

## OBERWEIS MICRO-CAP FUND INVESTOR CLASS (OBMCX) INSTITUTIONAL CLASS (OMCIX)

3Q 2017

### AVERAGE ANNUAL TOTAL RETURNS (as of September 30, 2017)

	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception 1/1/1996	Gross/Net Expense Ratio*
<b>Oberweis Micro-Cap Fund Institutional Class (OMCIX)**</b>	<b>10.07%</b>	<b>23.84%</b>	<b>33.44%</b>	<b>19.04%</b>	<b>19.48%</b>	<b>6.95%</b>	<b>10.80%</b>	<b>1.40%/1.40%</b>
<b>Oberweis Micro-Cap Fund Investor Class (OBMCX)</b>	<b>9.99%</b>	<b>23.61%</b>	<b>33.10%</b>	<b>18.74%</b>	<b>19.18%</b>	<b>6.68%</b>	<b>10.53%</b>	<b>1.65%/1.64%</b>
Russell Microcap Growth Index	6.95%	15.58%	17.27%	10.27%	12.91%	6.48%	N/A	
Russell 2000 Growth Index	6.22%	16.81%	20.98%	12.17%	14.28%	8.47%	7.07%	

\* Expense ratio for OBMCX as of 12/31/16. The expense ratio gross of expense off set arrangements and expense reimbursement was 1.65% for OBMCX. Expense Ratio is an estimate for the Institutional Class because shares commenced operations on May 1, 2017. Effective May 1, 2017 through April 30, 2018, Oberweis Asset Management, Inc., the Fund's investment advisor, is contractually obligated to reduce its management fees or reimburse OBMCX and OMCIX to the extent that total ordinary operating expenses exceed in any one year the following amounts expressed as a percentage of each Fund's average daily net assets: 1.80% and 1.55% of the first \$50 million; plus 1.60% and 1.35% of average daily net assets in excess of \$50 million, respectively. The annual expense ratio for OBMCX will reflect a blend of both the old and new expense reimbursement arrangements in effect for 2017.

\*\*Institutional Class shares OMCIX performance information was calculated using the historical performance of Investor Class shares for periods prior to May 1, 2017.

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 a gain or loss when shares are sold. Current performance may be higher or lower than quoted. Visit us online at [oberweis.funds.com](http://oberweis.funds.com) for the most recent month-end performance. 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](http://oberweisfunds.com) or call 800-323-6166. Read it carefully before investing. The Oberweis Funds invest in rapidly growing smaller and medium-sized companies that may offer greater return potential. However, these investments often involve greater risks and volatility. Foreign investments involve greater risks than U.S. investments, including political and economic risks and the risk of currency fluctuations. There is no guarantee that the Funds can achieve their objectives.

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. The 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. Each index is an unmanaged group of stocks, whose performance does not reflect the deduction of fees, expenses or taxes.

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

## The Quarter in Review

The Oberweis Micro-Cap Fund returned 9.99% during the September quarter versus a 6.22% return for the benchmark Russell 2000 Growth Index, an outperformance of 377 basis points. Compared to the Russell Microcap Growth Index, which returned 6.95%, the Fund outperformed the index by 304 basis points. Year-to-date, the composite returned 23.61% versus 16.81% for the Russell 2000 Growth Index and 15.58% for the Russell Microcap Growth Index, an outperformance of 680 basis points and 803 basis points, respectively.

Growth stocks again outperformed value stocks during the quarter and have now bested their value cousins by over 1,100 basis points year-to-date, although value stocks did rebound somewhat on a relative basis during the month of September<sup>1</sup>. From a capitalization perspective, small-cap stocks slightly outperformed large-cap stocks during the quarter but continue to lag by nearly 400 basis points year-to-date<sup>2</sup>. Biotech stocks, which returned over 14% during the quarter<sup>3</sup>, remained a headwind and helped drive the healthcare sector to the highest year-to-date return within the Russell 2000 Growth Index. We were underweight the sector and had minimal exposure to biotechs specifically.

<sup>1</sup>The Russell 2000 Growth Index returned 6.22%, 16.81%, and 5.45% for the quarter, year-to-date, and month (ended September 30, 2017), respectively. The Russell 2000 Value Index returned 5.11%, 5.68%, and 7.08% for the quarter, year-to-date, and month (ended September 30, 2017), respectively.

<sup>2</sup>The Russell 1000 Growth Index returned 5.90% during the quarter and 20.72% year-to-date.

<sup>3</sup>The biotechnology industry within the Russell 2000 Growth Index (Russell classifications) returned 14.64% during the quarter.

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### Quarter In Review (continued)

Both developed and emerging markets equities continued to exhibit strength globally during the quarter. Chinese stocks have led the way thus far in 2017, followed closely by Brazil and India. Developed European markets – particularly France and Germany – have also performed well, while Russia has been one of the few problematic markets. These positive returns have been supported by accelerating economic growth and earnings growth in 2017, particularly in Europe, where the Global Purchasing Managers' Index for manufacturing has demonstrated consistent strength dating to the end of 2016. In fact, Germany's PMI eclipsed 60 in September for the first time in recent memory, while the PMI in the U.S. continues to post readings in the low-50's, signaling continued expansion.

Against this backdrop, however, are valuations in the U.S. that are above-average for both the S&P 500 Index and for our investable universe of small-cap growth companies, a data point that is discussed frequently on CNBC by those labeling the U.S. equity market as "expensive" or "pricy" or even a "bubble." While the P/E's on an absolute basis are troubling, we would caution that these above-average multiples are against a backdrop of sustained low interest rates. Since 1990, the average yield on a U.S. 10-year Treasury bond is over 4.6%. We closed the third quarter at 2.35% and haven't seen 4.6% in a decade. The Federal Reserve, however, has more recently shifted its monetary stance toward a tightening bias after raising rates four times in 18 months. This bias will soon strengthen as the Fed refrains from purchasing treasuries and mortgage-backed securities with the proceeds from maturing securities on its balance sheet. We expect the balance sheet unwind will become a more pressing topic in 2018 and could help to drive bond yields higher.

The other interesting issue related to P/E resides in the earnings part of the equation, which could experience a meaningful boost should the Congress pass legislation that reduces the corporate tax rate to 20%, as has been telegraphed by President Trump and Republican leadership. Micro-cap and small-cap stocks are seen as more sensitive to corporate tax cut expectations and would stand to disproportionately benefit from an all-encompassing reduction to 20%. Research by Credit Suisse's chief U.S. equity strategist Lori Calvasina estimates that the effective tax rate is currently 32% for the Russell 2000 Index and 26% for the S&P 500 Index. A reduction to 20% would essentially boost earnings for the Russell 2000 Index by over 17% and effectively reduce the index P/E by 15%.

Certainly tax reform expectations are high and are, at a minimum, somewhat priced into micro-cap equities. Now more than ever, the equity rally seems to be based on the promise of tax cuts, both at the corporate and individual levels. Politicians have committed to a resolution by year-end to provide tax clarity heading into 2018, so this represents a risk worth monitoring as the fourth quarter unfolds. Given the Trump administration's multiple failures with healthcare reform, we believe there is a reasonable probability of disappointment that might lead to a short-term disruption in small-cap equity prices.

Longer term, we believe that investing in companies growing sales and earnings beyond consensus expectations drives superior long-term performance. Rather than focus on macro factors or geopolitical events, we instead focus our research effort on a company-by-company basis to identify individual businesses where we believe something is misunderstood or underestimated by the average investor, resulting in proprietary earnings expectations that differ materially from consensus. While the multiple investors are willing to pay may vary in the near-term, we believe such investments will lead to excess performance over the long-term.

### Fund Highlights

As of September 30, 2017, the Fund was 94.5% invested in 89 different positions. The Fund had its largest weightings in technology (21.8% average weighting during the quarter versus 19.7% for the Russell 2000 Growth Index), producer durables (20.1% versus 15.8%), and healthcare (19.3% versus 24.3%). In addition to healthcare, the Fund was most underweight materials (4.1% versus 8.1%) and utilities (0.0% versus 2.4%).

In the third quarter the Fund benefited from favorable stock selection in technology (where our holdings returned 14.4% versus a 5.8% return for the benchmark's technology holdings), producer durables (16.6% versus 9.4%), and consumer discretionary (7.8% versus 5.8%).

### Key Benefits

The Micro-Cap Fund invests at least 80% of its net assets in the securities of very small companies which, at the time of purchase, have a market capitalization of less than or equal to \$600 million or are within the range of companies represented in the Russell Micro-Cap Growth Index, whichever is greater. This is an effort to capture the exceptional growth potential of emerging companies in the earliest and most dynamic phase of their development.

The potential key benefits of the Micro-Cap Fund are:

- Access to one of the least efficient segments of the equity market
- Potential for significant alpha over a full market cycle
- Combines empirically-proven Behavioral Finance principles with the very best of fundamental bottom-up research
- Disciplined and repeatable investment process managed by a passionate and experienced investment team
- Fundamental research process specifically designed to efficiently discover micro-cap companies that are misunderstood by traditional Wall Street research analysts
- Exposure to micro-cap companies offering the potential for earnings growth that differs from consensus expectations
- Diversified portfolio with a focus on risk management

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.

Minimum Investment:

Oberweis Micro-Cap Fund Investor Class (OBMCX): \$1,000 non-IRA, \$500 IRA

Oberweis Micro-Cap Fund Institutional Class (OMCIX): \$1.0 million

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3Q 2017

## FUND CHARACTERISTICS *(as of September 30, 2017)*

Number of Stocks	89
Weighted Market Capitalization (in millions)	\$901
Median Market Capitalization (in millions)	\$695
P/E Forward 4 Quarters (estimated)	19.6x
Long-Term Debt to Total Equity	9.0%
Return on Equity	6.0%
Cash Position	5.5%
Portfolio Turnover (2016)	102%

Source: Thomson Reuters Eikon

## TOP TEN HOLDINGS *(as of June 30, 2017)*

Company		Line of Business
1 Applied Optoelectronics, Inc.	2.7%	Manufactures advanced optical semiconductor devices
2 AXT, Inc.	2.1%	Producer of high-performance compounds used in semiconductors
3 Hudson Technologies	2.0%	Manufactures refrigerants and provides refrigerant reclamation services
4 Patrick Industries, Inc.	2.0%	Manufactures building materials used primarily by the recreational vehicle industry
5 Ceva, Inc.	1.9%	Licenser of DSP cores and integrated applications to the semiconductor industry
6 Carbonite, Inc.	1.8%	Provides cloud data protection services to consumers and businesses
7 Extreme Networks, Inc.	1.8%	Provides software-driven networking solutions
8 Glaukos Corp.	1.8%	Develops, manufactures, and markets medical devices for the treatment of glaucoma
9 OraSure Technologies	1.8%	Develops diagnostic tests used to detect infectious diseases
10 Cutera, Inc.	1.7%	Develops laser-based aesthetic products

*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*

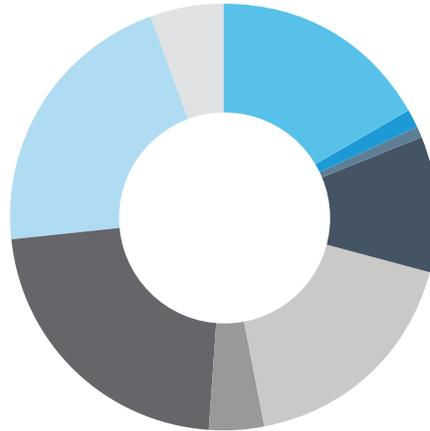


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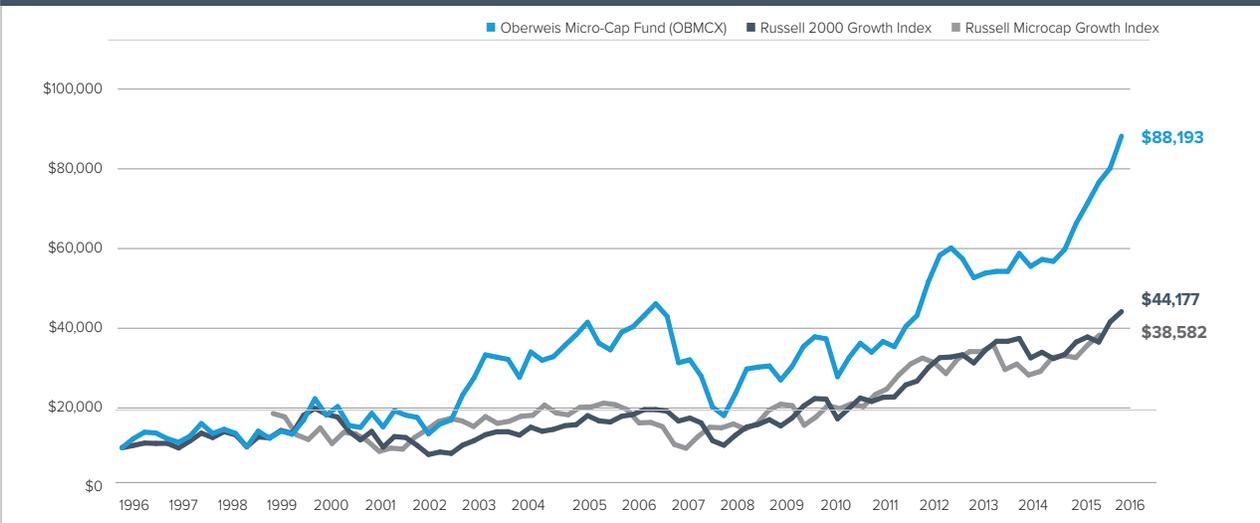
**SECTOR WEIGHTINGS (as of September 30, 2017)**

Consumer Discretionary	16.9%
Consumer Staples	1.2%
Energy	1.0%
Financial Services	10.3%
Health Care	17.8%
Materials & Processing	4.0%
Producer Durables	22.2%
Technology	21.1%
Utilities	0.0%
Cash	5.5%
<b>Total</b>	<b>100.0%</b>



Sector weightings as a percentage of Total Net Assets. Source: Thomson Reuters Eikon

**GROWTH OF \$10,000 — WITH INCOME INVESTED (January 1, 1996–September 30, 2017)**



The Russell Microcap Growth Index began on 7/3/00, and the line graph for the Index begins at the same value as the Fund on that date.

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.

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