

Jacob Internet Fund

Prospectus January 2, 2010

The Jacob Internet Fund is a mutual fund whose primary investment objective is long-term growth of capital with current income as a secondary objective.

This Prospectus contains important information about the Fund. 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 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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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 the 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.

SUMMARY

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 net assets in securities of Internet companies and companies in 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 Internet is a collection of connected computers that allows commercial and professional organizations, educational institutions, government agencies, and consumers to communicate electronically, access and share information, and conduct business around the world. The Fund's investment adviser selects investments in companies that derive a substantial portion of their revenue from Internet or Internet-related businesses or those that are aggressively developing and expanding their Internet and Internet-related business operations. The investment adviser believes that the Internet offers unique investment opportunities because of its ever-growing popularity among business and personal users alike.

The Fund invests in companies that emphasize research and development with respect to proprietary products and services for Internet users and businesses, because the investment adviser believes that these stocks have the greatest potential to rise in value. The investment adviser's overall stock selections are based on an assessment of a 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 may invest without limitation in foreign securities, including securities of emerging market countries, 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.

Principal Risks

Investing in common stock has inherent risks, which could cause you to lose money. The principal risks of investing in the Fund are listed below and could adversely affect the Fund's net asset value and total return.

- The value of the Fund's shares and the securities held by the Fund can each decline in value. Even when the stock market in general is rising, the stocks selected by the investment adviser may decline. You could lose money that you invest in the Fund.
- Companies in the same or similar industries may share common characteristics and are more likely to react to industry specific market or economic developments. Because the Fund concentrates its

investments in securities of companies whose primary focus is Internet-related, investments in the Fund may be more risky than investments in a less concentrated portfolio or a less volatile industry sector.

- While the Fund's portfolio is diversified, the Fund generally holds fewer stocks than most other mutual funds, which can result in dramatic changes in the Fund's share price, because changes in the price of an individual stock can significantly affect the Fund.
- Investments in companies in the rapidly changing field of computer/Internet technology face special risks such as technological obsolescence and may also be subject to greater governmental regulation than many other industries.
- Many Internet-related companies have incurred large losses since their inception and will continue to incur large losses in the hope of capturing market share and generating future revenues.
- The investment adviser may not be able to sell stocks at an optimal time or price.
- Investments in smaller capitalized companies may involve greater risks, as these companies tend to have limited product lines, markets and financial or managerial resources.
- 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.
- The risks of investing in foreign companies 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.

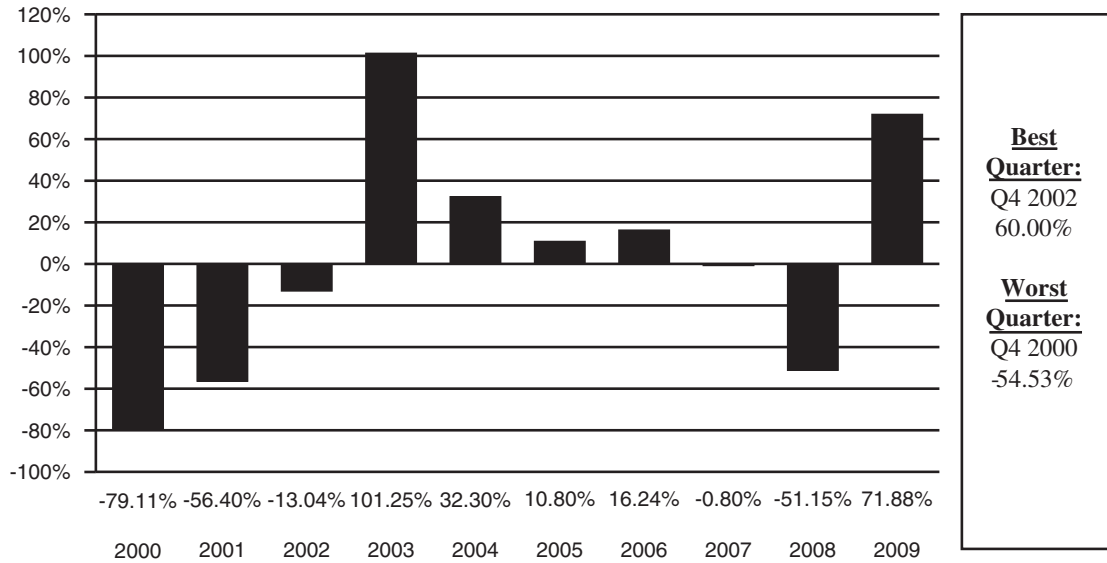
Who May Want to Invest in the Fund

The Fund is designed for long-term investors who understand and are willing to accept the risk of loss involved in investing in a fund seeking long-term growth of capital and investing in the Internet sector. Investors should consider their investment goals, their time horizon for achieving them, and their tolerance for risks before investing in the Fund. If you seek an aggressive approach to capital growth and can accept the above average level of price fluctuations that this Fund is expected to experience, this Fund could be an appropriate part of your overall investment strategy. The Fund should not represent your complete investment program or be used for short-term trading purposes.

Performance Bar Chart and Table

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 two broad measures 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.

Annual Total Returns as of December 31



Average Annual Total Returns as of December 31, 2009

<u>Fund</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Jacob Internet Fund			
Return Before Taxes	71.88%	1.41%	(13.81)%
Return After Taxes on Distributions	71.88%	1.25%	(13.88)%
Return After Taxes on Distributions and Sale of Fund Shares	46.72%	1.17%	(10.18)%
<u>Index</u>			
S&P® 500 Index*	26.47%	0.42%	(0.95)%
NASDAQ Composite Index*	45.36%	1.71%	(5.08)%
Bloomberg U.S. Internet Index*	69.18%	0.63%	(14.79)%

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-deferred 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.

* The returns of each index assume the reinvestment of any stock dividends. The S&P® 500 Index is an unmanaged broad-based capital-weighted index, representing the aggregate market value of the common equity of 500 stocks primarily traded on the New York Stock Exchange. The NASDAQ Composite Index is an unmanaged broad-based capitalization-weighted index of all NASDAQ stocks. The Bloomberg U.S. Internet Index is a capitalization-weighted index comprised of U.S. Internet companies that have a market capitalization greater than \$250 million. Investors may not invest in an index and, unlike the Fund, the return of an index is not reduced by any fees or operating expenses.

FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

Shareholder Fees

(fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases	None
Maximum Deferred Sales Charge (Load)	None
Maximum Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fee*	2.00%
Exchange Fee	None

Annual Fund Operating Expenses

(expenses that are deducted from Fund assets)

Management Fees	1.25%
Distribution and/or Service (12b-1) Fees	0.35%
Other Expenses	<u>2.11%</u>
Total Annual Fund Operating Expenses	3.71%
Less Management Fee Waiver**	<u>(0.10%)</u>
Net Annual Fund Operating Expenses***	<u>3.61%</u>

* A redemption fee is imposed on shares sold within 30 days following their purchase date. The redemption fee is calculated as a percentage of the amount redeemed (using standard rounding criteria), and may be charged when you sell your shares or if your shares are involuntarily redeemed. The fee will be retained by the Fund and generally withheld from redemption proceeds. For more details, see the redemption fee information in the “Market Timing Policy” section beginning on page 12. There is also a fee (currently \$15) imposed on redemption proceeds sent by wire.

** The Adviser has contractually agreed, through January 2, 2011, to waive its advisory fees in an amount up to an annual rate of 0.10% of the average daily net assets, to the extent that the Fund’s Total Annual Operating Expenses (excluding any taxes, interest, brokerage fees and non-routine expenses) exceed 2.95% of average daily net assets for the Fund. Pursuant to its fee waiver agreement with the Fund, the Adviser is entitled to recoup any fees that it waived for a period of three years following such fee waivers to the extent that such recoupment by the Adviser 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 0.10%, which means that it is possible that the Fund’s overall expenses could exceed 2.95%.

*** Please note that the percentage of annual fund operating expenses shown is based on the Fund’s actual expenses and average annual net assets during the fiscal year ended August 31, 2009. A decline in the Fund’s average annual net assets during the current fiscal year, as a result of market volatility or other factors, could cause the Fund’s expense ratio to be higher than that shown above. Significant declines in the Fund’s average net assets will increase the Fund’s total expense ratio, likely significantly. A higher expense ratio means you could pay more if you buy or hold shares of the Fund.

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. 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>
\$364	\$1,126	\$1,907	\$3,952

INVESTMENT OBJECTIVES, PRINCIPAL INVESTMENT STRATEGIES AND RELATED RISKS

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.

Principal Investment Strategies. The Fund seeks to achieve its investment objectives by investing, under normal circumstances, at least 80% of its net 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, 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 investment 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 investment adviser believes that companies that provide products or services designed for the Internet 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 investment adviser believes that these stocks have the greatest potential to rise in value.

The Internet is a world-wide network of computers designed to permit users to share information and transfer data quickly and easily. The world wide web ("web") is a means of graphically interfacing with the Internet. It is a hyper-text based publishing medium containing text, graphics, interactive feedback mechanisms and links within web documents to other web documents.

The investment 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. Of course, 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 exhibited and continues to demonstrate rapid growth, both through increasing demand for existing products and services and the broadening of the Internet market. Many Internet companies are newer and have small to medium market capitalizations. However, 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 investment 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 sell goods and services using the Internet, and companies that distribute products directly over the Internet.
- *Infrastructure:* Companies that develop and manufacture solutions to enable businesses to implement Internet strategies.
- *Communications:* Companies providing products or services for the transmission of voice, video and data over the Internet, with emphasis on providers of high speed Internet access, new wireless communications, Internet telephony and next-generation wireless broadband technology.

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 investment 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.

Risk Factors. *Lack of Profitability of Many Internet Companies:* Many Internet-related companies have incurred large losses since their inception and will continue to incur large losses in the hope of capturing market share and generating future revenues. Accordingly, many such companies expect to incur significant operating losses for the foreseeable future, and may never be profitable.

The Computer/Internet Technology Area: Companies in the rapidly changing field of computer/Internet technology face special risks. For example, their products or services may not prove commercially successful or may become obsolete quickly. The value of the Fund's shares may be susceptible to factors affecting the computer/Internet technology area and 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. As such, the Fund is not an appropriate investment for individuals who are not long-term investors and who, as their primary objective, require safety of principal or stable income from their investments. 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.

Smaller Capitalized or Unseasoned Companies. The investment 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. The Fund may invest in convertible securities, which may include corporate notes or preferred stock, but are ordinarily long-term debt obligations of the issuer convertible at a stated exchange rate into common stock of the issuer. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the price of the convertible security tends to reflect the value of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis, and thus may not depreciate to the same extent as the underlying common stock. Convertible securities rank senior to common stocks on an issuer's capital structure and are consequently of higher quality and generally entail less risk than the issuer's common stock.

Foreign Risks. Investing in foreign companies involves additional risks including limited publicly available information. Foreign companies are not generally subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to domestic companies. There may also be less government supervision and regulation of foreign securities exchanges, brokers and listed companies than in the United States. Foreign securities markets generally have substantially less volume than domestic securities exchanges and securities of some foreign companies are less liquid and more volatile than securities of comparable domestic 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.

Portfolio Turnover. Historically, the Fund has experienced high portfolio turnover and may continue to experience high portfolio turnover in the future. Purchases and sales are made whenever the investment adviser believes they are necessary in order to meet the Fund's investment objectives, other investment policies, and the liquidity to meet redemptions. Portfolio turnover may involve the payment by the Fund of brokerage and other transaction costs, on the sale of securities, as well as on the investment of the proceeds in other securities. The greater the portfolio turnover the greater the transaction costs to the Fund, which could have an adverse effect on the Fund's total rate of return. In addition, funds with high portfolio turnover rates may be

more likely than low-turnover funds to generate capital gains that must be distributed to shareholders as taxable income. The Fund generally does not seek to realize profits by anticipating short-term market movements and under ordinary circumstances, the investment adviser intends to buy securities for long-term capital appreciation. However, the investment adviser will buy or sell securities without regard to holding period to seek to reduce risk or volatility in the Fund.

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. The Statement of Additional Information contains more information about the Fund and the types of securities in which it may invest.

Illiquid Securities. The Fund may invest up to 15% of its net assets in illiquid securities, including restricted securities (i.e., securities subject to certain restrictions on their transfer) and other securities that are not readily marketable, such as repurchase agreements maturing in more than one week, provided, however, that any illiquid securities purchased by the Fund will have been registered under the Securities Act of 1933 or be securities of a class, or convertible into a class, which is already publicly traded and the issuer of which is filing reports required by Section 13 or 15 of the Securities Exchange Act of 1934.

Disclosure of Portfolio Holdings. The Fund expects to publicly disclose 100% of its portfolio holdings on its website no earlier than 30 days after each calendar quarter end. The 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 Fund's policies and procedures with respect to the disclosure of portfolio holdings is available in the Statement of Additional Information.

MANAGEMENT, ORGANIZATION AND CAPITAL STRUCTURE

Adviser. Jacob Asset Management of New York LLC (the "Adviser"), a federally registered investment adviser, is a Delaware limited liability company with its principal office located at 653 Manhattan Beach Blvd. #J, Manhattan Beach, CA 90266. Pursuant to the Investment Advisory Agreement for the Fund, the Adviser manages the 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 Jacob Funds Inc. (the "Company") Board of Directors. The Adviser is also responsible for overseeing the performance of the Fund's administrator and other service providers.

Ryan I. Jacob, founder and Chief Executive Officer of the Adviser, as well as President of the Company and Chief Portfolio Manager of the Fund, is primarily responsible for the day-to-day management of the Fund's portfolio and has served as Chief Portfolio Manager of the Fund since its inception. 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 17 years of investment management experience.

Francis J. Alexander is an assistant portfolio manager of the Fund. Mr. Alexander assists Mr. Jacob in the management of the Fund's assets and securities. Mr. Alexander 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 38 years of investment management experience.

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

Darren Chervitz is the Director of Research for the Adviser and the Fund. Mr. Chervitz's responsibilities include providing research to assist the portfolio managers in their selection of securities within the Internet sector. 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.

Adviser's Fees. Pursuant to the terms of the Investment Advisory Agreement for the fiscal year ended August 31, 2009, the Fund paid the Adviser a monthly advisory fee equal to an annual rate of 1.18% of the Fund's average daily net assets. This fee is higher than the fee paid by most other mutual funds. The Adviser has contractually agreed, through January 2, 2011, to waive its advisory fees in an amount up to an annual rate of 0.10% of the average daily net assets, to the extent that the Fund's Total Annual Operating Expenses (excluding any taxes, interest, brokerage fees and non-routine expenses) exceed 2.95% of average daily net assets for the Fund. Pursuant to its fee waiver agreement with the Fund, the Adviser is entitled to recoup any fees that it waived for a period of three years following such fee waivers to the extent that such recoupment by the Adviser will not cause the Fund to exceed any applicable expense limitation that was in place for the Fund when the fees were waived.

A discussion regarding the basis for the board of directors approving the Investment Advisory Agreement for the Fund is available in the Fund's semi-annual report to shareholders for the six-month period ended February 28, 2009.

PURCHASE OF FUND SHARES

The Fund sells (and redeems) its shares on a continuous basis at net asset value (“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. Bancorp Fund Services, LLC (the “Transfer Agent”) receives your order.

Shares of the Fund have not been registered for sale outside the United States. The Fund generally does 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 Fund has 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 Fund is 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*

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 Fund’s Anti-Money Laundering Program. The Fund reserves the right to request additional clarifying information and may close your account if such clarifying information is not received by the Fund within a reasonable time of the request or if the Fund 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 shares, you need to invest at least \$2,500 initially. Investments made under the Uniform Gift to Minor’s 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.

The Fund reserves 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 Fund prohibits short-term or excessive trading, often referred to as “market timing.” Market timing may interfere with the efficient management of the Fund’s portfolio, materially increase the Fund’s transaction costs, administrative costs or taxes, or may otherwise be detrimental to the interests of the Fund and its

shareholders. Some securities in which the Fund has authority to invest, such as foreign securities or thinly traded securities, could subject the Fund to additional market timing risks as described below. In order to reduce the risks of market timing, the Fund will take steps to deter and detect short-term or excessive trading pursuant to the Fund's 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 the 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 Fund 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 the Fund or investing indirectly in the Fund through a financial intermediary such as a broker-dealer, an investment adviser, an administrator or trustee of an IRS recognized tax-deferred 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. Currently, only certain intermediaries have the ability to collect the 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 Fund. The Fund 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 Fund 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 Fund.

In addition, the Adviser monitors shareholder transactions into and out of the Fund to identify activity that could be deemed to be 'market timing.' If the 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 Fund's market timing policy are not necessarily deemed accepted by the Fund and may be cancelled or revoked by the 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 the Fund or investing indirectly in the Fund through a financial intermediary such as a broker-dealer, an investment adviser, an administrator or trustee of an IRS recognized tax-deferred 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 Fund will monitor certain transactions through financial intermediaries and encourage financial intermediaries to apply the Fund's market timing policy to their customers who invest indirectly in the Fund,

the Fund is limited in its ability to monitor the trading activity or enforce the Fund's market timing policy with respect to customers of financial intermediaries. More specifically, unless the financial intermediaries have the ability to apply the Fund's 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 Fund may not be able to determine whether trading by customers of financial intermediaries is contrary to the Fund's market timing policy.

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

The Fund also has the authority to invest in foreign securities that are traded on foreign exchanges or securities that are thinly traded. To the extent the 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, the 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 the 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 the Fund sets its NAV. There is the possibility that such 'arbitrage market timing' trading, under certain circumstances, may dilute the value of the 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 Fund has 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:

By Mail

Complete and sign the New Account Application and make a check payable to **Jacob Internet Fund**

\$2,500 minimum.

\$1,000 minimum for IRA, UGMA,
401K, other retirement accounts, and accounts establishing an Automatic Investment Plan.

The Fund may, but is not required to, accept initial investments below the minimums.

MAIL TO:
JACOB INTERNET FUND
c/o U.S. Bancorp Fund Services, LLC
P.O. Box 701
Milwaukee, WI 53201-0701

OVERNIGHT OR EXPRESS MAIL TO:
JACOB INTERNET FUND
c/o U.S. Bancorp Fund Services, LLC
615 East Michigan Street, 3rd Floor
Milwaukee, WI 53202

All purchases by check should be in U.S dollars drawn on a U.S. financial institution. The Fund will not accept payment in cash or money orders. The Fund also does not accept cashier's checks in amounts of less than \$10,000. Also, to prevent check fraud, the Fund 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 post dated checks, post dated on-line bill pay 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 the Fund as a result.

By Wire

If you are making an initial investment in the 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, overnight delivery or facsimile. Upon receipt of your application, your account will be established and a service representative will contact you within 24 hours to provide an account number.

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: Jacob Internet Fund
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 Fund and US 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 1-866-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, you may purchase additional shares by telephoning the Fund toll-free at 1-888-Jacob-fx. This option allows investors to move money from their predesignated 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 Fund 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 Fund at 1-888-Jacob-fx.

By Internet

This option allows you to purchase additional shares directly through the Fund's website at www.JacobInternet.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 Fund 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 Fund at 1-888-Jacob-fx.

By Automatic Investment Plan

You may purchase additional shares of the Fund in amounts of \$100 or more through an Automatic Investment Plan which allows monies to be deducted directly from your checking, savings or bank money market accounts to invest in the Fund. You may make automatic investments on a monthly basis.

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 5 days prior to the effective date by contacting the Transfer Agent at 1-866-Jacob-fx.

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

Investing Through Brokers or Agents. You may invest in the 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. Shares of the Fund are available for use in tax-deferred 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.

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 Fund is 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 Internet Fund***

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 Fund or its 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 the request in the required form before 4:00 p.m. Requests received after 4:00 p.m. by the Transfer Agent or an authorized intermediary or agent will be processed at the next determined NAV on the following business day.

REDEMPTION OF FUND SHARES

When Redemption Proceeds Are Sent to You: 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). Once the Transfer Agent or an authorized intermediary or agent receives your redemption request in good order, 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 Fund will honor the redemption request, but will not mail the proceeds until your purchase has cleared (usually within 10 days). 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 2 business days thereafter. In no event will proceeds be wired, mailed or transferred through the ACH system more than 7 days after the Transfer Agent receives a valid 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 Fund 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 Fund.

How To Redeem Shares:

By Mail

Send written redemption requests to:

Jacob Internet Fund
c/o U.S. Bancorp Fund Services, LLC
P.O. Box 701
Milwaukee, WI 53201-0701

If a redemption request is inadvertently sent to the Fund at its 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 Fund 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 (see page 20)

**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 the 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 Fund's website at www.JacobInternet.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 Fund's 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 check the appropriate box on 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 by contacting the Transfer Agent at 1-866-jacob-fx 5 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 Fund 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 Fund 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 Fund 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 Fund 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 5 days prior to the effective date of the transaction.

Telephone/Internet Requests. Neither the Fund nor any of its 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 Fund 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 Fund fails to follow these reasonable procedures, it may be liable for any loss due to unauthorized or fraudulent transactions. Telephone and Internet redemptions may be difficult during periods of drastic economic or market changes. If you are unable to contact the Fund 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.

IRA Redemptions. If you have an IRA, you must indicate on your 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 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
- If ownership is changed on your account

- For written requests to wire redemption proceeds (if not previously authorized on the account)
- If a change of address was received by the Transfer Agent within the last 15 days

The Fund 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.

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 Fund at 1-888-Jacob-fx for more information.

Redemptions In-Kind. If your redemption request exceeds the lesser of \$250,000 or 1% of the NAV (an amount that would affect Fund operations), the Fund reserves the right to make a “redemption in-kind.” A redemption in-kind is a payment in portfolio securities rather than cash. The portfolio securities would be valued using the same method as the 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 the Fund’s portfolio. The Fund 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 accounts with low balances, the Fund 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 the 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 Fund may close your account and send you the proceeds.

PRICING OF FUND SHARES

How NAV is Determined. The NAV is equal to the value of the 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 Standard time) on each day that the Fund is 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 Fund does 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 Fund’s 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 National Market and Capital Market

exchanges (“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. The 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 Fund’s 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 the Fund’s portfolio holdings and the reflection of the change in the NAV of the Fund’s shares. For example, if the 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 effect 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 the 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 the Fund. The Fund may use independent pricing services to assist in calculating the NAV. In addition, if the 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

The Fund has qualified and intends to continue to qualify each year as a regulated investment company under the Internal Revenue Code. As a regulated investment company, the Fund generally pays no federal income tax on the income and gains it distributes to you. The Fund expects to distribute all of its net investment income, if any, to shareholders as dividends annually. The Fund will also distribute net realized capital gains, if any, at least annually. The 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 the 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 the Fund for each business day is determined immediately prior to the determination of NAV. Shares of the Fund earn dividends on the business day their purchase is effective but not on the business day their redemption is effective.

Annual Statements. Every January, you will receive a statement that shows the tax status of distributions you received the previous calendar year. Distributions declared in December to shareholders of record in such month, but paid in January, are taxable as if they were paid in December. The Fund may reclassify income after your tax reporting statement is mailed to you. Prior to issuing your statement, the Fund makes every effort to search for reclassified income to reduce the number of corrected forms mailed to shareholders.

However, when necessary, the Fund will send you a corrected Form 1099-DIV to reflect reclassified information.

Avoid “Buying A Dividend.” If you are a taxable investor and invest in the Fund shortly before the record date of a taxable distribution, the distribution will lower the value of the Fund’s shares by the amount of the distribution and, in effect, you will receive some of your investment back in the form of a taxable distribution.

Choosing A Distribution Option. A shareholder may elect to receive distributions of dividends and/or capital gains in cash or to have such distributions reinvested in additional shares of the Fund. Both dividends and capital gains will be automatically reinvested in additional shares of the Fund unless the investor has elected to receive either type of distribution in cash.

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, the Fund reserves the right to reinvest the distribution check in the shareholder’s account at the Fund’s then current net asset value and to reinvest all subsequent distributions.

TAX CONSEQUENCES

Tax Considerations. In general, if you are a taxable investor, Fund distributions are taxable to you at either ordinary income or capital gains tax rates. 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. With respect to taxable years of the Fund beginning before January 1, 2011, unless such provision is extended or made permanent, a portion of income dividends paid by the Fund may be designated as qualified dividend income eligible for taxation by individual shareholders at long-term capital gain rates, provided certain holding period requirements are met.

Sales Or Redemption Of Fund Shares. A sale or redemption of your shares in the Fund is a taxable event and, accordingly, a capital gain or loss may be recognized.

Backup Withholding. By law, if you do not provide the 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. The Fund also must withhold if the IRS instructs it to do so. When withholding is required, the amount will be 28% of any distributions or proceeds paid.

Other Tax Information. Fund distributions and gains from the sale of your Fund shares generally are subject to state and local taxes. While the Fund does 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 at a 30% or lower treaty tax rate and estate tax, and are subject to special U.S. tax certification requirements to avoid backup withholding and claim any treaty benefits.

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 the Fund.

DISTRIBUTION ARRANGEMENTS

Distributor. Quasar Distributors, LLC (the “Distributor”) has entered into an agreement with the Fund to serve as the Fund’s distributor. The Distributor is paid an annual distribution fee of 0.10% of the average daily net assets of the 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 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 Fund shares. See “Investment Advisory and Other Services” in the Statement of Additional Information.

12b-1 Plan. The Fund has adopted a distribution and service plan, pursuant to Rule 12b-1 under the Investment Company Act of 1940 (the “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 Plan permitted by Rule 12b-1. Pursuant to the Plan, the 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 Fund for providing servicing to their clients (“shareholder servicing”). As noted above, the Plan also provides for an annual Distribution Fee used to provide promotional support to the Fund and to make payments to broker-dealers and other financial institutions whose clients are Fund shareholders. 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 National Association of Securities Dealers, Inc. Because these fees are paid out of the 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 Plan may not be waived for individual shareholders.

Shareholder servicing agents and broker-dealers may charge investors a fee in connection with their provision of specialized purchase and redemption procedures. In addition, shareholder servicing agents and broker-dealers offering purchase and redemption procedures similar to those offered to shareholders who invest in the 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 shareholder servicing agents and broker-dealers may be less than it is to investors who invest in the 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 Fund intends 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 Fund receives notice to stop householding, we will begin sending individual copies thirty days after receiving your request. This policy does not apply to account statements.

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund's financial performance for the past five fiscal years. Certain information reflects financial results for a single Fund share. The total return 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). The information was audited by Deloitte & Touche LLP, whose report, along with the Fund's financial statements, are included in the Fund's Annual Report to Shareholders which is available upon request. Per share data for a share of common stock outstanding for the entire period are as follows:

	<u>Year Ended</u> <u>August 31, 2009</u>	<u>Year Ended</u> <u>August 31, 2008</u>	<u>Year Ended</u> <u>August 31, 2007</u>	<u>Year Ended</u> <u>August 31, 2006</u>	<u>Year Ended</u> <u>August 31, 2005</u>
Per Share Data:					
Net asset value, beginning of period	\$ 2.07	\$ 2.71	\$ 2.47	\$ 2.06	\$ 1.51
Income from investment operations:					
Net investment income (loss)	(0.06) ⁽¹⁾	0.02 ⁽²⁾	(0.01) ⁽¹⁾	(0.03)	(0.05) ⁽¹⁾
Net realized and unrealized gains (losses) on investments	(0.02)	(0.59)	0.28	0.44	0.60
Total from investment operations	(0.08)	(0.57)	0.27	0.41	0.55
Less distributions from net investment income	—	(0.07)	(0.03)	—	—
Net asset value, end of period	<u>\$ 1.99</u>	<u>\$ 2.07</u>	<u>\$ 2.71</u>	<u>\$ 2.47</u>	<u>\$ 2.06</u>
Total return	(3.86)%	(21.63)%	11.06%	19.90%	36.42%
Supplemental data and ratios:					
Net assets, end of period	\$36,913,034	\$44,515,712	\$77,518,107	\$73,106,363	\$65,820,015
Ratio of gross operating expenses (prior to waiver or reimbursements) to average net assets	3.71%	2.69%	2.36%	2.42%	2.64%
Ratio of net operating expenses (after waiver or reimbursements) to average net assets	3.64% ⁽⁴⁾	2.65% ⁽³⁾	2.26% ⁽³⁾	2.35% ⁽³⁾	2.64%
Ratio of net investment income (loss) (prior to waiver or reimbursements) to average net assets	(3.54)%	0.86%	(0.26)%	(1.65)%	(2.29)%
Ratio of net investment income (loss) (after waiver or reimbursements) to average net assets	(3.47)% ⁽⁴⁾	0.90% ⁽³⁾	(0.16)% ⁽³⁾	(1.58)% ⁽³⁾	(2.29)%
Portfolio turnover rate	106.98%	80.46%	91.44%	125.99%	127.13%

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

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

(3) Reflects Adviser's waiver of 0.10% of the shareholder servicing fee beginning December 29, 2005 and ending December 31, 2007.

(4) For the period January 1, 2009 through January 2, 2010, the Adviser contractually agreed 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 Fund's expense ratio exceeds 2.95%.

Investment Adviser

Jacob Asset Management of New York LLC

**Administrator and Transfer Agent
and Dividend Agent**

U.S. Bancorp Fund Services, LLC

Underwriter and Distributor

Quasar Distributors, LLC

Custodian

U.S. Bank, N.A.

Legal Counsel

Stradley Ronon Stevens & Young, LLP

Independent Registered Public Accounting Firm

Deloitte & Touche LLP

Jacob Internet Fund

J A C O B I N T E R N E T F U N D



A Statement of Additional Information (SAI), dated January 2, 2010 and the Fund's Annual and Semi-Annual Reports include additional information about the Fund and its investments and are incorporated by reference into this Prospectus. The Fund's Annual Report contains a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its prior fiscal year. You may obtain the SAI and the Annual and Semi-Annual Reports without charge on the Fund's website (www.jacobinternet.com) or by calling the Fund at 1-888-jacob-fx. To request other information or to make inquiries, please call your financial intermediary or the Fund. The Fund's SAI is incorporated by reference into this Prospectus.

A current SAI has been filed with the Securities and Exchange Commission. You may visit the 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. These materials can also be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-202-942-8090. In addition, copies of these materials may be obtained, upon payment of a duplicating fee, by writing the Public Reference Section of the Commission, Washington, DC 20549-0102 or sending an e-mail to publicinfo@sec.gov.

Prospectus

January 2, 2010

Jacob Asset Management of New York LLC

1-888-Jacob-fx (522-6239)

www.JacobInternet.com

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