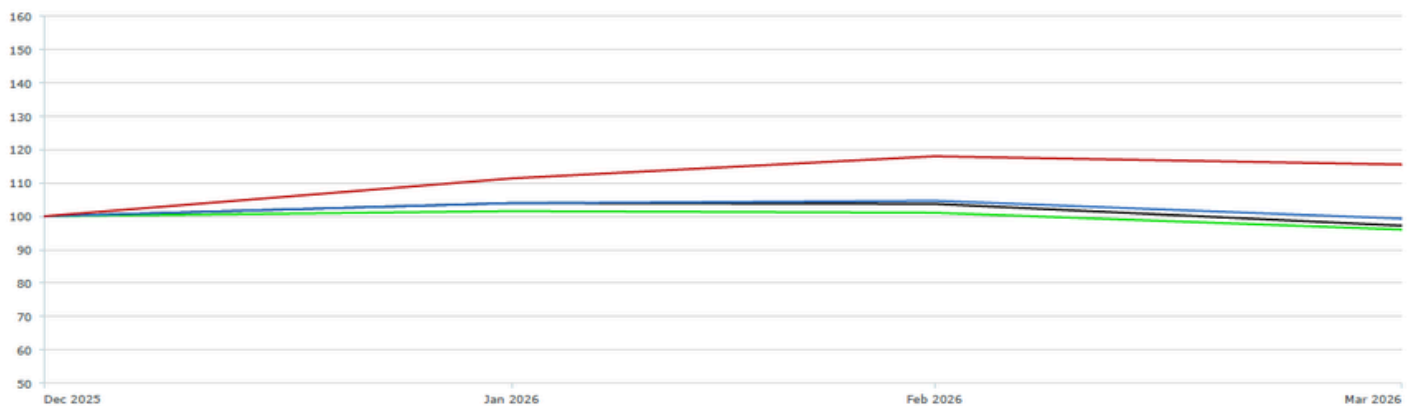


Market Review & Macro Observations

- While macro volatility may persist in the near-term, several powerful structural forces, including AI infrastructure investment, power, automation, military modernization, and digital infrastructure deployment, continue to create opportunities across multiple economic sectors.
- Hard assets that support AI growth have outperformed equities such as software, which are exposed to potential negative consequences of AI,
- The technology sector’s capital spend continues to drive significant economic activity. This spending broadens revenue opportunities within supply chains.
- The Treasury yield curve steepened and remains healthy for capital markets, as equity and debt issuance recover from the post-COVID-19 lows.
- Continued merger and acquisition activity is a positive signal for the economy, as these deals can be viewed as investments on future growth.
- Tariff concerns have abated as management teams adjust operations to minimize tariff impacts; however, the markets would welcome further policy clarity.



	RETURN
Needham Small Cap Growth Institutional	15.52
Bloomberg U.S. 2000 Growth	(0.68)
Russell 3000	(3.96)
Russell 2000 Growth	(2.81)

Source: Zephyr Informais

Portfolio Performance

- The Fund’s Institutional (NESIX) and Retail classes (NESGX) returned 15.52% and 15.34% respectively in the first quarter, compared to the Bloomberg 2000 Growth’s -0.68% Russell 2000 Growth’s -2.81% and the Russell 3000’s -3.96%.

-
- We believe there is significant value within the small-cap asset class, and investor interest in small caps accelerated in 2026. Management teams continue to focus on improving cost structures and margins, accelerating revenue, and strengthening balance sheets.
 - The Fund ended the quarter with a 4.50% cash position following a significant market recovery throughout the quarter.
 - The Fund's top five performers in 1Q26 were: ADTRAN Holdings, Inc. (ADTN), Ichor Holdings, Ltd. (ICHR), TTM Technologies, Inc. (TTMI), FormFactor, Inc. (FORM) and nLight, Inc. (LASR).
 - The Fund's top five detractors on 1Q26 were: Bruker Corp. (BRKR), CoStar Group, Inc. (CSGP), CEVA, Inc. (CEVA), Genius Sports, Ltd. (GENI) and Harmonic, Inc. (HLIT).

Outlook

- With the U.S. administration's redirection of economic and social policies, we expect economic activity to accelerate in 2026. Management teams have gained greater certainty about how regulatory, tariff and tax policies will impact their businesses.
- A notable development is the steepening of the Treasury yield curve, which supports lending activity. Comments from Federal Reserve Chair nominee Kevin Warsh suggest a potential policy approach that combines rate cuts with balance sheet reduction, potentially offset by regulatory changes, such as easing certain Dodd-Frank constraints to allow banks to bring more assets back onto their balance sheets.
- The primary risk to the bullish outlook would be if inflation remains stubbornly high, pushing rate cuts further into the future. Additionally, rising oil prices could act as an inflationary tailwind that further delays monetary easing.
- Control of global trade routes remains an important role in geopolitical and economic dynamics. While the United States maintains strategic influence over critical shipping corridors including the Panama Canal and Suez Canal, geopolitical developments in the Middle East and Asia reinforce the need for secure trade networks. These dynamics increasingly intersect with supply chain security and national industrial strategy.
- Technology remains a long-term strength of the economy, and several major secular trends persist firmly in place to support continued growth. Areas of long-term investment that we continue to like are data centers, semiconductors and capital equipment, communications infrastructure, defense and specialty material manufacturers. Ongoing innovation within our portfolio companies should benefit the Fund over the long term.
- Despite recent narratives suggesting turbulence in the technology sector, our direct conversations with management teams tell a different story. In more than 60 company visits in recent months, one message stands out: demand remains strong. Many companies are operating at or near sold-out capacity and are actively looking to expand capacity. This signals a healthy capital expenditure cycle and a foundation for momentum.

	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Needham Small Cap Growth Fund Inst Class**	15.52%	15.52%	56.72%	13.44%	2.36%	15.61%	12.25%
After Taxes on Distributions	15.52%	15.52%	56.72%	13.44%	0.71%	12.58%	10.34%
After Taxes on Distributions & Redemptions	9.19%	9.19%	33.58%	10.53%	1.21%	11.54%	9.84%
Needham Small Cap Growth Fund Retail Class	15.34%	15.34%	55.69%	12.89%	1.80%	14.95%	11.63%
After Taxes on Distributions	15.34%	15.34%	55.69%	12.89%	0.08%	11.87%	9.70%
After Taxes on Distributions and Redemptions	9.08%	9.08%	32.97%	10.09%	0.77%	10.96%	9.26%
Russell 2000 Growth Index	-2.81%	-2.81%	23.58%	12.27%	1.62%	9.79%	8.49%
Russell 3000 Index	-3.96%	-3.96%	18.09%	17.86%	10.87%	13.72%	9.87%

Average Annual Returns as of March 31, 2026 The Needham Small Cap Growth Fund inception date is May 22, 2002.

**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. Past performance does not guarantee future results and 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 Small Cap Growth Fund's Gross Expense Ratio is 1.86% for the Retail Class and 1.47% for the Institutional Class. The Needham Small Cap Growth Fund's Net Expense Ratio is 1.79% for the Retail Class and 1.19% 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 March 31, 2027, to the extent the Gross Expense Ratio exceeds 1.85% and 1.18% 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 Small Cap 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. Needham Small Cap Growth Fund's ownership as a percentage of net assets in the stated securities as of March 31, 2026: ADTN: 6.75%, ICHR: 0.13%, TTMI: 0.84%, FORM: 1.12%, LASR: 2.96%, BRKR: 1.67%, CSGP: 0.63%, CEVA: 2.48%, GENI: 0.32% and HLIT: 3.46%.

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 2000 Growth Index includes those Russell 2000 Index companies with higher price-to-value 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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