

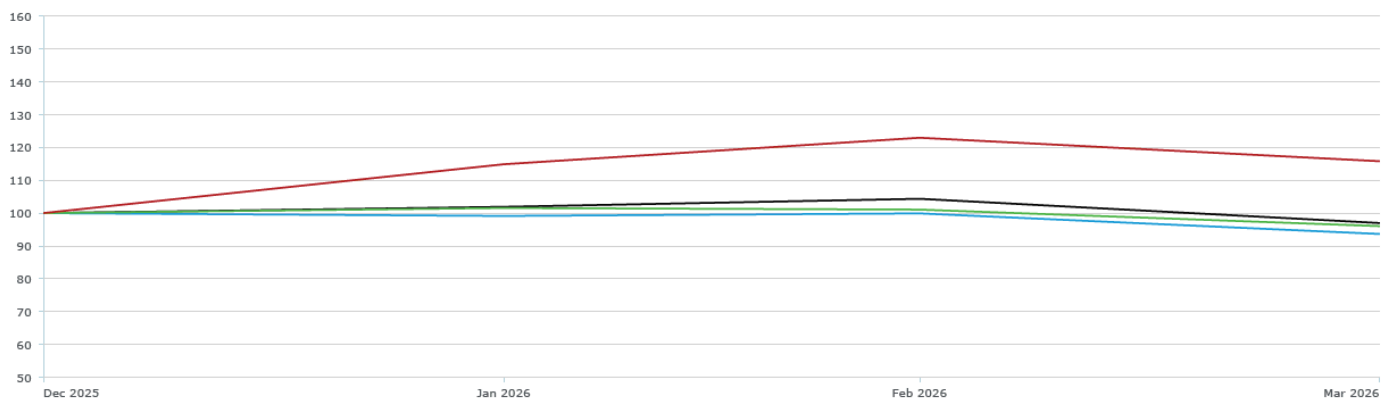
1Q26 Quarterly Commentary

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

Investment Style: Mid Cap Growth

Market Review & Macro Observations

- In 1Q26, the Bloomberg Midcap Growth, Russell Midcap Growth and Russell 3000 returned -3.02%, -6.35%, and -3.96% respectively. Many industries detracted including software, autos, consumer durables, financials, health care equipment, and pharmaceuticals.
- The major development in 1Q26 was the war with Iran. Following the execution of over 30,000 Iranian protestors by the Iranian government, the United States and Israel initiated a joint war against the military facilities of Iran. The war increased oil prices to over \$100/barrel and introduced volatility and uncertainty to the markets.
- Inflation remains above the Federal Reserve’s 2.0% target. Core inflation was 2.4% in January and February, with a forecast of 2.6% for March, which is below the December’s 2.7%.^[1] The war with Iran has led to higher energy prices, however, energy prices are not part of Core CPI.
- In March, the Bureau of Labor Statistics showed unemployment of 4.4% in February, compared to 4.3% in January, and 4.4% in December.^[2]
- The Atlanta Fed’s GDPNow model forecasts 2.0% annualized GDP Growth for 1Q26, down from over 3.0% just a few weeks ago^[3] due to soft construction and consumer spending.^[4] Preliminary estimates for 4Q25 GDP growth are 1.4% as the economy suffered from the government shutdown in October and November.^[5]
- As expected, at its January and March 2026 meetings, the Fed Open Market Committee maintained interest rates at 3.50 – 3.75%.^[6] The market expects one interest rate cut in 2026.^[7]



	RETURN
■ Needham Growth Institutional	15.79
■ Russell 3000	(3.96)
■ Russell Midcap Growth	(6.35)
■ Bloomberg U.S. BMID Growth	(3.02)

Impacts on Performance

- In 1Q26, the Fund's Institutional (NEEIX) and Retail (NEEGX) classes returned 15.79% and 15.68% respectively, significantly outperforming the Bloomberg and Russell Midcap and 2000 Growth indices. Our performance was strong due to our investments in traditional, technology, and defense infrastructure.
- The Fund's top contributors for 1Q26:
 - Form Factor, Inc. (FORM) provides test and measurement technologies for semiconductor design and manufacturing. It reported strong 4Q25 results and raised their guidance for 1Q26. The company benefits from the rapid adoption of High-Bandwidth Memory, which is used in AI applications. They also benefitted from product qualifications at AMD and Nvidia (NVDA)
 - Vicor Corporation (VICR) designs and manufactures modular power conversion devices. The company reported strong 4Q25 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.^[8]
 - Nova Ltd. (NVMI) designs and manufactures metrology equipment used in manufacturing semiconductors. Nova reported strong 4Q25 results and raised guidance for 1Q26. It is benefitting from its use in High Bandwidth Memory, advanced packaging and other AI related uses.
- The Fund's top detractors were:
 - Super Micro Computer Inc. (SMCI) reported strong revenues including progress with strategically important, leading edge customers. However, gross margins suffered from large customers and expedited shipping costs. On March 25, Wally Liu, a co-founder and executive vice president, and an executive in Taiwan were named in a Federal criminal case of illegal exports to China. Importantly the company was not named, but the stock suffered.
 - Thermo Fisher Scientific Ltd. (TMO) guided for organic revenue growth of 1%, below its full-year target of 3-4%. Academic and government markets remain soft due to uncertain funding.
 - CoStar Group, Inc. (CSGP) fell as management lowered its adjusted EBITDA guidance due to continuing its aggressive investment in Homes.com.
- With 12% trailing 12-month 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 an 11.6% cash position up from 1.7% as we reduced sizes of some of our smaller cap positions.
- The largest new investments were AeroVironment Inc. (AVAV), HEICO Corporation (HEI), MasTec, Inc. (MTZ) and Tennant Company (TNC).
- Among the largest additions to established positions were CoStar Group, Generac Holdings, Inc.. (GNRC), Veeco Instruments, Inc. (VECO) and Vishay Intertechnology, Inc. (VSH).
- Among the positions reduced included Coherent Corp. (COHR), Entegris, Inc. (ENTG), Form Factor, Nova Ltd., PDF Solutions, Inc. (PDFS), Photronics, Inc. (PLAB), TTM Technologies Inc. (TTMI), and Vicor Corporation. By reducing the size of these long-term winners, we look to potentially reduce the fund's volatility in times of market turmoil

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.
- 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 are: semiconductor manufacturing, data centers/AI processing, U.S. manufacturing and 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.bls.gov/opub/ted/2026/consumer-prices-up-2-4-percent-over-the-year-ended-january-2026.htm#:~:text=Consumer%20prices%20up%202.4%20percent,U.S.%20Bureau%20of%20Labor%20Statistics>

[2] Bureau of Labor Statistics, The Employment Situation February 2026, released March 6, 2026

[3] <https://www.atlantafed.org/-/media/Project/Atlanta/FRBA/Documents/cqer/researchcq/gdpnow/RealGDPTrackingSlides.pdf>

[4] Federal Reserve Bank of Atlanta, Current and Past GDPNow Commentaries, March 23, 2026

[5] 22V Research, February 20, 2026

[6] <https://www.federalreserve.gov/newsevents/pressreleases/monetary20260318a.htm>

[7] <https://finance.yahoo.com/economy/policy/articles/many-fed-rate-cuts-now-220500797.html>

[8] <https://www.investing.com/news/stock-market-news/cerebras-systems-picks-morgan-stanley-to-lead-ipo-targeting-2-billion-93CH-4547759>

	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Needham Growth Fund Inst Class**	15.79%	15.79%	51.20%	19.45%	8.13%	13.38%	13.31%
After Taxes on Distributions	15.79%	15.79%	48.70%	18.46%	7.19%	11.71%	11.94%
After Taxes on Distributions & Redemptions	9.35%	9.35%	31.54%	15.19%	6.22%	10.53%	11.39%
Needham Growth Fund Retail Class	15.68%	15.68%	50.47%	18.93%	7.66%	12.86%	12.83%
After Taxes on Distributions	15.68%	15.68%	47.85%	17.89%	6.68%	11.16%	11.45%
After Taxes on Distributions and Redemptions	9.28%	9.28%	31.17%	14.76%	5.84%	10.08%	10.92%
S&P MidCap 400 Index	2.50%	2.50%	17.35%	12.09%	6.92%	10.58%	11.05%
Russell 3000 Index	-3.96%	-3.96%	18.09%	17.86%	10.87%	13.72%	10.01%
Russell Midcap Growth Index	-6.35%	-6.35%	9.56%	12.74%	5.37%	11.69%	9.63%

Average Annual Returns as of March 31, 2026. 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 March 31, 2026: FORM: 3.89%, NVDA: 0.00%, VICR: 2.34%, NVMI: 2.45%, SMCI: 3.37%, TMO: 3.51%, CSGP: 0.98%, AVAV: 0.47%, HIE: 0.37%, MTZ: 0.46%, TNC: 0.63%, GNRC: 0.54%, VECO: 1.81%, VSH: 1.89%, COHR: 2.31%, ENTG: 2.05%, PDFS: 4.17%, PLAB: 1.96 AND TMMI: 0.92%.

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