

# Needham Small Cap Growth Fund

## Institutional Class | NESIX

Annual Shareholder Report | December 31, 2025

This annual shareholder report contains important information about the Needham Small Cap Growth Fund ("the Fund") for the period of January 1, 2025 to December 31, 2025. You can find additional information about the Fund at [www.needhamfunds.com/resources-forms](http://www.needhamfunds.com/resources-forms). You can also request this information by contacting us at 1-800-625-7071.

### What Were the Fund Costs for the Last Year? (Based on a hypothetical \$10,000 investment)

Class Name	Costs of a \$10,000 investment	Costs paid as a percentage of a \$10,000 investment
Institutional Class	\$125	1.18%*

\* Reflects Fee Waivers and/or Expense Assumptions, without which expenses would have been higher.

### How Did the Fund Perform Over the Last Year and What Affected its Performance?

#### Performance

For the 12-month period ended December 31, 2025, the Needham Small Cap Growth Fund's performance was affected by market conditions and stock selection. Equity markets experienced significant volatility during the year, driven by uncertainty related to trade policy, tariffs, interest rate expectations, and the timing of capital spending decisions by corporations. Markets declined sharply early in the year following tariff announcements, but recovered in subsequent quarters as policy clarity improved, merger and acquisition activity increased, and investor interest in small-capitalization companies strengthened.

The key factor affecting the Fund's performance was stock selection. Several holdings associated with semiconductor manufacturing, communications infrastructure, and data center demand contributed positively during the year. Contributors included TTM Technologies, Inc. (TTMI), nLight (LASR), and Arteris, Inc. (AIP). Detractors included Aspen Aerogels, Inc. (ASPN), Rapid7, Inc. (RPD), and Harmonic (HLIT).

The Fund maintained relatively low cash levels for most of the year, although cash increased following market recoveries and periods of inflows. Management teams across portfolio companies continued to focus on improving cost structures, strengthening balance sheets, and positioning their businesses for future growth.

#### Investment Themes

The Fund's major investment theme remains the importance of technology-driven infrastructure and industrial innovation. Portfolio companies sell products and services into data centers, communications infrastructure, semiconductor and advanced manufacturing facilities, defense systems, and specialty material markets. Needham Investment Management LLC, the Fund's investment adviser, believes that many of these industries continue to benefit from long-term capital spending trends and ongoing technological innovation.

### How Did the Fund Perform Since Inception?\*

The following graph compares the initial and subsequent account values at the end of each of the most recently completed annual periods for the life of the Institutional Class shares of the Fund since its inception. The graph assumes a \$100,000 initial investment at net asset value at the inception date of the Fund in an appropriate, broad-based securities market index and a more narrowly based index that reflects the market sector in which the Fund invests for the same period.

#### Cumulative Performance

- Needham Small Cap Growth Fund Institutional Class: \$301,093
- Russell 3000 Index: \$337,177
- Russell 2000 Growth Index: \$224,127



#### Annual Average Total Return % (as of December 31, 2025)

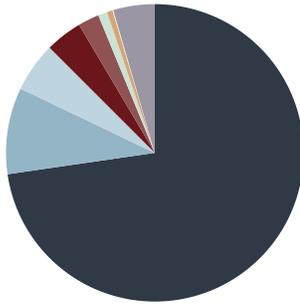
	1 Year	5 Year	Since Inception (12/30/2016)
Institutional Class	11.16	0.92	13.02
Russell 3000® Index	17.15	13.15	14.45
Russell 2000® Growth Index	13.01	3.18	9.38

\* **The Fund's past performance is not a good predictor of the Fund's future performance.** The returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares. All performance figures assume reinvestment of dividends and distributions.

#### Key Fund Statistics (as of December 31, 2025)

Net Assets	\$151,928,409
Number of Holdings	62
Portfolio Turnover	48%
Net Advisory Fee	\$1,478,431

**What Sectors Did the Fund Invest In? (as of December 31, 2025) (as a percentage of net assets)**



- Information Technology 72.7%
- Industrials 9.4%
- Consumer Discretionary 5.4%
- Health Care 4.0%
- Materials 2.3%
- Real Estate 1.0%
- Utilities 0.6%
- Financials 0.1%
- Cash & Other 4.5%

**Top Ten Issuers (as a percentage of net assets)**

ADTRAN Holdings, Inc.	6.8%
Arteris, Inc.	6.6%
Dreyfus Treasury Securities Cash Management - Class Institutional	4.6%
Vishay Intertechnology, Inc.	4.4%
PDF Solutions, Inc.	4.3%
Rogers Corp.	3.6%
Harmonic, Inc.	3.5%
TTM Technologies, Inc.	3.0%
Badger Meter, Inc.	2.9%
Veeco Instruments, Inc.	2.8%

For additional information about the Fund; including its prospectus, financial information, holdings and proxy information, scan the QR code or visit [www.needhamfunds.com/resources-forms](http://www.needhamfunds.com/resources-forms)

**Householding**

To reduce Fund expenses, only one copy of most shareholder documents may be mailed to shareholders with multiple accounts at the same address (Householding). If you would prefer that your Needham Funds, Inc. documents not be househanded, please contact Needham Funds, Inc. at 1-800-625-7071, or contact your financial intermediary. Your instructions will typically be effective within 30 days of receipt by Needham Funds, Inc. or your financial intermediary.

