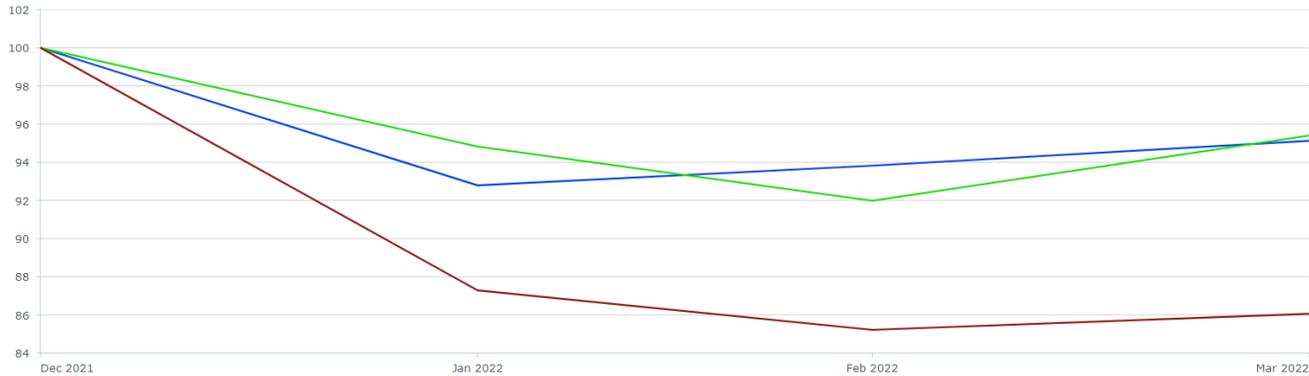


MARKET REVIEW

- In 1Q22, the S&P 500 returned -4.60% and the S&P 400 returned -4.88%. The market was particularly weak in January as inflation hit a 39-year high and U.S. Government bond yields increased.



	RETURN
Needham Growth Institutional	(13.94)
S&P 500	(4.60)
S&P 400	(4.88)

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, Milton Friedman's observation reminds us, "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 Utilities were the only positive performing sectors, while Information Technology, Consumer Discretionary and Communication Services were the worst performing sectors in the S&P 500.
- 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 PORTFOLIO PERFORMANCE

- The Fund's Institutional (NEEIX) and Retail classes (NEEGX) returned -13.94% and -14.04% respectively in 1Q22, underperforming the S&P 500 and S&P 400.
- The Fund's 1Q22 underperformance was primarily a result of some of its largest and longest-term holdings. Aspen Aerogels (ASPN; Industrial Specialties), Vicor Corporation (VICR; Electrical Components), CarMax, Inc. (KMX; Specialty Retail) and Nova, Ltd. (NVMI; Electronic Production Equipment) underperformed. These have all been long-term outperformers for the Fund. The Allocation effect was a negative contributor due to the Fund's lack of exposure to the positive sectors.
- Parsons Corporation (PSN) and Alteryx, Inc. Class A (AYX) were the two leading contributors. Other contributors were companies with Industrial Technology businesses and underperforming stock prices over the last three years.
- 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 market gave us a chance to purchase new investments in four leading semiconductor and semiconductor technology companies: Analog Devices, Inc. (ADI), ASML Holding NV ADR (ASML), Marvel Technology, Inc. (MRVL), and Teradyne Inc. (TER). We also added Bright Horizon Family Solutions, Inc. (BFAM) as it met our target purchase price.
- We took advantage of market weakness to increase many of the Fund's positions. Our largest addition was to Laboratory Corporation of America (LH). LabCorp is the leading lab test company and has a large contract business providing new drug studies. Other leading additions were to Telos Corp. (TLS), Parsons Corporation (PSN), Clean Harbors, Inc. (CLH) and ACV Auctions, Inc. (ACVA).
- The Fund exited two positions with significant operations in Russia: IPG Photonics Corporation (IPGP) and SEMrush Holdings, Inc. (SEMR). We also sold our position in Everbridge, Inc. (EVBG) on a surprise resignation of CEO, David Meredith.

LOOKING AHEAD & OPPORTUNITIES

- Inflation, war, and new geopolitical realities make this a hard time to be an optimist. However, when we think about the innovations in science, engineering and health care that our companies are developing and bringing to market, it is hard to be pessimistic. If our portfolio companies can achieve our growth and profitability expectations, they should create value for shareholders over time.
- We are also 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.
- Greater-than-benchmark exposure to high-quality stocks might position the Fund for outperformance in future periods of market weakness.

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

[2] https://research.ftserussell.com/products/downloads-research/FTSE_Russell_Factor_Indicator_Report.pdf

Average Annual Returns as of 3/31/22. The Needham Growth Fund inception date is 1/1/96.

**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 Growth Fund Inst Class**	-13.94%	-13.94%	2.71%	25.19%	16.70%	12.95%	13.90%
After Taxes on Distributions	-13.94%	-13.94%	1.20%	22.92%	14.17%	11.11%	12.44%
After Taxes on Distributions & Redemptions	-8.25%	-8.25%	3.03%	19.74%	12.79%	10.22%	11.88%
Needham Growth Fund Retail Class	-14.04%	-14.04%	2.29%	24.62%	16.14%	12.44%	13.41%
After Taxes on Distributions	-14.04%	-14.04%	0.74%	22.31%	13.58%	10.59%	11.95%
After Taxes on Distributions and Redemptions	-8.31%	-8.31%	2.82%	19.28%	12.33%	9.78%	11.42%
S&P 500 Index	-4.60%	-4.60%	15.65%	18.92%	15.99%	14.64%	9.94%
S&P 400 Index	-4.88%	-4.88%	4.59%	14.14%	11.10%	12.20%	11.60%
Russell 2000 Index	-7.53%	-7.53%	-5.79%	11.74%	9.74%	11.04%	8.85%

The Needham Growth Fund's Gross Expense Ratio is 1.85% for the Retail Class and 1.58% for the Institutional Class. The Needham Growth Fund's Net Expense Ratio is 1.85% for the Retail Class and 1.40% 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 1.95% and 1.40% 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 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.

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Portfolio holdings are subject to change. Needham Growth Fund's ownership as a percentage of net assets in the stated securities as of 3/31/22: ASPN: 7.46%, VICR: 3.06%, KMX: 3.98%, NVMI: 3.05%, PSN: 1.77%, AYG: 1.48%, ADI: 0.97%, ASML: 0.59%, MRVL: 0.53%, TER: 0.17%, BFAM: 0.12%, LH: 1.75%, TLS: 1.76%, CLH: 0.70%, ACVA: 0.87%, IPGP: 0.00%, SEMR: 0.00% and EVBG: 0.00%.

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