CHINA OPPORTUNITIES STRATEGY

1Q 2017

The Quarter in Review

For the quarter ending March 31, 2017, the Oberweis China Opportunities Composite returned 14.85% (14.54% net of fees) while its benchmark, the MSCI Zhong Hua Small Cap Growth Index, returned 6.09%, an outperformance of 876 bps (845 basis points net of fees).

During the quarter, Chinese equity markets experienced a strong rally due to macroeconomic stabilization, better-than-expected corporate earnings growth, and steady fund flows into Hong Kong-listed Chinese equities from mainland investors. Despite concerns on currency depreciation and high leverage in the corporate sector, the fundamentals of the Chinese economy and sentiment toward Chinese equities have improved.

At macro level, all major macroeconomic indicators imply stabilization of the economy. Profits at industrial enterprises increased by 31.5%, which was the largest increase in the past six years. Retail sales showed resilience, posting 9.5% growth. China’s manufacturing PMI reached 51.8 and non-manufacturing PMI at 55.1; both reaching three year highs. Investment in infrastructure, up 27.3% year-on-year in first two month of 2017, continues to be an important driver of economic growth. Meanwhile, inflation was still moderate with the consumer price index (CPI) increasing just 1.7% in first two months. With solid economic data, markets began to revise up expectations for economic growth in China in 2017. For example, Goldman Sachs increased their forecast for Chinese nominal GDP growth in 2017 to 10.7% from 8% in March.

At a corporate level, we continue to see recovery of earnings growth and upward revisions to consensus earnings. According to Merrill Lynch, revenue of Chinese companies under their coverage grew up by 29.4% in 2H16 and EBITDA grew by 33.7%. At the end of March, 73% of Chinese companies reported results for the fourth quarter and second half of 2016. Of those, 35% reported earnings above market expectations with market capital weighted positive surprises of 3.4% on average. As a result of this positive earnings growth trend, market participants have started to revise up their 2017 earnings forecast for Chinese companies. For example, Deutsche Bank increased its estimate of MSCI China EPS growth by 800bps to 15% in 2017 recently.

Another important driver of Chinese equities’ outperformance in the quarter was strong fund inflows into Hong Kong-listed Chinese companies from Mainland investors. As we discussed in our last quarter’s commentary, Mainland Chinese investors play an increasingly important role in the Hong Kong equity market after the launch of Hong Kong-Shenzhen Connect last December. According to Credit Suisse estimates, southbound fund flows from Chinese investors contributed 8% of Hong Kong equity turnover. We expect that this ratio will increase to 15-18% by 2018. Southbound flows have become the single most important source of capital inflows to Hong Kong, outpacing ETF passive flows and active allocation flows. Trading liquidity improvement will provide rerating opportunities for quality Chinese companies listed in Hong Kong.

Outlook

While the macro environment is slightly better than last quarter, our future outlook is mixed. Although currency depreciation is no longer a major issue in the quarter, the US-China trade relationship and uncertainties surrounding EU countries' elections continue to pose challenges to China's external demand. Internally, overall leverage of the Chinese economy remains at a high level. Despite these challenges, we don't see as many concerns with respect to our specific strategy. We focus on misunderstood companies undergoing positive fundamental changes. We invest in those that we believe can earn more than what market currently expects. It's rare that GDP is the primary determining factor in the success of most of our holdings. Instead, we look for niche oriented companies whose success is more predicted on product success, market consolidation, regulatory changes, and the evolution of new markets. In the quarter, we found new ideas in the healthcare, consumer discretionary and industrial sectors. Generally, these companies are leading players in niche markets that are less sensitive to GDP growth volatility and are beneficiaries of the ongoing structural economic and social changes in China. In terms of valuation, despite a great quarter, the weighted-average P/E of the fund is still below-average. While true that most stock prices are higher, earnings have also risen, somewhat keeping valuations in check.

Portfolio Highlights

During the quarter, the portfolio was 98.38% invested in 69 companies. The biggest contributor to the portfolio's relative outperformance versus its benchmark was favorable stock selection in consumer discretionary and information technology.;

On the contrary, our biggest performance distractors were energy and healthcare sectors.

Key Benefits

The China Opportunities strategy invests at least 80% of its net assets in China securities. Currently, China securities include equity securities of companies that are organized under the laws of The People's Republic of China, Hong Kong, Taiwan or Singapore. Companies that have at least 50% of their assets in China or derive at least 50% of their revenues from business activities in China are also included in China equity securities. Companies normally meet the Oberweis Aperture investment criteria prior to investing. Oberweis Asset Management was among the first to focus on smaller growth Chinese companies.

The key benefits of the China Opportunities strategy are:

- Participate in China's transformation from an emerging market to an economic power
- Benefit from the anticipated above-average growth of China's GDP over the next decade
- Take advantage of the powerful impact that China's emerging consumer class will have on the global demand for goods and services, as China continues to evolve from that of a rural to an urban-based society
- Access to attractive but lesser-known companies that lack formal institutional coverage but possess above growth potential
- Achieve a more effective asset allocation, and greater long-term diversification through investments in Chinese and Pacific Rim equities
- Low correlation to major foreign and U.S. markets
- Potential for significant alpha over a full market cycle

Minimum Account Size: $5 million for Institutional Account Management

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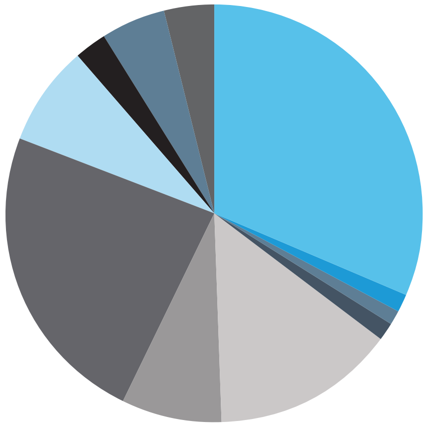
TOP TEN HOLDINGS *(as of March 31, 2017)*

	Company		Line of Business
1	Tencent Holdings Ltd.	5.2%	Leading internet services provider in China
2	iKang Healthcare Group, Inc.	3.8%	China's largest privately held medical services provider
3	Alibaba Group Holding Ltd.	3.8%	China's largest e-commerce provider
4	TAL Education Group	3.6%	After-school tutoring provider for K-12 in China
5	Ctrip.com International Ltd.	3.0%	Travel service provider in China
6	New Oriental Education & Technology Group, Inc.	2.9%	Provides private educational services in China
7	CSPC Pharmaceutical Group Ltd.	2.7%	Leading Chinese pharmaceutical company focusing on innovative drugs
8	Geely Automobile Holdings	2.2%	Automobile manufacturer that develops and sells passenger vehicles
9	Shenzhou International Group	2.1%	Largest vertically integrated manufacturer of knitwear & exporter in China
10	Netease.com, Inc.	1.8%	Internet technology company that develops applications, services and other internet technologies in China

Top 10 holdings as a percentage 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. Source: Thomson Reuters Eikon

SECTOR WEIGHTINGS *(as of March 31, 2017)*

Consumer Discretionary	31.6%
Consumer Staples	1.3%
Energy	1.0%
Financials	1.4%
Health Care	14.4%
Industrials	7.6%
Information Technology	23.8%
Materials	7.7%
Real Estate	2.4%
Telecomm Service	0.0%
Utilities	5.1%
Cash	3.7%
Total	100.0%



Sector weightings as a % of Total Net Assets.

Source: Thomson Reuters Eikon used unless otherwise noted. Sector data based on MSCI's revised Global Industry Classification Standards. For more details, visit www.msci.com.

Oberweis
Asset Management

CHINA OPPORTUNITIES

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AVERAGE ANNUAL TOTAL RETURNS *(as of March 31, 2017)*	QTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception 10/1/2005
China Opportunities (gross of fees)	**14.85%**	**17.33%**	**0.25%**	**12.22%**	**7.46%**	**14.09%**
China Opportunities (net of fees)	**14.54%**	**15.83%**	**-1.04%**	**10.95%**	**6.03%**	**12.65%**
MSCI Zhong-Hua Small-Cap Growth Index	6.09%	3.34%	-6.30%	3.26%	N/A	N/A

Oberweis Asset Management, Inc. ("OAM") is an independent investment management firm that is not affiliated with any parent organization. The composite returns are comprised of all fully discretionary accounts with a minimum value of $5 million. Performance results, from 10-1-05 until 10-1-06 as well as 5-1-08 to present, are derived solely from the performance of the Oberweis China Opportunities Fund, a registered, open-end mutual fund, for which OAM serves as investment adviser. Accounts are dollar-weighted within the composite and reported in U.S. dollars.

The MSCI Zhong Hua Small-Cap Growth Index (Net) is a free float-adjusted market capitalization index that is designed to measure the performance of small cap stocks in the developed markets and emerging markets of China and Hong Kong excluding China A shares, with minimum dividends reinvested net of withholding tax. The MSCI Zhong Hua Small-Cap Growth Index began on May 31, 2007, and the line graph for the Index begins at the same value as the Fund on that date.

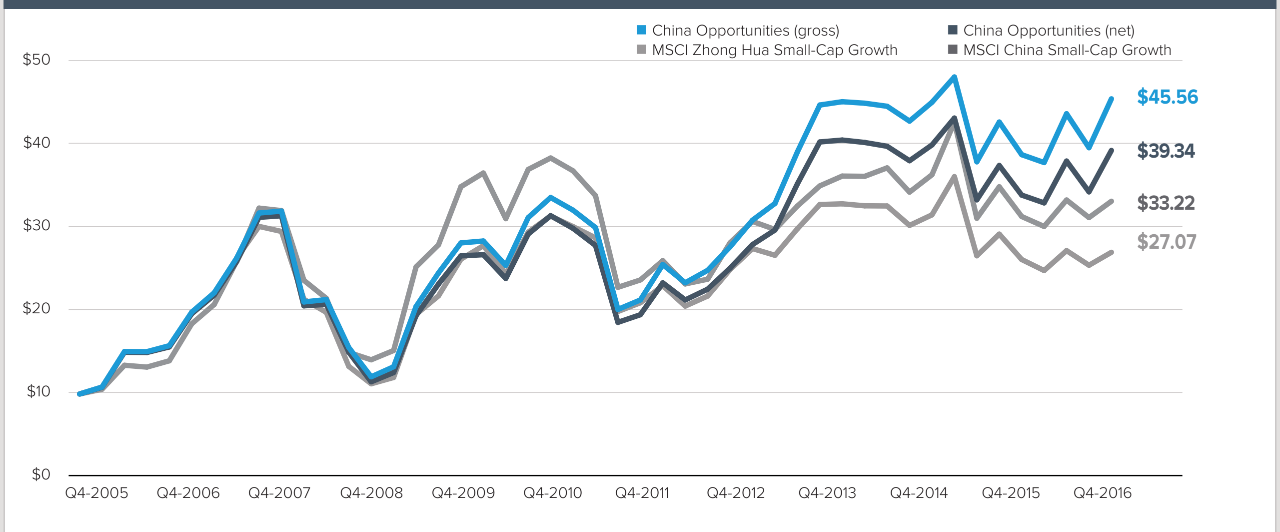
The MSCI China Small Cap Growth Index is a free float adjusted market capitalization index that is designed to measure the small cap growth equity market performance in China excluding A share classes, with minimum dividends reinvested net of withholding tax.

Advisory fees are disclosed in Part II of Form ADV. Performance is historical and includes the reinvestment of dividends and other income. Past performance is not necessarily indicative of future results.

**Before investing, consider the fund's investment objectives, risks, charges, and expenses. To obtain a copy of the prospectus or summary prospectus containing this and other information, please visit our website at oberweisfunds.com or call 800-323-6166. Read it carefully before investing. 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. The Oberweis Funds are distributed by Oberweis Securities, Inc. Member: FINRA & SIPC.*

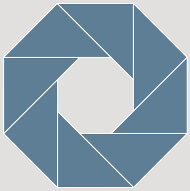
Oberweis Asset Management (Asia) Limited ("OAMA"), is a company organized under the laws of Hong Kong. OAMA has entered into a services agreement with OAM to provide research services to OAM.

GROWTH OF $10,000 — WITH INCOME INVESTED ***(October 1, 2005– March 31, 2017)***



The Oberweis Aperture

Our unique, highly disciplined investment approach includes a series of eight criteria to focus our research efforts.



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Oberweis Asset Management, Inc.

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

MEET THE TEAM