



Jacob Internet Fund

Investor Class Shares (JAMFX)

Jacob Small Cap Growth Fund

Investor Class Shares (JSCGX)
Institutional Class Shares (JSIGX)

Jacob Discovery Fund

formerly known as, Jacob Micro Cap Growth Fund
Investor Class Shares (JMCGX)
Institutional Class Shares (JMIGX)

each, a series of Jacob Funds Inc.

Prospectus

January 4, 2021

This prospectus contains important information about the Funds.
For your own benefit and protection, please read it before you invest, and keep it for future reference.

Investment Adviser

Jacob Asset Management of New York LLC

The United States Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of the prospectus. Any representation to the contrary is a criminal offense.

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JACOB INTERNET FUND

Investment Objectives

The Fund’s primary investment objective is long-term growth of capital. Current income is a secondary objective.

Fees and Expenses

This table describes the fees and expenses that you may pay if you buy, hold, and sell shares of the Fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and the Example below.

Shareholder Fees

(fees paid directly from your investment)

	<u>Investor Class</u>
Maximum Sales Charge (Load) Imposed on Purchases.....	None
Maximum Deferred Sales Charge (Load).....	None
Redemption Fee (as a percentage of amount redeemed or exchanged within 30 days of purchase).....	2.00%

Annual Fund Operating Expenses

(expenses paid each year as a percentage of the value of your investment)

	<u>Investor Class</u>
Advisory Fees.....	1.25%
Distribution and/or Service (12b-1) Fees*.....	0.25%
Other Expenses.....	1.00%
Total Annual Fund Operating Expenses.....	2.50%

* The Distribution and/or Service (12b-1) Fees reflect the Board’s determination to reduce such fees payable under the distribution and service plan of the Fund from 0.35% to 0.25%, effective September 1, 2016 through at least January 2, 2022.

Example: This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund over the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same. The Example reflects the effect of the 12b-1 fee reduction for the 1 Year example and for the first year of the 3, 5 and 10 Year examples only. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Investor Class.....	\$253	\$779	\$1,331	\$2,836

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 52% of the average value of its portfolio.

Principal Investment Strategies

The Fund seeks to achieve its investment objectives by investing, under normal circumstances, at least 80% of its assets in securities of companies in Internet and Internet-related industries. The Fund primarily invests in common stocks and securities convertible into common stocks, but may invest up to 35% in fixed income or debt securities. The Fund may invest without limitation in foreign securities, including securities of emerging market countries (*i.e.*, those that are in the early stages of their industrial cycles), so that the Fund has the flexibility to take full advantage of investment opportunities in Internet companies and companies in Internet-related industries. The Adviser currently does not expect to invest more than 50% of the Fund's net assets in foreign companies. The Adviser selects investments in companies that derive a substantial portion of their revenue from Internet businesses and businesses in Internet-related industries or those that are aggressively developing and expanding their Internet and Internet-related business operations. Such investments generally will be selected from companies in the following groups: media, e-commerce, computer software, internet service providers, internet portals, wireless/broadband access, and telecommunications.

The Fund invests in companies that emphasize research and development with respect to proprietary products and services for Internet users and businesses, because the Adviser believes that these stocks have the greatest potential to rise in value. Many Internet companies are newer and have small to medium market capitalizations. The Adviser's overall process of stock selection for the Fund is not based on the capitalization of or size of the company but rather on an assessment of the company's fundamental prospects. The Fund generally seeks to purchase securities as long-term investments, but when circumstances warrant, securities may be sold without regard to the length of time they have been held to reduce risk or volatility or to respond to changing fundamental information.

The Fund intends to hold some cash, short-term debt obligations, government securities or other high-quality investments for reserves to cover redemptions and unanticipated expenses, to seek income, or to maintain liquidity while seeking appropriate investments.

Principal Risks

Investing in a mutual fund has inherent risks, which could cause you to lose money. The principal risks of investing in the Fund, and the circumstances that could adversely affect the Fund's net asset value ("NAV") and total return, are listed below.

- *Common Stock Risk:* Common stock represents an ownership interest in a company. Holders of common stock are generally subject to greater risk than holders of preferred stocks and debt securities because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders, and other creditors. Furthermore, common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change.
- *Market Risk:* The value of the securities in which the Fund invests may be adversely affected by fluctuations in the financial markets, regardless of how well the companies in which the Fund invests perform. The market as a whole may not favor the types of investments the Fund makes. Also, there is the risk that the price(s) of one or more of the securities or other instruments in the Fund's portfolio will fall, or will fail to rise. Many factors can adversely affect a security's performance, including both general financial market conditions and factors related to a specific company, government, industry, country, or geographic region. Extraordinary events, including extreme economic or political conditions, natural disasters, epidemics and pandemics, and other factors can lead to volatility in local, regional, or global markets, which can result in market losses that may be substantial. The impact of one of these types of events may be more pronounced in certain regions, sectors, industries, or asset classes in which the Fund invests, or it may be pervasive across the global financial markets. The timing and occurrence of future market disruptions cannot be predicted, nor can the

impact that government interventions, if any, adopted in response to such disruptions may have on the investment strategies of the Fund or the markets in which the Fund invests.

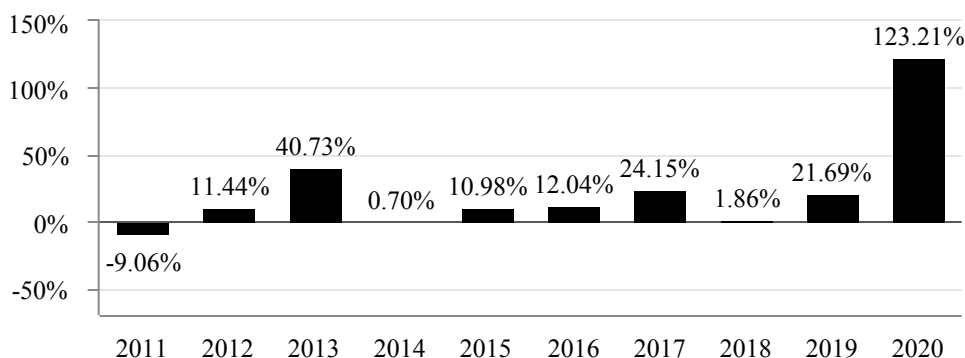
- *Recent Market Events Risk:* U.S. and international markets have experienced a significant period of volatility in recent months and years due to a number of economic, political and global macro factors, including the impact of the coronavirus (COVID-19) as a global pandemic, which has resulted in public health issues, business interruptions, growth concerns in the U.S. and overseas, layoffs, rising unemployment claims, changed travel and social behaviors and reduced consumer spending. The effects of COVID-19 may lead to a substantial economic downturn or recession in the U.S. and global economies, the recovery from which is uncertain and may last for an extended period of time.
- *Internet and Internet-Related Industries Risk:* The Fund invests a significant portion of its assets in Internet and Internet-related industries and thus the value of the Fund's shares may be susceptible to factors affecting such industries, including factors affecting the computer/Internet technology area generally, and may be susceptible to greater risk and market fluctuation than an investment in a fund that invests in a broader range of portfolio securities not concentrated in any particular area or industry. Companies in Internet and Internet-related industries face special risks associated with the rapidly changing field of computer/Internet technology. For example, their products or services may not prove commercially successful or may become obsolete quickly. The computer/Internet technology area may be subject to greater governmental regulation than many other areas and changes in governmental policies and the need for regulatory approvals may have a material adverse effect on these areas. Additionally, companies in these areas may be subject to risks of developing technologies, competitive pressures and other factors and are dependent upon consumer and business acceptance as new technologies evolve. Many Internet and Internet-related companies incur large losses in the hope of capturing market share and generating future revenues, but may never be profitable.
- *Smaller Capitalized or Unseasoned Company Risk:* The Adviser believes that smaller capitalized or unseasoned companies generally have greater earnings and sales growth potential than larger capitalized companies. However, investments in smaller capitalized or unseasoned companies may involve greater risks, in part because they have limited product lines, markets and financial or managerial resources. In addition, less frequently-traded securities may be subject to more abrupt price movements than securities of larger capitalized companies.
- *Convertible Securities Risk:* 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.
- *Foreign and Emerging Market Risk:* The risks of investing in foreign companies, including those located in emerging market countries, can increase the potential for losses in the Fund and may include currency fluctuations, political and economic instability, less government regulation, less publicly available information, limited trading markets, differences in financial reporting standards and less stringent regulation of securities markets. Foreign securities markets generally have less volume than U.S. securities exchanges and securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies. Additional risks include future political and economic developments, the possibility that a foreign jurisdiction might impose or increase withholding taxes on income payable with respect to foreign securities, the possible seizure, nationalization or expropriation of the foreign issuer or foreign deposits (in which the Fund could lose its entire investment in a certain market) and the possible adoption of foreign governmental restrictions such as exchange controls.

- *Fixed Income Risk:* Yields and principal values of fixed income securities (bonds) will fluctuate. Generally, values of fixed income securities change inversely with interest rates. As interest rates go up, the value of debt securities tends to go down. As a result, to the extent the Fund holds fixed income investments, the value of the Fund may go down.

Performance Information

The performance information that follows gives some indication of the risks of investing in the Fund. The bar chart shows the Fund's performance from year to year, and the table compares the Fund's average annual returns with those of a broad measure of market performance and an index of Internet stocks. Please note that the Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available on the Fund's website at www.jacobmutualfunds.com.

Annual Total Returns through December 31, 2020 (Investor Class)



Best Quarter

Q2 2020
57.91%

Worst Quarter

Q1 2020
-21.16%

Average Annual Total Returns through December 31, 2020

Jacob Internet Fund	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Investor Class (Inception 12/14/1999)			
Return Before Taxes	123.21%	30.94%	19.89%
Return After Taxes on Distributions	115.99%	27.76%	17.80%
Return After Taxes on Distributions and Sale of Fund Shares	76.92%	24.48%	16.12%
S&P 500 Index (reflects no deduction for fees, expenses or taxes)	18.40%	15.22%	13.88%
NASDAQ Composite Index (reflects no deduction for fees, expenses or taxes)	45.06%	22.18%	18.54%
NASDAQ Internet Index* (reflects no deduction for fees, expenses or taxes)	62.24%	24.01%	21.54%

* The NASDAQ Internet Index replaced the Bloomberg U.S. Internet Index, which was discontinued effective September 2017.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through

tax-advantaged arrangements such as 401(k) plans or individual retirement accounts. The return after taxes on distribution and sale of fund shares may be higher than the return before taxes because the method of calculation assumes generally that you can use the short-term capital loss realized upon the sale of fund shares to offset income of the same tax character from other sources thereby reducing the amount of tax you otherwise might owe.

Fund Management

Jacob Asset Management of New York LLC serves as the Adviser.

<u>Portfolio Manager</u>	<u>Title with the Adviser</u>	<u>Length of Service with the Fund</u>
Ryan I. Jacob	Lead Portfolio Manager	Since Inception (1999)
Darren Chervitz	Co-Portfolio Manager	Since 2012
Francis J. Alexander	Co-Portfolio Manager	Since Inception (1999)

Purchase and Sale of Fund Shares

To purchase shares, you need to invest at least \$2,500 initially. Investments made under the Uniform Gifts and Transfers to Minors Act, an IRA account, 401(k) plan, other retirement accounts, or when establishing an Automatic Investment Plan need to invest only \$1,000 to start. Once you have an account with the Fund, you may make additional investments in amounts as low as \$100.

You may redeem your shares on any day the Fund is open for business (generally the same days that the New York Stock Exchange is open for business) 1) by mail by sending written redemption requests to Jacob Internet Fund c/o U.S. Bank Global Fund Services, P.O. Box 701, Milwaukee, WI 53201-0701; 2) by telephone by calling 1-888-JACOB-FX if you are set up to perform telephone transactions; or 3) by internet through the Fund's website at www.jacobmutualfunds.com if you are set up to perform Internet transactions.

Tax Information

The Fund's distributions generally are taxable, and will be taxed as ordinary income, capital gains, or some combination of both, unless you are investing through a tax-advantaged arrangement, such as a 401(k) plan or an IRA, in which case your distributions generally may be taxed as ordinary income when withdrawn from the tax-advantaged account.

Payments to Brokers-Dealers and Other Financial Intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary, the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

JACOB SMALL CAP GROWTH FUND

Investment Objective

The Fund's investment objective is long-term growth of capital.

Fees and Expenses

This table describes the fees and expenses that you may pay if you buy, hold, and sell shares of the Fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and the Example below.

Shareholder Fees

(fees paid directly from your investment)

	Investor Class	Institutional Class
Maximum Sales Charge (Load) Imposed on Purchases.....	None	None
Maximum Deferred Sales Charge (Load).....	None	None
Redemption Fee (as a percentage of amount redeemed or exchanged within 30 days of purchase).....	2.00%	2.00%

Annual Fund Operating Expenses

(expenses paid each year as a percentage of the value of your investment)

	Investor Class	Institutional Class
Advisory Fees.....	0.80%	0.80%
Distribution and/or Service (12b-1) Fees*.....	0.25%	0.00%
Other Expenses.....	<u>1.76%</u>	<u>1.76%</u>
Total Annual Fund Operating Expenses	2.81%	2.56%
Fee Waiver**.....	<u>-0.56%</u>	<u>-0.61%</u>
Total Annual Fund Operating Expenses After Fee Waiver	<u>2.25%</u>	<u>1.95%</u>

* The Distribution and/or Service (12b-1) Fees reflect the Board's determination to reduce such fees payable under the distribution and service plan of the Fund, with respect to Investor Class shares, from 0.35% to 0.25%, effective September 1, 2016 through at least January 2, 2022.

** The Adviser has contractually agreed, through at least January 2, 2022, to waive up to 100% of its advisory fees to the extent that the Total Annual Fund Operating Expenses (excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses) exceed 2.25% or 1.95% for Investor Class shares and Institutional Class shares, respectively, of each class' average daily net assets. Pursuant to this fee waiver agreement, the Adviser is entitled to recoup any fees that it waived for a period of thirty-six (36) months following such fee waivers to the extent that such recoupment will not cause the Fund to exceed any applicable expense limitation that was in place for the Fund when the fees were waived. Please note that the maximum waiver is 0.80%, which means that the Fund's overall expenses could exceed 2.25% for Investor Class shares or 1.95% for Institutional Class shares. This waiver agreement may only be terminated by the Board.

Example: This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund over the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The Example reflects the effect of the 12b-1 fee reduction (Investor Class shares only) and adjustments made to the Fund's operating expenses due to the fee waiver by the Adviser for the 1 Year numbers and for the first year of the 3, 5, and 10 Year numbers only. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Investor Class	\$228	\$818	\$1,435	\$3,097
Institutional Class	\$198	\$739	\$1,306	\$2,850

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 89% of the average value of its portfolio.

Principal Investment Strategies

The Fund seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its assets in small capitalization companies. Small capitalization companies are defined as those companies with market capitalizations (share price multiplied by number of shares outstanding) within the capitalization range of the Russell 2000[®] Growth Index at the time of purchase. As of August 31, 2020, the market capitalization of the largest company in the Russell 2000[®] Growth Index was approximately \$7.204 billion, and the weighted average and median market capitalizations of the Russell 2000[®] Growth Index were approximately \$2.93 billion and \$962 million, respectively.

The Fund maintains a diversified portfolio of investments consisting primarily of common stocks. The Fund may also invest in other equity securities, such as preferred stocks, rights, or warrants. The Adviser expects to select investments for the Fund in companies across various industry groups.

The Adviser manages the Fund’s portfolio in an aggressive growth style. The Adviser believes that investments in small capitalization companies can have greater earnings and sales growth potential than larger capitalized companies and can offer substantial opportunities for long-term growth of capital. The Adviser’s overall stock selections are based on its qualitative and quantitative assessment of a company’s fundamental prospects and whether it has an above-average potential for long-term growth of capital.

The Adviser expects to invest the Fund’s net assets primarily in U.S. companies, but may gain exposure to foreign markets, including emerging markets, through the global operations of U.S. companies, by purchasing depository receipts or securities of foreign companies traded on U.S. exchanges, or through direct investment in foreign companies. The Adviser will not invest more than 25% of the Fund’s net assets directly in foreign companies.

The Fund intends to hold some cash, short-term debt obligations, government securities or other high-quality investments for reserves to cover redemptions and unanticipated expenses, or to maintain liquidity while seeking appropriate investments.

Principal Risks

Investing in a mutual fund has inherent risks, which could cause you to lose money. The principal risks of investing in the Fund, and the circumstances that could adversely affect the Fund’s NAV and total return, are listed below.

- *Common Stock Risk:* Common stock represents an ownership interest in a company. Holders of common stock are generally subject to greater risk than holders of preferred stocks and debt securities because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders, and other creditors. Furthermore, common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change.

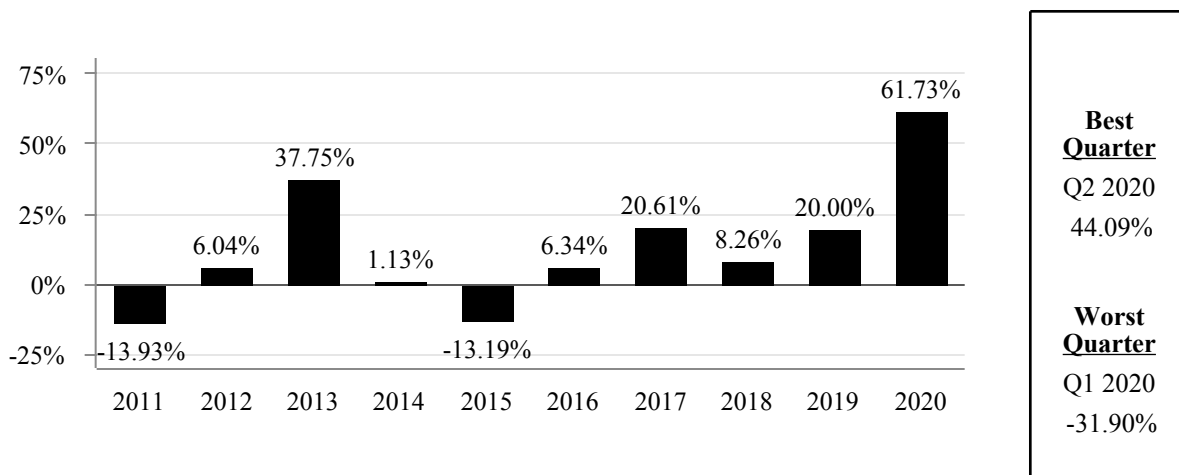
- *Market Risk:* The value of the securities in which the Fund invests may be adversely affected by fluctuations in the financial markets, regardless of how well the companies in which the Fund invests perform. The market as a whole may not favor the types of investments the Fund makes. Also, there is the risk that the price(s) of one or more of the securities or other instruments in the Fund's portfolio will fall, or will fail to rise. Many factors can adversely affect a security's performance, including both general financial market conditions and factors related to a specific company, government, industry, country, or geographic region. Extraordinary events, including extreme economic or political conditions, natural disasters, epidemics and pandemics, and other factors can lead to volatility in local, regional, or global markets, which can result in market losses that may be substantial. The impact of one of these types of events may be more pronounced in certain regions, sectors, industries, or asset classes in which the Fund invests, or it may be pervasive across the global financial markets. The timing and occurrence of future market disruptions cannot be predicted, nor can the impact that government interventions, if any, adopted in response to such disruptions may have on the investment strategies of the Fund or the markets in which the Fund invests.
- *Recent Market Events Risk:* U.S. and international markets have experienced a significant period of volatility in recent months and years due to a number of economic, political and global macro factors, including the impact of the coronavirus (COVID-19) as a global pandemic, which has resulted in public health issues, business interruptions, growth concerns in the U.S. and overseas, layoffs, rising unemployment claims, changed travel and social behaviors and reduced consumer spending. The effects of COVID-19 may lead to a substantial economic downturn or recession in the U.S. and global economies, the recovery from which is uncertain and may last for an extended period of time.
- *Smaller Capitalized Company Risk:* Investments in small capitalization companies may involve greater risks, as these companies tend to have limited product lines, markets and financial or managerial resources. Small 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.
- *Growth Companies Risk:* Growth companies are expected to increase their earnings at a certain rate. When these expectations are not met, the prices of these stocks may go down, even if earnings showed an absolute increase. Growth company stocks also typically lack the dividend yield that can cushion stock prices in market downturns. Different investment styles tend to shift in and out of favor, depending on market conditions and investor sentiment. The Fund's growth style may cause the Fund to underperform funds that have a broader investment style.
- *Science and Technology Risk:* The Fund's investments in science and technology companies expose the Fund to special risks. For example, rapid advances in science and technology might cause existing products to become obsolete, and the Fund's returns could suffer to the extent it holds an affected company's shares. Companies in a number of science and technology industries are also subject to more government regulations and approval processes than many other industries. This fact may affect a company's overall profitability and cause its stock price to be more volatile. Additionally, science and technology companies are dependent upon consumer and business acceptance as new technologies evolve.
- *Foreign and Emerging Market Risk:* The risks of investing in foreign companies, including those located in emerging market countries, can increase the potential for losses in the Fund and may include currency fluctuations, political and economic instability, less government regulation, less publicly available information, limited trading markets, differences in financial reporting standards and less stringent regulation of securities markets. Foreign securities markets generally have less volume than U.S. securities exchanges and securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies. Additional risks include future political and economic developments, the possibility that a foreign jurisdiction might impose or increase withholding taxes on income payable with respect to foreign securities,

the possible seizure, nationalization or expropriation of the foreign issuer or foreign deposits (in which the Fund could lose its entire investment in a certain market) and the possible adoption of foreign governmental restrictions such as exchange controls.

Performance Information

The performance information that follows gives some indication of the risks of investing in the Fund. The bar chart shows the Fund’s performance for the last calendar year, and the table compares the Fund’s average annual returns with those of a broad measure of market performance. Please note that the Fund’s past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available on the Fund’s website at www.jacobmutualfunds.com.

Annual Total Returns through December 31, 2020 (Investor Class)



Average Annual Total Returns through December 31, 2020

	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Jacob Small Cap Growth Fund – Investor Class			
Return Before Taxes	61.73%	21.93%	11.52%
Return After Taxes on Distributions	54.13%	20.48%	10.64%
Return After Taxes on Distributions and Sale of Fund Shares...	37.08%	17.36%	9.14%
Russell 2000® Growth Index (reflects no deduction for fees, expenses or taxes)	34.63%	16.36%	13.48%
	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Jacob Small Cap Growth Fund – Institutional Class			
Return Before Taxes	62.18%	22.27%	N/A
Russell 2000® Growth Index (reflects no deduction for fees, expenses or taxes)	34.63%	16.36%	N/A

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-advantaged arrangements such as 401(k) plans or individual retirement accounts. The return after taxes on distribution and sale of fund shares may be higher than the return before taxes because the method of calculation assumes generally that you can use the short-term capital loss realized upon the sale of fund shares to offset income of the same tax character from other sources thereby reducing the amount of tax you otherwise might owe. After-tax returns are shown for Investor Class shares only and after-tax returns for Institutional Class shares will vary.

Fund Management

Jacob Asset Management of New York LLC serves as the Adviser.

<u>Portfolio Manager</u>	<u>Title with the Adviser</u>	<u>Length of Service with the Fund</u>
Ryan I. Jacob	Lead Portfolio Manager	Since Inception (2010)
Darren Chervitz	Co-Portfolio Manager	Since 2012
Francis J. Alexander	Co-Portfolio Manager	Since Inception (2010)

Purchase and Sale of Fund Shares

To purchase Investor Class shares, you need to invest at least \$2,500 initially. Investments made under the Uniform Gifts and Transfers to Minors Act, an IRA account, 401(k) plan, other retirement accounts, or when establishing an Automatic Investment Plan need to invest only \$1,000 to start. Once you have an account with the Fund, you may make additional investments in Investor Class shares in amounts as low as \$100.

To purchase Institutional Class shares, you need to invest at least \$100,000 initially. Once you have an account with the Fund, you may make additional investments in Institutional Class shares in amounts as low as \$100.

You may redeem your shares on any day the Fund is open for business (generally the same days that the New York Stock Exchange is open for business) 1) by mail by sending written redemption requests to Jacob Small Cap Growth Fund c/o U.S. Bank Global Fund Services, P.O. Box 701, Milwaukee, WI 53201-0701; 2) by telephone by calling 1-888-JACOB-FX if you are set up to perform telephone transactions; or 3) by internet through the Fund's website at www.jacobmutualfunds.com if you are set up to perform Internet transactions.

Tax Information

The Fund's distributions generally are taxable, and will be taxed as ordinary income, capital gains, or some combination of both, unless you are investing through a tax-advantaged arrangement, such as a 401(k) plan or an IRA, in which case your distributions generally may be taxed as ordinary income when withdrawn from the tax-advantaged account.

Payments to Brokers-Dealers and Other Financial Intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary, the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

JACOB DISCOVERY FUND

Investment Objective

The Fund's investment objective is long-term growth of capital.

Fees and Expenses

This table describes the fees and expenses that you may pay if you buy, hold, and sell shares of the Fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and the Example below.

Shareholder Fees

(fees paid directly from your investment)

	Investor Class	Institutional Class
Maximum Sales Charge (Load) Imposed on Purchases	None	None
Maximum Deferred Sales Charge (Load)	None	None
Redemption Fee (as a percentage of amount redeemed or exchanged within 30 days of purchase)	2.00%	2.00%

Annual Fund Operating Expenses

(expenses paid each year as a percentage of the value of your investment)

	Investor Class	Institutional Class
Advisory Fees	1.10%	1.10%
Distribution and/or Service (12b-1) Fees*	0.25%	0.00%
Other Expenses	1.80%	1.80%
Acquired Fund Fees and Expenses	0.01%	0.01%
Total Annual Fund Operating Expenses**	3.16%	2.91%
Fee Waiver***	-0.85%	-0.90%
Total Annual Fund Operating Expenses After Fee Waiver**	2.31%	2.01%

* The Distribution and/or Service (12b-1) Fees reflect the Board's determination to reduce such fees payable under the distribution and service plan of the Fund, with respect to Investor Class shares, from 0.35% to 0.25%, effective September 1, 2016 through at least January 2, 2022.

** Total Annual Fund Operating Expenses differs from the corresponding ratio of gross operating expenses to average net assets in the Financial Highlights section of the Prospectus because of the acquired fund fees and expenses noted above.

*** The Adviser has contractually agreed, through at least January 2, 2022, to waive up to 100% of its advisory fees to the extent that the Total Annual Fund Operating Expenses (excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses) exceed 2.30% or 2.00% for Investor Class shares and Institutional Class shares, respectively, of each class' average daily net assets. Pursuant to this fee waiver agreement, the Adviser is entitled to recoup any fees that it waived for a period of thirty-six (36) months following such fee waivers to the extent that such recoupment will not cause the Fund to exceed any applicable expense limitation that was in place for the Fund when the fees were waived. Please note that the maximum waiver is 1.10%, which means that the Fund's overall expenses could exceed 2.30% for Investor Class shares or 2.00% for Institutional Class shares. This waiver agreement may only be terminated by the Board.

Example: This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund over the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The Example reflects the effect of the 12b-1 fee reduction (Investor Class shares only) and adjustments made to the Fund's operating expenses due to the fee waiver by the Adviser for the 1 Year numbers and for the first year of the 3, 5, and 10 Year numbers only. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Investor Class	\$233	\$892	\$1,576	\$3,399
Institutional Class	\$203	\$813	\$1,449	\$3,159

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 83% of the average value of its portfolio.

Principal Investment Strategies

The Fund seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its assets in micro capitalization companies. Micro capitalization companies are defined as those companies with market capitalizations (share price multiplied by number of shares outstanding) of (1) less than or equal to \$600 million; or (2) within the capitalization range of the Russell Micro Cap® Growth Index at the time of purchase. As of August 31, 2020, the market capitalization of the largest company in the Russell Micro Cap® Growth Index was approximately \$3.85 billion, and the weighted average and median market capitalizations of the Russell Micro Cap® Growth Index were approximately \$759 million and \$211 million, respectively.

The Fund maintains a diversified portfolio of investments consisting primarily of common stocks. The Fund may also invest in other equity securities, such as preferred stocks, rights, or warrants. The Adviser expects to select investments for the Fund in companies across various industry groups.

The Adviser manages the Fund’s portfolio in an aggressive growth style. The Adviser believes that investments in micro capitalization companies can have greater earnings and sales growth potential than larger capitalized companies and can offer substantial opportunities for long-term growth of capital. The Adviser’s overall stock selections are based on its qualitative and quantitative assessment of a company’s fundamental prospects and whether it has an above-average potential for long-term growth of capital.

The Adviser expects to invest the Fund’s net assets primarily in U.S. companies, but may gain exposure to foreign markets, including emerging markets, through the global operations of U.S. companies, by purchasing depository receipts or securities of foreign companies traded on U.S. exchanges, or through direct investment in foreign companies. The Adviser will not invest more than 25% of the Fund’s net assets directly in foreign companies.

The Fund intends to hold some cash, short-term debt obligations, government securities or other high-quality investments for reserves to cover redemptions and unanticipated expenses, or to maintain liquidity while seeking appropriate investments.

Principal Risks

Investing in a mutual fund has inherent risks, which could cause you to lose money. The principal risks of investing in the Fund, and the circumstances that could adversely affect the Fund’s NAV and total return, are listed below.

- *Common Stock Risk:* Common stock represents an ownership interest in a company. Holders of common stock are generally subject to greater risk than holders of preferred stocks and debt securities because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders, and other creditors. Furthermore, common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change.

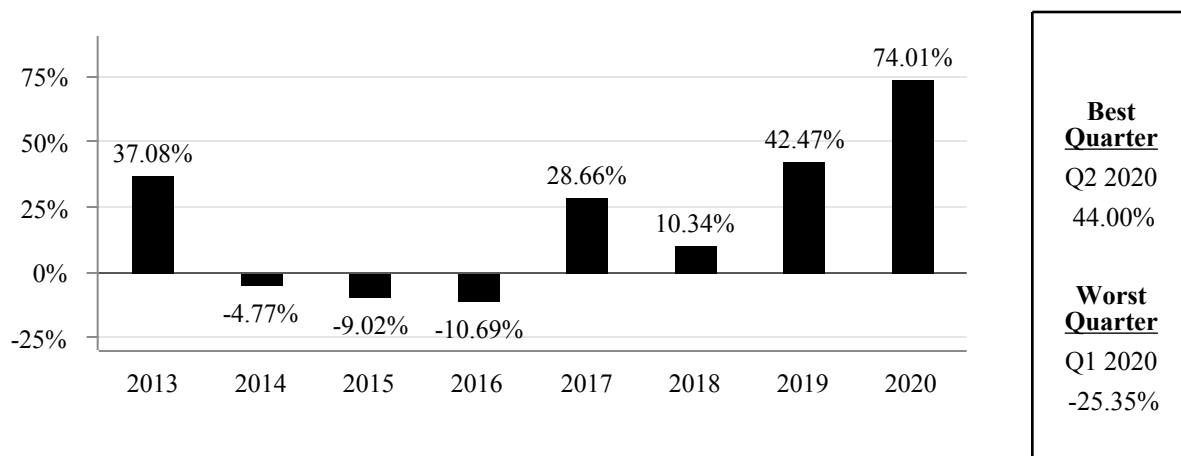
- *Market Risk:* The value of the securities in which the Fund invests may be adversely affected by fluctuations in the financial markets, regardless of how well the companies in which the Fund invests perform. The market as a whole may not favor the types of investments the Fund makes. Also, there is the risk that the price(s) of one or more of the securities or other instruments in the Fund's portfolio will fall, or will fail to rise. Many factors can adversely affect a security's performance, including both general financial market conditions and factors related to a specific company, government, industry, country, or geographic region. Extraordinary events, including extreme economic or political conditions, natural disasters, epidemics and pandemics, and other factors can lead to volatility in local, regional, or global markets, which can result in market losses that may be substantial. The impact of one of these types of events may be more pronounced in certain regions, sectors, industries, or asset classes in which the Fund invests, or it may be pervasive across the global financial markets. The timing and occurrence of future market disruptions cannot be predicted, nor can the impact that government interventions, if any, adopted in response to such disruptions may have on the investment strategies of the Fund or the markets in which the Fund invests.
- *Recent Market Events Risk:* U.S. and international markets have experienced a significant period of volatility in recent months and years due to a number of economic, political and global macro factors, including the impact of the coronavirus (COVID-19) as a global pandemic, which has resulted in public health issues, business interruptions, growth concerns in the U.S. and overseas, layoffs, rising unemployment claims, changed travel and social behaviors and reduced consumer spending. The effects of COVID-19 may lead to a substantial economic downturn or recession in the U.S. and global economies, the recovery from which is uncertain and may last for an extended period of time.
- *Micro Capitalized Company Risk:* 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.
- *Growth Companies Risk:* Growth companies are expected to increase their earnings at a certain rate. When these expectations are not met, the prices of these stocks may go down, even if earnings showed an absolute increase. Growth company stocks also typically lack the dividend yield that can cushion stock prices in market downturns. Different investment styles tend to shift in and out of favor, depending on market conditions and investor sentiment. The Fund's growth style may cause the Fund to underperform funds that have a broader investment style.
- *Science and Technology Risk:* The Fund's investments in science and technology companies expose the Fund to special risks. For example, rapid advances in science and technology might cause existing products to become obsolete, and the Fund's returns could suffer to the extent it holds an affected company's shares. Companies in a number of science and technology industries are also subject to more government regulations and approval processes than many other industries. This fact may affect a company's overall profitability and cause its stock price to be more volatile. Additionally, science and technology companies are dependent upon consumer and business acceptance as new technologies evolve.
- *Foreign and Emerging Market Risk:* The risks of investing in foreign companies, including those located in emerging market countries, can increase the potential for losses in the Fund and may include currency fluctuations, political and economic instability, less government regulation, less publicly available information, limited trading markets, differences in financial reporting standards and less stringent regulation of securities markets. Foreign securities markets generally have less volume than U.S. securities exchanges and securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies. Additional risks include future political and economic developments, the possibility that a foreign jurisdiction might impose or increase withholding taxes on income payable with respect to foreign securities,

the possible seizure, nationalization or expropriation of the foreign issuer or foreign deposits (in which the Fund could lose its entire investment in a certain market) and the possible adoption of foreign governmental restrictions such as exchange controls.

Performance Information

The performance information that follows gives some indication of the risks of investing in the Fund. The bar chart shows the Fund's performance for the last calendar year, and the table compares the Fund's average annual returns with those of a broad measure of market performance. Please note that the Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available on the Fund's website at www.jacobmutualfunds.com.

Annual Total Returns through December 31, 2020 (Investor Class)



Average Annual Total Returns through December 31, 2020

	<u>1 Year</u>	<u>5 Years</u>	<u>Since Inception (October 16, 2012)*</u>
Jacob Discovery Fund – Investor Class			
Return Before Taxes	74.01%	25.74%	16.84%
Return After Taxes on Distributions	70.65%	25.25%	13.68%
Return After Taxes on Distributions and Sale of Fund Shares...	45.21%	21.24%	12.18%
Jacob Discovery Fund – Institutional Class			
Return Before Taxes	74.35%	26.04%	17.15%
Russell Microcap Growth Index (reflects no deduction for fees, expenses or taxes)	40.12%	13.08%	13.23%
Russell 2000® Growth Index (reflects no deduction for fees, expenses or taxes)	34.63%	16.36%	15.26%

* Fund performance is shown beginning on October 16, 2012, which is when the Adviser's investment team took over exclusive management of the Jacob Micro Cap Growth Fund (formerly, PineBridge US Micro Cap Growth Fund) (the "Predecessor Fund"), which was reorganized into the Fund on November 12, 2012. In previous years, the Predecessor Fund was managed by another investment advisory firm, and, from July 9, 2012 through October 15, 2012, it was managed by the Adviser along with the portfolio manager from the prior advisory firm. Performance information prior to October 16, 2012 is not shown.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-advantaged arrangements such as 401(k) plans or individual retirement accounts. The return after taxes on distribution and sale of fund shares may be higher than the return before taxes because the method of calculation assumes generally that you can use the short-term capital loss realized upon the sale of fund shares to offset income of the same tax character from other sources thereby reducing the amount of tax you otherwise might owe. After-tax returns are shown for Investor Class shares only and after-tax returns for Institutional Class shares will vary.

Fund Management

Jacob Asset Management of New York LLC serves as the Adviser.

<u>Portfolio Manager</u>	<u>Title with the Adviser*</u>	<u>Length of Service with the Fund</u>
Darren Chervitz	Lead Portfolio Manager	Since Inception (2012)
Ryan I. Jacob	Co-Portfolio Manager	Since Inception (2012)

* Mr. Jacob served as Lead Portfolio Manager of the Fund and Mr. Chervitz served as Co-Portfolio Manager of the Fund from its inception in 2012 until December 2013.

Purchase and Sale of Fund Shares

To purchase Investor Class shares, you need to invest at least \$2,500 initially. Investments made under the Uniform Gifts and Transfers to Minors Act, an IRA account, 401(k) plan, other retirement accounts, or when establishing an Automatic Investment Plan need to invest only \$1,000 to start. Once you have an account with the Fund, you may make additional investments in Investor Class shares in amounts as low as \$100.

To purchase Institutional Class shares, you need to invest at least \$100,000 initially. Once you have an account with the Fund, you may make additional investments in Institutional Class shares in amounts as low as \$100.

You may redeem your shares on any day the Fund is open for business (generally the same days that the New York Stock Exchange is open for business) 1) by mail by sending written redemption requests to Jacob Discovery Fund c/o U.S. Bank Global Fund Services, P.O. Box 701, Milwaukee, WI 53201-0701; 2) by telephone by calling 1-888-JACOB-FX if you are set up to perform telephone transactions; or 3) by internet through the Fund's website at www.jacobmutualfunds.com if you are set up to perform Internet transactions.

Tax Information

The Fund's distributions generally are taxable, and will be taxed as ordinary income, capital gains, or some combination of both, unless you are investing through a tax-advantaged arrangement, such as a 401(k) plan or an IRA, in which case your distributions generally may be taxed as ordinary income when withdrawn from the tax-advantaged account.

Payments to Brokers-Dealers and Other Financial Intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary, the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

INVESTMENT OBJECTIVES, PRINCIPAL INVESTMENT STRATEGIES AND RISKS: JACOB INTERNET FUND

Investment Objectives

The Fund's primary investment objective is long-term growth of capital. Current income is a secondary objective. There is no assurance that the Fund will achieve its investment objectives. The Fund's investment objective may be changed without shareholder approval. The Fund will provide shareholders with notice of any such change.

Principal Investment Strategies

The Fund seeks to achieve its investment objectives by investing, under normal circumstances, at least 80% of its assets in securities of companies in Internet and Internet-related industries. For purposes of such 80% policy, the term "assets" means the Fund's net assets, including any borrowings for investment purposes, consistent with the SEC's requirements. The Fund does not, however, intend to borrow money for the purpose of making investments.

The Fund primarily invests in common stocks and securities convertible into common stocks, but may invest up to 35% in fixed income or debt securities. The Fund may invest without limitation in foreign securities, including securities of emerging market countries (*i.e.*, those that are in the early stages of their industrial cycles), so that the Fund has the flexibility to take full advantage of investment opportunities in Internet companies and companies in Internet-related industries. However, the Adviser currently does not expect to invest more than 50% of the Fund's net assets in foreign companies. The Adviser selects investments in companies that derive a substantial portion of their revenue from Internet businesses and businesses in Internet-related industries or those that are aggressively developing and expanding their Internet and Internet-related business operations.

The Adviser believes that Internet-related companies offer favorable investment opportunities. Accordingly, the Fund invests in companies that emphasize research and development with respect to proprietary products and services for Internet users and businesses because the Adviser believes that these stocks have the greatest potential to rise in value.

The Adviser believes that because of rapid advances in the breadth and scope of products and services offered over the Internet, an investment in companies with business operations in this industry will offer substantial opportunities for long-term growth of capital. Prices of common stocks of even the best managed, most profitable corporations are subject to market risk, which means their stock prices can decline. In addition, swings in investor psychology or significant trading by large institutional investors can result in price fluctuations.

The Internet has continued to demonstrate rapid growth, both through increasing demand for existing products and services and the broadening of the Internet market. The Adviser believes that established businesses will continue to be disrupted by the sustained development of the Internet, while some may also stand to benefit, realizing gains in efficiency, scale and speed. Newly developed companies that leverage the Internet are continuously emerging and may have small to medium market capitalizations. Identifying the advantaged business models that are sustainable and supported by strong financial metrics warrant the Adviser's investment consideration. As a result, the Fund's investment policy is not limited to any minimum capitalization requirement and the Fund may hold securities without regard to the capitalization of the company. The Adviser's overall process of stock selection for the Fund is not based on the capitalization or size of the company but rather on an assessment of the company's fundamental prospects.

Portfolio securities generally will be selected from companies in the following groups:

- *Media:* Companies that provide information and entertainment services over the Internet, supported by subscriptions, advertising and/or transactional revenues.
- *E-Commerce:* Companies that derive a substantial portion of their revenue from sales of products and services conducted via the Internet.
- *Computer Software:* Companies that produce, manufacture and develop tools to access the Internet, enable Internet users to enhance the speed, integrity and storage of data on the Internet, facilitate information distribution and gathering on the Internet, and secure Internet-based transactions.
- *Internet Service Providers:* Companies that provide users with access to the Internet.
- *Internet Portals:* Companies that provide users with search-engine services to access various sites by category on the Internet.
- *Wireless/Broadband Access:* Companies that provide the infrastructure to enable high-speed and wireless communication of data via the Internet.
- *Telecommunications:* Companies that are primarily engaged in the development of the telecommunications transmission lines and software technologies that enhance the reach and bandwidth of Internet users.

The Fund may invest directly in foreign companies or may invest in foreign companies by purchasing depositary receipts or securities of foreign companies traded on U.S. exchanges. Depositary receipts are certificates normally issued by U.S. banks that evidence the ownership of shares of a foreign issuer.

Buy/Sell Decisions. The Adviser considers the following factors when buying and selling securities for the Fund: (i) the value of individual securities relative to other investment alternatives, (ii) trends in the determinants of corporate profits, (iii) corporate cash flow, (iv) balance sheet changes, (v) management capability and practices and (vi) the economic and political outlook. The Fund generally seeks to purchase securities as long-term investments, but when circumstances warrant, securities may be sold without regard to the length of time they have been held to reduce risk or volatility or to respond to changing fundamental information.

Temporary Investments. In response to unfavorable market, economic, political or other conditions, the Fund may invest up to 100% of its assets in U.S. and foreign short-term money market instruments as a temporary, defensive strategy. The Fund may invest up to 20% of its assets in these securities under normal circumstances to maintain liquidity or to earn income while seeking appropriate investments. Some of the short-term money instruments in which the Fund may invest include:

- commercial paper;
- certificates of deposit, demand and time deposits and banker's acceptances;
- U.S. government securities; and
- repurchase agreements.

To the extent the Fund engages in a temporary, defensive strategy, the Fund may not achieve its investment objectives and, instead, will focus on preserving your investment. The Statement of Additional Information contains more information about the Fund and the types of securities in which it may invest.

Principal Risks

Investing in a mutual fund has inherent risks, which could cause you to lose money. The principal risks of investing in the Fund, and the circumstances that could adversely affect the Fund's NAV and total return, are listed below.

- *Common Stock Risk:* Common stock represents an ownership interest in a company. Holders of common stock are generally subject to greater risk than holders of preferred stocks and debt securities because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders, and other creditors. Furthermore, common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change.
- *Market Risk:* The value of the securities in which the Fund invests may be adversely affected by fluctuations in the financial markets, regardless of how well the companies in which the Fund invests perform. The market as a whole may not favor the types of investments the Fund makes. Also, there is the risk that the price(s) of one or more of the securities or other instruments in the Fund's portfolio will fall, or will fail to rise. Many factors can adversely affect a security's performance, including both general financial market conditions and factors related to a specific company, government, industry, country, or geographic region. Extraordinary events, including extreme economic or political conditions, natural disasters, epidemics and pandemics, and other factors can lead to volatility in local, regional, or global markets, which can result in market losses that may be substantial. The impact of one of these types of events may be more pronounced in certain regions, sectors, industries, or asset classes in which the Fund invests, or it may be pervasive across the global financial markets. The timing and occurrence of future market disruptions cannot be predicted, nor can the impact that government interventions, if any, adopted in response to such disruptions may have on the investment strategies of the Fund or the markets in which the Fund invests.
- *Recent Market Events Risk:* U.S. and international markets have experienced significant periods of volatility in recent months and years due to a number of economic, political and global macro factors including the impact of the coronavirus (COVID-19) as a global pandemic and related public health issues, growth concerns in the U.S. and overseas, uncertainties regarding interest rates, trade tensions and the threat of tariffs imposed by the U.S. and other countries. In particular, the spread of COVID-19 worldwide has resulted in disruptions to supply chains and customer activity, stress on the global healthcare system, temporary and permanent layoffs in the private sector and rising unemployment claims, reduced consumer spending, quarantines, cancellations, market declines, the closing of borders, restrictions on travel, changed travel and social behaviors and widespread concern and uncertainty, all of which may lead to a substantial economic downturn or recession in the U.S. and global economies. The recovery from the effects of COVID-19 is uncertain and may last for an extended period of time. Health crises and related political, social and economic disruptions caused by the spread of COVID-19 may also exacerbate other pre-existing political, social and economic risks in certain countries. As a result, the risk environment remains elevated. The Adviser will monitor developments and seek to manage the Fund in a manner consistent with achieving the Fund's investment objective, but there can be no assurance that it will be successful in doing so.
- *Internet and Internet-Related Industries Risk:* The Fund invests a significant portion of its assets in Internet and Internet-related industries and thus the value of the Fund's shares may be susceptible to factors affecting such industries, including factors affecting the computer/Internet technology area generally, and may be susceptible to greater risk and market fluctuation than an investment in a fund that invests in a broader range of portfolio securities not concentrated in any particular area or industry. Companies in Internet and Internet-related industries face special risks associated with the rapidly changing field of computer/Internet technology. For example, their products or services may not prove commercially successful or may become obsolete quickly. The computer/Internet technology area may be subject to greater governmental regulation than many other areas and changes in governmental policies and the need for regulatory approvals may have a

material adverse effect on these areas. Additionally, companies in these areas may be subject to risks of developing technologies, competitive pressures and other factors and are dependent upon consumer and business acceptance as new technologies evolve. Many Internet and Internet-related companies incur large losses in the hope of capturing market share and generating future revenues, but may never be profitable.

- *Smaller Capitalized or Unseasoned Company Risk:* The Adviser believes that smaller capitalized or unseasoned companies generally have greater earnings and sales growth potential than larger capitalized companies. However, investments in smaller capitalized or unseasoned companies may involve greater risks, in part because they have limited product lines, markets and financial or managerial resources. In addition, less frequently-traded securities may be subject to more abrupt price movements than securities of larger capitalized companies. The level of risk will be increased to the extent that the Fund has significant exposure to smaller capitalized or unseasoned companies (those with less than a three-year operating history).
- *Convertible Securities Risk:* 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.
- *Foreign and Emerging Market Risk:* The risks of investing in foreign companies, including those located in emerging market countries, can increase the potential for losses in the Fund and may include currency fluctuations, political and economic instability, less government regulation, less publicly available information, limited trading markets, differences in financial reporting standards and less stringent regulation of securities markets. Foreign securities markets generally have less volume than U.S. securities exchanges and securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies. Additional risks include future political and economic developments, the possibility that a foreign jurisdiction might impose or increase withholding taxes on income payable with respect to foreign securities, the possible seizure, nationalization or expropriation of the foreign issuer or foreign deposits (in which the Fund could lose its entire investment in a certain market) and the possible adoption of foreign governmental restrictions such as exchange controls.
- *Fixed Income Risk:* Yields and principal values of fixed income securities (bonds) will fluctuate. Generally, values of fixed income securities change inversely with interest rates. As interest rates go up, the value of debt securities tends to go down. As a result, to the extent the Fund holds fixed income investments, the value of the Fund may go down.

INVESTMENT OBJECTIVE, PRINCIPAL INVESTMENT STRATEGIES AND RISKS: JACOB SMALL CAP GROWTH FUND

Investment Objective

The Fund's investment objective is long-term growth of capital. There is no assurance that the Fund will achieve its investment objective. The Fund's investment objective may be changed without shareholder approval. The Fund will provide shareholders with notice of any such change.

Principal Investment Strategies

The Fund seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its assets in small capitalization companies. Small capitalization companies are defined as those companies with market capitalizations (share price multiplied by number of shares outstanding) within the capitalization range of the Russell 2000® Growth Index at the time of purchase. As of August 31, 2020, the market capitalization of the largest company in the Russell 2000® Growth Index was approximately \$7.204 billion, and the weighted average and median market capitalizations of the Russell 2000® Growth Index were approximately \$2.923 billion and \$962 million, respectively. For purposes of such 80% policy, the term "assets" means the Fund's net assets, including any borrowings for investment purposes, consistent with the SEC's requirements. The Fund does not, however, intend to borrow money for the purpose of making investments.

The Fund maintains a diversified portfolio of investments consisting primarily of common stocks. The Fund may also invest in other equity securities such as preferred stocks, rights, or warrants. Equity securities generally represent an ownership interest in a company and their value is based on the success of the company's business, any income paid to shareholders, the value of the company's assets, general market conditions and investor demand. The Adviser expects to select investments for the Fund in companies across various industry groups.

The Adviser manages the Fund's portfolio in an aggressive growth style. The Adviser believes that investments in small capitalization companies can have greater earnings and sales growth potential than larger capitalized companies and can offer substantial opportunities for long-term growth of capital. The Adviser's overall stock selections are based on its qualitative and quantitative assessment of a company's fundamental prospects and whether it has an above-average potential for long-term growth of capital. Specifically, the Adviser looks for companies with expanding profit margins, sales and earnings growth which, over a business cycle, can be expected to produce high levels of free cash flow. Further, the Adviser seeks companies with strong management teams that can capitalize on catalysts for growth and competitive advantages such as superior products and favorable industry, economic and political trends. While trying to maximize the growth potential of the Fund's portfolio of investments, the Adviser also seeks to obtain securities for the Fund that are selling at a reasonable valuation in view of their expected growth rate.

The Adviser expects to invest the Fund's net assets primarily in U.S. companies, but may gain exposure to foreign markets through the global operations of U.S. companies, by purchasing depositary receipts or securities of foreign companies traded on U.S. exchanges, or through direct investment in foreign companies. Depositary receipts are certificates normally issued by U.S. banks that evidence the ownership of shares of a foreign issuer. The Fund's foreign investments may include securities of companies in emerging market countries, so that the Fund has the flexibility to take full advantage of investment opportunities in small capitalization companies. The Adviser will not invest more than 25% of the Fund's net assets directly in foreign companies.

The Fund generally seeks to purchase securities as long-term investments, but the Adviser will sell or reduce holdings when a company fails to meet its expectations with regard to potential growth, addressable market, margin erosion, management changes or price considerations. The Fund may employ rapid trading strategies to capture incremental increases in the prices of securities, to protect against downside risk and to enhance the Fund's return.

The Fund intends to hold some cash, short-term debt obligations, government securities or other high-quality investments for reserves to cover redemptions and unanticipated expenses, or to maintain liquidity while seeking appropriate investments. There may be times, however, when the Fund attempts to respond to unfavorable market, economic, political or other conditions by investing up to 100% of its assets in cash or those types of money market investments for temporary defensive purposes. During those times, the Fund will not be able to pursue its investment objective and, instead, will focus on preserving your investment.

Principal Risks

Investing in a mutual fund has inherent risks, which could cause you to lose money. The principal risks of investing in the Fund, and the circumstances that could adversely affect the Fund's NAV and total return, are listed below.

- *Common Stock Risk:* Common stock represents an ownership interest in a company. Holders of common stock are generally subject to greater risk than holders of preferred stocks and debt securities because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders, and other creditors. Furthermore, common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change.
- *Recent Market Events Risk:* U.S. and international markets have experienced significant periods of volatility in recent months and years due to a number of economic, political and global macro factors including the impact of the coronavirus (COVID-19) as a global pandemic and related public health issues, growth concerns in the U.S. and overseas, uncertainties regarding interest rates, trade tensions and the threat of tariffs imposed by the U.S. and other countries. In particular, the spread of COVID-19 worldwide has resulted in disruptions to supply chains and customer activity, stress on the global healthcare system, temporary and permanent layoffs in the private sector and rising unemployment claims, reduced consumer spending, quarantines, cancellations, market declines, the closing of borders, restrictions on travel, changed travel and social behaviors and widespread concern and uncertainty, all of which may lead to a substantial economic downturn or recession in the U.S. and global economies. The recovery from the effects of COVID-19 is uncertain and may last for an extended period of time. Health crises and related political, social and economic disruptions caused by the spread of COVID-19 may also exacerbate other pre-existing political, social and economic risks in certain countries. As a result, the risk environment remains elevated. The Adviser will monitor developments and seek to manage the Fund in a manner consistent with achieving the Fund's investment objective, but there can be no assurance that it will be successful in doing so.
- *Market Risk:* The value of the securities in which the Fund invests may be adversely affected by fluctuations in the financial markets, regardless of how well the companies in which the Fund invests perform. The market as a whole may not favor the types of investments the Fund makes. Also, there is the risk that the price(s) of one or more of the securities or other instruments in the Fund's portfolio will fall, or will fail to rise. Many factors can adversely affect a security's performance, including both general financial market conditions and factors related to a specific company, government, industry, country, or geographic region. Extraordinary events, including extreme economic or political conditions, natural disasters, epidemics and pandemics, and other factors can lead to volatility in local, regional, or global markets, which can result in market losses that may be substantial. The impact of one of these types of events may be more pronounced in certain regions, sectors, industries, or asset classes in which the Fund invests, or it may be pervasive across the global financial markets. The timing and occurrence of future market disruptions cannot be predicted, nor can the impact that government interventions, if any, adopted in response to such disruptions may have on the investment strategies of the Fund or the markets in which the Fund invests.

- *Smaller Capitalized Company Risk:* Investments in small capitalization companies may involve greater risks, as these companies tend to have limited product lines, markets and financial or managerial resources. Small 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.
- *Growth Companies Risk:* Growth companies are expected to increase their earnings at a certain rate. When these expectations are not met, the prices of these stocks may go down, even if earnings showed an absolute increase. Growth company stocks also typically lack the dividend yield that can cushion stock prices in market downturns. Different investment styles tend to shift in and out of favor, depending on market conditions and investor sentiment. The Fund's growth style may cause the Fund to underperform funds that have a broader investment style.
- *Science and Technology Risk:* The Fund's investments in science and technology companies expose the Fund to special risks. For example, rapid advances in science and technology might cause existing products to become obsolete, and the Fund's returns could suffer to the extent it holds an affected company's shares. Companies in a number of science and technology industries are also subject to more government regulations and approval processes than many other industries. This fact may affect a company's overall profitability and cause its stock price to be more volatile. Additionally, science and technology companies are dependent upon consumer and business acceptance as new technologies evolve.
- *Foreign and Emerging Market Risk:* The risks of investing in foreign companies, including those located in emerging market countries, can increase the potential for losses in the Fund and may include currency fluctuations, political and economic instability, less government regulation, less publicly available information, limited trading markets, differences in financial reporting standards and less stringent regulation of securities markets. Foreign securities markets generally have less volume than U.S. securities exchanges and securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies. Additional risks include future political and economic developments, the possibility that a foreign jurisdiction might impose or increase withholding taxes on income payable with respect to foreign securities, the possible seizure, nationalization or expropriation of the foreign issuer or foreign deposits (in which the Fund could lose its entire investment in a certain market) and the possible adoption of foreign governmental restrictions such as exchange controls.

INVESTMENT OBJECTIVE, PRINCIPAL INVESTMENT STRATEGIES AND RISKS: JACOB DISCOVERY FUND

Investment Objective

The Fund's investment objective is long-term growth of capital. There is no assurance that the Fund will achieve its investment objective. The Fund's investment objective may be changed without shareholder approval. The Fund will provide shareholders with notice of any such change.

Principal Investment Strategies

The Fund seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its assets in micro capitalization companies. Micro capitalization companies are defined as those companies with market capitalizations (share price multiplied by number of shares outstanding) of: (1) less than or equal to \$600 million; or (2) within the capitalization range of the Russell Micro Cap[®] Growth Index at the time of purchase. As of August 31, 2020, the market capitalization of the largest company in the Russell Micro Cap[®] Growth Index was approximately \$3.850 billion, and the weighted average and median market capitalizations of the Russell Micro Cap[®] Growth Index were approximately \$759 million and \$211 million, respectively. For purposes of such 80% policy, the term "assets" means the Fund's net assets, including any borrowings for investment purposes, consistent with the SEC's requirements. The Fund does not, however, intend to borrow money for the purpose of making investments.

The Fund maintains a diversified portfolio of investments consisting primarily of common stocks. The Fund may also invest in other equity securities such as preferred stocks, rights, or warrants. Equity securities generally represent an ownership interest in a company and their value is based on the success of the company's business, any income paid to shareholders, the value of the company's assets, general market conditions and investor demand. The Adviser expects to select investments for the Fund in companies across various industry groups.

The Adviser manages the Fund's portfolio in an aggressive growth style. The Adviser believes that investments in micro capitalization companies can have greater earnings and sales growth potential than larger capitalized companies and can offer substantial opportunities for long-term growth of capital. The Adviser's overall stock selections are based on its qualitative and quantitative assessment of a company's fundamental prospects and whether it has an above-average potential for long-term growth of capital. Specifically, the Adviser looks for companies with expanding profit margins, sales and earnings growth which, over a business cycle, can be expected to produce high levels of free cash flow. Further, the Adviser seeks companies with strong management teams that can capitalize on catalysts for growth and competitive advantages such as superior products and favorable industry, economic and political trends. While trying to maximize the growth potential of the Fund's portfolio of investments, the Adviser also seeks to obtain securities for the Fund that are selling at a reasonable valuation in view of their expected growth rate.

The Adviser expects to invest the Fund's net assets primarily in U.S. companies, but may gain exposure to foreign markets through the global operations of U.S. companies, by purchasing depositary receipts or securities of foreign companies traded on U.S. exchanges, or through direct investment in foreign companies. Depositary receipts are certificates normally issued by U.S. banks that evidence the ownership of shares of a foreign issuer. The Fund's foreign investments may include securities of companies in emerging market countries, so that the Fund has the flexibility to take full advantage of investment opportunities in micro capitalization companies. The Adviser will not invest more than 25% of the Fund's net assets directly in foreign companies.

The Fund generally seeks to purchase securities as long-term investments, but the Adviser will sell or reduce holdings when a company fails to meet its expectations with regard to potential growth, addressable market, margin erosion, management changes or price considerations. The Fund may employ rapid trading strategies to capture incremental increases in the prices of securities, to protect against downside risk and to enhance the Fund's return.

The Fund intends to hold some cash, short-term debt obligations, government securities or other high-quality investments for reserves to cover redemptions and unanticipated expenses, or to maintain liquidity while seeking appropriate investments. There may be times, however, when the Fund attempts to respond to unfavorable market, economic, political or other conditions by investing up to 100% of its assets in cash or those types of money market investments for temporary defensive purposes. During those times, the Fund will not be able to pursue its investment objective and, instead, will focus on preserving your investment.

Principal Risks

Investing in a mutual fund has inherent risks, which could cause you to lose money. The principal risks of investing in the Fund, and the circumstances that could adversely affect the Fund's NAV and total return, are listed below.

- *Common Stock Risk:* Common stock represents an ownership interest in a company. Holders of common stock are generally subject to greater risk than holders of preferred stocks and debt securities because common stockholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders, and other creditors. Furthermore, common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change.
- *Recent Market Events Risk:* U.S. and international markets have experienced significant periods of volatility in recent months and years due to a number of economic, political and global macro factors including the impact of the coronavirus (COVID-19) as a global pandemic and related public health issues, growth concerns in the U.S. and overseas, uncertainties regarding interest rates, trade tensions and the threat of tariffs imposed by the U.S. and other countries. In particular, the spread of COVID-19 worldwide has resulted in disruptions to supply chains and customer activity, stress on the global healthcare system, temporary and permanent layoffs in the private sector and rising unemployment claims, reduced consumer spending, quarantines, cancellations, market declines, the closing of borders, restrictions on travel, changed travel and social behaviors and widespread concern and uncertainty, all of which may lead to a substantial economic downturn or recession in the U.S. and global economies. The recovery from the effects of COVID-19 is uncertain and may last for an extended period of time. Health crises and related political, social and economic disruptions caused by the spread of COVID-19 may also exacerbate other pre-existing political, social and economic risks in certain countries. As a result, the risk environment remains elevated. The Adviser will monitor developments and seek to manage the Fund in a manner consistent with achieving the Fund's investment objective, but there can be no assurance that it will be successful in doing so.
- *Market Risk:* The value of the securities in which the Fund invests may be adversely affected by fluctuations in the financial markets, regardless of how well the companies in which the Fund invests perform. The market as a whole may not favor the types of investments the Fund makes. Also, there is the risk that the price(s) of one or more of the securities or other instruments in the Fund's portfolio will fall, or will fail to rise. Many factors can adversely affect a security's performance, including both general financial market conditions and factors related to a specific company, government, industry, country, or geographic region. Extraordinary events, including extreme economic or political conditions, natural disasters, epidemics and pandemics, and other factors can lead to volatility in local, regional, or global markets, which can result in market losses that may be substantial. The impact of one of these types of events may be more pronounced in certain regions, sectors, industries, or asset classes in which the Fund invests, or it may be pervasive across the global financial markets. The timing and occurrence of future market disruptions cannot be predicted, nor can the

impact that government interventions, if any, adopted in response to such disruptions may have on the investment strategies of the Fund or the markets in which the Fund invests.

- *Micro Capitalized Company Risk:* 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.
- *Growth Companies Risk:* Growth companies are expected to increase their earnings at a certain rate. When these expectations are not met, the prices of these stocks may go down, even if earnings showed an absolute increase. Growth company stocks also typically lack the dividend yield that can cushion stock prices in market downturns. Different investment styles tend to shift in and out of favor, depending on market conditions and investor sentiment. The Fund's growth style may cause the Fund to underperform funds that have a broader investment style.
- *Science and Technology Risk:* The Fund's investments in science and technology companies expose the Fund to special risks. For example, rapid advances in science and technology might cause existing products to become obsolete, and the Fund's returns could suffer to the extent it holds an affected company's shares. Companies in a number of science and technology industries are also subject to more government regulations and approval processes than many other industries. This fact may affect a company's overall profitability and cause its stock price to be more volatile. Additionally, science and technology companies are dependent upon consumer and business acceptance as new technologies evolve.
- *Foreign and Emerging Market Risk:* The risks of investing in foreign companies, including those located in emerging market countries, can increase the potential for losses in the Fund and may include currency fluctuations, political and economic instability, less government regulation, less publicly available information, limited trading markets, differences in financial reporting standards and less stringent regulation of securities markets. Foreign securities markets generally have less volume than U.S. securities exchanges and securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies. Additional risks include future political and economic developments, the possibility that a foreign jurisdiction might impose or increase withholding taxes on income payable with respect to foreign securities, the possible seizure, nationalization or expropriation of the foreign issuer or foreign deposits (in which the Fund could lose its entire investment in a certain market) and the possible adoption of foreign governmental restrictions such as exchange controls.

DISCLOSURE OF PORTFOLIO HOLDINGS

Each Fund expects to publicly disclose 100% of its portfolio holdings on its website no earlier than 30 days after each calendar quarter end. Each Fund also intends to disclose its top 25 holdings on a monthly basis on its website no earlier than 30 days after the month end, along with information regarding the percentage of the portfolio that each holding comprises. A further description of the Funds' policies and procedures with respect to the disclosure of portfolio holdings is available in the Statement of Additional Information.

FUND MANAGEMENT

Adviser. The Adviser, Jacob Asset Management of New York LLC, a federally registered investment adviser, is a Delaware limited liability company with its principal office located at 727 2nd Street #106, Hermosa Beach, California 90254. Pursuant to the Investment Advisory Agreements for the Funds, the Adviser manages each Fund's portfolio of securities and makes the decisions with respect to the purchase and sale of investments, subject to the

general supervision of the Funds' Board of Directors. The Adviser is also responsible for overseeing the performance of the Funds' administrator and other service providers.

Ryan I. Jacob is the Lead Portfolio Manager of and is primarily responsible for the day-to-day management of the Jacob Internet Fund and Jacob Small Cap Growth Fund. Mr. Jacob is the founder and Chief Executive Officer of the Adviser, as well as President of Jacob Funds Inc. He has served as Lead Portfolio Manager of the Jacob Internet Fund and Jacob Small Cap Growth Fund since each Fund's inception in 1999 and 2010, respectively. Mr. Jacob served as Lead Portfolio Manager of the Jacob Discovery Fund from its inception in 2012 until December 2013, and is currently serving as a Co-Portfolio Manager of the Fund. Mr. Jacob served as Chief Portfolio Manager of The Internet Fund, Inc. from December 20, 1997 through June 24, 1999. Mr. Jacob also served as a financial analyst for Lepercq, de Neuflyze & Co. Inc. from September 1998 to June 1999 and as an analyst for Horizon Asset Management from October 1994 through August 1998. Mr. Jacob also served as the Director of Research for IPO Value Monitor, an investment related research service from 1996 to August 1998. Previously, Mr. Jacob was an assistant portfolio manager in the private clients group at Bankers Trust from October 1992 through October 1994. Mr. Jacob, a graduate of Drexel University, has over 27 years of investment experience.

Darren Chervitz is the Lead Portfolio Manager of and is primarily responsible for the day-to-day management of the Jacob Discovery Fund. Mr. Chervitz served as Co-Portfolio Manager of the Jacob Discovery Fund since its inception in 2012 until December 2013, and as Lead Portfolio Manager since December 2013. He is also a Co-Portfolio Manager of the Jacob Internet Fund and Jacob Small Cap Growth Fund. He has served as the Director of Research for the Adviser since 1999. Prior to his employment with the Adviser, Mr. Chervitz was a financial editor and reporter for CBS MarketWatch from August 1996 to July 1999. Mr. Chervitz was also a technology stock analyst for ZDTV from August 1996 to July 1999. Mr. Chervitz has over 23 years of financial industry and investment experience.

Francis J. Alexander is a Co-Portfolio Manager of the Jacob Internet Fund and Jacob Small Cap Growth Fund. He was Chief Portfolio Manager of The Internet Fund, Inc. from October 21, 1996 (inception) through December 19, 1997 and thereafter was a portfolio manager of that fund while Mr. Jacob served as Chief Portfolio Manager. Mr. Alexander was a portfolio manager with Lepercq, de Neuflyze & Co. Inc. from May 1998 to March 2002. He has served as President of Alexander Capital Management, Inc. since 1985. Mr. Alexander received his Bachelor of Arts from Notre Dame University and his Master of Business Administration from St. John's University. Mr. Alexander has over 48 years of investment experience.

The Funds' Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts that they manage and their ownership of Fund shares.

Adviser's Fees

Jacob Internet Fund: Pursuant to the terms of the Investment Advisory Agreement, the Adviser receives a monthly advisory fee equal to an annual rate of 1.25% of the Fund's annual average daily net assets up to \$250 million, and 1.00% of the Fund's annual average daily net assets over \$250 million. The Adviser has contractually agreed, through at least January 2, 2022, to waive its advisory fees in an amount up to an annual rate of 0.10% of the Fund's average daily net assets, to the extent that the Jacob Internet Fund's Total Annual Operating Expenses (excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses) exceed 2.95% of average daily net assets for the Fund. Please note that the maximum annual waiver is 0.10%, which means that the Fund's overall expenses could exceed 2.95%. Pursuant to its fee waiver agreement with the Jacob Internet Fund, the Adviser is entitled to recoup any fees that it waived for a period of thirty-six (36) months following such fee waivers to the extent that such recoupment by the Adviser will not cause the Fund's expense level to exceed any applicable expense limitation that was in place for the Fund when the fees were waived. This waiver agreement may only be terminated by the Board.

Jacob Small Cap Growth Fund: Pursuant to the terms of the Investment Advisory Agreement, the Adviser receives a monthly advisory fee equal to an annual rate of 0.80% of the Fund’s annual average daily net assets up to \$250 million, and 0.70% of the Fund’s annual average daily net assets over \$250 million (“Small Cap Advisory Fee”). The Adviser has contractually agreed, through at least January 2, 2022, to waive up to 100% of its advisory fees to the extent that the Fund’s Total Annual Operating Expenses (excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses) exceed 2.25% or 1.95% for Investor Class shares and Institutional Class shares, respectively, of each class’ average daily net assets. Please note that the maximum waiver is limited to the rate of the Small Cap Advisory Fee (0.80% as of September 1, 2020), which means that it is possible that the Jacob Small Cap Growth Fund’s overall expenses could exceed 2.25% for Investor Class shares or 1.95% for Institutional Class shares. Pursuant to its fee waiver agreement with the Jacob Small Cap Growth Fund, the Adviser is entitled to recoup any fees that it waived for a period of thirty-six (36) months following such fee waivers to the extent that such recoupment by the Adviser will not cause the Fund’s expense level to exceed any applicable expense limitation that was in place for the Fund when the fees were waived. This waiver agreement may only be terminated by the Board.

Jacob Discovery Fund: Pursuant to the terms of the Investment Advisory Agreement, the Adviser receives a monthly advisory fee equal to an annual rate of 1.10% of the Fund’s annual average daily net assets up to \$250 million, and 0.90% of the Fund’s annual average daily net assets over \$250 million (“Discovery Advisory Fee”). The Adviser has contractually agreed, through at least January 2, 2022, to waive up to 100% of its advisory fees to the extent that the Fund’s Total Annual Operating Expenses (excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses) exceed 2.30% or 2.00% for Investor Class shares and Institutional Class shares, respectively, of each class’ average daily net assets. Please note that the maximum waiver is limited to the rate of the Discovery Advisory Fee (1.10% as of September 1, 2020), which means that it is possible that the Jacob Discovery Fund’s overall expenses could exceed 2.30% for Investor Class shares or 2.00% for Institutional Class shares. Pursuant to its fee waiver agreement with the Jacob Discovery Fund, the Adviser is entitled to recoup any fees that it waived for a period of thirty-six (36) months following such fee waivers to the extent that such recoupment by the Adviser will not cause the Fund’s expense level to exceed any applicable expense limitation that was in place for the Fund when the fees were waived. This waiver agreement may only be terminated by the Board.

A discussion regarding the basis for the Board of Directors’ approval of the Investment Advisory Agreements for the Jacob Internet Fund, Jacob Small Cap Growth Fund and Jacob Discovery Fund is available in the Funds’ [semi-annual report](#) to shareholders for the six-month period ended February 29, 2020.

PURCHASE OF FUND SHARES

Each Fund sells (and redeems) its shares on a continuous basis at NAV and does not apply any front-end or back-end sales charges. A completed application must be submitted to the Fund, along with payment of the purchase price by check or wire. Your purchase will be calculated at the next determined NAV after U.S. Bank Global Fund Services (the “Transfer Agent”) receives your request in good order.

Shares of the Funds have not been registered for sale outside the United States. The Funds generally do not sell shares to investors residing outside of the United States, even if they are United States citizens or lawful permanent residents, except to investors with United States military APO or FPO addresses.

The Funds have established an Anti-Money Laundering Compliance Program as required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (“USA PATRIOT Act”). In order to ensure compliance with this law, the Funds are required to obtain the following information for all “customers” seeking to open an “account” (as those terms are defined in rules adopted pursuant to the USA PATRIOT Act):

- Full name
- Date of birth (individuals only)
- Social Security or tax identification number
- Permanent street address (Addresses containing only a P.O. Box will not be accepted)
- Accounts opened by entities, such as corporations, companies or trusts, will require additional documentation

If you are opening the account in the name of a legal entity (e.g., partnership, limited liability company, business trust, corporate, etc.), you must also supply the identity of the beneficial owners. Please note that if any information listed above is missing, your application will be returned and your account will not be opened. In compliance with the USA PATRIOT Act, the Transfer Agent will verify the information on your application as part of the Funds' Anti-Money Laundering Program. The Funds reserve the right to request additional clarifying information and may close your account if such clarifying information is not received by the Funds within a reasonable time of the request or if the Funds cannot form a reasonable belief as to the true identity of a customer. If you require additional assistance when completing your application, please contact the Transfer Agent at 1-888-JACOB-FX (1-888-522-6239).

Minimum Investments. To purchase Investor Class shares, you need to invest at least \$2,500 initially. Investments made under the Uniform Gifts and Transfers to Minors Act, an IRA account, 401(k) plan, other retirement accounts, or when establishing an Automatic Investment Plan need to invest only require \$1,000 to start. Once you have an account with a Fund, you may make additional investments in Investor Class shares in amounts as low as \$100.

To purchase Institutional Class shares, you need to invest at least \$100,000 initially. Once you have an account with a Fund, you may make additional investments in Institutional Class shares in amounts as low as \$100.

The Funds reserve the right to vary the initial and subsequent minimum investment requirements at any time, to reject any purchase or exchange request, or to suspend the offering of its shares at any time.

Market Timing Policy

The Funds prohibit short-term or excessive trading, often referred to as “market timing.” Market timing may interfere with the efficient management of a Fund’s portfolio, materially increase a Fund’s transaction costs, administrative costs or taxes, or may otherwise be detrimental to the interests of a Fund and its shareholders. Some securities in which the Funds have authority to invest, such as foreign securities or thinly traded securities, could subject the Funds to additional market timing risks as described below. In order to reduce the risks of market timing, the Funds will take steps to deter and detect short-term or excessive trading pursuant to the Funds’ market timing policies as described in this prospectus and approved by the Board.

A short-term trading redemption fee is assessed on any Fund shares, except those shares received from reinvested distributions, in a Fund account that are sold (by redemption, whether voluntary or involuntary) within 30 days following their purchase date. This redemption fee will equal 2% of the amount redeemed (using standard rounding criteria) and the shares held the longest will be treated as being redeemed first and shares held shortest as being redeemed last. The redemption fee may be collected by deduction from the redemption proceeds.

The redemption fee is imposed to discourage short-term trading and is paid to a Fund to help offset any cost associated with such short-term trading. The redemption fee is not intended to accommodate short-term trading and the Funds will monitor the assessment of redemption fees against an investor’s account. A shareholder is subject to the 2% redemption fee whether they are a direct shareholder of a Fund or investing indirectly in a Fund through a financial intermediary such as a broker-dealer, an investment adviser, an administrator or trustee of an Internal Revenue Service (“IRS”) recognized tax-advantaged savings plan, such as a 401(k) retirement plan or a 529 college

savings plan that maintains an omnibus account with a Fund for trading on behalf of its customers. Currently, only certain intermediaries have the ability to collect a Fund's redemption fee on the Fund's behalf from their customers' accounts. Even in the case of these intermediaries who are collecting the redemption fee, due to policy, operational and/or systems' requirements and limitations, these intermediaries may use criteria and methods for tracking, applying and/or calculating the fee that may differ in some respects from that of the Funds. The Funds will continue to encourage all financial intermediaries to develop the capability to begin assessing the redemption fee from their customers who invest in the Fund. To the extent required by applicable regulation, the Funds or the Transfer Agent enter into agreements with financial intermediaries under which the intermediaries agree to provide information about Fund share transactions effected through the financial intermediary. Shareholders investing in Fund shares through a financial intermediary should contact their financial intermediary (or, in the case of a 401(k) retirement plan, the plan sponsor) for more information on any differences in how the redemption fee is applied to investments in the Funds.

In addition, the Adviser monitors shareholder transactions into and out of the Funds to identify activity that could be deemed to be market timing. If a Fund or its agents conclude that a shareholder's trading may be detrimental to the Fund, the Fund may temporarily or permanently bar future purchases into the Fund or, alternatively, may limit the amount, number or frequency of any future purchases and/or the method by which the shareholder may request future purchases and redemptions. Transactions placed in violation of the Funds' market timing policy are not necessarily deemed received in good order by the Funds and may be cancelled or revoked by a Fund on the next business day following receipt by the Fund.

Shareholders are subject to the market timing policy whether they are direct shareholders of a Fund or investing indirectly in a Fund through a financial intermediary such as a broker-dealer, an investment adviser, an administrator or trustee of an IRS recognized tax-advantaged savings plan such as a 401(k) retirement plan or a 529 college savings plan that maintains an omnibus account with the Fund for trading on behalf of its customers.

While the Funds will monitor certain transactions through financial intermediaries and encourage financial intermediaries to apply the Funds' market timing policy to their customers who invest indirectly in a Fund, the Funds are limited in their ability to monitor the trading activity or enforce the Funds' market timing policy with respect to customers of financial intermediaries. More specifically, unless the financial intermediaries have the ability to apply the Funds' market timing policy to their customers (for example, participants in a 401(k) retirement plan) through such methods as implementing short-term trading limitations or restrictions, the Funds may not be able to determine whether trading by customers of financial intermediaries is contrary to the Funds' market timing policy.

Although these methods involve judgments that are inherently subjective and involve some selectivity in their application, each Fund seeks to make judgments and applications that are consistent with the interests of the Fund's shareholders. There is no assurance that a Fund or its agents will gain access to any or all information necessary to detect market timing in omnibus accounts. While the Funds will seek to take actions (directly and with the assistance of financial intermediaries) that will detect market timing, the Funds cannot represent that such trading activity can be completely eliminated.

The Funds also have the authority to invest in foreign securities that are traded on foreign exchanges or securities that are thinly traded. To the extent a Fund invests in these types of securities, the Fund may be exposed to investors who engage in the type of market timing trading that seeks to take advantage of possible delays between the change of the value of a fund's portfolio holdings and the reflection of the change in the NAV of the fund's shares, sometimes referred to as 'arbitrage market timing.' For example, a Fund may hold portfolio securities that are traded on a foreign exchange that closes prior to the time that the Fund sets its NAV. If an event that affects the value of that foreign security occurs prior to the time that a Fund sets its NAV, the closing price of the foreign security may not accurately represent the value of the foreign security at the time the Fund sets its NAV. Likewise, if a security is

thinly traded, the closing price of that security may not accurately represent the market value of that security at the time a Fund sets its NAV. There is the possibility that such ‘arbitrage market timing’ trading, under certain circumstances, may dilute the value of Fund shares if redeeming shareholders receive proceeds (and buying shareholders receive shares) based upon NAVs that do not reflect the appropriate fair value prices of those portfolio securities. To reduce the risk of arbitrage market timing, the Funds have procedures to determine the fair value of a portfolio security if there is an indication that, for example, a closing price on a foreign market or closing price of a thinly traded security may not reflect the accurate fair market value of the security.

How to Open an Account:

- \$2,500 minimum for Investor Class shares; \$100,000 minimum for Institutional Class shares.
- \$1,000 minimum for IRA, UGMA, 401K, other retirement accounts, and accounts establishing an Automatic Investment Plan for Investor Class shares.
- The Funds may, but are not required to, accept initial investments below the minimums.

By Mail

Complete and sign the New Account Application and make a check payable to Jacob Funds Inc.

Mail to:

Jacob Funds Inc.
c/o U.S. Bank Global Fund Services
P.O. Box 701
Milwaukee, WI 53201-0701

Overnight or Express Mail to:

Jacob Funds Inc.
c/o U.S. Bank Global Fund Services
615 East Michigan Street, 3rd Floor
Milwaukee, WI 53202

The Funds do not consider the U.S. Postal Service or other independent delivery services to be their agents. Therefore, deposit in the mail or with such services, or receipt at U.S. Bancorp Fund Services, LLC post office box, of purchase orders or redemption requests does not constitute receipt by the transfer agent of the Funds. Receipt of purchase orders or redemption requests is based on when the order is received at the Transfer Agent’s offices.

All purchases by check should be in U.S dollars drawn on a U.S. financial institution. The Funds will not accept payment in cash or money orders. To prevent check fraud, the Funds will not accept third party checks, credit card checks, Treasury checks, traveler’s checks or starter checks for the purchase of shares. We are unable to accept postdated checks or any conditional order or payment.

NOTE: The Transfer Agent charges a \$25 fee for any returned checks. You will be responsible for any losses suffered by a Fund as a result.

By Wire

If you are making an initial investment in a Fund, before you wire funds, please contact the Transfer Agent by phone at 1-888-JACOB-FX to make arrangements with a telephone service representative to submit your completed application via mail or overnight delivery. Upon receipt of your application in good form, your account will be established and a service representative will contact you to provide your new account number and wiring instructions. If you do not receive this information within one business day, you may call the Transfer Agent at 1-888-JACOB-FX.

Your purchase request should be wired through the Federal Reserve Bank as follows:

U.S. Bank N.A.
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202
ABA Number: 075000022

Credit: U.S. Bancorp Fund Services, LLC
Account Number: 112-952-137
Further credit: Your Fund name
Your account name and account number

Wired funds must be received prior to 4:00 p.m. (Eastern time) to be eligible for same day pricing. The Funds and U.S. Bank N.A. are not responsible for the consequence of delays resulting from the banking or Federal Reserve wire system, or from incomplete wiring instructions.

How to Purchase Additional Shares:

By Mail

You may add to your account at any time by mailing the remittance form which is attached to your individual account statement along with any subsequent investments. All requests must include your account registration and account number in order to assure that your funds are credited properly.

By Wire

Before sending your wire, please contact the Transfer Agent at 1-888-JACOB-FX to advise them of your intent to wire funds. This will ensure prompt and accurate credit upon receipt of your wire. Please follow the wiring instructions detailed in the earlier section How to Open an Account.

By Telephone

If you have completed the appropriate section of the New Account Application or if you make subsequent arrangements in writing, and your account has been open for seven business days, you may purchase additional shares by telephoning the Funds toll-free at 1-888-JACOB-FX. This option allows investors to move money from their pre-designated bank account to their Fund account upon request. Only bank accounts held at domestic institutions that are Automated Clearing House (ACH) members may be used for telephone transactions.

To have your Fund shares purchased at the NAV determined at the close of regular trading on a given date, the Transfer Agent must receive your order before the close of regular trading on that date. **You may not use telephone transactions for your initial purchase of Fund shares.**

The Funds may alter, modify or terminate the telephone purchase option at any time. The minimum amount that can be transferred by telephone is \$100. For more information about telephonic transactions, please call the Funds at 1-888-JACOB-FX.

By Internet

This option allows you to purchase additional shares directly through the Funds' website at www.jacobmutualfunds.com. To choose this option, complete the appropriate section of the New Account Application or make subsequent arrangements by submitting a written request. Only bank accounts held at a domestic institution which is an ACH member may be used for Internet transactions.

To have your Fund shares purchased at the NAV determined at the close of regular trading on a given date, the Transfer Agent must receive your order before the close of regular trading on that date. **You may not use Internet transactions for your initial purchase of Fund shares.**

The Funds may alter, modify or terminate the Internet purchase option at any time. The minimum amount that can be transferred by Internet is \$100. For more information about Internet transactions, please call the Funds at 1-888-JACOB-FX.

By Automatic Investment Plan

You may purchase additional shares of a Fund in amounts of \$100 or more through an Automatic Investment Plan which allows monies to be deducted directly from your checking or savings accounts to invest in the Fund. You may make automatic investments monthly, quarterly, semi-annually or annually into your established Fund account.

You are eligible for this plan if your bank account is maintained at a domestic financial institution which is an ACH member. If your financial institution rejects your payment, a \$25 fee will be charged to your account. Any change to or termination of your Automatic Investment Plan should be made five days prior to the effective date in writing or by contacting the Transfer Agent at 1-888-JACOB-FX.

The Funds may alter, modify or terminate the Automatic Investment Plan at any time. For information about participating in the Automatic Investment Plan, please call the Funds at 1-888-JACOB-FX.

Investing Through Brokers or Agents. You may invest in a Fund through brokers or agents who have entered into selling agreements with the Fund's distributor. Investors may be charged a separate fee by a broker or agent. The broker or agent may also set their own initial and subsequent investment minimums.

Retirement Plans. Investor Class shares of the Funds are available for use in tax-advantaged retirement plans such as:

- IRAs,
- employer-sponsored defined contribution plans (including 401(k) plans), and
- tax-sheltered custodial accounts described in Section 403(b)(7) of the Internal Revenue Code of 1986, as amended ("Internal Revenue Code").

For more information on IRA accounts and to receive an IRA application and disclosure statement, please call 1-888-JACOB-FX.

Receipt of Orders. Shares may only be purchased on days the Funds are open for business (generally the same days that the New York Stock Exchange is open for business). If you are paying with federal funds (wire), your order will be considered received when U.S. Bank N.A. receives the federal funds. When making a purchase request in writing, make sure your request is in good order. "Good order" means your letter of instruction includes:

- the name of the Fund
- the dollar amount of shares to be purchased
- purchase application or investment slip
- check payable to **Jacob Funds Inc.**

Timing of Requests. All requests received in good order by the Transfer Agent before 4:00 p.m. (Eastern time) will be executed on that same day. The Funds or their service providers have also entered into arrangements authorizing certain financial intermediaries (or their agents) to accept purchase and redemption orders for Fund shares. Purchases through an authorized intermediary or agent will be executed on the same day, provided the authorized intermediary or agent receives in good order the request before 4:00 p.m. (Eastern time). Requests received after 4:00 p.m. (Eastern time) by the Transfer Agent or an authorized intermediary or agent will be processed at the next determined NAV on the following business day.

Unclaimed Property. It is important that a Fund maintain a correct address for each shareholder. An incorrect address may cause a shareholder's account statements and other mailings to be returned to the Fund. Based upon statutory requirements for returned mail, the Funds will attempt to locate the shareholder or rightful owner of the account. If a Fund is unable to locate the shareholder, then it will determine whether the shareholder's account can legally be considered abandoned. Your mutual fund account may be transferred to the state government of your state of residence if no activity occurs within your account during the "inactivity period" specified in your state's abandoned property laws. The Funds are legally obligated to escheat (or transfer) abandoned property to the appropriate state's unclaimed property administrator in accordance with statutory requirements. The shareholder's last known address of record determines which state has jurisdiction. Please proactively contact the Transfer Agent toll-free at 1-888-522-6239 at least annually to ensure your account remains in active status.

If you are a resident of the state of Texas, you may designate a representative to receive notifications that, due to inactivity, your mutual fund account assets may be delivered to the Texas Comptroller. Please contact the Transfer Agent if you wish to complete a Texas Designation of Representative form.

REDEMPTION OF FUND SHARES

When Redemption Proceeds Are Sent to You. You may redeem your shares on any day a Fund is open for business (generally the same days that the New York Stock Exchange is open for business). Once the Transfer Agent or an authorized intermediary or agent receives in good order your redemption request, your request will be processed at the next determined NAV. If you purchase shares by check or ACH transfer and request a redemption soon after the purchase, the Funds will honor the redemption request, but will not mail the proceeds until your purchase has cleared (usually within 10 calendar days). Shareholders can avoid this delay by utilizing the wire purchase option. If you make a purchase by check or ACH transfer that does not clear, the purchase will be canceled and you will be responsible for any losses or fees incurred in that transaction.

A redemption request received in good order before 4:00 p.m. (Eastern time) will normally be sent to the bank account of record or mailed to your address of record on the following business day. Credit for redemption proceeds sent via ACH transfer may not be available for two business days thereafter. In no event will proceeds be wired, mailed or transferred through the ACH system more than seven days after the Transfer Agent receives in good order a redemption request. If the proceeds of the redemption are requested to be sent to an address other than the address of record or if the address of record has been changed within 15 days of the redemption request, the request must be in writing with your signature(s) guaranteed. The Fund is not responsible for interest on redemption amounts due to lost or misdirected mail.

The Funds and the Transfer Agent each reserve the right to refuse a wire, telephone or Internet redemption if it is believed advisable to do so. Procedures for redeeming Fund shares by wire, telephone or Internet may be modified or terminated at any time by the Funds.

How to Redeem Shares:

By Mail

Send written redemption requests to:

Jacob Funds Inc.
c/o U.S. Bank Global Fund Services
P.O. Box 701
Milwaukee, WI 53201-0701

The Funds do not consider the U.S. Postal Service or other independent delivery services to be their agents. Therefore, deposit in the mail or with such services, or receipt at U.S. Bank Global Fund Services' post office box, of purchase orders or redemption requests does not constitute receipt by the transfer agent of the Funds. Receipt of purchase orders or redemption requests is based on when the order is received at the Transfer Agent's offices.

If a redemption request is inadvertently sent to the Funds at their corporate address, it will be forwarded to the Transfer Agent and the effective date of redemption will be delayed until the request is received by the Transfer Agent.

The Funds cannot honor any redemption requests with special conditions or which specify an effective date.

When making a redemption request, make sure your request is in good order. "Good order" means your letter of instruction includes:

- the name of the Fund
- the number of shares or the dollar amount of shares to be redeemed
- the account registration and account number
- signatures of all registered shareholders exactly as the shares are registered with signature(s) guaranteed if applicable

Account Registration

Signature Requirements

Individual, Joint Tenants, Sole Proprietorship, Custodial (UGMA), General Partners	Redemption requests must be signed by all person(s) required to sign for the account, exactly as it is registered.
Corporations, Associations	Redemption request and a corporate resolution, signed by person(s) required to sign for the account, accompanied by signature guarantee(s).
Trusts	Redemption request signed by the Trustee(s), with a signature guarantee. (If the Trustee's name is not registered on the account, a copy of the trust document certified within the past 60 days is also required.)

By Telephone

If you are set up to perform telephone transactions (either through your New Account Application or by subsequent arrangements in writing), you may redeem shares in any amount up to \$50,000 by instructing your Fund by telephone at 1-888-JACOB-FX. You must redeem at least \$100 for each telephone redemption. Redemption requests for amounts exceeding \$50,000 generally must be made in writing. A signature guarantee or other acceptable signature verification may be requested of all shareholders in order to change redemption privileges.

By Internet

If you are set up to perform Internet transactions (either through your New Account Application or by subsequent arrangements in writing), you may redeem shares in any amount up to \$50,000 through the Funds' website at www.jacobmutualfunds.com. You must redeem at least \$100 for each internet redemption. Redemption requests for amounts exceeding \$50,000 must be made in writing. A signature guarantee or other acceptable signature verification may be requested of all shareholders in order to change redemption privileges.

By Systematic Withdrawal Plan

If you own shares with a value of \$10,000 or more, you may participate in the Systematic Withdrawal Plan. The Funds' systematic withdrawal option allows you to move money automatically from your Fund account to your bank account according to the withdrawal schedule you select. To select the systematic withdrawal option, you must complete the Systematic Withdrawal Plan (SWP) section of the New Account Application. The minimum systematic withdrawal amount is \$100. A check will be issued to the Address of Record or you can choose to have the proceeds transferred from your Fund account to the account you choose on your account application form. Your bank must be a member of the Automated Clearing House network (ACH). You may change your payment amount or terminate your participation in writing or by contacting the Transfer Agent at 1-888-JACOB-FX five days prior to the effective date.

If you expect to purchase additional Fund shares, it may not be to your advantage to participate in the Systematic Withdrawal Plan because contemporaneous purchases and redemptions may result in adverse tax consequences.

For further details about this service, see the New Account Application or call the Funds at 1-888-JACOB-FX.

Electronic Transfers. The proceeds of a redemption can be sent directly to your bank account via wire or ACH transfer. You can elect these options by completing the appropriate section of the New Account Application or making subsequent arrangements in writing. In order to arrange for redemption by wire or ACH transfer after an account has been opened, or to change the bank or account designated to receive redemption proceeds, a written request must be sent to the Funds at the address listed above. If the proceeds are sent by wire, the Transfer Agent will assess a wire fee (currently \$15). If money is moved via ACH transfer, you will not be charged by the Funds for these services. There is a \$100 minimum per transfer.

In order to arrange for a redemption by wire or ACH transfer, or to change the bank account designated to receive redemption proceeds after an account has been opened, a written request must be sent to the Funds at the address listed in the section on How to Open an Account. A signature guarantee or other acceptable signature authentication may be required. The request should be received no later than five days prior to the effective date of the transaction.

Telephone/Internet Requests. Neither the Funds nor any of their service contractors will be liable for any loss or expense in acting upon any telephone or Internet instructions for redemptions that are reasonably believed to be genuine. The Funds will use reasonable procedures to attempt to confirm that all telephone and Internet instructions are genuine such as requesting that a shareholder provide:

Telephone

- the name in which the account is registered, and
- the Fund account number and his/her social security number.

Internet

- the Fund account number and social security number, and
- his/her Personal Identification Number (PIN) which can be established on the website.

If the Funds fail to follow these reasonable procedures, they may be liable for any loss due to unauthorized or fraudulent transactions. If an account has more than one owner or authorized person, the Funds will accept telephone instructions from any one owner or authorized person. Telephone and Internet redemptions may be difficult during periods of drastic economic or market changes. If you are unable to contact the Funds by telephone or Internet, you may also redeem shares by mail following the instructions above. Telephone trades must be received by or prior to market close. During periods of high market activity, shareholders may encounter higher than usual call waits. Please allow sufficient time to place your telephone transaction. Once a telephone transaction has been placed, it cannot be cancelled or modified after the close of regular trading on the NYSE (generally, 4:00 p.m. Eastern time).

IRA Redemptions. Shares held in IRA and other retirement accounts may be redeemed by telephone by completing the appropriate section of the IRA application or by making subsequent arrangements in writing. Investors will be asked whether or not to withhold taxes from any distribution.

If you have an IRA, you must indicate on your written redemption request whether or not to withhold federal income tax. Redemption requests not indicating an election to have federal tax withheld will be subject to withholding. If you are uncertain of the redemption requirements, please contact the Transfer Agent in advance: 1-888-JACOB-FX.

Signature Guarantees. Signature guarantees, from either a Medallion program member or a non-Medallion program member, generally are needed:

- For redemptions requests over \$50,000
- When redemption proceeds are payable or sent to any person, address or bank account not on record
- When ownership is being changed on your account
- When a redemption request is received by the Transfer Agent and the account address has changed within the last 15 calendar days

The Funds and/or the Transfer Agent may require a signature guarantee or other acceptable signature authentication in other instances based on the circumstances relative to the particular situation. The Funds reserve the right to waive any signature guarantee requirement at their discretion.

Signature guarantees will generally be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program and the Securities Transfer Agents Medallion Program (“STAMP”). A notary public is not an acceptable signature guarantor. The Transfer Agent may require additional supporting documents for redemptions made by corporations, executors, administrators, trustees and guardians. Call the Funds at 1-888-JACOB-FX for more information.

Non-financial transactions including establishing or modifying certain services on an account may require a signature verification from a Signature Validation Program member or other acceptable form of authentication from a financial institution source.

Proceeds. The Funds typically send redemption proceeds on the next business day (a day when the NYSE is open for normal business) after the redemption request is received in good order and prior to market close, regardless of whether the redemption proceeds are sent via check, wire, or automated clearing house (ACH) transfer. Under unusual circumstances, the Funds may suspend redemptions, or postpone payment for up to seven days, as permitted by federal securities law.

The Funds typically expect that they will hold cash or cash equivalents to meet redemption requests. The Funds may also use the proceeds from the sale of portfolio securities to meet redemption requests if consistent with the management of the Funds. These redemption methods will be used regularly and may also be used in stressed market conditions. The Funds reserve the right to pay redemption proceeds to you in whole or in part through a redemption in-kind as described under “Redemptions In-Kind” below. Redemptions in-kind are typically used to meet redemption requests that are a large percentage of a Fund’s net assets in order to minimize the effect of large redemptions on the Fund and its remaining shareholders. Redemptions in-kind may be used regularly in such circumstances and may also be used in stressed market conditions.

Redemptions In-Kind. The Company has elected to be governed by Rule 18f-1 under the 1940 Act so that the Funds are obligated to redeem their shares solely in cash up to the lesser of \$250,000 or 1% of the NAV (an amount that would affect Fund operations) during any 90-day period for any shareholder of a Fund. Each Fund reserves the right to pay the redemption price of its shares in excess of \$250,000 or 1% of its net asset value, either totally or partially, by a distribution in-kind of portfolio securities (instead of cash). A redemption in-kind is a payment in portfolio securities rather than cash. The portfolio securities would be valued using the same method as a Fund uses to calculate its NAV. You may experience additional expenses such as brokerage commissions in order to sell the securities received from the Fund. In-kind payments do not have to constitute a cross section of a Fund's portfolio. The Funds will not recognize gain or loss for federal tax purposes on the securities used to complete an in-kind redemption, but you will recognize gain or loss equal to the difference between the fair market value of the securities received and your basis in the Fund shares redeemed.

Accounts with Low Balances. Due to the high cost of maintaining Investor Class accounts with low balances, the Funds may mail you a notice if your account falls below \$2,500, or \$1,000 for IRA, UGMA, 401K, other retirement accounts and accounts with an Automatic Investment Plan, other than as a result of a decline in the value per share of a Fund, requesting that you bring the account back up to the required minimum or close it out. If you do not respond to the request within 30 days, the Funds may close your account and send you the proceeds.

EXCHANGE OF FUND SHARES

Shareholders of record may exchange shares of any Jacob Fund for shares of any other Jacob Fund on any business day by contacting the Transfer Agent or their financial institution or intermediary. The financial institution or intermediary will contact the Transfer Agent to complete the exchange. Shareholders who have established telephone exchange privileges on their account may make a telephone request to exchange shares for an additional \$5 fee. This exchange privilege may be changed or canceled by the Funds at any time upon 60 days' notice to shareholders. Exchanges are generally made only between identically registered accounts and within the same share class. Any exchange involving a change in ownership will require a written request with signature(s) guaranteed. Signature guarantees will generally be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program and STAMP. A notary public is not an acceptable signature guarantor. Exercising the exchange privilege consists of two transactions: a sale of shares in one fund and the purchase of shares in another; as a result, there may be tax consequences of the exchange. A shareholder could realize short- or long-term capital gains or losses. In addition, a 2% redemption fee will be imposed on an exchange of shares within 30 days of purchase. An exchange request received prior to the close of the NYSE will be made at that day's closing NAV per share. The Jacob Funds reserve the right to refuse the purchase side of any exchange that would not be in the best interests of a Fund or its shareholders and could adversely affect the Fund or its operations.

Conversion Feature. Subject to the Advisor's approval, if shareholders currently holding Investor Class shares meet the criteria for eligible investors and would like to convert to Institutional Class shares, there are no tax consequences and shareholders are not subject to the redemption fees. To inquire about converting your Investor Class shares to Institutional Class shares, please call 1-888-JACOB-FX.

PRICING OF FUND SHARES

How NAV is Determined. The NAV is equal to the value of a Fund's securities, cash and other assets less all expenses and liabilities divided by the number of shares outstanding. The NAV is determined once daily on Monday through Friday as of the close of business of the New York Stock Exchange (generally 4 p.m., Eastern time) on each day that the Funds are open (generally, the same days that the New York Stock Exchange is open). If the New York Stock Exchange closes at a different time, or if an emergency exists, the NAV may be calculated at a different time. The Funds do not determine NAV on the following holidays:

- New Year's Day
- Good Friday
- Labor Day
- Martin Luther King, Jr. Day
- Memorial Day
- Thanksgiving Day
- Presidents' Day
- Independence Day
- Christmas Day

The Funds' portfolio securities traded on exchanges are valued each day at the last reported sales price on each security's principal exchange, except those traded on the Nasdaq Global Market and Capital Market exchanges (together, "Nasdaq"). Securities traded on the Nasdaq will be valued at the Nasdaq Official Closing Price. If market quotations are not readily available or not reliable, securities will be valued at their fair market value as determined in good faith in accordance with procedures approved by the Board of Directors. A Fund will also value a security at fair value if a significant event that materially affects the value of the security occurs after the last available sale price of the security, but before the Fund calculates its NAV.

The fair value procedures are also used to limit the Funds' possible exposure to investors who engage in the type of market timing trading that seeks to take advantage of possible delays between the change in the value of a Fund's portfolio holdings and the reflection of the change in the NAV of the Fund's shares. For example, if a Fund holds a portfolio security traded on a foreign exchange that closes prior to the time that the Fund sets its NAV and an event that may affect the value of that foreign security occurs after the foreign market close, the Adviser will review the closing price of the foreign security on the foreign exchange to determine whether the price at the foreign market close accurately reflects the fair market value of the foreign security at the time that the Fund sets its NAV. If the Adviser determines the price at the foreign market close does not accurately reflect the fair market value of the foreign security when a Fund sets its NAV, the Adviser will take steps to determine the fair market value of the security.

To the extent that the Adviser determines the fair market value of a security, it is possible that the fair market value determined by the Adviser will not exactly match the market price of the security when the security is sold by a Fund. The Funds may use independent pricing services to assist in calculating the NAV. In addition, if a Fund owns any foreign securities that are traded on foreign exchanges that are open on weekends or other days when the Fund does not price its shares, the NAV may change on days when shareholders will not be able to purchase or redeem Fund shares.

DIVIDENDS AND DISTRIBUTIONS

Each Fund has elected and intends to qualify each year as a regulated investment company under the Internal Revenue Code. As a regulated investment company, a Fund generally pays no federal income tax on the income and gains it distributes to you. Each Fund expects to declare and distribute all of its net investment income, if any, to shareholders as dividends annually. Each Fund will distribute net realized capital gains, if any, at least annually, usually in December. A Fund may distribute such income dividends and capital gains more frequently, if necessary, in order to reduce or eliminate federal excise or income taxes on the Fund. The amount of any distribution will vary, and there is no guarantee a Fund will pay either an income dividend or a capital gains distribution. For a discussion of the taxation of dividends or distributions, see "Tax Consequences."

The net investment income of a Fund for each business day is determined immediately prior to the determination of NAV. Shares of the Funds earn dividends on the business day their purchase is effective but not on the business day their redemption is effective.

Annual Statements. Each year, the Funds will send you an annual statement (Form 1099) of your account activity to assist you in completing your federal, state and local tax returns. Distributions declared in December to shareholders of record in such month, but paid in January, are taxable as if they were paid in December. Prior to issuing your statement, the Funds make every effort to reduce the number of corrected forms mailed to you. However, if a Fund finds it necessary to reclassify its distributions or adjust the cost basis of any covered shares (defined below) sold or exchanged after you receive your tax statement, the Fund will send you a corrected Form 1099.

Avoid “Buying a Dividend.” At the time you purchase your Fund shares, a Fund’s NAV may reflect undistributed income, undistributed capital gains, or net unrealized appreciation in value of portfolio securities held by the Fund. For taxable investors, a subsequent distribution to you of such amounts, although constituting a return of your investment, would be taxable. Buying shares in a Fund just before it declares an income dividend or capital gains distribution is sometimes known as “buying a dividend.”

Choosing a Distribution Option. All distributions will be reinvested in Fund shares unless you choose one of the following options: (1) receive dividends in cash while reinvesting capital gain distributions in additional Fund shares; (2) receive capital gain distributions in cash while reinvesting dividends in additional Fund shares; or (3) receive all distributions in cash. Any dividends or capital gain distributions you receive from the Fund will normally be taxable to you when made, regardless of whether you reinvest dividends or capital gain distributions or receive them in cash. If you wish to change your distribution option please write or call the Transfer Agent at 1-888-JACOB-FX at least five days prior to the record date for the next distribution.

If an investor elects to receive distributions in cash and the U.S. Postal Service cannot deliver your check, or if a check remains uncashed for six months, each Fund reserves the right to reinvest the distribution check in the shareholder’s account at the Fund’s then current NAV and to reinvest all subsequent distributions.

TAX CONSEQUENCES

Fund Distributions. Each Fund expects, based on its investment objective and strategies, that its distributions, if any, will be taxable as ordinary income, capital gains, or some combination of both. This is true whether you reinvest your distributions in additional Fund shares or receive them in cash. For federal income tax purposes, Fund distributions of short-term capital gains are taxable to you as ordinary income. Fund distributions of long-term capital gains are taxable to you as long-term capital gains no matter how long you have owned your shares. A portion of income dividends reported by a Fund may be qualified dividend income eligible for taxation by individual shareholders at long-term capital gain rates, provided certain holding period requirements are met.

If a Fund qualifies to pass through to you the tax benefits from foreign taxes it pays on its investments, and elects to do so, then any foreign taxes it pays on these investments may be passed through to you as a foreign tax credit.

Sale or Redemption of Fund Shares. A sale or redemption of Fund shares is a taxable event and, accordingly, a capital gain or loss may be recognized. For tax purposes, an exchange of your Fund shares for shares of a different Fund is the same as a sale. The Funds are required to report to you and the IRS annually on Form 1099-B not only the gross proceeds of Fund shares you sell or redeem but also the cost basis of Fund shares you sell or redeem that were purchased or acquired on or after January 1, 2012 (“covered shares”). Cost basis will be calculated using the Funds’ default method of average cost, unless you instruct a Fund to use a different calculation method. Shareholders should carefully review the cost basis information provided by the Funds and make any additional basis, holding period or other adjustments that are required when reporting these amounts on their federal income

tax returns. If your account is held by your investment representative (financial advisor or other broker), please contact that representative with respect to reporting of cost basis and available elections for your account. Tax-advantaged retirement accounts will not be affected.

Medicare Tax. An additional 3.8% Medicare tax is imposed on certain net investment income (including ordinary dividends and capital gain distributions received from a Fund and net gains from redemptions or other taxable dispositions of Fund shares) of U.S. individuals, estates and trusts to the extent that such person's "modified adjusted gross income" (in the case of an individual) or "adjusted gross income" (in the case of an estate or trust) exceeds a threshold amount. This Medicare tax, if applicable, is reported by you on, and paid with, your federal income tax return.

Backup Withholding. By law, if you do not provide a Fund with your proper taxpayer identification number and certain required certifications, you may be subject to backup withholding on any distributions of income, capital gains or proceeds from the sale of your shares. A Fund also must withhold if the IRS instructs it to do so. When withholding is required, the amount will be 24% of any distributions or proceeds paid.

State and Local Taxes. Fund distributions and gains from the sale or exchange of your Fund shares generally are subject to state and local taxes.

Non-U.S. Investors. While the Funds do not generally sell shares to investors residing outside the United States, any non-U.S. investors that did acquire shares may be subject to U.S. withholding tax at a 30% or lower treaty rate and U.S. estate tax, and are subject to special U.S. tax certification requirements to avoid backup withholding and claim any treaty benefits.

Other Reporting and Withholding Requirements. Under the Foreign Account Tax Compliance Act ("FATCA"), a Fund will be required to withhold a 30% tax on income dividends made by the Fund to certain foreign entities, referred to as foreign financial institutions or nonfinancial foreign entities, that fail to comply (or be deemed compliant) with extensive reporting and withholding requirements designed to inform the U.S. Department of the Treasury of U.S.-owned foreign investment accounts. After December 31, 2018, FATCA withholding also would have applied to certain capital gain distributions, return of capital distributions and the proceeds arising from the sale of Fund shares; however, based on proposed regulations issued by the IRS, which can be relied upon currently, such withholding is no longer required unless final regulations provide otherwise (which is not expected). A Fund may disclose the information that it receives from its shareholders to the IRS, non-U.S. taxing authorities or other parties as necessary to comply with FATCA or similar laws. Withholding also may be required if a foreign entity that is a shareholder of a Fund fails to provide the Fund with appropriate certifications or other documentation concerning its status under FATCA.

This discussion of "Tax Consequences" is not intended or written to be used as tax advice. Because everyone's tax situation is unique, you should consult your tax professional about federal, state, local or foreign tax consequences before making an investment in a Fund.

DISTRIBUTION ARRANGEMENTS

Distributor and 12b-1 Plan. Quasar Distributors, LLC, 111 East Kilbourn Avenue, Suite 2200, Milwaukee, Wisconsin 53202 (the “Distributor”) has entered into an agreement with the Funds to serve as the Funds’ distributor.

Jacob Internet Fund: The Distributor is paid an annual distribution fee of 0.10% of the average daily net assets of the Jacob Internet Fund (the “Distribution Fee”) under the terms of the Fund’s Rule 12b-1 Plan. This fee is used to compensate the Distributor and, at the direction of the Adviser, to pay promotional and advertising expenses related to the distribution of the Jacob Internet Fund’s shares and expenses related to the printing of Fund prospectuses used in connection with the distribution and sale of Fund shares. In addition, the fee will be used to compensate financial intermediaries for providing distribution assistance with respect to the sale of Jacob Internet Fund shares. See “Investment Advisory and Other Services” in the Statement of Additional Information.

The Jacob Internet Fund has adopted a distribution and service plan, pursuant to Rule 12b-1 under the Investment Company Act of 1940 (the “Internet Fund Plan”). Rule 12b-1 provides that an investment company that bears any direct or indirect expense of distributing its shares must do so only in accordance with the Internet Fund Plan permitted by Rule 12b-1. Pursuant to the Internet Fund Plan, the Jacob Internet Fund compensates the Adviser with an annual service fee of 0.25% of the Fund’s average daily net assets for certain expenses and costs including those incurred in connection with providing shareholder servicing and maintaining shareholder accounts. In addition, the Adviser may use the fee to compensate parties with which it has written agreements and whose clients own shares of the Jacob Internet Fund for providing servicing to their clients (“shareholder servicing”). As noted above, the Internet Fund Plan also provides for an annual Distribution Fee of 0.10% used to provide promotional support to the Jacob Internet Fund and to make payments to broker-dealers and other financial institutions whose clients are Fund shareholders. The Board has determined to reduce the fees payable under the Internet Fund Plan (including the Distribution Fee and/or the fee for shareholder servicing) to no more than 0.25% of average daily net assets through at least January 2, 2022. The Distribution Fee is an “asset based sales charge” and, therefore, long-term shareholders may pay more in total sales charges than the economic equivalent of the maximum front-end sales charge permitted by the Financial Industry Regulatory Authority (FINRA). Because these fees are paid out of the Jacob Internet Fund’s assets on an ongoing basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges. Fees paid under the Internet Fund Plan may not be waived for individual shareholders.

Jacob Small Cap Growth Fund and Jacob Discovery Fund: The Jacob Small Cap Growth Fund and Jacob Discovery Fund have adopted a distribution and service plan, pursuant to Rule 12b-1 under the Investment Company Act of 1940 (the “Growth Funds Plan”). Rule 12b-1 provides that an investment company that bears any direct or indirect expense of distributing its shares must do so only in accordance with the Growth Funds Plan permitted by Rule 12b-1. Pursuant to the Growth Funds Plan, the Funds make payments to the distributor, the Adviser, financial intermediaries or others to reimburse such parties for distribution and/or shareholder servicing activity in an amount not to exceed 0.35% of the average daily net assets on an annual basis (for Investor Class shares only). The Board has determined to reduce such fees payable under the Growth Funds Plan from 0.35% to 0.25% through at least January 2, 2022. The distribution fees are “asset based” sales charges and, therefore, long-term shareholders may pay more in total sales charges than the economic equivalent of the maximum front-end sales charge permitted by FINRA. Because these fees are paid out of each Fund’s assets on an ongoing basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges. Fees paid under the Growth Funds Plan may not be waived for individual shareholders.

Financial intermediaries may charge investors a fee in connection with their provision of specialized purchase and redemption procedures. In addition, Financial intermediaries offering purchase and redemption procedures similar to those offered to shareholders who invest in a Fund directly may impose charges, limitations, minimums and restrictions in addition to or different from those applicable to shareholders who invest in the Fund directly. Accordingly, the net yield to investors who invest through financial intermediaries may be less than it is to investors who invest in a Fund directly. An investor should read the prospectus in conjunction with the materials provided by the shareholder servicing agent and broker-dealer describing the procedures under which Fund shares may be purchased and redeemed through the shareholder servicing agent and broker-dealer.

HOUSEHOLDING

In an effort to decrease costs, the Funds intend to reduce the number of duplicate prospectuses and annual and semi-annual reports you receive by sending only one copy of each to those addresses shared by two or more accounts and to shareholders we reasonably believe are from the same family or household. Once implemented, if you would like to discontinue householding for your accounts, please call toll-free at 1-888-522-6239 to request individual copies of these documents. Once the Funds receive notice to stop householding, we will begin sending individual copies 30 days after receiving your request. This policy does not apply to account statements.

NOTICE OF PRIVACY POLICY

We collect the following nonpublic personal information about you:

- Information we receive from you on or in applications or other forms, correspondence, or conversations, including, but not limited to, your name, address, phone number, social security number, assets, income and date of birth; and
- Information about your transactions with us, our affiliates, or others, including, but not limited to, your account number and balance, payments history, parties to transactions, cost basis information, and other financial information.

We do not disclose any nonpublic personal information about our current or former shareholders to nonaffiliated third parties, except as permitted by law. For example, we are permitted by law to disclose all of the information we collect, as described above, to our Transfer Agent to process your transactions. Furthermore, we restrict access to your nonpublic personal information to those persons who require such information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

In the event that you hold shares of a Fund through a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your nonpublic personal information would be shared with nonaffiliated third parties.

**FINANCIAL HIGHLIGHTS:
JACOB INTERNET FUND**

The financial highlights table is intended to help you understand the Fund's financial performance for the past five years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by BBD, LLP, whose report, along with the Fund's financial statements, are included in the Fund's most recent annual report, which is available upon request.

INVESTOR CLASS SHARES

	Year Ended August 31,				
	2020	2019	2018	2017	2016
Per Share Data:					
Net asset value, beginning of year	\$ 5.22	\$ 5.40	\$ 4.76	\$ 4.39	\$ 3.96
Income (loss) from investment operations:					
Net investment loss	(0.12) ⁽⁴⁾	(0.10) ⁽⁴⁾	(0.11) ⁽⁴⁾	(0.10) ⁽⁴⁾	(0.10) ⁽¹⁾
Net realized and unrealized gain on investment transactions	2.65	0.29	1.31	0.67	1.02
Total from investment operations	2.53	0.19	1.20	0.57	0.92
Less distributions from net realized gains	(0.57)	(0.37)	(0.56)	(0.20)	(0.49)
Paid in capital from redemption fees ⁽²⁾⁽⁵⁾	0.00	0.00	0.00	0.00	0.00
Net asset value, end of year	<u>\$ 7.18</u>	<u>\$ 5.22</u>	<u>\$ 5.40</u>	<u>\$ 4.76</u>	<u>\$ 4.39</u>
Total return	55.45%	4.61%	28.12%	13.65%	25.31%
Supplemental data and ratios:					
Net assets, end of year (in thousands)	\$69,126	\$49,766	\$51,240	\$43,606	\$43,518
Ratio of operating expenses to average net assets ⁽³⁾	2.50%	2.32%	2.42%	2.38%	2.60%
Ratio of net investment loss to average net assets ⁽³⁾	(2.42)%	(2.08)%	(2.16)%	(2.15)%	(2.47)%
Portfolio turnover rate	52%	50%	46%	46%	43%

⁽¹⁾ Net investment loss per share is calculated using ending balances prior to consideration of adjustments for permanent book and tax differences.

⁽²⁾ Less than \$0.01 per share.

⁽³⁾ For the period September 1, 2011 through January 2, 2021, the Adviser has contractually agreed to waive its advisory fee in an amount up to an annual rate of 0.10% of the Fund's average daily net assets, to the extent that the Fund's gross operating expense ratio exceeds 2.95%, excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses.

⁽⁴⁾ Net investment loss per share represents net investment loss divided by the average shares outstanding throughout the year.

⁽⁵⁾ Paid in capital from redemption fees per share represents redemption fees divided by the average shares outstanding throughout the year.

**FINANCIAL HIGHLIGHTS:
JACOB SMALL CAP GROWTH FUND**

The financial highlights table is intended to help you understand the Fund's financial performance for the past five years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by BBD, LLP, whose report, along with the Fund's financial statements, are included in the Fund's most recent annual report, which is available upon request.

INSTITUTIONAL CLASS SHARES

	Year Ended August 31,				
	2020	2019	2018	2017	2016⁽¹⁾
Per Share Data:					
Net asset value, beginning of year	\$ 23.91	\$ 28.81	\$ 18.52	\$ 16.82	\$ 18.95
Income (loss) from investment operations:					
Net investment loss ⁽²⁾	(0.42)	(0.39)	(0.34)	(0.27)	(0.29)
Net realized and unrealized gain (loss) on investment transactions	7.98	(4.26)	10.63	1.97	(1.73)
Total from investment operations	7.56	(4.65)	10.29	1.70	(2.02)
Less distributions from net realized gains	(0.67)	(0.25)	—	—	—
Less distributions from return of capital	—	—	—	—	(0.11)
Total distributions	(0.67)	(0.25)	—	—	(0.11)
Paid in capital from redemption fees ⁽⁷⁾	0.00 ⁽⁶⁾	—	0.00 ⁽⁶⁾	—	—
Net asset value, end of year	<u>\$ 30.80</u>	<u>\$ 23.91</u>	<u>\$ 28.81</u>	<u>\$ 18.52</u>	<u>\$ 16.82</u>
Total return	32.23 %	(16.17)%	55.56%	10.11% ⁽³⁾	(10.64)% ⁽³⁾
Supplemental data and ratios:					
Net assets, end of year (in thousands)	\$12,799	\$10,825	\$14,621	\$10,480	\$12,012
Ratio of gross operating expenses (prior to waiver) to average net assets	2.56%	2.22%	2.46%	2.59%	2.94%
Ratio of net operating expenses (after waiver) to average net assets ⁽⁴⁾	1.95 %	1.95 %	1.95 %	1.95 %	2.04 %
Ratio of net investment loss (prior to waiver) to average net assets	(2.32)%	(1.81)%	(2.04)%	(2.19)%	(2.80)%
Ratio of net investment loss (after waiver) to average net assets ⁽⁴⁾	(1.71)%	(1.54)%	(1.53)%	(1.55)%	(1.90)%
Portfolio turnover rate ⁽⁵⁾	89 %	88 %	81 %	60 %	58 %

⁽¹⁾ On August 29, 2016, Investor Class shares of the Jacob Wisdom Fund series of Jacob Funds Inc. were reorganized into Institutional Class Shares of the Small Cap Growth Fund.

⁽²⁾ Net investment loss per share represents net investment loss divided by the average shares outstanding throughout the year.

⁽³⁾ Includes adjustments in accordance with GAAP and, consequently, the net asset values used for financial reporting purposes and the returns based upon those net asset values may differ from the net asset values and returns for the shareholder transactions.

⁽⁴⁾ The Adviser has contractually agreed, effective November 12, 2012 (date of reorganization) through January 2, 2021, to waive up to 100% of its advisory fee to the extent that the Fund's gross operating expense ratio exceeds 1.95%, excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses.

⁽⁵⁾ Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

⁽⁶⁾ Less than \$0.01 per share.

⁽⁷⁾ Paid in capital from redemption fees per share represents redemption fees divided by the average shares outstanding throughout the year.

INVESTOR CLASS SHARES

Year Ended August 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Per Share Data:					
Net asset value, beginning of year	\$ 23.48	\$ 28.36	\$ 18.28	\$ 16.66	\$ 18.81
Income (loss) from investment operations:					
Net investment loss ⁽¹⁾	(0.49)	(0.46)	(0.40)	(0.32)	(0.34)
Net realized and unrealized gain (loss) on investment transactions	7.82	(4.19)	10.48	1.94	(1.71)
Total from investment operations	7.33	(4.65)	10.08	1.62	(2.05)
Less distributions from net realized gains	(0.67)	(0.25)	—	—	—
Less distributions from return of capital	—	—	—	—	(0.10)
Total distributions	(0.67)	(0.25)	—	—	(0.10)
Paid in capital from redemption fees ⁽⁶⁾	0.00 ⁽²⁾	0.02	0.00 ⁽²⁾	0.00 ⁽²⁾	0.00 ⁽²⁾
Net asset value, end of year	<u>\$ 30.14</u>	<u>\$ 23.48</u>	<u>\$ 28.36</u>	<u>\$ 18.28</u>	<u>\$ 16.66</u>
Total return	31.83 %	(16.35)%	55.14 %	9.72 % ⁽³⁾	(10.90)% ⁽³⁾
Supplemental data and ratios:					
Net assets, end of year (in thousands)	\$ 5,037	\$ 4,538	\$ 6,415	\$ 4,326	\$ 4,988
Ratio of gross operating expenses (prior to waiver) to average net assets	2.81 %	2.47 %	2.71 %	2.84 %	3.23 %
Ratio of net operating expenses (after waiver) to average net assets ⁽⁴⁾	2.25 %	2.25 %	2.25 %	2.25 %	2.33 %
Ratio of net investment loss (prior to waiver) to average net assets	(2.57)%	(2.05)%	(2.29)%	(2.44)%	(3.10)%
Ratio of net investment loss (after waiver) to average net assets ⁽⁴⁾	(2.01)%	(1.83)%	(1.83)%	(1.85)%	(2.20)%
Portfolio turnover rate ⁽⁵⁾	89 %	88 %	81 %	60 %	58 %

⁽¹⁾ Net investment loss per share represents net investment loss divided by the average shares outstanding throughout the year.

⁽²⁾ Amount is less than \$0.01.

⁽³⁾ Includes adjustments in accordance with GAAP and, consequently, the net asset values used for financial reporting purposes and the returns based upon those net asset values may differ from the net asset values and returns for the shareholder transactions.

⁽⁴⁾ The Adviser has contractually agreed, effective November 12, 2012 (date of reorganization) through January 2, 2021, to waive up to 100% of its advisory fee to the extent that the Fund's gross operating expense ratio exceeds 2.25%, excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses.

⁽⁵⁾ Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

⁽⁶⁾ Paid in capital from redemption fees per share represents redemption fees divided by the average shares outstanding throughout the year.

FINANCIAL HIGHLIGHTS: JACOB DISCOVERY FUND

The financial highlights table is intended to help you understand the Fund's financial performance for the past five years. Certain information reflects financial results for a single Fund share. The total returns in the table represents the rate an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by BBD, LLP, whose report, along with the Fund's financial statements, are included in the Fund's most recent annual report, which is available upon request.

INSTITUTIONAL CLASS SHARES

	Year Ended August 31,				
	2020	2019	2018	2017	2016
Per Share Data:					
Net asset value, beginning of year	\$ 19.26	\$ 18.50	\$ 11.32	\$ 12.11	\$ 16.86
Income (loss) from investment operations:					
Net investment loss ⁽¹⁾	(0.35)	(0.29)	(0.29)	(0.28)	(0.31)
Net realized and unrealized gain (loss) on investment transactions	8.09	1.05	7.47	(0.51)	(1.15)
Total from investment operations	7.74	0.76	7.18	(0.79)	(1.46)
Less distributions from net realized gains	—	—	—	—	(3.29)
Paid in capital from redemption fees ⁽⁶⁾	0.00 ⁽⁵⁾	—	—	—	—
Net asset value, end of year	<u>\$ 27.00</u>	<u>\$ 19.26</u>	<u>\$ 18.50</u>	<u>\$ 11.32</u>	<u>\$ 12.11</u>
Total return	40.19%	4.11%	63.43%	(6.52)%	(7.79)%
Supplemental data and ratios:					
Net assets, end of year (in thousands)	\$13,249	\$ 9,840	\$ 9,098	\$ 5,870	\$ 6,782
Ratio of gross operating expenses (prior to waiver) to average net assets	2.90%	2.90%	3.50%	3.86%	3.81%
Ratio of net operating expenses (after waiver) to average net assets	2.00% ⁽²⁾	2.00% ⁽²⁾	2.40% ⁽²⁾	2.66% ⁽²⁾⁽³⁾	2.61% ⁽³⁾
Ratio of net investment loss (prior to waiver) to average net assets	(2.60)%	(2.52)%	(3.15)%	(3.65)%	(3.74)%
Ratio of net investment loss (after waiver) to average net assets	(1.70)% ⁽²⁾	(1.62)% ⁽²⁾	(2.05)% ⁽²⁾	(2.45)% ⁽²⁾⁽³⁾	(2.54)% ⁽³⁾
Portfolio turnover rate ⁽⁴⁾	83%	73%	63%	48%	43%

⁽¹⁾ Net investment loss per share represents net investment loss divided by the average shares outstanding throughout the year.

⁽²⁾ The Adviser has contractually agreed, effective December 29, 2016 through at least January 2, 2021, to waive up to 100% of its advisory fee to the extent that the Fund's gross operating expense ratio exceeds 2.00%, excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses.

⁽³⁾ The Adviser has contractually agreed, effective November 12, 2012 (date of reorganization) through December 28, 2016, to waive up to 100% of its advisory fee to the extent that the Fund's gross operating expense ratio exceeds 2.15%, excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses.

⁽⁴⁾ Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

⁽⁵⁾ Less than \$0.01 per share.

⁽⁶⁾ Paid in capital from redemption fees per share represents redemption fees divided by the average shares outstanding throughout the year.

INVESTOR CLASS SHARES

	Year Ended August 31,				
	2020	2019	2018	2017	2016
Per Share Data:					
Net asset value, beginning of year	\$ 17.62	\$ 16.96	\$ 10.40	\$ 11.16	\$ 15.87
Income (loss) from investment operations:					
Net investment loss ⁽¹⁾	(0.38)	(0.32)	(0.30)	(0.28)	(0.32)
Net realized and unrealized gain (loss) on investment transactions	7.41	0.96	6.86	(0.48)	(1.10)
Total from investment operations	7.03	0.64	6.56	(0.76)	(1.42)
Less distributions from net realized gains	—	—	—	—	(3.29)
Paid in capital from redemption fees ⁽⁶⁾	0.00 ⁽⁵⁾	0.02	0.00 ⁽⁵⁾	—	0.00 ⁽⁵⁾
Net asset value, end of year	<u>\$ 24.65</u>	<u>\$ 17.62</u>	<u>\$ 16.96</u>	<u>\$ 10.40</u>	<u>\$ 11.16</u>
Total return	39.90 %	3.89 %	63.08 %	(6.81)%	(8.06)%
Supplemental data and ratios:					
Net assets, end of year (in thousands)	\$ 7,674	\$ 4,254	\$ 2,854	\$ 1,514	\$ 2,037
Ratio of gross operating expenses (prior to waiver) to average net assets	3.15 %	3.15 %	3.74 %	4.11 %	4.16 %
Ratio of net operating expenses (after waiver) to average net assets	2.30 % ⁽²⁾	2.30 % ⁽²⁾	2.64 % ⁽²⁾	2.91 % ⁽²⁾⁽³⁾	2.96 % ⁽³⁾
Ratio of net investment loss (prior to waiver) to average net assets	(2.83)%	(2.77)%	(3.41)%	(3.90)%	(4.09)%
Ratio of net investment loss (after waiver) to average net assets	(1.98)% ⁽²⁾	(1.92)% ⁽²⁾	(2.31)% ⁽²⁾	(2.70)% ⁽²⁾⁽³⁾	(2.89)% ⁽³⁾
Portfolio turnover rate ⁽⁴⁾	83 %	73 %	63 %	48 %	43 %

⁽¹⁾ Net investment loss per share represents net investment loss divided by the average shares outstanding throughout the year.

⁽²⁾ The Adviser has contractually agreed, effective December 29, 2016 through at least January 2, 2021, to waive up to 100% of its advisory fee to the extent that the Fund's gross operating expense ratio exceeds 2.30%, excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses.

⁽³⁾ The Adviser has contractually agreed, effective November 12, 2012 (date of reorganization) through December 28, 2016, to waive up to 100% of its advisory fee to the extent that the Fund's gross operating expense ratio exceeds 2.45%, excluding any taxes, interest, brokerage fees, acquired fund fees and expenses, and extraordinary expenses.

⁽⁴⁾ Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between classes of shares issued.

⁽⁵⁾ Less than \$0.01 per share.

⁽⁶⁾ Paid in capital from redemption fees per share represents redemption fees divided by the average shares outstanding throughout the year.

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Prospectus

January 4, 2021

JACOB INTERNET FUND
JACOB SMALL CAP GROWTH FUND
JACOB DISCOVERY FUND

each, a series of Jacob Funds Inc.

Jacob Asset Management of New York LLC
1-888-JACOB-FX (522-6239)
www.jacobmutualfunds.com

Investment Adviser

Jacob Asset Management of New York LLC

Custodian

U.S. Bank N.A.

**Administrator and Transfer Agent
and Dividend Agent**

U.S. Bank Global Fund Services

Legal Counsel

Stradley Ronon Stevens & Young, LLP

Underwriter and Distributor

Quasar Distributors, LLC

Independent Registered Public Accounting Firm

BBD, LLP

A Statement of Additional Information (SAI), dated January 4, 2021, and the Funds' Annual and Semi-Annual Reports include additional information about the Funds and their investments and are incorporated by reference into this Prospectus. The Funds' Annual Report will contain a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during the prior fiscal year. You may obtain the SAI and the Annual and Semi-Annual Reports without charge on the Funds' website (www.jacobmutualfunds.com) or by calling the Funds at 1-888-JACOB-FX. To request other information or to make inquiries, please call your financial intermediary or the Funds. The Funds' SAI is incorporated by reference into this Prospectus.

A current SAI has been filed with the U.S. Securities and Exchange Commission. You may visit the U.S. Securities and Exchange Commission's Internet website (www.sec.gov) to view the SAI, material incorporated by reference and other information on the EDGAR database. In addition, copies of these materials may be obtained, upon payment of a duplicating fee, by sending an e-mail to publicinfo@sec.gov.

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