David M. Fox and Scott D. Stoker were paid \$5,000 and \$5,000, respectively.

The address of each Director and Officer is c/o Tanaka Capital Management, Inc., 60 East 42nd Street, Suite 4000, New York, New York 10165.

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PROXY VOTING AND QUARTERLY PORTFOLIO SCHEDULE

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted proxies during the most recent 12 month period ended June 30, are available without charge upon request (1) by calling the Fund at 1-877-4TANAKA and (2) from Fund documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at www.sec.gov.

The Fund files a complete schedule of investments with the SEC for the first and third quarter of each fiscal year on Form N-PORT. The Fund's first and third fiscal quarters end on February 28 and August 31. The Fund's Forms N-PORT are available on the SEC's website at www.sec.gov, or they may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (call 1-800-732-0330 for information on the operation of the Public Reference Room). You may also obtain copies by calling the Fund at 1-877-4TANAKA.

DIRECTORS

Graham Y. Tanaka
David M. Fox
Scott D. Stooker

OFFICERS

Graham Y. Tanaka
Benjamin M. Bratt

INVESTMENT ADVISOR

Tanaka Capital Management, Inc.
60 East 42nd Street, Suite 4000
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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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LEGAL COUNSEL

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395 Sawdust Rd., #2137
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CUSTODIAN

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Columbus, OH 43125

TRANSFER AGENT AND FUND ACCOUNTANT

Mutual Shareholder Services, LLC.
8000 Town Centre Drive, Suite 400
Broadview Heights, OH 44147

This report is intended only for the information of shareholders or those who have received the Fund's prospectus which contains information about the Fund's management fee and expenses. Please read the prospectus carefully before investing.

The Fund's Statement of Additional Information includes additional information about the Fund and is available upon request at no charge by calling the Fund.