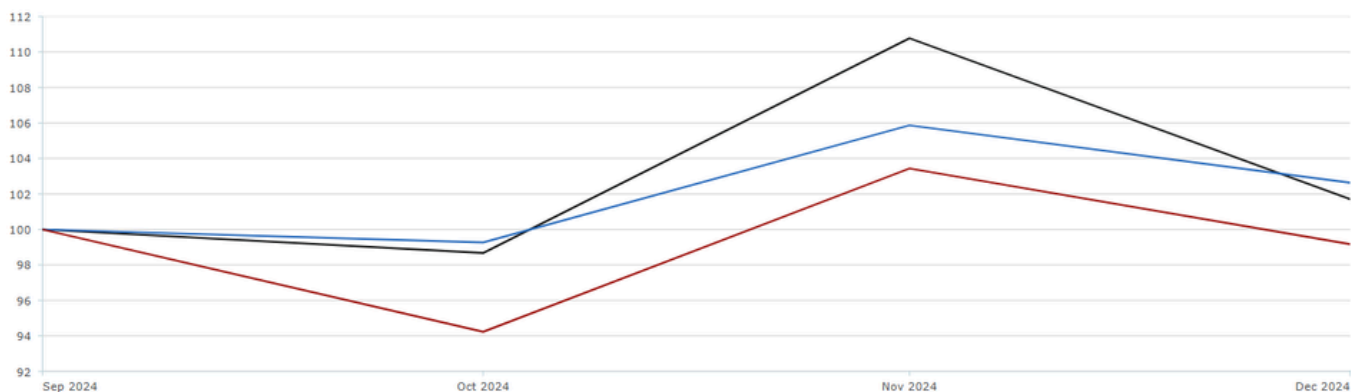


MARKET REVIEW AND MACRO OBSERVATIONS

- In 4Q24, the Russell 2000 Growth returned 1.70%, and the Russell 3000 returned 2.63%, with positive contributions from most sectors. For the year ending December 31, 2024, the Russell 2000 Growth returned 15.15% and the Russell 3000 returned 23.81%.
- The change in the U.S. Administration brings the prospect of a positive environment for U.S. business and labor. It is also possible that a change in leadership at the Federal Trade Commission will lead to more acquisitions, which could be helpful for our small-cap portfolio companies. There is uncertainty over the proposed tariffs; perhaps the threat of tariffs will turn out to be negotiating leverage for broader trade agreements.
- In 4Q24, the Federal Reserve cut rates twice by 25 bps each time, ending at 4.25-4.50%, 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 in 2025.¹
- While the Fed can control short-term interest rates, the market sets long-term rates. The big macro observation during the fourth quarter was the increase in long-term rates. 10-year Treasuries yielded 3.8% on September 30 and closed the quarter at 4.58%.² Higher rates indicate that the market does not believe inflation is under control, and they reflect the lack of demand for the large amount of Federal government debt expected to come to the market in the future.



	RETURN
■ Needham Aggressive Growth Institutional	(0.83)
■ Russell 3000	2.63
■ Russell 2000 Growth	1.70

Source: Zephyr Informais

IMPACTS ON PERFORMANCE

- In 4Q24, the Fund’s Institutional (NEAIX) and Retail (NEAGX) classes detracted -0.83% and -0.96%, respectively, underperforming the Russell 3000 and the Russell 2000 Growth.
- The Fund’s top contributors in 4Q24:
 - FARO Technologies, Inc. (FARO) designs and manufactures 3D measurement systems. FARO reported good bookings, revenue, and progress on operating margins. FARO is a turnaround led by Peter Lau, who became CEO in 2023.
 - Vertiv Holding Co. Class A (VRT) designs and manufactures electrical and temperature control equipment used in data centers and other industrial markets. Once again, Vertiv reported strong earnings as the data center market booms.

4Q24 Quarterly Commentary

- Arteris, Inc. (AIP) develops semiconductor intellectual property, which are pre-designed parts of a system-on chip design. Arteris reported its third consecutive quarter of positive free cash flow and strong bookings.
- The Fund's top detractors in 4Q24:
 - Aspen Aerogels, Inc. (ASPN) went from a top contributor in 3Q24 to a detractor in 4Q24. While Aspen again reported strong earnings and outlook, the stock suffered since the election. The market assumes that there is not much of a future for electric vehicles. Aspen supplies the leading aerogel-based insulation safety systems used in EVs. Aspen is standard on General Motors' (GM) Ultium and on many leading European batteries.
 - Super Micro Computer, Inc. (SMCI) was on quite a roller coaster this quarter as the stock fell to a low of \$17, only to close the quarter at \$34. We increased the Fund's position by about 8% on the sell-off and the company's announcement of hiring a new auditor. The stock fell when PricewaterhouseCoopers resigned as auditor and over concerns that Super Micro would not be able to find a new auditor, which would lead to a delisting. Just a few weeks after PwC's resignation, Super Micro hired BDO USA, Inc. and announced the results of a Special Committee's investigation, led by a new, independent board member. The Special Committee found little fault with management's behavior and the stock rallied.
- With 7% 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 a 3% cash position, down from 8% on September 30.
- We had a productive quarter with additions to existing positions and two new investments. Both new investments could benefit from our thesis that U.S. infrastructure spending will grow:
 - Everus Construction Group, Inc. (ECG) was spun out of MDU Resources Group, Inc. (MDU), during the quarter. We have owned MDU Resources since 2Q24. Everus provides electrical and mechanical construction and engineering for transmission lines, underground utilities, data centers, and many other markets.
 - KinderCare Learning Co. Inc. (KLC) went public during the quarter. We are long-term holders of Bright Horizons Family Solutions Inc. (BFAM) and concluded that it was better to own these two leaders than to pick only one. Bright Horizons does more on-site corporate business, while KinderCare has more low-income and government-subsidized business. The stock suffered after the election, giving us an opportunity to add to our small IPO allocation. We believe there is bipartisan support for childcare.
- The Fund's largest additions to existing positions were to nLight, Inc. (LASR), Oil-Dri Corp. of America (ODC), PDF Solutions, Inc. (PDFS), Super Micro Computer, Inc., and Unisys Corp. (UIS).
- We did not sell much in the quarter. The Fund did exit its position in ACV Auctions, Inc. (ACVA), a leading auction site for used, wholesale (dealer to dealer) cars. We've owned ACV since the 2021 IPO but have concluded that technology is leveling the playing field across the automobile business. One winner will be the consumer. While ACV may turn out to be a winner, we concluded that our position in CarMax, Inc. (KMX) was enough of an investment in this sector.

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/2024/12/18/fed-rate-decision-december-2024-.html>

[2] https://ycharts.com/indicators/10_year_treasury_rate_h15

	3 MO	YTD	1YR	3YR	5YR	10YR	SINCE INCEPT.
Needham Aggressive Growth Fund Inst Class**	-0.83%	14.86%	14.86%	5.07%	19.59%	14.17%	12.14%
After Taxes on Distributions	-0.83%	14.86%	14.86%	5.07%	18.99%	12.65%	11.16%
After Taxes on Distributions & Redemptions	-0.49%	8.80%	8.80%	3.90%	15.89%	11.17%	10.31%
Needham Aggressive Growth Fund Retail Class	-0.96%	14.31%	14.31%	4.47%	18.88%	13.51%	11.51%
After Taxes on Distributions	-0.96%	14.31%	14.31%	4.47%	18.27%	11.98%	10.53%
After Taxes on Distributions and Redemptions	-0.57%	8.47%	8.47%	3.44%	15.28%	10.60%	9.72%
Russell 2000 Growth Index	1.70%	15.15%	15.15%	0.21%	6.86%	8.09%	8.17%
Russell 3000 Index	2.63%	23.81%	23.81%	8.01%	13.86%	12.55%	9.45%

Average Annual Returns as of December 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.

Current month-end performance and a copy of the prospectus are available at www.needhamfunds.com or by contacting the Fund's transfer agent, U.S. Bancorp Fund Services, LLC at 1-800-625-7071.

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. Please read the prospectus carefully and consider the investment objectives, risks, and charges and expenses of the Fund carefully before you invest. The prospectus contains this and other information about the Fund.

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 December 31, 2024: FARO: 2.99%, VRT: 3.62%, AIP: 2.91%, ASPN: 1.96%, GM: 0.00%, SMCI: 2.98%, ECG: 0.70%, MDU: 0.77%, KLC: 0.08%, BFAM: 1.32%, LASR: 2.15%, ODC: 3.00%, PDFS: 3.92%, UIS: 3.46%, ACVA: 0.00% and KMX: 0.67%.

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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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