

INTERNATIONAL OPPORTUNITIES STRATEGY

1Q 2018

The Quarter in Review

We are pleased to report favorable results for the first quarter of 2018. For the quarter, the Oberweis International Opportunities Composite returned 1.89% (1.63% net of fees) versus 0.77% for the MSCI World ex USA Small Cap Growth Index, for an excess return of 112 bps (86 bps net of fees).

The positive return in the quarter was generated against a backdrop of renewed volatility as market participants became suddenly concerned with a myriad of potential issues. All was well in the first month of the year, with the MSCI World Index gaining 5.31% in January. However, the calm soon ended and early gains receded. In February, the CBOE's VIX Index (a proxy for volatility) spiked above 50, the highest reading since August 2015. Investors worried about rising interest rates under a new regime at the Federal Reserve, the potential for a trade war with China, and a barrage of "off-the-cuff" Tweets by President Trump on a variety of issues including immigration and the investigation into his potential ties to Russia.

Despite these concerns, global economic growth remains robust. Corporate operating earnings continue to look strong with earnings growth in the U.S, Europe and Japan all reporting accelerating and double digit growth. Manufacturing PMI around the world remains at levels indicative of continued expansion, and our global outlook for GDP growth continues to be favorable.

At the sector level, our portfolio benefitted from strong stock selection in Industrials and Information Technology. Our industrial investments fared well in part due to strong returns among our Japanese staffing companies, which are benefitting from a tight labor market in Japan. An underweight allocation to Healthcare, which performed well during the period, detracted from performance this quarter. In terms of country attribution, the portfolio benefitted from strong stock selection in Singapore, Australia, Canada, Germany and the United Kingdom, partially offset by adverse stock selection in Sweden and Norway.

Outlook

Despite a positive macro and micro economic backdrop, our outlook has become incrementally more cautious given the uncertainty on global trade. Globalization has been one of the drivers of margin expansion over the past two decades and we worry about the potential for margin contraction in the case of a trade war. A recent report by Empirical Research Partners (ERP) notes that since China joined the World Trade Organization in 2001, manufacturers' net margins have nearly doubled with the bulk of the margin improvement coming from the benefits of globalization. Protectionist trade policies have the potential to halt or reverse those margins gains and depress corporate earnings. As every economic student remembers, tariffs have historically not worked well toward either improving trade deficits or stimulating growth. The bottom line is that protectionist trade policy is a cloud over the market. It could have strong negative effects on earnings or fade away with a Tweet from Pennsylvania Ave.

In thinking through the effects of a potential trade war, the analysis is not an easy one. While protectionist policies that deter free trade are likely to depress global growth, some regions could be hurt less than others. For example, if U.S. products become uncompetitive in China as a result of meaningful tariffs, European companies could stand to pick up the slack. Perhaps this helps to explaining weakening correlations between U.S. and European equities so far this year. With respect to our portfolio, we remain focused on identifying individual stocks that we believe are being substantially misvalued by the market. Change – be it a new product, a geographic expansion, a corporate restructuring or even a government policy change – often create the catalysts that drive the misunderstandings that create opportunities. We will continue to seek out companies with the potential to generate earnings materially higher than analyst expectations.

Portfolio Highlights

At quarter-end, the portfolio was invested in 75 stocks in 15 countries. Our top five country weightings (portfolio weighting versus the MSCI World ex-US Small Cap Growth Index) at the end of the quarter were Japan (27.6% vs. 29.5%), the United Kingdom (15.5% vs. 14.8%), Switzerland (7.8% vs. 4.9%), Germany (7.0% vs. 6.1%), and Australia (6.0% vs. 5.9%). On a sector basis, the portfolio is overweight information technology (25.9% vs. 17.9%) and underweight consumer staples (2.7% vs. 8.8%). In addition, we ended the quarter with a slightly above-average cash levels to provide flexibility.

We remain overweight technology. Against a strong economic backdrop, technology shares offer high operating leverage and tend to fare well in periods of higher-than-expected aggregate demand. That said, our optimism is somewhat tempered by trade war worries. In fact, that is the primary reason why we enter the second quarter underweight industrials. Many industrial companies are vulnerable to protectionist trade policies. We also continue to remain underweight consumer discretionary and staples. For example, rising inflation in the U.K. makes for a difficult consumer environment, while yield-chasing investors have kept valuations for staples quite lofty.

COUNTRY ALLOCATION*

(AS OF MARCH 31, 2018)

	International Opportunities	MSCI World ex-US Small-Cap Growth Index
Japan	27.6%	29.5%
United Kingdom	15.5%	14.8%
Switzerland	7.8%	4.9%
Germany	7.0%	6.1%
Australia	6.0%	5.9%
France	5.4%	4.3%
China	5.0%	0.0%
Canada	4.9%	8.5%
Netherlands	3.7%	1.9%
Singapore	3.1%	1.6%
Sweden	2.3%	5.4%
Spain	1.7%	2.0%
Italy	0.0%	3.4%
Denmark	0.0%	2.0%
Other Countries	2.6%	9.7%
Cash	7.4%	N/A
Total:	100.0%	100.0%

*Country Allocation is defined using MSCI's Country Classification methodology and represents countries whose allocation in the Strategy or Index is 2% or more. Country allocations representing less than 2% are categorized in "Other Countries". Country Allocation as a Percentage of total Net Assets. Source: Thomson Reuters Eikon

Key Benefits

The International Opportunities strategy seeks to identify and capitalize on the investment opportunities offered by smaller companies in Europe, the UK, Canada, Asia, Japan, and Latin America. The strategy focuses on identifying less well-known small-cap companies which traditionally receive less coverage than larger companies, consequently providing unique opportunities to unearth hidden values.

The potential key benefits of the International Opportunities strategy are:

- Diversified portfolio of smaller, non-U.S. companies with higher than expected earnings potential
- Combines empirically-proven Behavioral Finance principles with the very best of fundamental bottom-up research
- Access to attractive but lesser-known foreign companies that do not receive significant institutional coverage but possess higher than expected growth potential
- Achieve a more effective asset allocation, and greater long-term diversification of their portfolios through investments in non-U.S. equities
- Invests primarily in developed markets with some exposure to emerging markets
- Potential for significant alpha over a full market cycle

Minimum Account Size: \$5 million for Institutional Account Management

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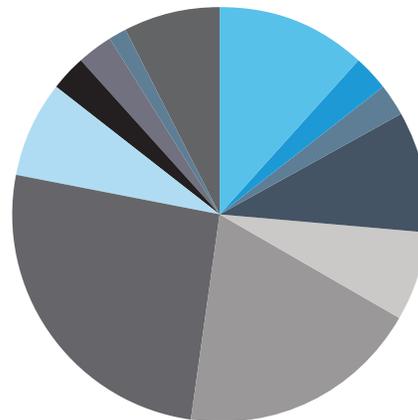
TOP TEN HOLDINGS (as of March 31, 2018)

Company		Line of Business
1	Venture	3.1% Singapore-based contract manufacturing service provider
2	Open House Co. Ltd.	3.0% Japan-based single family home and real estate service provider
3	Burford Capital Ltd.	2.4% Market leader in providing litigation finance, investing its own balance sheet and 3rd party funds
4	AMS AG	2.2% Leading developer of sensor semiconductors
5	GVC Holdings	2.1% A United Kingdom-based international online gaming company offering sports betting, casino and poker games
6	Tokai Carbon Co., Ltd.	2.1% Japan-based carbon products manufacturer with a comprehensive product lineup
7	Ubisoft Entertainment	2.0% Leading producer and distributor of video games
8	Zeon Corp.	1.9% Global synthetic rubber provider
9	V Technology Co. Ltd.	1.9% Leading provider of flat panel display equipment
10	Air Canada	1.9% Canadian domestic and international airline

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, 2018)

Consumer Discretionary	11.9%
Consumer Staples	2.7%
Energy	2.4%
Financials	9.5%
Health Care	7.0%
Industrials	18.8%
Information Technology	25.9%
Materials	7.4%
Real Estate	3.0%
Telecomm Service	2.7%
Utilities	1.3%
Cash	7.4%
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.

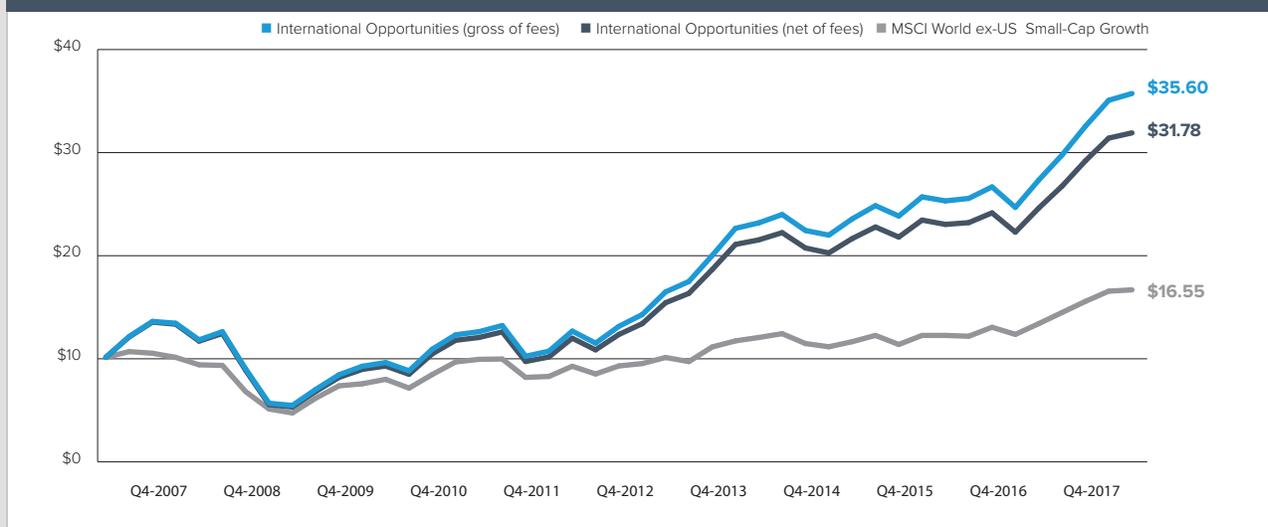
AVERAGE ANNUAL TOTAL RETURNS (as of March 31, 2018)						Since Inception 2/1/2007
	QTD	1 Yr	3 Yr	5 Yr	10 Yr	
International Opportunities (gross of fees)	1.89%	30.91%	14.96%	16.83%	11.77%	12.76%
International Opportunities (net of fees)	1.63%	29.82%	13.88%	15.74%	10.62%	11.60%
MSCI World ex-US Small-Cap Growth Index	0.77%	24.75%	12.85%	10.62%	5.95%	5.10%

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 2-1-07 until 7-31-08, were derived solely from the performance of the Oberweis International 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 World ex-US Small-Cap Growth Index (Net) is a free float-adjusted market capitalization weighted index that is designed to measure the performance of small cap growth developed markets excluding the U.S. 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.

GROWTH OF \$10,000 — WITH INCOME INVESTED (February 1, 2007 – March 31, 2018)


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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