



Fourth Quarter 2009 Commentary

Oberweis Asset Management, Inc.
Micro-Cap Fund (OBMCX)
Fourth Quarter 2009 Commentary

We are pleased to report strong results for both the fourth quarter and full year of 2009. For the full year, we are pleased to report excellent performance, with the Oberweis Micro-Cap Fund returning 49.64% versus 34.47% for the Russell 2000 Growth Index and 39.18% for the Russell Micro-Cap Growth Index¹. In the fourth quarter, the Fund returned 1.56% versus 4.14% for the Russell 2000 Growth Index and -0.79% for the Russell Micro-Cap Growth Index. The Fund earned 1517 bps points of excess return for the full year relative to the Russell 2000 Growth Index. We appreciate your support and confidence following a challenging year in 2008 for investors in high growth stocks. We believe that a steady, disciplined approach toward investing tends to reward patient investors over time. This past year may have been the case in spades for patience and discipline.

The Year and Quarter in Review

Growth was the stronger style during 2009, with the Russell 2000 Growth Index exceeding the performance of the Russell 2000 Value Index by 1,389 bps for the year. This performance comes on the heels of a prolonged value cycle that was punctuated by the severe valuation contraction of 2008. How extreme was this value-led cycle throughout much of the 2000's? From March 31, 2000 through the end of 2008, the Russell 2000 Value Index outperformed the Russell 2000 Growth Index by an astounding 1,255 bps annualized. While the jury is still out, we believe the odds increasingly suggest that we have finally transitioned to a new growth-oriented style cycle. As we have indicated many times in the past, this would be a very good situation, as our investment style tends to perform particularly well in periods in which growth outperforms value. Periods in which economies emerge from recession tend to favor growth stocks and we believe that the Fund is ideally positioned should our thesis prove accurate.

A combination of strong stock selection and our growth-focused investment style drove favorable performance for the full year of 2009. Relative outperformance in 2009, with respect to sector attribution, was driven by technology and healthcare. Technology added 747 bps to the Fund's excess return. The Fund's technology stocks returned 76.88% for the year versus 60.78% for the benchmark Russell 2000 Growth Index. Healthcare added 1080 bps of excessive return. The Fund also benefited from an overweight allocation to technology and healthcare during a year in which both sectors performed well.

Outlook 2010: Don't Assume that the Party Is Over

In just one year, investors went from fearing deflation to fearing inflation. The U.S. Dollar, as measured by the Bloomberg US Dollar Index, returned -4.1% for the year. The greenback rose sharply in the first quarter, but fell by even more over the final three quarters of 2009. Inflation concerns have clearly surfaced, as evidenced by a 24.3% increase in the price of gold in 2009 and a steeper interest rate yield curve. The difference between 2-year and 10-year treasury yields hit a new record of 281 basis points during the last week of 2009, which implies that investors in longer term bonds are requiring an increasing yield premium to lock money up for longer periods of time, presumably because of the fear that inflation will eat away at nominal yields over time.

We believe that 2010 has above-average potential to be another good year for micro- and small-cap growth equities. In contrast to 2009, when cheap valuations drove our bullish conviction, our 2010 optimism stems from anticipated money flow from bonds to equities. In short, way too much money has flowed into bonds in this risk-averse world. Bill Gross's PIMCO Total Return Bond Fund broke the

¹ Russell Microcap Growth Index measures the performance of those Russell Micro Cap companies with higher price-to-book ratios and higher forecasted growth values. The performance data includes reinvested dividends. The Russell Microcap Index is represented by the smallest 1,000 securities in the small cap Russell 2000 Index plus the next 1,000 securities.

record on December 17th as the largest mutual fund in history with \$202.5 billion in assets. It's not terribly surprising considering the backdrop. We just finished the worst decade ever for stocks in more than 200 years of market history, with the S&P 500 Index returning -1.0% annualized over the last 10 years. It was one of very few decades over which stocks lost money. In comparison, bonds returned an average of 5-8% annually, depending on the sector. It should come as no surprise that bond funds are at record asset levels. Investors chase returns (and run from losses).

We believe that periods of quantitative easing (a really fancy term for printing money) tend to be inflationary. Periods of massive easing (or printing boatloads of money) tend to be very inflationary. Mark our words: Inflation is coming and owners of long-term bonds will lose money. We believe that as bond returns begin to languish, money will flow from bonds to stocks, which tend to be more resilient in times of inflation. A relatively benign increase in investor appetite for stocks can make a surprisingly significant difference in stock prices, and we believe this may begin to play out in 2010. We also believe that higher inflation expectations in the U.S. will put enormous pressure on the Chinese to allow the Yuan to appreciate against the dollar. We expect to see the value of the Yuan rise by 5% or more in 2010.

Can a period of accelerating inflation combined with only modest economic growth be good for small-cap stocks? History says yes. During the period of stagflation in the mid-late 1970's (and following the 1973-74 bear market), small-cap growth companies adapted quickly and their stocks fared far better than the broader market overall. According to Ibbotson & Associates, Small Company stocks returned 40.4% annualized from the end of 1974 through the end of 1980, a period in which inflation ranged between 4.8% and 13.3% per year. While each case is somewhat different, and no one can predict the future with certainty, we believe that the odds are high that micro- and small-cap growth stocks will perform better over the next decade than they did over the last.

Organization Update

There were no changes in the team at Oberweis Asset Management.

Oberweis Asset Management's Investment Philosophy

We believe that investing in rapidly growing small companies in the early stages of their growth cycles results in superior investment performance over long periods of time. We believe that innovation is the key to economic growth and wealth creation and are committed to investing in companies at the forefront of innovation - smaller company stocks that offer the potential for extraordinary revenue and earnings growth.

For over 20 years, we have focused exclusively on these companies, seeking opportunities where rapid change is driving growth and the potential for superior investment results over the long-term. Our time-tested and proprietary Oberweis Octagon is a specific research framework that allows us to quickly identify and understand the companies driving innovation in the global economy.

The entrepreneurial spirit is alive and well at these companies. Many are nimble and uniquely address the needs of their customers with patented new products and services. Successful investing, however, demands more than finding companies with good growth prospects. We must also buy these stocks for our clients at prices that make sense. We call our approach to investing AGARP---aggressive growth at a reasonable price. By paying careful attention to companies' valuations in relation to expected earnings growth rates, we seek to purchase stocks when they still have considerable appreciation potential.

Growth Equity Investing

James W. Oberweis, CFA
President, Portfolio Manager

Ken Farsalas, CFA
Director of U.S. Equities,
Portfolio Manager

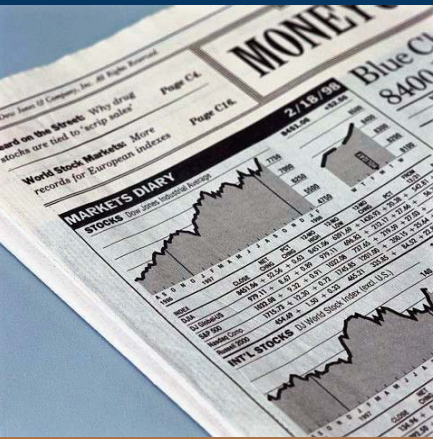


Oberweis Micro-Cap Fund (OBMCX)

Fourth Quarter 2009

Investing in Micro-Cap growth companies in the expansionary phase of their lifecycle.

Oberweis Asset Management, Inc.



Key Benefits

The Micro-Cap Fund invests at least 80% of its net assets in the securities of very small companies with a market capitalization of \$400 million or less at the time of investment in an effort to capture the exceptional growth potential of emerging companies in the most dynamic phase of their development.

The key benefits of the Micro-Cap Fund are:

- Unique, style-consistent investment approach allows us to target exceptionally fast-growing micro-cap stocks
- Emphasizes rapidly growing micro-cap companies expected to have exceptionally high revenue and earnings growth at a reasonable price/earnings to growth rates
- Moderate to low turnover through long-term investment horizon
- Monitors exposure to industry sectors and specific securities to manage risk
- Fully invested — no market timing
- Low historical correlation to the market (S&P 500)
- Investment process produces a risk controlled, disciplined and repeatable strategy
- Strategy intended to outperform the Russell 2000 Growth Index by 450 basis points net of fees

Minimum Investment: \$1,000

The Oberweis Funds invest in rapidly growing smaller and medium sized companies which may offer greater return potential. However, these investments often involve greater risks and volatility. There is no guarantee that the portfolios can achieve their objectives.

For more information please contact Brian Lee at:

Oberweis Asset Management, Inc.
3333 Warrenville Rd., Suite 500
Lisle, IL 60532
(800) 323-6166 • (630) 577-2321
brian.lee@oberweis.net
www.oberweisfunds.com

Oberweis Asset Management, Inc. – Advisor to The Oberweis Funds

Recognized as a leading small-cap stock specialist, Oberweis has been helping institutional investors manage their assets prudently and effectively for many years. Our key investment professionals include:

James W. Oberweis, CFA
President, Portfolio Manager (Principal)



- Holder of the Chartered Financial Analyst (CFA) designation
- MBA, University of Chicago
- Over 14 years of investment experience

Kenneth S. Farsalas, CFA Director of U.S. Equities, Portfolio Manager (Principal)



- Holder of the Chartered Financial Analyst (CFA) designation
- MBA, University of Chicago
- Over 15 years of investment experience

David I. Covas, CFA
Portfolio Manager (Principal)



- Holder of the Chartered Financial Analyst (CFA) designation
- MBA, University of Chicago
- Over 12 years of investment experience

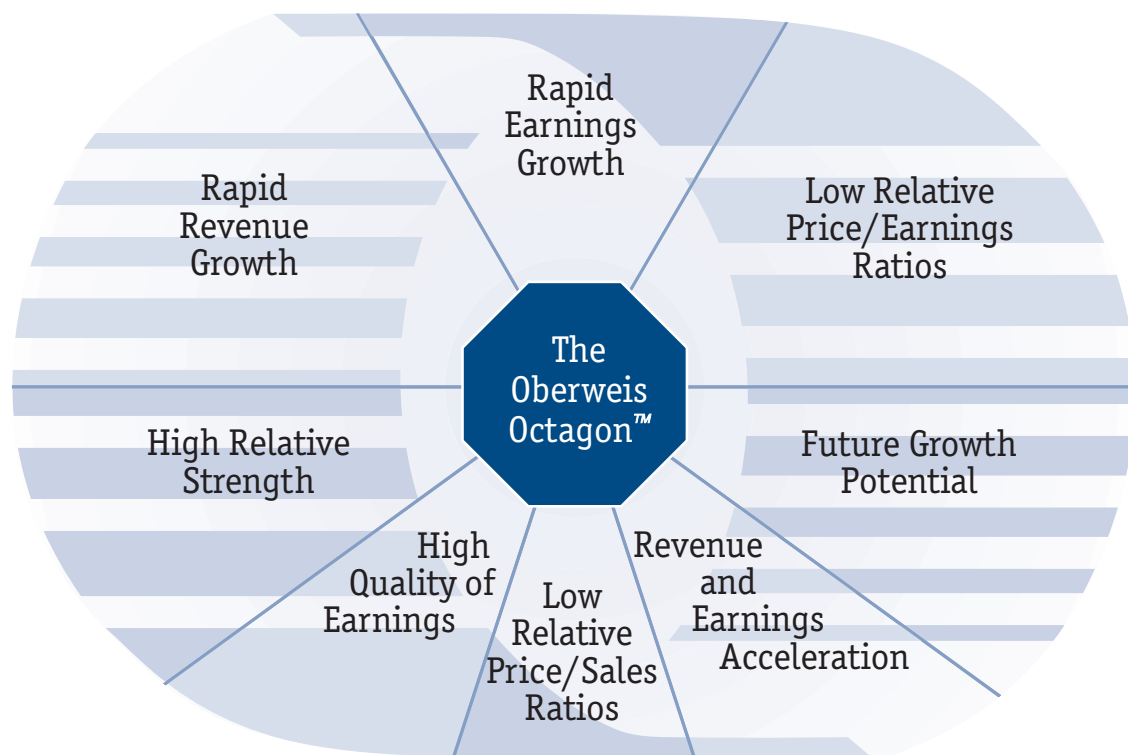


The Oberweis Octagon™

A unique blueprint for success

Our unique, highly disciplined investment approach includes a series of eight criteria to focus our research efforts. Beginning with a universe of approximately 14,000 companies, we select only those with the potential for exceptional growth. These companies must be profitable in the most recently reported quarter and have:

1. Revenue growth of 30% or more
2. Earnings growth of 30% or more
3. Price/earnings ratio less than half the company's rate of growth (12 month fwd P/E)
4. Products or services offering the potential for extraordinarily rapid and sustained growth
5. Ideally, the company should be experiencing revenue and earnings acceleration
6. Reasonable price/sales ratio
7. High quality of earnings
8. High relative strength





Oberweis Micro-Cap Fund Characteristics

(as of December 31, 2009)

Source: Baseline

	Oberweis Micro-Cap Fund (OBMCX)	Russell 2000 Growth Index
Number of Stocks	85	1,275
Weighted Market Capitalization (in millions)	\$303	\$1,094
Median Market Capitalization (in millions)	\$196	\$437
2009 Price to Earnings Ratio	29.8x	44.2x
2010 Price to Earnings Ratio (estimated)	18.2x	25.4x
Long-Term Future EPS Growth Rate (estimated)	23%	17%
2009 P/E to Growth Rate Ratio	1.3x	2.5x
2010 P/E to Growth Rate Ratio (estimated)	0.8x	1.5x
Dividend Yield	0.2%	0.9%
Price to Book Ratio	2.6x	3.0x
Price to Cash Flow Ratio	16.9x	16.2x
Price to Sales Ratio	1.7x	1.2x
Long-Term Debt to Total Equity	9.0%	20.0%
Return on Equity	9.5%	5.9%
Net Profit Margin	5.5%	2.4%
Cash Position	1.0%	N/A
Portfolio Turnover (2009)	92%	N/A



Oberweis Micro-Cap Fund Sector Weightings

(as of December 31, 2009)

Source: Baseline

	Oberweis Micro-Cap Fund (OBMCX)	Russell 2000 Growth Index
Consumer Discretionary	10.4%	18.2%
Consumer Staples	3.3%	3.6%
Energy	7.3%	4.0%
Financial Services	1.4%	7.6%
Health Care	23.4%	24.1%
Materials & Processing	2.7%	4.3%
Producer Durables	15.9%	12.9%
Technology	33.3%	23.6%
Utilities	1.2%	1.7%
Cash	1.1%	N/A
Total	100.0%	100.0%

Sector Weightings as a % of Total Net Assets



Oberweis Micro-Cap Fund Ten Largest Equity Holdings

(as of September 30, 2009)

Source: Baseline

Company Name	Percentage	Line of Business
1. Hi-Tech Pharamcal, Co., Inc.	4.3%	Manufactures and sells prescription, over-the-counter generic drugs & nutritional products
2. Ipc The Hospitalist Company	3.3%	Provides, coordinates and manages the care of hospitalized patients
3. Perma-Fix Environmental Svs., Inc.	3.1%	Provides waste management & consulting engineering services
4. Acacia Research Corporation	3.1%	Develops, acquires and licences patented technologies
5. ClickSoftware Technologies, Inc.	2.9%	Develops web optimization solutions
6. ArcSight, Inc.	2.9%	Provides security & compliance mgmt software solutions
7. Endologix, Inc.	2.9%	Develops and manufactures minimally invasive treatments for vascular diseases
8. True Religion Apparel, Inc.	2.6%	Designs and markets jeans and apparel
9. Maxwell Technologies	2.6%	Develops, manufactures and markets electronic components & power & computing systems
10. GSE Systems	2.6%	Provides simulation solutions for the electric power, oil and gas and chemical process industries

Top 10 Holdings as a % of Total Net Assets

Portfolio Holdings are subject to change at any time. References to specific securities should not be construed as a recommendation to buy or sell and should not be assumed profitable.

Oberweis Micro-Cap Fund Total Returns

(as of December 31, 2009)

	Quarter	Annualized			
		1-Year	3-Year	5-Year	10-Year
Oberweis Micro-Cap Fund (OBMCX)	1.56%	49.64%	-8.14%	-2.34%	5.97%
Russell 2000 Growth Index	4.14%	34.47%	-4.00%	0.87%	-1.37%

Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate, so that you may have gain or loss when shares are sold. Current performance may be higher or lower than quoted. Visit us online at oberweisfunds.com for most recent month-end performance. Foreign investments involve greater risks than U.S. investments, including political and economic risks and the risk of currency fluctuations.

The Russell 2000 Index measures the performance of approximately 2,000 companies with small-market capitalizations. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted earnings growth rates. Each index is an unmanaged group of stocks, whose performance does not reflect the deduction of fees, expenses or taxes.

Before investing, consider the fund's investment objectives, risks, charges, and expenses. To obtain a copy of the prospectus please visit our website at oberweisfunds.com or call 800-323-6166. Read it carefully.

The Oberweis Funds are distributed by Oberweis Securities, Inc. Member: FINRA & SIPC.



Growth of \$10,000 invested

1/1/96 (with income reinvested)

