

Jacob Funds Management Commentary

April 2026

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Written By Hayden Cook

Dear Investors, We started the new year optimistic that fiscal and monetary policy were both likely to provide lift to an economy that had shown mixed signals in recent months. Unfortunately, other events superseded this outlook, starting with a fear that the rapid and uncertain evolution of AI could wreck the business models of many tech companies, and ending with a hot war in the Middle East. Both events led to one of our worst quarters since the Covid era. The turbulent market conditions have led to widespread selling across most of the technology sector, with little distinction between those at risk and those that can benefit from AI. While the development of AI raises critical long-term existential questions for certain segments of the technology industry, and quite possible society as a whole, in the near-term, we are seeing a rapid emergence of agentic AI that could unlock a new wave of innovation rivaling what we experienced during the dot-com boom of the late 1990s. The early Internet took years to transition from an interesting tool with limited capabilities to the most powerful global network that would end up revolutionizing nearly all aspects of consumer and enterprise behavior. Agentic AI could create a similar level of opportunity and disruption over a much shorter period, as its currently passive question-answering capabilities evolve into completing tasks and making decisions on behalf of users, operating independently and at machine speed. This transition will require stronger technological capabilities and a much more modern and robust network infrastructure, but the capital, the knowhow

and the will is there to make Agentic AI a force much more quickly than some might imagine. Luckily, whereas many of the early AI pioneers have been private, with Agentic AI, we believe the opposite is true with most of the larger beneficiaries already publicly traded. One benefit of this recent market weakness is that we've been able to make purchases of those hopeful beneficiaries at much more attractive valuations, giving us a unique opportunity to aggressively pivot into those names that could show accelerating growth and profits as we move quickly from niche uses to broad adoption of agentic AI. The Jacob Internet Fund added four new positions in the quarter, Circle Internet Group, CrowdStrike, Reddit and Robinhood. Circle is a financial technology platform centered on stablecoins and blockchain-based payments infrastructure, most notably as the issuer of USDC, a dollar-backed digital currency. Today, the company generates revenue primarily from interest earned on reserve assets, such as short-term Treasuries, backing its stablecoins, while expanding into developer infrastructure, payments networks, and tokenized financial products. While recent results already highlight rapid growth in USDC circulation and transaction volumes, we believe we're at an inflection point where adoption could accelerate over the next few years. CrowdStrike is a leading cloud-native cybersecurity company delivering endpoint protection, threat intelligence, and incident response through its Falcon platform. Because CrowdStrike already operates as a real-time control layer where autonomous AI agents will need to be secured, it can monitor both human and non-human actors within the same architecture. Enterprises will need to upgrade their security requirements from only endpoint and perimeter concerns to protecting themselves from agents that will need to have access to their systems, making CrowdStrike a critical enabler of safe enterprise adoption of agentic AI. Reddit operates a global social platform built around user-generated communities monetized primarily through advertising and premium subscriptions. With over 100 million daily active users, the platform benefits from highly engaged niche communities and a large database of real-time conversational data, which is increasingly valuable for ad targeting and AI training. Acknowledging that Reddit has done an impressive job improving ad monetization, the real opportunity is to broaden its reach by becoming tied in with all the large language model companies. Already signing some small licensing deals, we believe that Reddit's data will become more valuable over time as machine-generated content becomes more pervasive and less useful. Robinhood is a consumer fintech platform offering commission-free trading alongside a growing suite of financial services, including crypto trading, banking, credit, and advisory products. Its business model historically has been from transaction-based revenues (notably payment for order flow), net interest income, and subscriptions. Recent initiatives around prediction markets and tokenization have enormous potential and strong early results that could make Robinhood into the broader financial "super-app" it has long wanted to be. This diversification and future growth potential gives Robinhood a much larger opportunity beyond its current addressable market that we believe will lead to higher earnings and a higher valuation multiple. The Jacob Discovery Fund added one new position in the quarter, Energous. Energous is a name we have tracked for a long time, as we were intrigued by its consumer-focused wireless power technology. Unfortunately, the company was never able to overcome numerous technical and operational challenges and was very close to going bankrupt. However, the company made a smart pivot to utilize its wireless technology capabilities in the enterprise space. Its PowerBridge Pro transmitters help its clients keep track of the vast array of ambient wireless devices, tags and sensors that are now key data-gathering elements of most modern enterprises' networks. The company has secured one large retail client to help serve as a major reference customer and prove its

capabilities and expertise. That client has meant big revenue growth and narrowing losses over the past 12 months, and hopefully a robust pipeline of opportunities will lead to more substantial clients and a breakeven business soon. The Jacob Small Cap Growth Fund also added a position in Circle Internet Group, as well as Vir Biotechnology. Vir Biotechnology is a leader in the exciting field of immunotherapy, and specifically a therapy known as Bispecific T-Cell engagers, or BiTEs. BiTEs hold a tremendous amount of promise in oncology, as the therapy helps recruit a patient's innate immune system to kill cancer cells, as well as for infectious diseases, like hepatitis delta and HIV. Vir's approach is to mask their T-Cell engagers with a proprietary technology exclusively licensed from Sanofi, so that the therapy is only activated when it encounters diseased cells, which should increase the effectiveness of the treatment while minimizing off-target toxicity, a major problem encountered by other BiTEs in development. Vir recently completed a large collaboration deal with Astellas following the release of successful Phase 1 data for its drug in prostate cancer, which will give them enough cash to fund clinical trials for the next several years. Ryan Jacob Portfolio Manager Jacob Internet Fund Jacob Small Cap Growth Fund Darren Chervitz Portfolio Manager Jacob Discovery Fund

www.jacobfunds.com 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 February 28, 2026.](#) [Click here to view the holdings for the Jacob Small Cap Growth Fund, as of February 28, 2026.](#) [Click here to view the holdings for the Jacob Discovery Fund, as of February 28, 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 . The Jacob Funds are distributed by Quasar Distributors, LLC.

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