

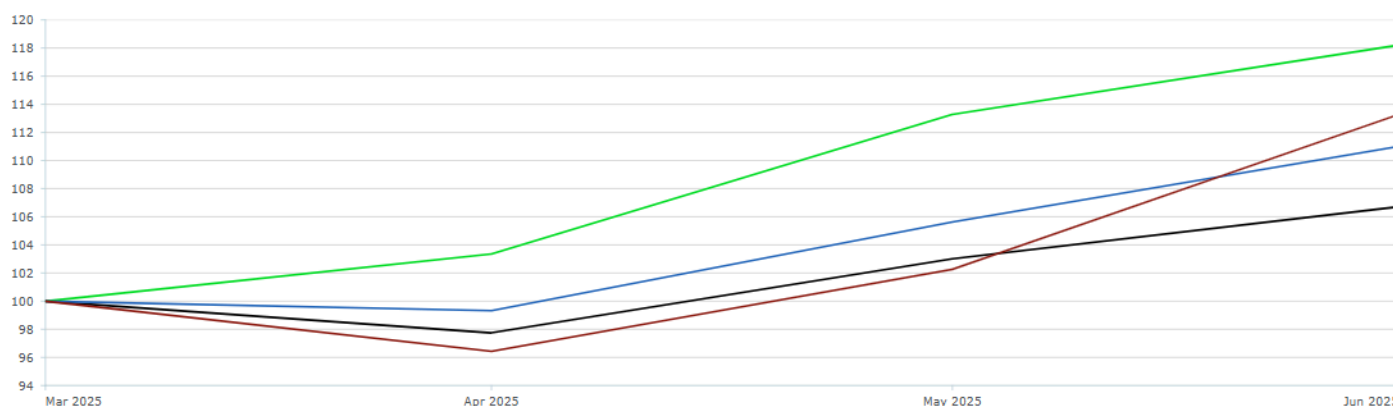
2Q25 Quarterly Commentary

Portfolio Managers: John O. Barr & Christopher J. Retzler

Investment Style: Mid Cap Growth

Market Review & Macro Observations

- In 2Q25, the Russell Midcap Growth Index returned 18.20%, the S&P MidCap 400 returned 6.71% and the Russell 3000 returned 10.99%.
- The market was rocked by President Trump's tariff pronouncements. While the daily volatility was painful, if you had looked only at your month-end statements and ignored the daily news, you would have no idea there were any issues. There is a lesson for all of us.
- The President announced tariffs on April 2 after the market close. The market fell April 3 and bottomed April 7. We tried to determine the impact of the proposed tariffs and concluded that our portfolio companies are adaptable and tariffs may have little impact.^[1]
- Economic data and Federal Reserve announcements faded from importance in the face of trade policy discussions.
- We believe it is important to follow Treasury Secretary Scott Bessent's public comments. He has discussed targets of 3% GDP growth, 3% deficit to GDP, and increasing oil production by three million barrels per day. He has also emphasized that his priority is to grow the U.S. economy faster than its debt, and that reshoring U.S. manufacturing, even if it requires dollar devaluation, is a matter of strategic security. The One Big Beautiful Bill Act supports this agenda by offering accelerated depreciation for manufacturing facilities and allowing companies to expense research and development costs, providing incentives for companies, domestic and abroad, to increase investment in the United States.
- Many of our investments are focused on infrastructure broadly defined and could benefit from accelerated reshoring of manufacturing.



	RETURN
Needham Growth Institutional	13.27
Russell 3000	10.99
Russell Midcap Growth	18.20
S&P 400	6.71

Impacts on Performance

- In 2Q25, the Fund's Institutional (NEEIX) and Retail (NEEGX) share classes returned 13.27% and 13.12%, respectively.
- Top Contributors:
 - Super Micro Computer, Inc. (SMCI) reported an in-line quarter with disappointing guidance. However, the stock rallied on the announcement of a \$20 billion deal with Data Volt, a Saudi customer, and the prospect of growth and gross margin expansion when NVIDIA Corp.'s (NVDA) Blackwell is widely available.
 - Nova, Ltd. (NVMI) is a metrology equipment provider for the semiconductor industry that once again posted strong quarterly results.
 - Vertiv Holdings Co. (VRT) manufactures electrical and cooling equipment for data centers. It reported strong revenue, bookings, and guidance.
- Top Detractors:
 - Thermo Fisher Scientific, Inc. (TMO) supplies products and services to the life sciences industry. The stock suffered due to concerns about cuts in government funding for academic research and the impact of tariffs on the company's China business. China represents about 10% of Thermo Fisher's revenue.
 - Becton, Dickinson and Co. (BDX) manufactures and sells medical supplies and lab and diagnostics equipment. The quarter and guidance were negatively impacted by its China business and tariffs.
 - CarMax, Inc. (KMX) reported an earnings and revenue miss in its quarter ending February 2025 and improved results in the quarter ending May 2025. The stock fell over the market's perceived macro uncertainty and concern for affordability and consumer spending on used cars.

Portfolio Changes

- The Fund ended the quarter with 4.3% cash . We added a new position in Circle Internet Group, Inc. (CRCL) on its IPO. The Fund added to its positions in a few investments, including ASML Holding NV (ASML) and Equinix, Inc. (EQIX).
- The Fund exited Camtek Ltd. (CAMT), Datadog, Inc. Class A (DDOG), Everus Construction Group, Inc. (ECG), nLight, Inc. (LASR), and Lineage, Inc. (LINE). The Fund's largest reductions were to Akamai Technologies, Inc. (AKAM), Nova Ltd., Trade Desk, Inc. (TTD) and Vicor Corp. (VICR).

Opportunities & Looking Forward

- We believe that to achieve our mission of creating wealth for long-term investors, we must assume that, a few years out, the U.S. economy will be largely fine. It's interesting to consider the news and the bear cases, but to create 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 may 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:
 - Semiconductor Manufacturing
 - Data Centers/AI Processing
 - U.S. Manufacturing
 - 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.
- For additional information, please see [The Growth Factor Vol. 44](https://www.needhamfunds.com/growth-factor/the-tariff-tantrum-and-opportunities/), “The Tariff Tantrum and Opportunities,” which we published during the quarter.

[1] <https://www.needhamfunds.com/growth-factor/the-tariff-tantrum-and-opportunities/>

	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Needham Growth Fund Inst Class**	13.27%	-4.93%	-14.65%	11.51%	9.71%	9.27%	12.57%
After Taxes on Distributions	13.27%	-4.93%	-15.36%	11.05%	8.79%	7.68%	11.23%
After Taxes on Distributions & Redemptions	7.85%	-2.92%	-8.09%	8.98%	7.64%	7.08%	10.75%
Needham Growth Fund Retail Class	13.12%	-5.16%	-15.10%	11.04%	9.24%	8.77%	12.08%
After Taxes on Distributions	13.12%	-5.16%	-15.85%	10.56%	8.31%	7.16%	10.74%
After Taxes on Distributions and Redemptions	7.76%	-3.06%	-8.33%	8.60%	7.27%	6.67%	10.29%
S&P MidCap 400 Index	6.71%	0.20%	7.53%	12.83%	13.44%	9.25%	10.99%
Russell 3000 Index	10.99%	5.75%	15.30%	19.08%	15.96%	12.96%	10.04%
Russell Midcap Growth Index	18.20%	9.79%	26.49%	21.46%	12.65%	12.13%	10.18%

Average Annual Returns as of June 30, 2025. The Needham Growth Fund inception date is January 1, 1996.

**Performance for any periods prior to the inception date of Institutional Class Shares is 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 Growth Fund's Gross Expense Ratio is 1.75% for the Retail Class and 1.47% for the Institutional Class. The Needham Growth Fund's Net Expense Ratio is 1.71% for the Retail Class and 1.23% 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 1.95% and 1.21% 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 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. Portfolio holdings are subject to change. Needham Growth Fund's ownership as a percentage of net assets in the stated securities as of June 30, 2025: SMCI: 9.50%, NVDA: 0.00%, NVMI: 3.95%, VRT: 2.03%, TMO: 3.57%, BDX: 1.88%, KMX: 2.85%, CRCL: 0.13%, ASML: 1.44%, EQIX: 1.30%, CAMT: 0.00%, DDOG: 0.00%, ECG: 0.00%, LASR: 0.00%, LINE: 0.00%, AKAM: 3.17%, TTD: 1.76% and VICR: 2.63%.

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