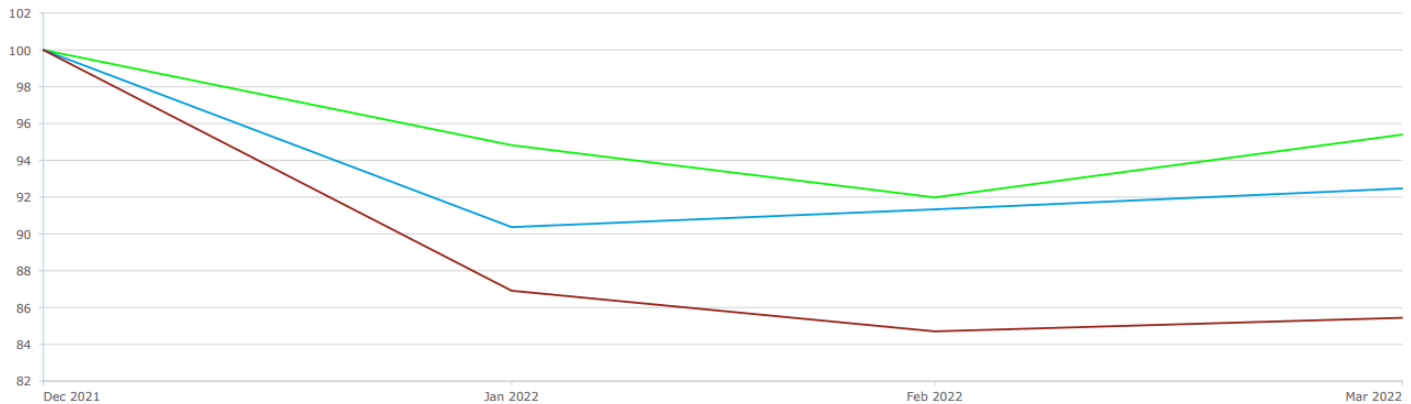


MARKET REVIEW

- In 1Q22, the Russell 2000 returned -7.53%, and the S&P 500 returned -4.60%. The market was particularly weak in January as inflation hit a 39-year high and U.S. Government bond yields increased.



	RETURN
Needham Aggressive Growth Institutional	(14.56)
Russell 2000	(7.53)
S&P 500	(4.60)

Source: Zephyr Informais

MACRO OBSERVATIONS

- In 1Q22, Russia assaulted Ukraine. The brutality was shocking. It laid bare our assumptions about geopolitical stability and international economic cooperation. Combined with supply chain disruptions, the attack reinforced the need for countries/regions to shorten supply chains and become self-sufficient in energy and manufacturing.
- Inflation was the second most important story in 1Q22. Year-over-year inflation in December 2021 was 7.0%. The CPI remained at this level through quarter end. While supply chain disruptions may contribute to inflation, to quote Milton Friedman, “Inflation is always and everywhere a monetary phenomenon, in the sense that it is and can be produced only by a more rapid increase in the quantity of money than in output.”
- In 1Q22, 10-year U.S. Treasury rates rose 69 bps to 2.32%, a level not seen since before COVID-19. At its March meeting, the Federal Reserve increased the Fed Funds rate for the first time since 2015. Fed Governors expect six more increases in 2022. We believe that the Federal Reserve has a history of accommodative policies that have long provided a tailwind for equities, and are unlikely to change.
- In 1Q22, Energy and Non-Energy Minerals were the only positive performing sectors, while Information Technology was the worst performing sector in the Russell 2000.
- Value and Dividend Yield were top performing factors in 1Q22; the Fund has low exposure to both. The Fund was hurt by its high Quality factor, as low leverage and high profitability underperformed. 1 2

IMPACTS ON PERFORMANCE

- The Fund's Institutional (NEAIX) and Retail classes (NEAGX) returned -14.56% and -14.74% respectively in 1Q22, underperforming the Russell 2000's -7.53%.
- The Fund's underperformance was a result of some of its largest and longest-term holdings. The allocation effect was a small positive contributor. Smith-Midland Corporation (SMID; Construction Materials) Vicor Corporation (VICR; Electrical Components), Aspen Aerogels (ASPN; Industrial Specialties), and Nova, Ltd. (NVMI; Electronic Production Equipment) underperformed. These have all been long-term outperformers for the Fund.
- GSE Systems (GVP) and Parsons Corp. (PSN) were the two leading contributors. Other contributors were companies with Industrial Technology businesses and underperforming stock prices over the last three years.
- The Fund closed the quarter with 22.5% cash. The increase in cash was a result of inflows and select position additions and new positions.
- With 13% turnover, the Fund does not rotate into or out of sectors, but invests in companies we believe can outperform over the long-term.

PORTFOLIO CHANGES

- The Fund added Neenah, Inc. (NP), and several smaller positions. Neenah is a specialty materials company making filtration media and fine paper and packaging products. In April, Neenah announced a merger with Schweitzer-Mauduit International, Inc. (SWM). The expense synergies and complementary product lines could make for significant value creation. The merger is expected to close in 2H22.
- We took advantage of market weakness and our cash position to add to many of the Fund's positions. Our largest purchase was Vishay Precision Group, Inc. (VPG) a specialty sensors and instruments company that the Fund has owned since 2016. The Fund also made large purchases of Vertiv Holding Co. Class A (VRT) and KVH Industries, Inc. (KVHI). Vertiv is a data center equipment company that had a difficult 4Q21 as inflationary costs ran ahead of price increases. We were surprised by the March retirement of KVH's CEO and Co-Founder, Martin Kits van Heyningen. We have confidence in Interim CEO Brent Bruun and his team's ability to create value.
- The Fund exited three positions: Everbridge, Inc. (EVBG) on a surprise resignation of its CEO; and IPG Photonics Corporation (IPGP) and SEMrush Holdings (SEMR). IPG and SEMRush have significant operations in Russia.

LOOKING AHEAD & OPPORTUNITIES

- Many of our top small-cap portfolio holdings have made multi-year investments that position them to deliver growth and positive returns over the next few years. We believe if these investments succeed, they could provide a hedge to macroeconomic factors such as inflation.
- We are optimistic about the short- and long-term opportunities in semiconductor manufacturing technology, which represents approximately 25% of the Fund's investments.
- The Fund targets investments that we perceive to have significant, unrecognized growth opportunities. COVID-19 hastened the revolutionary development in technology and life sciences; the Fund is a long-term investor in companies that enable the research and manufacturing to bring these developments to market. Semiconductor manufacturing is an important example.

[1] <https://www.morningstar.com/funds/xnas/neagx/portfolio>

[2] https://research.ftserussell.com/products/downloads-research/FTSE_Russell_Factor_Indicator_Report.pdf?utm_source=marketmaps&utm_medium=email&utm_term=2019&utm_campaign=gmr

Average Annual Returns as of March 31, 2022. 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.

	3 MO	YTD	1YR	3YR	5YR	10YR	SINCE INCEPT.
Needham Aggressive Growth Fund Inst Class**	-14.56%	-14.56%	10.30%	30.66%	18.87%	14.88%	12.19%
After Taxes on Distributions	-14.56%	-14.56%	8.63%	28.52%	16.70%	13.27%	11.08%
After Taxes on Distributions & Redemptions	-8.62%	-8.62%	7.68%	24.25%	14.68%	11.95%	10.28%
Needham Aggressive Growth Fund Retail Class	-14.74%	-14.74%	9.53%	29.82%	18.15%	14.22%	11.56%
After Taxes on Distributions	-14.74%	-14.74%	7.81%	27.65%	15.95%	12.59%	10.45%
After Taxes on Distributions and Redemptions	-8.73%	-8.73%	7.27%	23.56%	14.07%	11.37%	9.70%
Russell 2000 Index	-7.53%	-7.53%	-5.79%	11.74%	9.74%	11.04%	8.94%
S&P 500 Index	-4.60%	-4.60%	15.65%	18.92%	15.99%	14.64%	9.09%

The Needham Aggressive Growth Fund's Gross Expense Ratio is 1.96% for the Retail Class and 1.71% for the Institutional Class. The Needham Aggressive Growth Fund's Net Expense Ratio is 1.85% for the Retail Class and 1.18% 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, 2023, 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 Prospectus Link](#)

The information presented in this commentary is not intended as personalized investment advice and does not constitute a recommendation to buy or sell a particular security or other investments.

This message is not an offer of the Needham Growth Fund, the Needham Aggressive Growth Fund or the Needham Small Cap Growth Fund. Shares are sold only through the currently effective prospectus. Please read the prospectus or summary prospectus and consider the investment objectives, risks and charges and expenses of the Funds carefully before you invest. The prospectus and summary prospectus contain this and other information about the Funds and can be obtained on our website, www.needhamfunds.com.

Investment returns and principal value will fluctuate, and when redeemed, shares may be worth more or less than their original cost. Performance data quoted represents past performance and does not guarantee future results. Current performance may be higher or lower than these results. Performance current to the most recent month-end may be obtained by calling our transfer agent at 1-800-625-7071. Total return figures include reinvestment of all dividends and capital gains.

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.

Needham & Company, LLC, member FINRA/SIPC, is the distributor of The Needham Funds, Inc. Portfolio holdings are subject to change. Needham Aggressive Growth Fund's ownership as a percentage of net assets in the stated securities as of 3/31/22: SMID: 1.69%, VICR: 3.98%, ASPN: 4.58%, NVMI: 4.19%, GVP: 2.00%, PSN: 2.05%, NP: 0.64%, VPG: 2.13%, VRT: 1.68%, KVHI: 3.79%, EVBG: 0.00%, IPGP: 0.00%, SEMR: 0.00%.

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