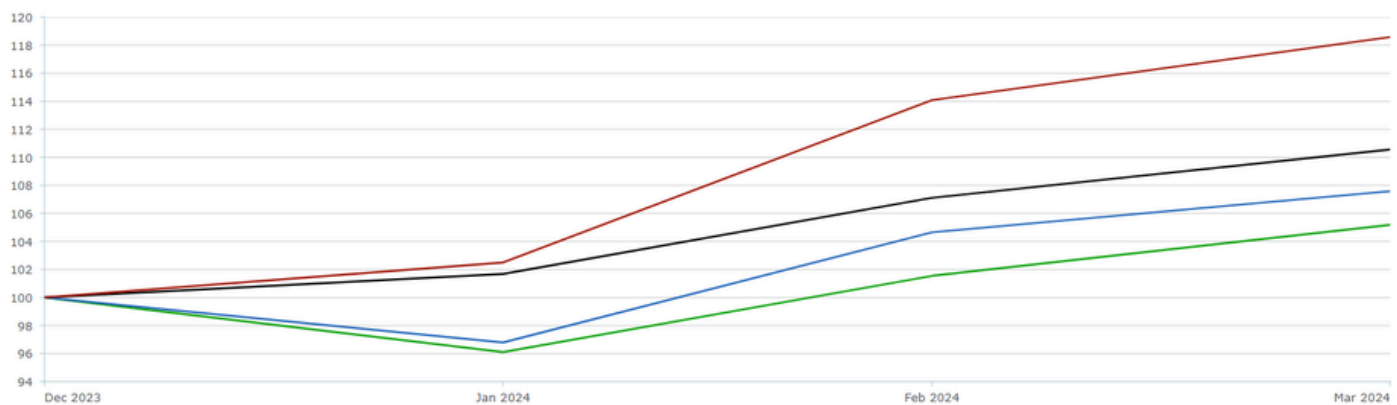


### MARKET REVIEW AND MACRO OBSERVATIONS

- In 1Q24, the Russell 2000 Growth returned 7.58%, the Russell 2000 returned 5.18% and the S&P 500 returned 10.56%.
- Inflation in January and February was over 3.0%, above the Federal Reserve’s 2.0% target.<sup>1</sup>
- Expectations for GDP growth increased slightly in 1Q24. At the beginning of the year, the Atlanta Fed’s consensus of Blue-Chip economists was 1% for 1Q24 GDP. By the end of March, estimates were over 2%, which still represents a slowdown from 4Q23’s GDP growth of 3.4%.<sup>2</sup>
- In 1Q24 the Federal Reserve held rates at 5.25-5.50% and indicated that it needed to see progress toward its 2% inflation target before cutting rates. In late March, the market rallied as the Fed indicated it still forecasts three rate cuts in 2024, despite the surprising pickup in inflation in January and February.
- 10-year Treasury yields increased to 4.2% in March, from 3.9% on December 29. In October 2023, the 10-year hit 5.0%, which was the highest level since 2007.



	RETURN
■ Needham Aggressive Growth Retail	18.58
■ Russell 2000 Growth	7.58
■ Russell 2000	5.18
■ S&P 500	10.56

Source: Zephyr Informais

### IMPACTS ON PERFORMANCE

- In 1Q24, the Fund’s Institutional (NEAIX) and Retail (NEAGX) classes returned 18.74% and 18.58%, respectively, significantly outperforming the Russell 2000 Growth and Russell 2000.
- The Fund’s top contributors were:
  - Super Micro Computer, Inc. (SMCI) experienced strong growth in 4Q23 and guidance for 1Q24. Super Micro was added to the S&P 500 in March. It raised \$3.5 billion from an equity and convertible debt offering during the quarter. Super Micro is now frequently in the press with all kinds of opinions offered. The Fund has owned SMCI since 2009.
  - Vertiv Holdings Co. Class A (VRT) supplies systems for power and thermal management for data centers.
  - CRA International, Inc. (CRAI) performs consulting services including Antitrust & Competition Economics, Energy, and Forensic Services.

- The Fund's top detractor in 1Q24 was Vicor Corporation (VICR). Vicor manufactures power conversion chips used in data centers, cars, and other industrial products. We have been awaiting the opening of Vicor's new plant in Andover, MA, and we believe it will start to contribute in 2024. The plant delays limited capacity and hurt earnings over the last year. In 1Q24, Vicor reported disappointing guidance and the loss of an important customer. We believe the market is moving in Vicor's direction with the high-power requirements of EVs and data centers. Thus, we wait with patience for Vicor to produce better results.
- With 12% 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

- Once again, the Fund had significant inflows in the quarter. It ended the quarter with a 19% cash position, down from 22% on December 29. We had a productive quarter with additions to existing positions and seven new investments.
- The three largest new holdings are:
  - Vital Farms, Inc. (VITL) is a Certified B Corporation that offers a range of ethically produced eggs, across the U.S. We were impressed by the company at its July 2020 IPO but felt the \$22 IPO price was too expensive. The company has performed well over the last 2 ½ years and we were able to build a position for approximately \$16/ share.
  - Ecovyst Inc. (ECVT) is a specialty chemical company that serves the chemical, refining, industrial and mining industries. It went public in 2017 at \$17.50 per share and has suffered from its former private equity owners selling stock. This overhang is almost completed and we were able to build the Fund's position at under \$10/ share.
  - Astronics Corporation (ATRO) supplies electrical systems, primarily to the aviation industry. The business was hurt badly by COVID and the balance sheet suffered. We are impressed by Astronics' important customer orders. We believe Astronics is within a quarter or two of generating cash from working capital, which will position the company for growth.
- Major additions:
  - The Fund's largest additions were to Asure Software, Inc. (ASUR), and to the Fund's long-time holdings Vicor Corp. and PDF Solutions Inc. (PDFS). Asure was a new holding in 4Q23 and offers payroll services for small businesses. It services 1.2 million employees and has many growth opportunities, including payroll, tax, 401(k) administration, HR compliance, float, and the Asure Marketplace.
- Reduced position:
  - We sold 7% of the Fund's holding in Super Micro to manage the position size.

## OPPORTUNITIES & LOOKING FORWARD

- Our major investment theme remains the importance of U.S. infrastructure—the lesser known “pick and shovel” providers. Our companies sell into data centers, life sciences labs, semiconductor and other manufacturing plants, roads, airports, airbases, power plants, and more.
- The U.S. has underinvested in these areas, so there could be long tail winds.

**OPPORTUNITIES & LOOKING FORWARD**

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- I'd like to highlight four areas present throughout our investments:
  1. Semiconductor manufacturing
  2. Data Centers/AI processing
  3. U.S. Manufacturing
  4. Defense technology
- We believe the AI buildout is still in an early stage. Economic returns on AI projects could be a big deal for productivity and the economy. We are hearing from companies about increases in sales from the application of AI.

[1] [https://www.bls.gov/news.release/archives/cpi\\_03122024.htm](https://www.bls.gov/news.release/archives/cpi_03122024.htm)

[2] <https://www.atlantafed.org/cqer/research/gdpnow>

	3 MO	YTD	1YR	3YR	5YR	10YR	SINCE INCEPT.
Needham Aggressive Growth Fund Inst Class**	18.74%	18.74%	50.45%	15.68%	25.63%	15.70%	12.74%
After Taxes on Distributions	18.74%	18.74%	50.45%	15.09%	24.40%	14.08%	11.71%
After Taxes on Distributions & Redemptions	11.10%	11.10%	29.86%	12.26%	20.78%	12.48%	10.82%
Needham Aggressive Growth Fund Retail Class	18.58%	18.58%	49.69%	14.97%	24.87%	15.03%	12.10%
After Taxes on Distributions	18.58%	18.58%	49.69%	14.36%	23.61%	13.40%	11.08%
After Taxes on Distributions and Redemptions	11.00%	11.00%	29.42%	11.69%	20.12%	11.88%	10.22%
Russell 2000 Growth Index	7.58%	7.58%	20.35%	-2.68%	7.38%	7.89%	8.13%
Russell 2000 Index	5.18%	5.18%	19.71%	-0.10%	8.10%	7.58%	8.39%
S&P 500 Index	10.56%	10.56%	29.88%	11.49%	15.05%	12.96%	9.13%

Average Annual Returns as of March 31, 2024. The Needham Aggressive Growth Fund inception date is September 4, 2001.

\*\*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.

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.

The Needham Aggressive Growth Fund's Gross Expense Ratio is 1.90% for the Retail Class and 1.56% for the Institutional Class. The Needham Aggressive Growth Fund's Net Expense Ratio is 1.82% for the Retail Class and 1.22% 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, 2025, 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), respectively. 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 Aggressive Growth Fund Fact Sheet](#) [Prospectus](#)

## 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](http://www.needhamfunds.com) or contact the Fund's transfer agent, U.S. Bancorp Fund Services, LLC at 1-800-625-7071.

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 Aggressive Growth Fund's ownership as a percentage of net assets in the stated securities as of March 31, 2024: SMCI: 10.18%, VRT: 2.92%, CRAI: 1.63%, VICR: 2.33%, VITL: 1.22%, ECVT: 0.83%, ATRO: 0.63%, ASUR: 1.61% and PDFS: 3.42%.

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