

Portfolio Manager



Chris Retzler

Manager since 1/2008

Education:

Bucknell University

Fulbright Scholar

Columbia Business School

Experience:

1994 - 2002: Merrill Lynch Investment Banking

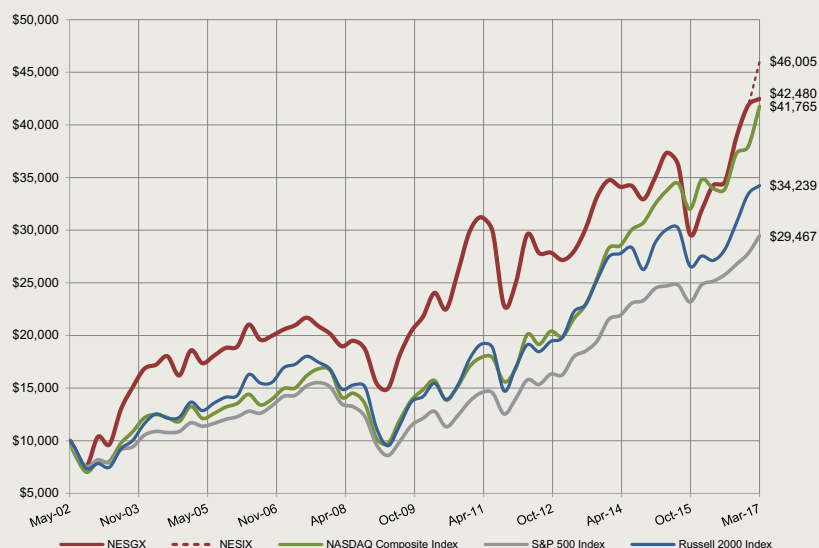
2002 - 2005: Winterkorn Orthopedic

2005 - present: Needham Investment Management, LLC

Fund Highlights

- Seeks to create long-term, tax-efficient capital appreciation
- Invests in domestic growth equities of smaller companies
- Expertise in sectors including technology, healthcare, energy, specialty retail, media and business and consumer services
- Sound valuation discipline of buying growth companies at a reasonable price
- Seeks to invest in companies with focused, incentivized management teams
- Seeks investments with unrecognized product or operating margin expansion opportunities
- The Fund may engage in short sales and hold cash
- Invests in venture-backed post-IPO opportunities

Growth of \$10,000 Investment as of March 31, 2017



The chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund since the fund's inception. Assumes reinvestment of dividends and capital gains, but does not reflect the effect of any redemption fees. This chart does not imply any future performance.

Risk/Reward Metrics*

	Fund	Russell 2000
Average Annual Return	10.23	8.64
Standard Deviation	19.42	19.10
Active Share	99.2	0.00
Alpha	3.02	0.00
Beta	0.85	1.00
R-Squared	69.09	100.00
Maximum Drawdown	-35.75	-52.89
Sharpe Ratio	0.47	0.39
Downside Capture Ratio	84.80	100.00

*Risk/Reward metrics based on the Fund's retail share class. Metrics are since inception of the Fund, 5/22/02 to 03/31/17. Active Share is as of 03/31/17.

Top Ten Holdings

	% of Net Assets
Pure Storage, Inc.	6.93%
PDF Solutions, Inc.	6.24%
Amber Road, Inc.	5.32%
ViaSat, Inc.	4.89%
Frequency Electronics, Inc.	4.35%
FireEye, Inc.	4.15%
KVH Industries, Inc.	4.02%
Invuity, Inc.	3.96%
Super Micro Computer, Inc.	3.11%
Reis, Inc.	3.10%
Total	46.07%

Market Capitalization Exposure

> \$8 billion	5.69%
\$2 - 8 billion	16.62%
\$250 million - \$2 billion	41.49%
< \$250 million	36.20%

Standard Deviation: A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility.

Active Share: Represents the proportion of portfolio holdings that differ from those in the benchmark index.

Alpha: A statistic that measures the difference between the Fund's actual returns and its benchmark, given its level of risk as measured by beta. The difference is expressed as an annual percentage.

Beta: A statistic that measures the volatility of the fund, as compared to that of the overall market.

R-Squared: Measures the percentage of a fund's returns that can be explained by the returns of the benchmark.

Maximum Drawdown: Measures the largest single drop from peak to trough in the value of a portfolio (before a new peak is achieved).

Sharpe Ratio: The Sharpe ratio is calculated by subtracting the risk-free rate, such as that of the 10-year U.S. Treasury bond from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns.

Downside Capture Ratio: Measures a fund's performance versus a benchmark during periods where the benchmark had a negative return.

Average Annual Returns as of 03/31/17

	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
Needham Small Cap Growth Fund Retail Class	1.51%	1.51%	23.97%	7.58%	7.49%	7.31%	10.23%
After Taxes on Distributions	1.51%	1.51%	21.60%	5.73%	6.38%	6.10%	9.02%
After Taxes on Distributions & Redemptions	0.85%	0.85%	14.57%	5.51%	5.67%	5.73%	8.54%
Needham Small Cap Growth Fund Inst Class**	1.64%	1.64%	24.63%	8.15%	8.06%	7.89%	10.82%
After Taxes on Distributions	1.64%	1.64%	22.24%	6.30%	6.95%	6.68%	9.61%
After Taxes on Distributions & Redemptions	0.93%	0.93%	14.94%	5.92%	6.11%	6.19%	9.04%
S&P 500 TR Index	6.07%	6.07%	17.17%	10.37%	13.30%	7.51%	7.54%
NASDAQ Composite Index	10.13%	10.13%	22.95%	13.53%	15.40%	10.61%	10.09%
Russell 2000 Total Return Index	2.47%	2.47%	26.22%	7.22%	12.35%	7.12%	8.64%

The Needham Small Cap Growth Fund inception date is 5/22/02. Performance data quoted represents past performance and does not guarantee future results. Figures include changes in principal value, reinvested dividends and capital gains distributions. Investment return and principal value will vary, and shares may be worth more or less at redemption than at original purchase. Current performance may be lower or higher than the performance data quoted. Please visit www.needhamfunds.com or call 1-800-625-7071 for the most current month-end performance data.

**Performance for any periods prior to the inception date of Institutional Class Shares are based on the historical performance of the Retail Class Shares adjusted to assume the expenses associated with Institutional Class Shares.

Sector Weightings***

	Long	(Short)	Net
Biotechnology	1.0%	0.0%	1.0%
Capital Markets	0.3%	0.0%	0.3%
Commercial Services & Supplies	1.1%	0.0%	1.1%
Communications Equipment	8.7%	(0.2)%	8.5%
Electronic Equipment, Instruments & Components	6.3%	0.0%	6.3%
Energy Equipment & Services	5.0%	0.0%	5.0%
Food Products	0.9%	0.0%	0.9%
Health Care Equipment & Supplies	3.7%	0.0%	3.7%
Health Care Providers & Services	0.2%	0.0%	0.2%
Health Care Technology	1.3%	0.0%	1.3%
Internet Software & Services/Software	22.9%	0.0%	22.9%
IT Services	1.2%	0.0%	1.2%
Machinery	0.4%	0.0%	0.4%
Oil, Gas & Consumable Fuels	3.3%	0.0%	3.3%
Pharmaceuticals	3.0%	0.0%	3.0%
Semiconductors & Semiconductor Equipment	10.9%	0.0%	10.9%
Technology Hardware, Storage & Peripherals	10.7%	0.0%	10.7%
Textiles, Apparel & Luxury Goods	0.1%	0.0%	0.1%
Thriffs & Mortgage Finance	0.2%	0.0%	0.2%
Trading Companies & Distributors	2.8%	0.0%	2.8%
Closed End Funds	3.4%	0.0%	3.4%
Money Market Fund	12.8%	0.0%	12.8%

Fund Statistics

Net Assets	\$33 million
12-month Trailing Turnover	37%
Redemption Fee	2.00% within 60 days

Class Statistics

	Retail	Institutional
Share Class	No-Load	No-Load
NASDAQ Symbol	NESGX	NESIX
NAV	\$15.48	\$15.50
Minimum Initial Investment	\$2,000/\$1,000 for IRA	\$100,000
Minimum Subsequent Investment	\$100/No min for IRA	None
12b-1 Fees	0.25%	None
Gross Expense Ratio	2.25%	2.00%
Net Expense Ratio*	2.05%	1.51%
Inception Date	5/22/2002	12/30/2016

*Reflects a contractual agreement by the Fund's investment adviser to waive its fee and/or reimburse the Fund through May 1, 2018 to the extent the Gross Expense Ratio exceeds 1.95% and 1.40% of the average daily net assets of Retail Class Shares and Institutional Class Shares (Expense Cap). 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.

Definitions and Disclosures

This report is not an offer of the Needham Small Cap Growth Fund. Shares are sold only through the currently effective prospectus, which must precede or accompany this report. To obtain a copy of the Fund's current prospectus, please visit www.needhamfunds.com or contact the Fund's transfer agent, U.S. Bancorp Fund Services, LLC at 1-800-625-7071. Funds holding smaller capitalized companies are subject to greater price fluctuation than those of larger companies. Also, the Fund's use of short sales, options, futures strategies and leverage may result in significant capital loss. Total return figures include reinvestment of all dividends and capital gains.

Please read the prospectus or summary prospectus and consider the investment objectives, risks, and charges and expenses of the Fund carefully before you invest. The prospectus and summary prospectus contain this and other information about the Fund. Although the Fund is classified as "diversified" under the Investment Company Act of 1940, as amended (the "1940 Act"), the Fund may invest its assets in a smaller number of issuers than other, more diversified, funds. The Fund's net asset value ("NAV") may be more vulnerable to changes in the market value of a single issuer or group of issuers and may be relatively more susceptible to adverse effects from any single corporate, industry, economic, market, political or regulatory occurrence than if the Fund's investments consisted of securities issued by a larger number of issuers. Short sales present the risk that the price of the security sold short will increase in value between the time of the short sale and the time the Fund must purchase the security to return it to the lender. The Fund may not be able to close a short position at a favorable price or time and the loss of value on a short sale is potentially unlimited. Investment returns and principal value will fluctuate, and when redeemed, shares may be worth more or less than their original cost. Shares held 60 days or less are subject to a short-term redemption fee of 2%. The results contained in this report represent past performance of the Fund. Past performance does not guarantee future results and current performance may be higher or lower than these results.

***Percentage of total investments as of 03/31/17, which means all stocks held long plus cash minus all short positions.

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The S&P 500 Index is a broad unmanaged measure of the U.S. stock market. The NASDAQ Composite Index is a broad-based capitalization-weighted index of all NASDAQ Global Market and Small Cap stocks. The Russell 2000 Index is a broad unmanaged index composed of the smallest 2,000 companies in the Russell 3000 Index. An investor cannot invest directly in an index.

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