



# Jacob Small Cap Growth Fund

Investor Class | JSCGX

Annual Shareholder Report | August 31, 2024



This annual shareholder report contains important information about the Jacob Small Cap Growth Fund for the period of September 1, 2023, to August 31, 2024. You can find additional information about the Fund at <https://jacobam.com/resources/reports/index.html>. You can also request this information by contacting us at 1-424-237-2164.

## WHAT WERE THE FUND COSTS FOR THE PAST YEAR? (based on a hypothetical \$10,000 investment)

Class Name	Costs of a \$10,000 investment	Costs paid as a percentage of a \$10,000 investment
Investor Class	\$362	3.36%

## HOW DID THE FUND PERFORM LAST YEAR AND WHAT AFFECTED ITS PERFORMANCE?

For the 12-month period ended August 31, 2024, the Fund underperformed its benchmark, the S&P 500 TR and Russell 2000 Growth Total Return.

### WHAT FACTORS INFLUENCED PERFORMANCE

At the start of the fiscal year, we experienced a steep decline in equities as investors became increasingly concerned about the economy, while an inflation-vigilant Federal Reserve (the “Fed”) maintained its restrictive rate posture. By the end of October, however, the Fed acknowledged publicly that its next move on interest rates would likely be a reduction, with a lowering of the Fed funds rate sometime in 2024. This acknowledgement sparked a strong relief rally in markets to end 2023, and after a brief pause in January, they have resumed their climb at an uneven pace. This resilience – in the markets and in the broader economy – has been especially impressive given the restrictive nature of the current interest rate policy and the hesitation for quicker action. Most of the strength in the equity markets remains with the largest companies in the major indices, with smaller cap companies continuing to lag. With interest rate cuts now imminent, we believe we may be finally reaching a point where there is more sustained interest in small cap stocks as investors are willing to increase their risk profiles now that the Fed is on their side. As for the Funds, this leads us to continue our more aggressive posture towards a smaller cap bias across all our portfolios.

### Top Contributors

↑ CareDx, Inc., Harrow Health, Inc., Digital Turbine, Inc.

### Top Detractors

↓ Digital Turbine, Inc., Identiv, Inc., Tela Bio, Inc.

## PERFORMANCE

The Jacob Small Cap Growth Fund – Investor Class was up 15.49% through August 31, 2024, while the Russell 2000 Growth Index rose 17.67%. Increased weightings in the healthcare sector helped the Fund overcome weakness in technology, allowing us to roughly keep base with our benchmark. Laggards in the fiscal period included Digital Turbine, Inc. and Identiv, Inc., as well as a few healthcare holdings that had trouble meeting prior sales forecasts, leading to significant declines. Tela Bio, Inc., down almost 70% in the fiscal period, had a strong track record prior to this year in becoming a player in the market for natural tissue repair, competing successfully against larger companies with synthetic products that surgeons are becoming more wary to use. A salesforce restructuring to assist the company with future growth led to a few bumps, however, and the company needs to show they are back on a sustainable growth trajectory to reach sustained cash flow profitability. The other laggard, the spine surgery product company Alphatec Holdings, Inc., was down more than 57% in the fiscal period. Execution issues were the main culprit, as Alphatec Holdings, Inc. also had some growing pains, including inventory issues that pushed out growth into the future. While the company has showed some modest positive EBITDA in recent quarters, cash flow remains significantly negative, and with a fair amount of debt on its balance sheet and in an unforgiving market for small companies, Alphatec Holdings, Inc. also needs to prove it can grow fast and be profitable. We like management and the ultimate opportunity in both companies and believe patience will be rewarded in both situations.

In addition to Impinj, Inc., there were two healthcare names that were the standouts in the fiscal period, CareDx, Inc. and Harrow Health, Inc., each up 230% and 166% respectively. CareDx, Inc., the organ transplant company, did an excellent job navigating a difficult reimbursement environment and significantly outperformed analyst estimates. To top it off, Medicare later in the year backed away from some of the more stringent restrictions surrounding the company's core testing business and gave CareDx, Inc. a much clearer path for the resumption of growth in this market. Harrow Health, Inc., a longtime holding for the Fund, started to reap some rewards from some of its previous ophthalmology drug acquisitions. Its evolution from a drug compounder to purveyor of FDA approved products is showing some meaningful success and investors are starting to take notice. A handful of other healthcare names, such as Celcuity, Inc., Codexis, Inc. and Krystal Biotech, Inc., up 67%, 66% and 56% respectively, all showed either clinical progress and/or new partnerships that led to strong share price performance.

In terms of looking ahead, we remain on the lookout for high-quality, high-growth names that have been beaten down and/or ignored by a market seemingly only interested in the safest and largest of companies. We have been heartened recently as we are finally seeing signs of a broadening of interest in small caps that has been virtually non-existent for several years. We continue to see many opportunities to invest in attractive, early-stage companies with bright futures, still trading at valuations that do not reflect their business prospects. As always, we believe that staying true to our investment philosophy and process is key to obtaining the best possible long-term returns for our shareholders.

### HOW DID THE FUND PERFORM OVER THE PAST 10 YEARS?\*

The \$10,000 chart reflects a hypothetical \$10,000 investment in the class of shares noted and assumes the maximum sales charge. The chart uses total return NAV performance and assumes reinvestment of dividends and capital gains. Fund expenses, including 12b-1 fees, management fees and other expenses were deducted.

#### CUMULATIVE PERFORMANCE (Initial Investment of \$10,000)



#### ANNUAL AVERAGE TOTAL RETURN (%)

	1 Year	5 Year	10 Year
<b>Investor Class (without sales charge)</b>	15.49	1.79	3.27
<b>S&amp;P 500 TR</b>	27.14	15.92	12.98
<b>Russell 2000 Growth Total Return</b>	17.67	8.35	8.21

Visit <https://jacobam.com/resources/reports/index.html> for more recent performance information.

\* The Fund's past performance is not a good predictor of how the Fund will perform in the future. The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

#### KEY FUND STATISTICS (as of August 31, 2024)

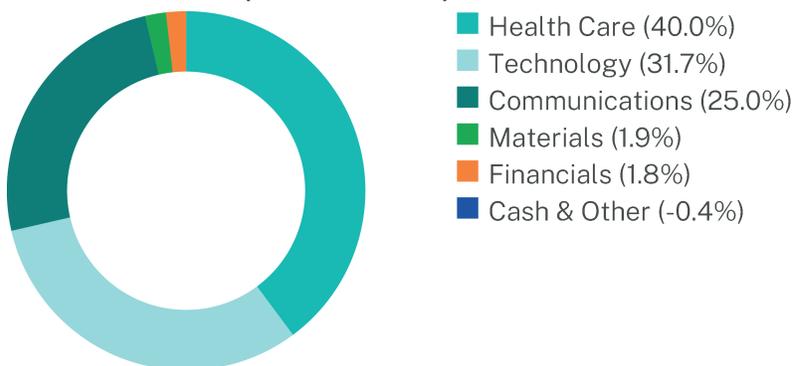
<b>Net Assets</b>	\$7,005,327
<b>Number of Holdings</b>	37
<b>Net Advisory Fee</b>	\$0
<b>Portfolio Turnover</b>	54%

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## WHAT DID THE FUND INVEST IN? (as of August 31, 2024)

Top 10 Issuers	(%)
Harrow, Inc.	8.9%
CareDx, Inc.	8.5%
Doximity, Inc.	5.8%
First American Government Obligations Fund	5.6%
Inspired Entertainment, Inc.	5.1%
Cantaloupe, Inc.	4.9%
Thunderbird Entertainment Group, Inc.	4.9%
Zillow Group, Inc.	4.7%
Heron Therapeutics, Inc.	4.0%
OptimizeRx Corp.	3.7%

## Sector Breakdown (% of net assets)



For additional information about the Fund; including its prospectus, financial information, holdings and proxy information, scan the QR code or visit <https://jacobam.com/resources/reports/index.html>

## HOUSEHOLDING

To reduce Fund expenses, only one copy of most shareholder documents may be mailed to shareholders with multiple accounts at the same address (Householding). If you would prefer that your Jacob Asset Management documents not be househanded, please contact Jacob Asset Management at 1-424-237-2164, or contact your financial intermediary. Your instructions will typically be effective within 30 days of receipt by Jacob Asset Management or your financial intermediary.