



Dear Investors,

The latest quarter began in the wake of a hot war in the Middle East and investor concerns regarding the latest evolutions in AI causing dislocations in various areas of the technology space. Thankfully, these fears abated quickly in the last several months and the market began to discount an end to the conflict. We also started to see investors take a more discriminating view on the winners and losers from AI. While market conditions remain very volatile, we still believe the rapid emergence of agentic AI is underappreciated by investors and that this will unlock a new wave of business and economic innovation rivaling what we experienced during the dot-com boom of the late 1990s. This is playing out a bit slower than we articulated in our last comments, but we are starting to see signs of a meaningful pickup in activity that should lead to broader AI adoption as the year progresses. We are confident that the significant portfolio changes we have made earlier this year will pay off as many of the companies we have moved into our top holdings should show accelerating growth and profits as broad adoption of agentic AI takes hold.

The **Jacob Internet Fund** added one new position in the quarter, Securitize. Formerly, Cantor Equity Partners II, Securitize was recently formed through a SPAC conversion and we believe hid the premier tokenization company available for public investment. Securitize has established partnerships with top managers such as Apollo, BlackRock, KKR as well as many others. In 2025 alone, Securitize outpaced the broader tokenization market, growing its tokenized assets from \$1B to \$3.4B and delivering more than \$3B in net inflows — the largest in the tokenization industry. Securitize is the only company licensed to operate regulated digital-securities infrastructure across both the U.S. and EU, giving it a massive regulatory moat. The tokenized real-world asset market grew from roughly \$23 billion at the end of 2025 to \$31 billion as of March 2026 — approximately 35% growth in one quarter alone — and, we believe, Securitize is squarely positioned at the center of that expansion.

The **Jacob Discovery Fund** also added a position in Securitize in the quarter as well as a new position in Kyverna Therapeutics. Kyverna is a small biotech company developing cell therapies that aim to “reset” the immune system in severe autoimmune diseases. Its lead opportunity is in stiff person syndrome, a rare and debilitating neurologic disease with no approved treatment, where early patient data showed meaningful improvement in symptoms and daily function for some patients. Kyverna, along with Fund holdings Cabaletta Bio and Cartesian Therapeutics, are all trying to prove out this approach, which could potentially apply to larger autoimmune markets, including myasthenia gravis and multiple sclerosis. While challenges to a successful commercialization remain, we like the chances that these next-generation CAR-T programs will prove successful in several autoimmune diseases and want to have broad exposure to the opportunity. Kyverna’s stiff person syndrome drug may be the first of its kind to reach FDA approval, and like with Cabaletta and Cartesian, we believe, its market valuation gives scant for both its near-term prospects as well as the broader autoimmune platform potential.

The **Jacob Small Cap Growth Fund** also added a position in Securitize in the quarter.

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*CAR-T refers to engineered immune cell therapies that modify T cells to recognize and attack specific cancer targets.

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.

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 May 31, 2026.

Click [here](#) to view the holdings for the Jacob Small Cap Growth Fund, as of May 31, 2026.

Click [here](#) to view the holdings for the Jacob Discovery Fund, as of May 31, 2026.

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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