NEEDHAM AGGRESSIVE GROWTH FUND

2Q20 Quarterly Commentary

Portfolio Manager: John O. Barr
Investment Style: Small Cap Growth

MARKET REVIEW

- In 2Q20, U.S. equities rallied from their worst quarter since 2008; S&P 500 returned 20.54%; Russell 2000 returned 25.42%.  YTD at June 30, the S&P 500 returned -3.08%; Russell 2000 returned -12.98%.
- The March 23 market bottom was coincident with the Fed’s announcement of unlimited quantitative easing and the House’s passage of The CARES Act. The S&P 500 returned 41.28% since this bottom through June 30.
- The U.S. healthcare system held up to a peak of hospitalizations in mid-April. The world’s ability to adapt to COVID-19 has steadily improved.
- 1Q20 earnings and 2Q20 guidance were better than expected.
- During the quarter, low leverage and high quality factors outperformed, while small size, low volatility, high yield and value factors underperformed. The top industry contributors were software and tech hardware.

PORTFOLIO REVIEW

- In 2Q20 and year-to-date, the Fund significantly outperformed, due to almost all of its top holdings outperforming their sectors. The Fund’s overweight in information technology and its underweights in consumer staples, financials, energy, retail and utilities were all contributors to performance.
- The Fund’s Institutional (NEAIX) and Retail classes (NEAGX) returned 35.07% and 34.85%, respectively, in 2Q20. YTD as of June 30, NEAIX returned 12.96% and NEAGX returned 12.68%, considerably outperforming the S&P 500’s -3.08% and Russell 2000’s -12.98% YTD results.
- The Fund’s top two contributors were two of its largest positions, PDF Solutions Inc. (PDFS) and Entegris Inc. (ENTG). Both companies provide technology for advanced semiconductor manufacturing.
- Vicor Corporation (VICR) was the third leading contributor and designs power conversion devices used to distribute power efficiently through a data center.
- All three of these companies benefit from the build-out of data centers. For an interesting view of the importance of data centers, read Digital Cathedrals by Mark Mills. E-commerce and other online offerings, which accelerated in response to the global pandemic, are enabled by data centers.
- The top ten holdings represented 68.62% of net assets and nine of the top ten holdings outperformed their sectors in the second quarter.
- None of the Fund’s positions were material detractors in 2Q20.

THE OPPORTUNITY

- We target companies we perceive to have significant, unrecognized growth opportunities. COVID-19 is hastening revolutionary development in technology and life sciences that will improve our quality of life. The Fund is a long-term investor in companies that build the infrastructure necessary to bring these developments to market.
- For years, we have been underweight financials, utilities, commodity and consumer-facing companies. We believe the underlying technology infrastructure is less vulnerable to economic cycles.
- The Fund’s greater-than-benchmark exposure to high quality stocks (defined by Morningstar to include profitability and moderate leverage) was helpful for the Fund’s performance this quarter. We seek current and growing profitability and sound balance sheets in stocks we hold, and believe that during a time of significant uncertainty this may continue to provide benefits for our shareholders.
AVERAGE ANNUAL RETURNS AS OF 6/30/20

<table>
<thead>
<tr>
<th>Fund / Index</th>
<th>3 MO</th>
<th>YTD</th>
<th>1YR</th>
<th>3YR</th>
<th>5YR</th>
<th>10YR</th>
<th>SINCE INCEPT.</th>
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<tbody>
<tr>
<td>Needham Aggressive Growth Fund Inst Class**</td>
<td>35.07%</td>
<td>12.96%</td>
<td>33.33%</td>
<td>14.26%</td>
<td>11.02%</td>
<td>13.44%</td>
<td>10.62%</td>
</tr>
<tr>
<td>After Taxes on Distributions</td>
<td>35.07%</td>
<td>12.96%</td>
<td>30.13%</td>
<td>11.73%</td>
<td>8.62%</td>
<td>12.09%</td>
<td>9.57%</td>
</tr>
<tr>
<td>After Taxes on Distributions &amp; Redemptions</td>
<td>20.76%</td>
<td>7.67%</td>
<td>21.27%</td>
<td>10.57%</td>
<td>8.08%</td>
<td>10.91%</td>
<td>8.86%</td>
</tr>
<tr>
<td>Needham Aggressive Growth Fund Retail Class</td>
<td>34.85%</td>
<td>12.68%</td>
<td>32.61%</td>
<td>13.64%</td>
<td>10.40%</td>
<td>12.82%</td>
<td>10.02%</td>
</tr>
<tr>
<td>After Taxes on Distributions</td>
<td>34.85%</td>
<td>12.68%</td>
<td>29.36%</td>
<td>11.09%</td>
<td>8.00%</td>
<td>11.46%</td>
<td>8.96%</td>
</tr>
<tr>
<td>After Taxes on Distributions and Redemptions</td>
<td>20.63%</td>
<td>7.51%</td>
<td>20.88%</td>
<td>10.08%</td>
<td>7.60%</td>
<td>10.36%</td>
<td>8.31%</td>
</tr>
<tr>
<td>Russell 2000 Index</td>
<td>25.42%</td>
<td>-12.98%</td>
<td>-6.63%</td>
<td>2.01%</td>
<td>4.29%</td>
<td>10.50%</td>
<td>7.61%</td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
<td>20.54%</td>
<td>-3.08%</td>
<td>7.51%</td>
<td>10.73%</td>
<td>10.73%</td>
<td>13.99%</td>
<td>7.64%</td>
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The Needham Aggressive Growth Fund inception date is 9/4/01.

**Performance for any periods prior to the inception date of Institutional Class Shares are based on the historical performance of the Retail Class Shares adjusted to assume the expenses associated with Institutional Class Shares.

The Needham Aggressive Growth Fund’s Gross Expense Ratio is 2.17% for the Retail Class and 1.90% for the Institutional Class. The Needham Aggressive Growth Fund’s Net Expense Ratio is 1.98% for the Retail Class and 1.43% for the Institutional Class. The Net Expense Ratio reflects a contractual agreement by the Fund’s investment adviser to waive its fee and/or reimburse the Fund through May 1, 2021 to the extent the Gross Expense Ratio exceeds 1.85% and 1.18% of the average daily net assets of Retail Class Shares and Institutional Class Shares (Expense Cap). The Expense Cap excludes taxes, interest, brokerage, dividends on short positions, fees and expenses of “acquired funds,” extraordinary items and shareholder redemption fees but includes the management fee. Fact Sheet Link: [Needham Aggressive Growth Fund](link).

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All three of the Needham Funds have substantial exposure to small and micro capitalized companies. Funds holding smaller capitalized companies are subject to greater price fluctuation than those of larger companies.

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Portfolio holdings are subject to change.

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