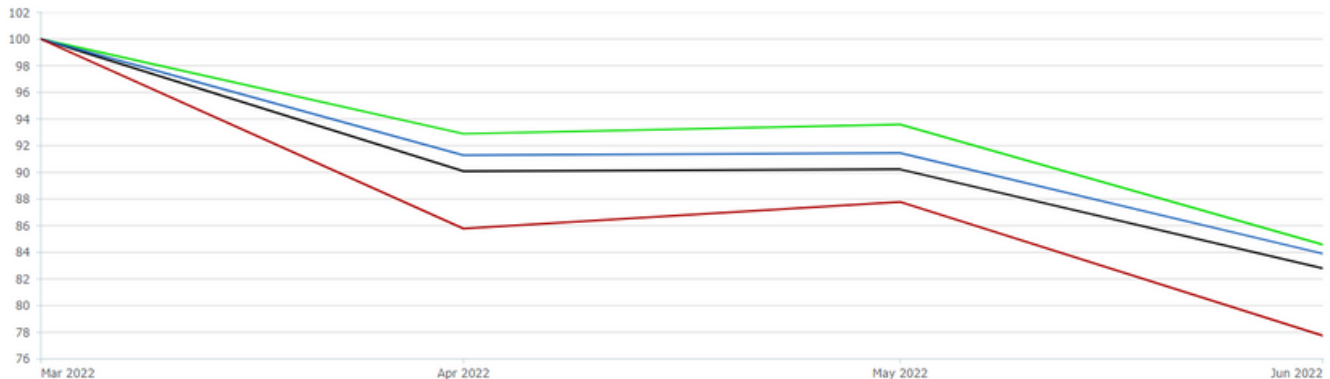


MARKET REVIEW

- In 2Q22, S&P 500 Index returned -16.10%, the S&P 400 Index returned -15.42% and the Russell 2000 Index returned -19.25%.
- For the half year, the S&P 500 Index's -19.96% was the worst performance since 1970. The 10-year U.S. Treasury bond market had its worst half-year since 1788.¹



	RETURN
■ Needham Growth Institutional	(22.24)
■ S&P 500	(16.10)
■ S&P 400	(15.42)
■ Russell 2000	(17.20)

MACRO OBSERVATIONS
Source: Zephyr Informais

- 2Q22 was shocking in many ways. We saw daily atrocities from the Russian assault on civilians in Ukraine. The war reinforced the importance of increased defense spending and the vulnerability of Eastern Europe. Europe's reliance on Russian natural gas resulted in price spikes as countries started to isolate Russia economically. Countries and regions must shorten supply chains and become self-sufficient in energy and manufacturing.
- Inflation continued to be a top headline. Year-over-year inflation in June 2022 was 9.1%, the highest level since 1981. The price of gasoline increased 59.9% year-over-year.² Our portfolio companies seem to be adapting to inflation after a few difficulties in 4Q21 and 1Q22.
- In May, the Federal Reserve raised its target interest rate by 50 bps to 0.75-1.00%. June brought a 75 bps increase to 1.50-1.75%, as the Fed attempts to control inflation by slowing the economy and tightening monetary policy. Another rate hike is expected in July.

IMPACTS ON PORTFOLIO PERFORMANCE

- The Fund's Institutional (NEEIX) and Retail (NEEGX) classes returned -22.24% and -22.34%, respectively, in 2Q22, underperforming the S&P 500 Index.
- Many of the Fund's largest holdings underperformed, including Aspen Aerogels, Inc. (ASPN), Entegris Inc. (ENTG), PDF Solutions Inc. (PDFS) and The Trade Desk, Inc. (TTD).
- Aspen Aerogels needs to add capacity to provide its PyroThin® aerogel to the EV market. It has plans to build a plant in Georgia but needs capital. In late June, Aspen announced a deal to raise \$375 million in a convertible and equity offering. However, the stock fell after the offering was announced, and Aspen elected to not proceed with the deal.

IMPACTS ON PORTFOLIO PERFORMANCE (cont.)

- Super Micro Computer, Inc. (SMCI) was the leading contributor, although its contribution was insignificant compared to the detractors. Super Micro makes servers and storage systems used in data centers and is gaining market share from its larger competitors.
- The Fund closed the quarter with 2.2% cash.
- With 14% annualized 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

- We exited a number of small holdings and reduced the number of positions to 68 from 78. We reduced our holdings in a number of companies:
 - Our largest reduction was to Gilead Sciences Inc. (GILD), which we've held since 2010. Gilead remains the market leader with its HIV/ AIDS drugs. Gilead is also the market leader in drugs that reverse Hepatitis C. Gilead has been so successful treating these diseases that these markets are no longer growing. Gilead's third miraculous drug came from its 2017 acquisition of Kite Pharmaceutical. Yescarta is a CAR T-cell therapy for non-Hodgkin lymphoma. Gilead's growth initiatives are not enough to offset their mature product lines.
 - We also reduced the size of a number of our holdings, including Super Micro Computer Inc. (SMCI), II-VI Incorporated (IIVI), NeoPhotonics Corporation (NPTN) and FormFactor Inc. (FORM).
- The Fund made few purchases.

LOOKING AHEAD & OPPORTUNITIES

- Many of our top small-cap and mid-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.
- 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://financialpost.com/investing/markets-in-h1-the-almost-perfect-storm>

[2] <https://www.bls.gov/news.release/cpi.nr0.htm>

	3 MO	YTD	1YR	3YR	5YR	10YR	SINCE INCEPT.
Needham Growth Fund Inst Class**	-22.24%	-33.09%	-25.66%	11.54%	10.45%	11.03%	12.69%
After Taxes on Distributions	-22.24%	-33.09%	-26.76%	9.52%	8.06%	9.22%	11.25%
After Taxes on Distributions & Redemptions	-13.17%	-19.59%	-13.68%	9.06%	7.97%	8.78%	10.86%
Needham Growth Fund Retail Class	-22.34%	-33.24%	-25.98%	11.04%	9.92%	10.53%	12.20%
After Taxes on Distributions	-22.34%	-33.24%	-27.11%	8.98%	7.50%	8.70%	10.76%
After Taxes on Distributions and Redemptions	-13.23%	-19.68%	-13.83%	8.67%	7.60%	8.36%	10.41%
S&P 500 Index	-16.10%	-19.96%	-10.62%	10.60%	11.31%	12.96%	9.12%
S&P 400 Index	-15.42%	-19.54%	-14.64%	6.87%	7.02%	10.90%	10.78%
Russell 2000 Index	-17.20%	-23.43%	-25.20%	4.21%	5.17%	9.35%	7.99%

Average Annual Returns as of 6/30/22. 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.

The Needham Growth Fund's Gross Expense Ratio is 1.78% for the Retail Class and 1.50% for the Institutional Class. The Needham Growth Fund's Net Expense Ratio is 1.78% 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 April 29, 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.

[Needham Growth Fund Fact Sheet Link](#) [Prospectus Link](#)

Definitions and Disclosures

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 (each a "Fund" and collectively, the "Funds"). Shares are sold only through the currently effective prospectus, which must precede or accompany this report. Please read the prospectus or summary prospectus and carefully consider the investment objectives, risks and charges and expenses of the Funds before you invest. To obtain a copy of the Fund's current prospectus, please visit www.needhamfunds.com or contact the Fund's transfer agent, U.S. Bancorp Fund Services, LLC at 1-800-625-7071.

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. Portfolio holdings are subject to change. Needham Growth Fund's ownership as a percentage of net assets in the stated securities as of 6/30/22: ASPN: 2.93%, ENTG: 7.37%, PDFS: 7.08%, TTD: 1.59%, SMCI: 2.12%, GILD: 0.75%, IIVI: 0.86%, NPTN: 0.57% and FORM: 3.68%.

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