

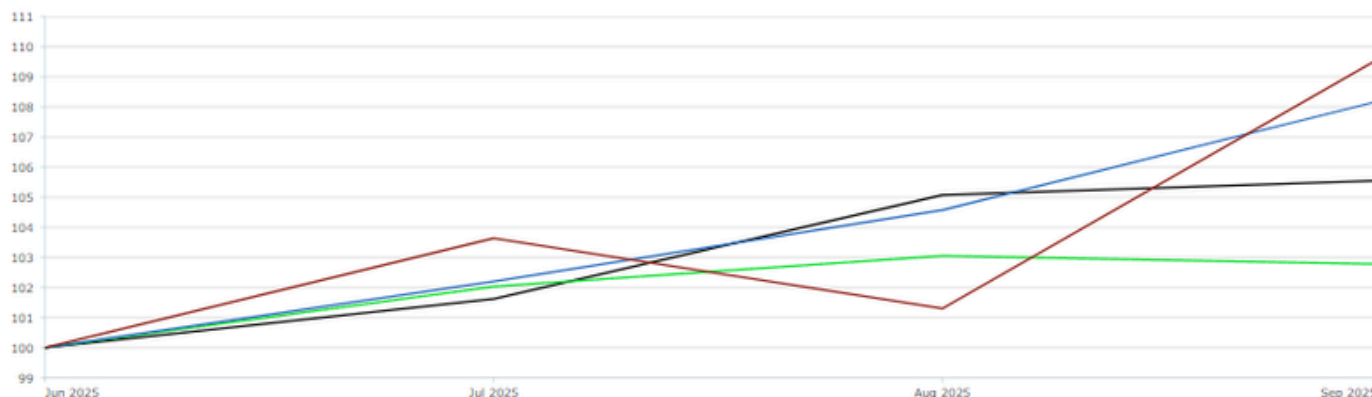
3Q25 Quarterly Commentary

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

Investment Style: Mid Cap Growth

Market Review & Macro Observations

- In 3Q25, the Russell Midcap Growth Index returned 2.78%, the S&P MidCap 400 returned 5.55% and the Russell 3000 returned 8.18%.
- 3Q25 was less exciting than the “Tariff Tantrum” volatility of 2Q25. The markets settled more into watching events and results rather than trading on Tweets. Economic results beat expectations, which were better than expected in 2Q.
- Core inflation was 3.1% in July and August, relatively flat with June’s 2.9%.¹ Unemployment in August was 4.3%, slightly up from 4.2% in July, and job growth slowed.² 2Q25 GDP was +3.8%, and growth for the whole year is estimated at just +1.7%. Economists believe trade and tariffs will slow growth in 4Q. Forecasters had expected 2Q growth to be 1-2%.³ At its September meeting, the Fed Open Market Committee cut the target rate from 4.25 – 4.50% to 4.00 – 4.25% and the market expects further cuts in 4Q25.⁴ The current account deficit fell to \$251 billion, the lowest level in five quarters. Tariff revenue is ahead of estimates, and despite the tariffs, the economy prospered in 2Q.⁵
- 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 3 million barrels per day. In 2Q25, GDP growth was 3.8%, the deficit to GDP was 3.3%, down from 6.0% in 1Q25. Oil production set records in June and July at 13.5-13.6 million barrels/ day, up from 13.3 million in 1Q25.
- Bessent has also emphasized his priority 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. Many of our investments are focused on infrastructure, broadly defined, and could benefit from accelerated reshoring of manufacturing.



	RETURN
Needham Growth Institutional	9.56
Russell 3000	8.18
Russell Midcap Growth	2.78
S&P 400	5.55

Source: Zephyr Informais

Impacts on Performance

- In 3Q25, the Fund's Institutional (NEEIX) and Retail (NEEGX) share classes returned 9.56% and 9.42%, respectively.
- Top Contributors:
 - PDF Solutions, Inc. (PDFS) reported strong revenue growth and reiterated its 21-23% growth guidance for the year. Importantly, in late September, PDF announced a “landmark ... multi-year agreement with a major global integrated device manufacturer we believe to be Intel Corp. (INTC). This agreement covers the breadth of PDF's product line.
 - nVent Electric plc (NVT) reported strong earnings and revenue growth and raised guidance for the year. nVent saw strength from its liquid-cooling and power distribution products for data centers.
 - Corning, Inc. (GLW) reported a strong 2Q25, highlighted by 41% year-over-year growth in its optical communications segment, which serves data center demand. Specialty materials, which includes the Gorilla Glass used in iPhones and other devices, was also strong.
- Top Detractors:
 - CarMax, Inc. (KMX) reported an earnings miss in its quarter ended May 2025, and suspended the time frame for achieving its long-term targets, which were to sell two million vehicles by 2026, achieve \$33 billion in revenue, and to capture up to 5% of the market for vehicles up to 10 years old.
 - Trade Desk, Inc. Class A (TDD) reported results that met expectations, but guidance was weak. The open-web ad ecosystem is under pressure from the “walled-gardens” of Facebook (META), Google (GOOGL) and others.
 - Becton, Dickinson and Co. (BDX) manufactures and sells medical supplies and lab and diagnostics equipment. The quarter was better than expected on revenue and EPS, and guidance was raised. The stock was weak on continued concern for its China business and tariffs. Becton Dickinson also announced the spin-off and merger of its Biosciences and Diagnostic Solutions business with Waters Corporation (WAT), which created investor uncertainty.

Portfolio Changes

- The Fund ended the quarter with 4.2% cash. We added new positions in CoStar Group, Inc. (CSGP), Lockheed Martin Corp. (LMT) and Waste Management Inc. (WM). The Fund added to a few positions including ASML Holding NV (ASML) and DuPont de Nemours, Inc. (DD).
- The Fund exited Bentley Systems, Inc. Class B (BSY), Circle Internet Group, Inc. Class A (CRCL), Equinix Inc. (EQIX), Mobileye Global, Inc. Class A (MBLY) and Navigator Holdings Ltd. (NVGS). The Fund's largest reductions were to Akamai Technologies, Inc. (AKAM), Entegris, Inc. (ENTG), Hammond Power Solutions, Inc. (HPS.A-TSE), 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.

[[1] bls.gov/bls/news-release/cpi.htm#2025

[2] <https://www.bls.gov/news.release/pdf/empst.pdf>

[3] <https://www.bea.gov/news/2025/gross-domestic-product-2nd-quarter-2025-third-estimate-gdp-industry-corporate-profits>

[4] <https://www.federalreserve.gov/newsevents/pressreleases/monetary20250917a.htm>

[5] <https://www.bea.gov/news/2025/us-international-transactions-2nd-quarter-2025>

Needham Growth Fund 3Q25 Quarterly Commentary

	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Needham Growth Fund Inst Class**	9.56%	4.16%	-2.94%	16.64%	9.79%	11.69%	12.80%
After Taxes on Distributions	9.56%	4.16%	-3.76%	16.16%	8.87%	10.07%	11.47%
After Taxes on Distributions & Redemptions	5.66%	2.46%	-1.18%	13.06%	7.65%	9.12%	10.95%
Needham Growth Fund Retail Class	9.42%	3.77%	-3.44%	16.15%	9.32%	11.18%	12.31%
After Taxes on Distributions	9.42%	3.77%	-4.29%	15.65%	8.39%	9.54%	10.98%
After Taxes on Distributions and Redemptions	5.58%	2.23%	-1.45%	12.67%	7.27%	8.69%	10.49%
S&P MidCap 400 Index	5.55%	5.76%	6.13%	15.84%	13.61%	10.82%	11.09%
Russell 3000 Index	8.18%	14.40%	17.41%	24.12%	15.74%	14.71%	10.25%
Russell Midcap Growth Index	2.78%	12.84%	22.02%	22.85%	11.26%	13.37%	10.19%

Average Annual Returns as of September 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

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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 September 30, 2025: PDFS: 4.99%, INTC: 0.00%, NVT: 3.05%, GLW: 2.27%, KMX: 1.83%, TTD: 1.10%, META: 0.00%, GOOGL: 0.64%, BDX: 2.07%, WAT: 0.00%, CSGP: 0.18%, LMT: 0.33%, WM: 0.33%, ASML: 1.85%, DD: 1.80%, BSY: 0.00%, CRCL: 0.00%, EQIX: 0.00%, MBLY: 0.00%, NVGS: 0.00%, AKAM: 1.37%, ENTG: 4.57%, HPS-A-TSE: 1.10% AND VICR: 1.97%.

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