

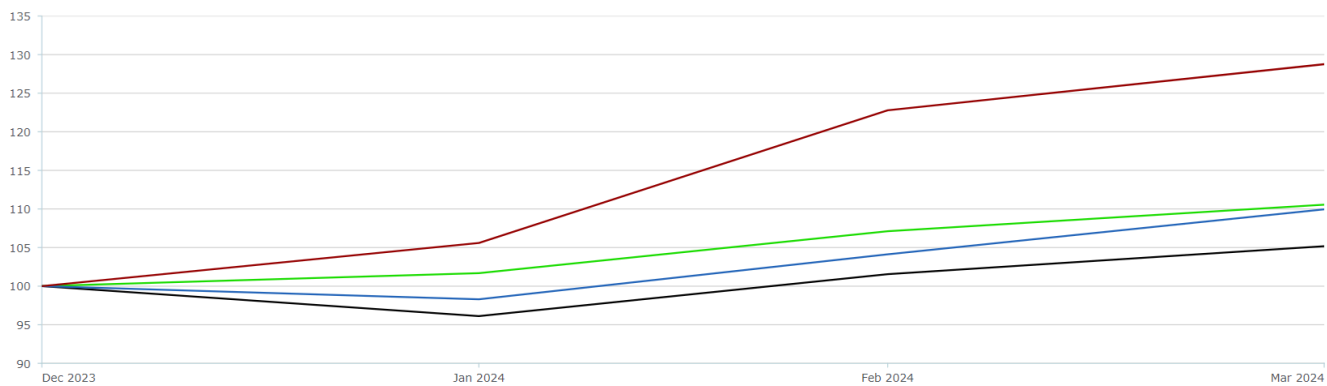
1Q24 Quarterly Commentary

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Investment Style: Mid Cap Growth

MARKET REVIEW AND MACRO OBSERVATIONS

- In 1Q24 the S&P 500 returned 10.56%, the S&P MidCap 400 returned 9.95%, and the Russell 2000 returned 5.18%.
- Inflation in January and February was over 3.0%, above the Federal Reserve’s 2.0% target.¹
- Expectations for GDP growth increased slightly in 1Q24. At the beginning of the year, the Atlanta Fed’s consensus of Blue-Chip economists was 1% for 1Q24 GDP. By the end of March, estimates were over 2%, which still represents a slowdown from 4Q23’s GDP growth of 3.4%.²
- In 1Q24 the Federal Reserve held rates at 5.25-5.50% and indicated that it needed to see progress toward its 2% inflation target before cutting rates. In late March, the market rallied as the Fed indicated it still forecasts three rate cuts in 2024, despite the surprising pickup in inflation in January and February.
- 10-year Treasury yields increased to 4.2% in March, from 3.9% on December 29. In October 2023, the 10-year hit 5.0%, which was the highest level since 2007.



	RETURN
■ Needham Growth Retail	28.75
■ S&P 400	9.95
■ S&P 500	10.56
■ Russell 2000	5.18

Source: Zephyr Informais

IMPACTS ON PORTFOLIO PERFORMANCE

- In 1Q24, the Fund’s Institutional (NEEIX) and Retail (NEEGX) classes returned 28.86% and 28.75%, respectively, significantly outperforming the indexes.
- The Fund’s top contributors in 1Q24 were:
 - Super Micro Computer, Inc. (SMCI) experienced strong growth in 4Q23 and guidance for 1Q24. Super Micro was added to the S&P 500 in March. It raised \$3.5 billion from an equity and convertible offering during the quarter. Super Micro is now frequently in the press with all kinds of opinions offered. The Fund has owned SMCI since 2009.
 - Nova Ltd. (NVM) supplies metrology equipment used by semiconductor manufacturers. It reported solid 4Q23 results with increased guidance for 1Q24.

- Entegris, Inc. (ENTG) supplies filters and chemicals used in advanced semiconductor manufacturing processes. We believe semiconductors will continue to increase as a percentage of industrial output, and that Entegris' filtration and specialty materials products will grow faster than the semiconductor industry.³ Entegris reported a strong close to 2023, guided 1Q24 lower, and provided an in-line 2024 outlook. The stock appreciated as the market anticipated the end of the semiconductor downturn.
- The Fund's top detractor in 1Q24 was Vicor Corporation (VICR). Vicor manufactures power conversion chips used in data centers, cars, and other industrial products. We have been awaiting the opening of Vicor's new plant in Andover, MA, and we believe it will start to contribute in 2024. The plant delays limited capacity and hurt earnings over the last year. In 1Q24, Vicor reported disappointing guidance and the loss of an important customer. We believe the market is moving in Vicor's direction with the high-power requirements of EVs and data centers. Thus, we wait with patience for Vicor to produce better results.
- With 11% turnover, the Fund does not rotate into or out of sectors but invests in companies we believe can outperform over the long term.

PORTFOLIO CHANGES

- The Fund had significant inflows and ended the quarter with a 13% cash position.
- The three largest new holdings are:
 - Klaviyo, Inc. Class A (KVYO) has a SaaS marketing platform for small and medium-sized businesses. It has a strong relationship with Shopify, Inc. (SHOP).
 - Vertiv Holdings Co. (VRT) supplies systems for power and thermal management for data centers.
 - Equinix, Inc. (EQIX) is a leading provider of digital infrastructure for data centers around the world.
- Major additions:
 - The Fund's largest additions were to nVent Electric plc (NVT), Teradyne, Inc. (TER), Vicor, and Cognex Corporation (CGNX).
- Positions Sold:
 - The Fund completed its sale of Alteryx, Inc. (formerly AYX). Alteryx was acquired by Clearlake Capital and Insight Partners.
- Position Reduced:
 - We sold nearly 40% of the Fund's holding in Super Micro to manage the position size. As of March 29, Super Micro remained the largest holding at 14.94% of assets.

OPPORTUNITIES & LOOKING FORWARD

- Our major investment theme remains the importance of U.S. infrastructure—the lesser known “pick and shovel” providers. Our companies sell into data centers, life sciences labs, semiconductor and other manufacturing plants, roads, airports, airbases, power plants, and more. The U.S. has underinvested in these areas, so there could be long tail winds.
- I’d like to highlight four areas present throughout our investments:
 1. Semiconductor manufacturing
 2. Data Centers/AI processing
 3. U.S. Manufacturing
 4. 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. We are hearing from companies about increases in sales from the application of AI.

[1] https://www.bls.gov/news.release/archives/cpi_03122024.htm

[2] <https://www.atlantafed.org/cqer/research/gdpnow>

[3] <https://www.regions.com/-/media/pdfs/AssetManagement-The-Semiconductor-Cycle.pdf?revision=1da76437-de80-4ebd-96f3-dc8ab8257328&1a=en&hash=414BE463A90E72789127F9AB4D334AAA>

	3 MO	YTD	1YR	3YR	5YR	10YR	SINCE INCEPT.
Needham Growth Fund Inst Class**	28.86%	28.86%	50.48%	9.28%	20.04%	12.39%	13.82%
After Taxes on Distributions	28.86%	28.86%	50.48%	8.60%	18.64%	10.67%	12.44%
After Taxes on Distributions & Redemptions	17.08%	17.08%	29.88%	7.14%	15.97%	9.59%	11.82%
Needham Growth Fund Retail Class	28.75%	28.75%	49.95%	8.84%	19.52%	11.88%	13.33%
After Taxes on Distributions	28.75%	28.75%	49.95%	8.14%	18.09%	10.16%	11.95%
After Taxes on Distributions and Redemptions	17.02%	17.02%	29.57%	6.79%	15.52%	9.16%	11.36%
S&P 500 Index	10.56%	10.56%	29.88%	11.49%	15.05%	12.96%	9.91%
S&P 400 Index	9.95%	9.95%	23.33%	6.96%	11.71%	9.99%	11.35%
Russell 2000 Index	5.18%	5.18%	19.71%	-0.10%	8.10%	7.58%	8.42%

Average Annual Returns as of March 31, 2024. The Needham Growth Fund inception date is January 1, 1996.

**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.

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. Performance current to the most recent month-end may be obtained by calling our transfer agent at 1-800-625-7071. Total return figures include reinvestment of all dividends and capital gains.

The Needham Growth Fund's Gross Expense Ratio is 1.79% for the Retail Class and 1.50% for the Institutional Class. The Needham Growth Fund's Net Expense Ratio is 1.75% for the Retail Class and 1.21% 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, 2025 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](#)

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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, 2024: SMCI: 14.92%, NVMI: 3.75%, ENTG: 6.38%, VICR: 2.07%, KVYO: 0.43%, SHOP: 0.00%, VRT: 0.29%, EQIX: 0.20%, NVT: 0.67%, TER: 0.73%, CGNX: 0.59% and AYY: 0.00%.

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