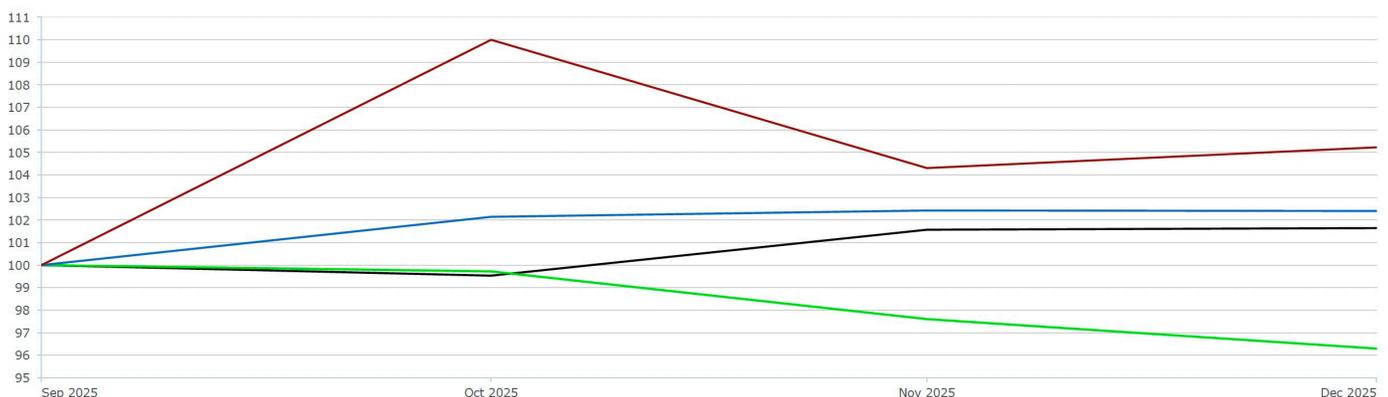


Market Review & Macro Observations

- In 4Q25, the Russell 2000 Growth and Russell 3000 returned 1.22% and 2.40%, respectively.
- Due to the federal government shutdown from October 1 - November 13, some economic data was not gathered, some statistics were not released, and other statistics were delayed.
- Personal Consumption Expenditure (PCE) core inflation was estimated 2.7% in October and 2.8% in November.^[1] This inflation was similar to 2Q25 and 3Q25, although above the Federal Reserve’s 2% target.
- As of December, the Fed’s Summary of Economic Projections showed median projected 4Q unemployment of 4.5%^[2], compared to 4.4% in September.^[3]
- Economists believed trade restrictions and tariffs would slow growth in 4Q. In mid-November, expectations were for 1-2% growth. As of late December, the Atlanta Fed’s GDPNow model showed 3.0% annualized GDP growth for 4Q25.^[4] The economy has proven to be resilient.
- As expected, at its December meeting, the Fed Open Market Committee cut the target rate from 3.75 – 4.00% to 3.50 – 3.75%.^[5] The Fed expects one interest rate cut in 2026.^[6]



	RETURN
■ Needham Growth Institutional	5.23
■ Russell 3000	2.40
■ Russell Midcap Growth	(3.70)
■ S&P 400	1.64

Impacts on Performance

- In 4Q25, the Fund's Institutional (NEEIX) and Retail (NEEGX) share classes outperformed the benchmarks and the general market index returning 5.23% and 5.10%, respectively.
- Top Contributors:
 - Vicor Corporation (VICR) designs and manufactures modular power conversion devices. Vicor announced strong 3Q25 revenue, earnings and outlook. Importantly, it also announced that its new Gen-5 vertical power delivery solution was exceeding technical expectations for its leading AI customer.
 - FormFactor Inc. (FORM) supplies wafer probe cards to the semiconductor manufacturing industry. It reported a strong quarter, including gross margin expansion. FormFactor benefits from new logic and memory design starts. It maintained its market leading position by shipping to Micron Technology Inc. (MU), Samsung Electronics Co., Ltd. (005930.KS) and SK hynix, Inc. (000660.KS), which are the three leading HBM (high-bandwidth memory) manufacturers.
 - Coherent Corp. (COHR) develops and markets lasers, optical transceivers and engineered materials for communications, industrial and electronics markets. It reported a strong quarter led by strength in the Datacenter & Communications segment.
- Top Detractors:
 - Super Micro Computer, Inc. (SMCI) supplies servers and systems for hyperscalers and enterprises and reported record bookings for the quarter ending September 30. As a result of a customer's delayed installation plans, including for a very important, albeit low-margin hyperscaler, Super Micro missed quarterly revenue and earnings estimates.
 - Aspen Aerogels Inc. (ASPN) designs and manufactures aerogel-based insulation used in the energy industry for cryogenic and thermal applications, and in the automotive industry to prevent fires in EV batteries. Aspen reported a weak 3Q25. Most of Aspen's 2025 and 2026 automotive business is from the General Motors EV lineup. The 2026 outlook for the EV market is uncertain. Other customers should start to contribute in 2027 and beyond.
 - Parsons Corporation (PSN) provides engineering and technical services for the U.S. federal government and for critical infrastructure customers worldwide. Parsons guided revenue down, but maintained its adjusted EBITDA guidance. Parsons has suffered from delays and cancellations of U.S. government contracts.

Portfolio Changes

- The Fund ended the quarter with 1.7% cash. The largest of the new positions is Qnity Electronics, Inc. (Q), which was spun out of our holding in DuPont de Nemours Inc. (DD). Qnity supplies equipment and consumables for semiconductor manufacturing. Other new positions included Atlanta Braves Holdings Class C (BTRK), Generac Holdings Inc. (GNRC), SLB Limited (SLB) and Solstice Advanced Materials Inc. (SOLS), which spun-out of our holding in Honeywell International Inc. (HON).
- The Fund exited Figure Technology Solutions, Inc. (FIGR), Klaviyo, Inc. Class A (KVYO) and a few very small positions recently purchased as IPOs.

Opportunities & Looking Forward

- History in the United States is on the side of the optimist. One can consider the news and the bear cases but in the end, we assume that over time, the U.S. economy will be fine. As long-term investors, we have the luxury of looking beyond short-term macro issues.
- The Trump Administration's economic development strategy has a goal of revitalizing manufacturing in the United States. We were interested to hear that in a Davos talk, Secretary of the Treasury Scott Bessent called for 7-8% nominal GDP growth.
- 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. We continue to 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.

[1] <https://www.bea.gov/data/personal-consumption-expenditures-price-index-excluding-food-and-energy>

[2] <https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20251210.pdf>

[3] <https://www.wlwt.com/article/us-employment-rate-september/69488439>

[4] <https://www.atlantafed.org/research-and-data/data/gdpnow/archive-of-past-gdpnow-commentaries>

[5] <https://www.cnbc.com/amp/2025/12/10/fed-meeting-today-live-updates.html>

[6] <https://www.fidelity.com/learning-center/trading-investing/the-fed-meeting>

	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Needham Growth Fund Inst Class**	5.23%	9.60%	9.60%	17.08%	6.52%	11.77%**	12.88%
After Taxes on Distributions	3.49%	7.79%	7.79%	16.10%	5.58%	10.12%**	11.50%
After Taxes on Distributions & Redemptions	4.25%	6.88%	6.88%	13.41%	5.04%	9.24%**	11.01%
Needham Growth Fund Retail Class	5.10%	9.06%	9.06%	16.57%	6.06%	11.26%	12.39%
After Taxes on Distributions	3.27%	7.16%	7.16%	15.55%	5.09%	9.58%	11.01%
After Taxes on Distributions and Redemptions	4.23%	6.62%	6.62%	13.00%	4.68%	8.80%	10.55%
S&P MidCap 400 Index	1.64%	7.50%	7.50%	12.56%	9.12%	10.72%	11.06%
Russell 3000 Index	2.40%	17.15%	17.15%	22.25%	13.15%	14.29%	10.24%
Russell Midcap Growth Index	-3.70%	8.66%	8.66%	18.64%	6.65%	12.49%	9.96%

Average Annual Returns as of December 31, 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 December 31, 2025: VICR: 3.27%; FORM: 3.63%; MU: 0.00%; 005930.KS: 0.00%; 000660.KS: 0.00%; COHR: 2.77%; SMCI: 5.37%; ASPN: 0.80%; PSN: 3.26%; Q: 0.95%; DD: 0.47%; BATRK: 0.13%; GNRC: 0.23%; SLB: 0.06%; SOLS: 0.13%; HON: 0.33%; FIGR: 0.00%; KVYO: 0.00%.

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The S&P 500 Index and the S&P 400 Index are both broad unmanaged measures of the U.S. stock market. The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies representing approximately 96% of the investable U.S. 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 Midcap® Growth Index measures the performance of the midcap growth segment of the US equity universe. The Russell Midcap Growth Index includes those Russell Midcap Index companies with relatively higher price-to-book 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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