



Needham Small Cap Growth Fund



Institutional Class | NESIX

Semi-Annual Shareholder Report | June 30, 2024

This semi-annual shareholder report contains important information about the Needham Small Cap Growth Fund for the period of January 1, 2024, to June 30, 2024. You can find additional information about the Fund at www.needhamfunds.com/resources-forms. You can also request this information by contacting us at 1-800-625-7071.

This report describes changes to the Fund that occurred during the reporting period.

WHAT WERE THE FUND COSTS FOR THE LAST SIX MONTHS? (based on a hypothetical \$10,000 investment)

| Class Name | Costs of a \$10,000 investment | Costs paid as a percentage of a \$10,000 investment |
|---------------------|--------------------------------|---|
| Institutional Class | \$61 | 1.18% |

HOW DID THE FUND PERFORM OVER THE LAST SIX MONTHS AND WHAT AFFECTED ITS PERFORMANCE?

Performance

For the six-month period ended June 30, 2024, the Needham Small Cap Growth Fund outperformed the Russell 2000 Growth Index and underperformed the broad-based Russell 3000, as larger cap companies outperformed smaller cap stocks.

The key factor affecting the Fund's performance was stock selection. The top contributing stock was Aspen Aerogels, Inc. (ASPN). Aspen Aerogels designs, develops and manufactures aerogel insulation used primarily in the energy infrastructure and building materials markets. It has significant opportunities within the automotive industry as the growth of electric vehicles continues. The ten bottom-performing stocks combined detracted from performance the same amount that Aspen Aerogels contributed to performance.

Investment Themes

Technology remains a long-term strength of the economy, and there are major secular trends that remain in place to support continued growth. Areas of long-term investment that we continue to like are mobile electrification, communications infrastructure, defense, AI, cloud computing, 5G devices and wireless connectivity, software and security, and specialty material manufacturers.

Macroeconomic Factors

The economy continued to digest the impact of higher interest rates. Global economic growth slowed as the impact of the higher cost of capital filtered throughout the economy. Inflation significantly improved, but the headwinds of elevated costs in housing, food, and labor remained a challenge. We anticipate the Federal Reserve will begin to cut interest rates later in the year.

Top Contributors

- ↑ Aspen Aerogels, Inc.
- ↑ MKS Instruments, Inc.
- ↑ AXT, Inc.
- ↑ TTM Technologies, Inc.
- ↑ Pure Storage, Inc.

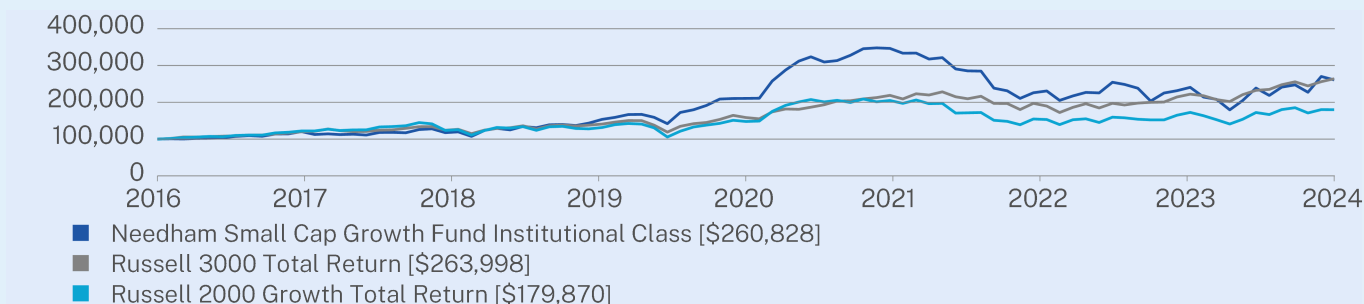
Top Detractors

- ↓ Cambium Networks Corp.
- ↓ Vicor Corp.
- ↓ ADTRAN Holdings, Inc.
- ↓ nLight, Inc.
- ↓ Viasat, Inc.

HOW DID THE FUND PERFORM SINCE INCEPTION?*

The \$100,000 chart reflects a hypothetical \$100,000 investment in the class of shares noted and assumes the maximum sales charge. The chart uses total return NAV performance and assumes reinvestment of dividends and capital gains. Fund expenses, including management fees and other expenses were deducted.

CUMULATIVE PERFORMANCE



ANNUAL AVERAGE TOTAL RETURN (%)

| | 1 Year | 5 Year | Since Inception (12/30/2016) |
|---|--------|--------|---------------------------------|
| Institutional Class (without sales charge) | 12.64 | 13.44 | 13.64 |
| Russell 3000 Total Return | 23.13 | 14.14 | 13.82 |
| Russell 2000 Growth Total Return | 9.14 | 6.17 | 8.14 |

Visit www.needhamfunds.com/resources-forms for more recent performance information.

* The Fund's past performance is not a good predictor of the Fund's future performance. The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

KEY FUND STATISTICS (as of June 30, 2024)

| | |
|---------------------------|---------------|
| Net Assets | \$165,695,958 |
| Number of Holdings | 54 |
| Portfolio Turnover | 13% |

Visit www.needhamfunds.com/resources-forms for more recent performance information.

WHAT DID THE FUND INVEST IN? (as of June 30, 2024)

| Top Sectors | (%) of net assets |
|------------------------|--------------------------|
| Information Technology | 70.5% |
| Industrials | 9.6% |
| Materials | 7.1% |
| Health Care | 2.2% |
| Consumer Discretionary | 1.1% |
| Energy | 0.5% |
| Cash & Other | 9.0% |

| Top 10 Issuers | (%) of net assets |
|---|--------------------------|
| Dreyfus Treasury Securities Cash Management | 8.9% |
| Aspen Aerogels, Inc. | 7.1% |
| Zuora, Inc. | 4.6% |
| TTM Technologies, Inc. | 4.4% |
| Harmonic, Inc. | 4.3% |
| Calix, Inc. | 3.7% |
| PDF Solutions, Inc. | 3.7% |
| Vicor Corp. | 3.7% |
| nLight, Inc. | 3.7% |
| Lumentum Holdings, Inc. | 3.1% |

For additional information about the Fund; including its prospectus, financial information, holdings and proxy information, scan the QR code or visit www.needhamfunds.com/resources-forms

HOUSEHOLDING

To reduce Fund expenses, only one copy of most shareholder documents may be mailed to shareholders with multiple accounts at the same address (Householding). If you would prefer that your Needham Investment Management, LLC documents not be househanded, please contact Needham Investment Management, LLC at 1-800-625-7071, or contact your financial intermediary. Your instructions will typically be effective within 30 days of receipt by Needham Investment Management, LLC or your financial intermediary.