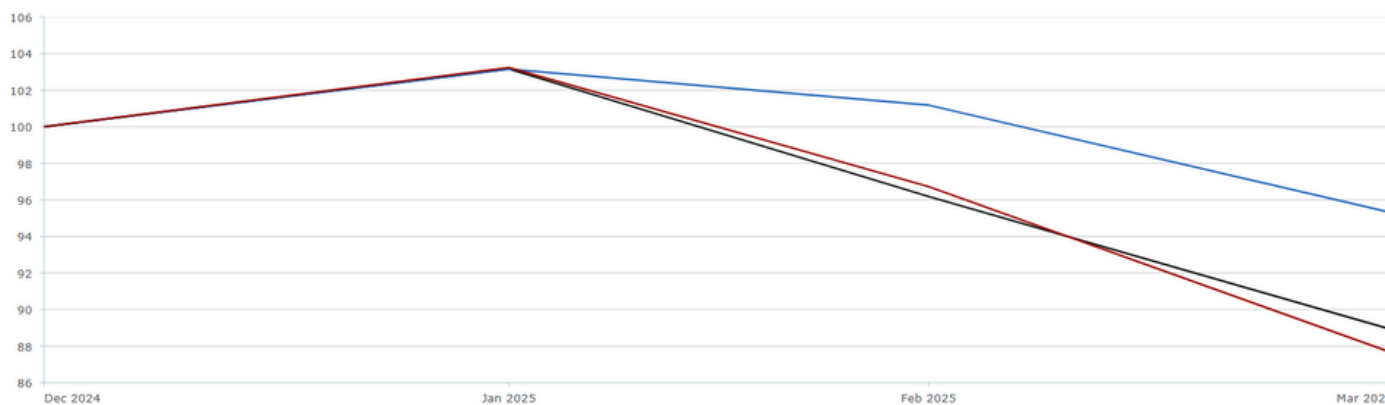


### MARKET REVIEW AND MACRO OBSERVATIONS

- In 1Q25, the Russell 2000 Growth and Russell 3000 declined -11.12% and -4.72%, respectively. The Consumer Staples, Utilities and Health Care sectors were positive in both indices. Information Technology and Consumer Discretionary were negative in both indices.
- The Russell 2000 Growth and the Russell 3000 were positive in January and part of February but declined significantly in March.
- The Consumer Price Index increase slowed to 2.4% in March, the lowest level since 2021. The unemployment rate was at a low 4.1% in February.<sup>1</sup> The Atlanta Fed GDPNow model estimated 1Q25 GDP growth, adjusted for gold imports, will be -0.5%.<sup>2</sup>
- Talk of tariffs and trade policy dominated the quarter and introduced uncertainty to the markets and to business prospects.
- After this market pull-back, we believe there may be compelling valuations in small-cap companies supplying “picks and shovels” for U.S. infrastructure.



	RETURN
■ Needham Aggressive Growth Institutional	(12.39)
■ Russell 3000	(4.72)
■ Russell 2000 Growth	(11.12)

Source: Zephyr Informais

### IMPACTS ON PERFORMANCE

- In 1Q25, the Fund’s Institutional (NEAIX) and Retail (NEAGX) classes returned -12.39% and -12.49% respectively, underperforming the Russell 2000 Growth and the Russell 3000.
- The Fund’s top contributors in 1Q25:
  - ThredUP, Inc. (TDUP) is a leading marketplace for the resale of lightly used clothing. ThredUp’s U.S. operations were EBITDA positive for the fifth consecutive quarter. ThredUp completed the divestiture of its European operations, which were losing money and burning cash. We believe ThredUp could benefit from tariffs placed on clothing manufactured abroad. It could also benefit from elimination of the de minimis tariff exception, which allows foreign companies, including leading Chinese e-commerce companies Temu and Shein, to ship packages of under \$800 into the United States without tariffs. The de minimis tariff exemption is expected to end on May 2.

- Logility Supply Chain Solutions (formerly LGTY) announced an acquisition by private equity-backed Aptean, Inc. on January 24.
- Genius Sports Limited (GENI) provides sports data to gaming companies and sports viewing technology to leagues. Genius reported strong revenue and EBITDA growth. We estimate strong growth in revenue and margins in 2025.
- The Fund's top detractors in 1Q25:
  - Vertiv Holdings Co. Class A (VRT) designs and manufactures electrical and temperature control equipment used in data centers and other industrial markets. Vertiv reported very strong results for 4Q24 but also less orders than expected. The orders combined with the market's concern about slowing data center spending led Vertiv to be a top detractor. Vertiv was a top contributor in 4Q24.
  - PDF Solutions, Inc. (PDFS) is the leader in data analytics for semiconductor manufacturing. While 4Q24 results and guidance were fine, we believe the market is concerned about Intel (INTC) as a major customer.
  - Arteris, Inc. (AIP) develops semiconductor intellectual property, which are pre-designed parts of a system-on chip design. Arteris reported an in-line quarter and guidance. It also reported an exceptional book-to-bill of 2.2 to 1. We are hard pressed to explain Arteris' poor stock performance other than it had been a top contributor in 4Q24.
- With 11% 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 1% cash position. We had a productive quarter with additions to existing positions and new investments. The three largest new investments were Camtek Ltd. (CAMT), TETRA Technologies, Inc. (TTI), and Somero Enterprises, Inc. (SOM-LON).
- The Fund's largest additions to existing positions were to Aspen Aerogels, Inc. (ASPN), Jacobs Solutions, Inc. (J), PDF Solutions, Inc., Precision Optics Corp., Inc. (POCI), and Vital Farms, Inc. (VITL).
- The Fund exited its position in Altair Engineering, Inc. (formerly ALTR), as its acquisition by Siemens (SIEGY) closed, and in AXT, Inc. (AXTI). We also sold our long-term stock in Logility Supply Chain Solutions, Inc. prior to the April 4 closing of its acquisition by Aptean, Inc.

## OPPORTUNITIES & LOOKING FORWARD

- We believe that to achieve our mission of creating wealth for long-term investors, we must assume that in a few years the U.S. economy will be largely fine. It's interesting to consider the news and bear cases, but we believe that creating wealth over time requires one to be an optimist at heart.
- The Trump Administration's economic development strategy has a goal of revitalizing manufacturing in the United States. 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, power plants, and more. Despite the current uncertainty, the U.S. has underinvested in these areas, so there could be long tailwinds. After this market pull-back, we believe there may be compelling valuations in our small-cap “picks and shovels” universe.

- 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.
- During the quarter, we published [Growth Factor 43](#),<sup>3</sup> The Power of Long-Term Leadership, where we introduced the Needham Aggressive Growth Fund's Super Seven companies led by exceptional CEOs that have contributed over 50% of the Fund's outperformance since 2010. Long-term leadership is a key part of our Hidden to Quality investment process.

[1] <https://www.bls.gov/news.release/cpi.t02.htm>

[2] <https://www.atlantafed.org/-/media/documents/cqer/researchcq/gdpnow/RealGDPTrackingSlides.pdf>

[3] <https://www.needhamfunds.com/growth-factor/the-power-of-long-term-leadership-the-needham-aggressive-growth-funds-super-seven/>

	3 MO	YTD	1YR	3YR	5YR	10YR	SINCE INCEPT.
Needham Aggressive Growth Fund Inst Class**	-12.39%	-12.39%	-15.25%	5.95%	20.71%	12.24%	11.38%
After Taxes on Distributions	-12.39%	-12.39%	-15.25%	5.95%	20.11%	10.74%	10.41%
After Taxes on Distributions & Redemptions	-7.33%	-7.33%	-9.03%	4.59%	16.91%	9.53%	9.63%
Needham Aggressive Growth Fund Retail Class	-12.49%	-12.49%	-15.65%	5.38%	19.98%	11.59%	10.76%
After Taxes on Distributions	-12.49%	-12.49%	-15.65%	5.38%	19.36%	10.09%	9.79%
After Taxes on Distributions and Redemptions	-7.40%	-7.40%	-9.26%	4.15%	16.29%	8.98%	9.05%
Russell 2000 Growth Index	-11.12%	-11.12%	-4.86%	0.78%	10.78%	6.14%	7.54%
Russell 3000 Index	-4.72%	-4.72%	7.22%	8.22%	18.18%	11.80%	9.12%

Average Annual Returns as of March 31, 2025. 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](http://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 1.67% for the Retail Class and 1.48% for the Institutional Class. The Needham Aggressive Growth Fund's Net Expense Ratio is 1.60% for the Retail Class and 1.20% 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, 2026, 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 March 31, 2025: TDUP: 2.30%, LGTY: 0.00% GENI: 3.52%, VRT: 2.83%, PDFS: 3.55%, INTC: 0.00%, AIP: 2.50%, CAMT: 0.26%, TTT: 0.24%, SOM-LON: 0.13%, ASPN: 1.44%, J: 0.27%, POCl: 0.44%, VITL: 2.32%, ALTR: 0.00%, SEIGY: 0.00% and AXTI: 0.00%.

The Global Industry Classification Standard (GICS<sup>®</sup>) was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor's Financial Services LLC ("S&P"). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.

The Russell 3000<sup>®</sup> 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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