

Management Commentary: January 2026

Dear Investors,

After an encouraging start to the quarter, the equity markets had a minor correction in November caused mainly by a combination of a government shutdown and rising uncertainty regarding interest rates. While overall economic growth has been consistently strong all year, starkly different data around consumer spending and the employment market recently have led to more cloudy forecasts going forward. This has been somewhat of a familiar pattern we have seen in the last few years with mixed economic data becoming the norm. Simply put, a predictable pattern has emerged whereas most of the economic indicators that conduct surveys have been weak while data measuring actual dollars coursing through the system has remained quite strong, with most of the strength coming from the healthiest segments of our economy. We believe this continued reliance on increased spending in the upper echelons of the economy, while a troubling long-term trend, will continue leading to higher corporate profits and rising stock prices. As far as Fund strategy, some of the recent cooling of technology related names tied to AI seems healthy and we hope will lead to more attractive valuations as these multiyear investments play out. Our belief remains that this new productivity cycle is real and will result in weaker labor markets while profit margins and earnings growth for most businesses accelerate. These trends observed over the last few months may create conditions in which smaller companies could experience relatively greater benefits from a potential expansion in valuation multiples, which could be favorable for the Funds relative to peers.

The Jacob Internet Fund added one new position in the quarter, Snowflake. Snowflake is a popular cloud-based platform that provides comprehensive data warehousing services, mainly for large businesses. By being cloud native, Snowflake helps companies more easily store, analyze and share their data across an entire organization, which has become a crucial ingredient for companies prioritizing IT infrastructure upgrades that can incorporate more AI functionality. A recently expanded partnership with Anthropic highlights how the company is quickly deepening its AI capabilities. Competition is fierce, but Snowflake has become the leading player in cloud data storage, especially for those companies looking for an agnostic solution that can support the multiple hyperscalers that many companies employ. Snowflake's unique and dominant position in the data warehousing market, in what should be a high-growth profitable and sticky business over time, makes the company an attractive investment.

The Jacob Discovery Fund added two new positions in the quarter, Cabaletta Bio and Prime Medicine. Cabaletta is developing a CAR-T-based immunotherapy platform intended to target a variety of autoimmune diseases, as opposed to the cancers that currently approved CAR-T drugs are successfully treating. Cabaletta hopes that its drugs - which are created by taking a patient's own blood, treating it with their technology, and then reinfusing the treated blood back into the patient - will cause an immune system reset through a total transient depletion of that patient's B cells. Early data has shown that this type of therapy is extremely promising for patients suffering from several different autoimmune diseases. Safety and durability are two important factors that will determine the success of these programs, and the next 12 months will involve the release of lots of new data that will hopefully prove the viability of the treatment. Importantly, Cabaletta is working on a promising regimen in its ongoing clinical studies that will not require a patient to undergo an arduous preconditioning process prior to treatment, which should help reduce some of the safety concerns.

Prime Medicine is a next-generation gene therapy company we have followed for a while, and believe the time is right to make an investment given our increasing confidence we have in their technology and the enormous upside potential should it

prove viable. While the field of gene therapy has suffered its share of setbacks and concerns over the past several years – safety, durability and cost all remain obstacles to broader adoption – we are still convinced that many patients suffering from numerous chronic and deadly diseases will be effectively cured by gene therapies. Prime’s elegant and precise gene editing function, if successfully developed, will allow for simpler and safer treatment options, with less off-target activity created by the messier double-stranded DNA breaks associated with first-generation gene therapy technologies like CRISPR. We are still in very early days of prime editing’s development, but a data release late last year in the company’s first clinical trial showed promising efficacy and safety signals in two patients.

The Jacob Small Cap Growth Fund added one new position in the quarter, Omeros, which was previously discussed in last quarter’s Discovery Fund commentary.

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Jacob Internet Fund, Small Cap Growth Fund and Discovery Fund Risk Disclosures: Mutual fund investing involves risk. Principal loss is possible. There are specific risks inherent in investing in the Internet area, particularly with respect to smaller capitalized companies and the high volatility of internet stocks. All three funds

may invest in foreign securities, which involve greater volatility and political, economic and currency risks, and differences in accounting methods. These risks are greater in emerging markets. All three funds also invest in smaller companies, which involve additional risks, such as limited liquidity and greater volatility.

The Internet Fund may invest in fixed income and convertible securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. The market value of convertible securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. In addition, convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality.

Investments in micro capitalization companies may involve greater risks, as these companies tend to have limited product lines, markets and financial or managerial resources. Micro cap stocks often also have a more limited trading market, such that the Adviser may not be able to sell stocks at an optimal time or price. In addition, less frequently-traded securities may be subject to more abrupt price movements than securities of larger capitalized companies.

Investing involves risk; Principal loss is possible. Please see the prospectus for the risks associated with investing in the Fund.

Click [here](#) to view the Jacob Funds prospectus.

The information provided herein represents the opinion of Jacob Mutual Funds and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

Click [here](#) to view the holdings for the Jacob Internet Fund, as of November 30, 2025.

Click [here](#) to view the holdings for the Jacob Small Cap Growth Fund, as of November 30, 2025.

Click [here](#) to view the holdings for the Jacob Discovery Fund, as of November 30, 2025.

Please note that these fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

Earnings growth is not representative of the Fund's future performance.

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Management Commentary: October 2025

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Mutual fund investing involves risk. Principal loss is possible.

There are risks inherent in investing in the Internet area, particularly with respect to smaller capitalized companies and the high volatility of internet stocks. Small- and Medium capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. The Internet Fund may invest in debt securities which typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Microcap stocks often also have a more limited trading market, such that the Adviser may not be able to sell stocks at an

optimal time or price. In addition, less frequently-traded securities may be subject to more abrupt price movements than securities of larger capitalized companies.

Effective 12/31/20 the Jacob Micro Cap Growth Fund was renamed as the Jacob Discovery Fund.

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