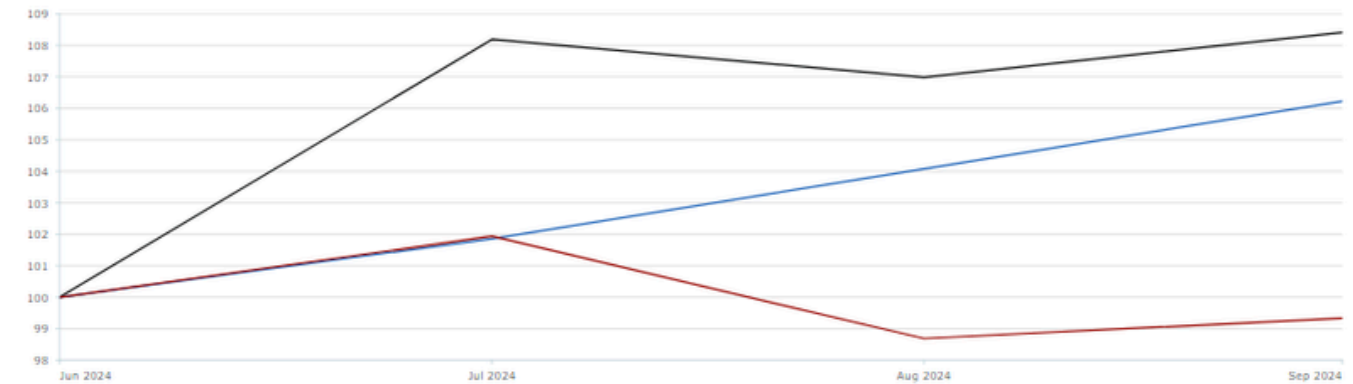


MARKET REVIEW AND MACRO OBSERVATIONS

- In 3Q24, the Russell 3000 returned 6.23% and the Russell 2000 Growth returned 8.41%, with positive contributions from most sectors. For the year-to-date ended September 30, the Russell 3000 and Russell 2000 Growth returned 20.63% and 13.22%, respectively.
- The Russell 3000 provides exposure to the largest 3,000 U.S.-listed companies. Effective June 30, mutual funds are required by the SEC to issue Tailored Shareholder Reports (TSR). As part of the TSR, funds must compare themselves to a broad-based market index. Needham chose the Russell 3000, which includes the largest 3,000 investable U.S. equities. We note the ten largest companies total about 1/3 of the index and include Microsoft Corp. (MSFT), Apple, Inc. (AAPL), NVIDIA Corp. (NVDA), Alphabet, Inc. (GOOGL), Amazon.com, Inc. (AMZN) and Meta Platforms, Inc. (META).
- The third quarter included volatility in U.S. equities from the Japanese Yen carry trade. In a surprise move, the Bank of Japan raised interest rates in late July to 0.25%, and the Yen strengthened to 143 to the dollar, from 160.¹ Speculators had been borrowing in Yen and buying securities, including U.S. equities and bonds with a higher return. As long as the Yen remained stable, it was a good trade. The rapid strengthening of the Yen led these speculators to margin calls and required selling.
- The Federal Reserve cut rates by 50 bps to 4.75% to 5.25%², stating its confidence that inflation was moving toward 2.0%. The Federal Reserve dot plots of future expectations indicate another 50 bps of interest rate cuts by the end of 2024.



	RETURN
Needham Aggressive Growth Institutional	(0.67)
Russell 3000	6.23
Russell 2000 Growth	8.41

Source: Zephyr Informais

IMPACTS ON PERFORMANCE

- In 3Q24, the Fund’s Institutional (NEAIX) and Retail (NEAGX) classes detracted -0.67% and -0.79%, respectively, underperforming the Russell 3000 and the Russell 2000 Growth.
- The Fund’s top contributors in 3Q24 were:
 - Unisys Corp. (UIS) – reported good bookings, revenue, and progress on operating margins.
 - Genius Sports Ltd. (GENI) – provides sports data to gaming companies and sports viewing technology to leagues. Genius reported strong revenue and EBITDA growth. Genius also extended its agreement with Football DataCo (UK) through 2029 and signed technology agreements with the English Premier League, including to be the technology behind semi-automated off-sides officiating. We estimate strong growth in revenue and margins in 2025.

3Q24 Quarterly Commentary

- Aspen Aerogels, Inc. (ASPN) – reported strong earnings and outlook. Aspen serves the electric vehicle (EV) and energy/industrial markets with aerogel-based insulation. Both markets are seeing strong demand. Aspen’s products are standard on General Motors’ (GM) Ultium battery platform. We are watching GM’s Equinox EV, which starts at \$33,600. This is the first GM EV to address a large market. Early sales are encouraging.
- The Fund’s top detractors in 3Q24 were:
 - Super Micro Computer, Inc. (SMCI) – Super Micro reported strong revenue, but gross margin was below expectations. We believe the margin was low in order to capture the largest yet installation of a liquid cooled data center. Super Micro reported strong guidance for FY25. The company was also hit with a short report from Hindenburg Research, citing ideas already in the public domain. Finally, Super Micro reported a delay in filing its 10-K to “assess its controls over financial reporting.” Importantly, it does not expect audited financials to be different than previously reported. We remain positive on Super Micro’s prospects and the future of spending for AI compute.
 - ThredUp, Inc. (TDUP) – reported disappointing U.S. and European results. While the U.S. was EBITDA-positive for the fourth quarter in a row, Europe was negative. ThredUp announced plans to exit Europe, which could result in an EBITDA-positive business, with over \$30 million in net cash and just a \$75 million enterprise value.
 - Veeco Instruments, Inc. (VECO) – supplies semiconductor capital equipment used for low power, advanced semiconductors. Veeco reported an in-line quarter and guidance.
 - With 8% annualized turnover, the Fund does not rotate into or out of sectors but invests in companies we believe may outperform over the long term.

PORTFOLIO CHANGES

- The Fund ended the quarter with an 8% cash position, down from 15% on June 30. We had a productive quarter with additions to existing positions and new investments.
- The three largest new holdings could all benefit from our thesis that U.S. infrastructure spending will grow:
 - Quest Resource Holding Corp. (QRHC) – provides waste and recycling services. It focuses on the waste streams and recyclables from big box retail, food chain, automotive repair, truck and bus fleet operators, manufacturing plants, commercial properties, and construction projects. It has an asset-light model and could benefit from regulation and increasing concern about proper handling of waste streams.
 - MYR Group, Inc. (MYRG) – provides electrical construction services. The Transmission and Distribution segment serves electric utilities and large commercial projects. The Commercial and Industrial segment includes the design, installation, maintenance and repair of commercial and industrial wiring, and the installation of bridge, roadway, and tunnel lighting.
 - Bentley Systems, Inc. (BSY) – provides software for design, construction, and operations of roads and bridges, rail and transit, water and wastewater, public works and utilities, buildings and campuses, mining, and industrial facilities.
- The Fund’s largest additions to existing positions were to PDF Solutions, Inc. (PDFS), Vishay Intertechnology, Inc. (VSH), and Vishay Precision Group, Inc. (VPG).
- Positions Sold:
 - Copperleaf Technologies, Inc. (formerly CPLF.CA) was acquired by Industrial & Financial Systems, IFS AB. We owned Copplerleaf since its IPO in 2021. We also exited Fortrea Holdings, Inc. (formerly FTRE) after a year of disappointing results after its spin-out from Labcorp Holdings, Inc. (LH).

OPPORTUNITIES & LOOKING FORWARD

- Our major investment theme remains the importance of U.S. infrastructure—the lesser-known “pick and shovel” providers. Our portfolio 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 we believe there could be long tailwinds.
- 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.cnbc.com/2024/07/31/boj-raises-benchmark-interest-rate-outlines-roadmap-for-trimming-bond-buying-program.html>

[2] <https://www.federalreserve.gov/newsevents/pressreleases/monetary20240918a.htm>

	3 MO	YTD	1YR	3YR	5YR	10YR	SINCE INCEPT.
Needham Aggressive Growth Fund Inst Class**	-0.67%	15.83%	27.96%	10.20%	22.94%	15.37%	12.32%
After Taxes on Distributions	-0.67%	15.83%	27.96%	9.64%	21.73%	13.75%	11.33%
After Taxes on Distributions & Redemptions	-0.39%	9.37%	16.55%	7.88%	18.46%	12.19%	10.46%
Needham Aggressive Growth Fund Retail Class	-0.79%	15.42%	27.28%	9.57%	22.20%	14.70%	11.69%
After Taxes on Distributions	-0.79%	15.42%	27.28%	8.99%	20.97%	13.08%	10.69%
After Taxes on Distributions and Redemptions	-0.47%	9.13%	16.15%	7.38%	17.82%	11.60%	9.87%
Russell 2000 Growth Index	8.41%	13.22%	27.66%	-0.35%	8.82%	8.95%	8.19%
Russell 3000 Index	6.23%	20.63%	35.19%	10.29%	15.26%	12.83%	9.44%

Average Annual Returns as of September 30, 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 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 September 30, 2024: MSFT: 0.00%, AAPL: 0.66%, NVDA: 0.00%, GOOGL: 0.00%, AMZN: 0.00%, META: 0.00%, UIS: 2.85%, GENI: 2.16%, ASPN: 4.21%, GM: 0.00%, SMCI: 3.62%, TDUP: 0.62%, VECO: 1.60%, QRHC: 0.33%, MYRG: 0.30%, BSY: 0.13%, PDFS: 4.30%, VSH: 2.18%, VPG: 1.79%, CPLF-CA: 0.00%, FTRE: 0.00% and LH: 0.00%.

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The Russell 3000[®] Index measures the performance of the largest 3,000 US companies representing approximately 96% of the investable US equity market, as of the most recent reconstitution. The Russell 3000 Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are included. The Russell 2000 Growth Index includes those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values. An investor cannot invest directly in an index. Needham & Company, LLC is a wholly owned subsidiary of The Needham Group, Inc. Needham & Company, LLC, member FINRA/SIPC, is the distributor of The Needham Funds, Inc.

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