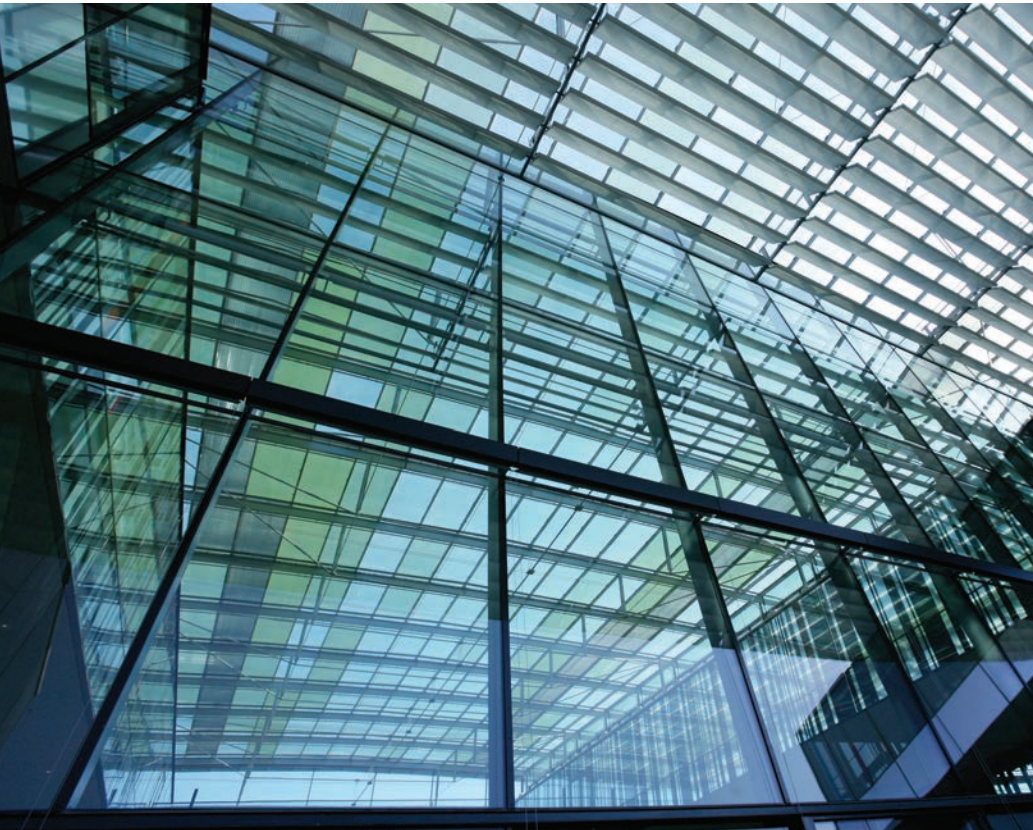




**Oberweis**  
Funds



## ANNUAL REPORT

Oberweis International Opportunities Institutional Fund (OBIIIX)

**December 31, 2016**

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## PRESIDENT AND PORTFOLIO MANAGER'S LETTER

Dear Shareholder:

Thank you for your investment in the Oberweis International Opportunities Institutional Fund (OBIIIX). This fund, which is managed by Ralf Scherschmidt and team, seeks to invest in small and mid-cap companies primarily outside of the United States which are experiencing positive fundamental changes not yet fully reflected in market prices.

### The Year in Review

Much of 2016 revolved around its ending. The surprising victory by Donald Trump in the US Presidential election set off an unexpected rally in global equity markets to end the year, led by the US. In the last two months of 2016, the S&P 500 Index returned 5.7% while the MSCI World Ex-US Index returned 1.7%. Furthermore, from the date of the election through year-end, the US dollar rose over 4% as Trump-led economic optimism fueled investor confidence that an environment conducive to pro-business policy and tax reform would stimulate growth and cause US interest rates to rise at a faster-than-anticipated pace. Non-US equity investors faced a double headwind. The marginal preference amid global investors for US equities increased, while — at the same time — appreciation of the US dollar relative to other currencies reduced the value of foreign assets in US-dollar terms. After the election, the British Pound, Euro and Canadian dollar all depreciated. The Japanese Yen, which had appreciated approximately 17% during the first ten months of 2016, reversed course after the election and proceeded to depreciate nearly 17%. While a difficult period for international funds, it is worth noting that the premium valuation afforded to US equities implies that a lot of good news appears to have already been discounted. From here, any misstep by Mr. Trump may well dampen global investors' love affair with US equities.

For the year, the Oberweis International Opportunities Institutional Fund returned -5.43% versus 0.86% for the MSCI World ex-US Small Cap Growth Index in 2016. In the fourth quarter, the Fund returned -7.85% versus -5.34% for the benchmark. While we are not pleased with the short-term performance, we have seen such periods in the past and find it relatively straightforward to understand when one considers the style factors that have driven recent equity returns for our universe. Consistent with our philosophy and history, our process is focused on companies undergoing misunderstood positive fundamental changes, which are often evidenced by positive earnings surprises and earnings revisions. Most of the time, such characteristics are rewarded by the market. In 2016, however, the market preferred companies with characteristics such as low absolute price-to-book multiples much more than companies with positive earnings revisions.

In 2016, companies with positive earnings revisions, which are the main focus of our time-tested investment philosophy, underperformed as a group. According to Empirical Research Partners, companies in the bottom quintile of earnings revisions (across all market caps within the developed world ex-US spectrum) outperformed those in the top quintile of earnings revisions by approximately 700bps for the year. This trend was even more pronounced in the second half of 2016, with the bottom quintile of earnings revisions outperforming the top quintile of earnings revisions by about 900bps.

While one would intuitively expect companies who earn more than expected — and experience positive earnings revisions as a result — to outperform companies who merely meet or even fall short of expectations, this is not always the case in the short-term, because valuations, interest rates and economic cyclicalities also play a role. This was the case in 2016, as many economically-sensitive companies which had underperformed in 2015 rebounded in 2016. Even without significant actual positive changes in their fundamentals, expectations changed and such companies rallied with optimism that better economic times are on their way.

## PRESIDENT AND PORTFOLIO MANAGER'S LETTER *(continued)*

While no one knows what the future will bring, style cycles often mean-revert over time. After periods in which our fund has faced style headwinds, we have often seen above-average opportunities, as relative valuations tend to be better following periods of underperformance. We believe this to be the case today as well. Many of our portfolio companies experienced positive earnings revisions in 2016 and 2017 estimates, but did not experience corresponding stock price appreciation. On the flipside, more value-oriented equities did experience multiple expansions and are thus relatively more expensive than a year ago. In absolute terms, our fund's weighted-average P/E declined by over 25% year-on-year.

### Outlook

As we enter 2017, the outlook for international equities remains mixed but the macroeconomic situation appears better than last year. In the Eurozone, inflation has started to show signs of improvement, with the highest Eurozone CPI reading in the last three years during December. PMI's across the European region have remained above 50 and have broadly come in better than expected. The U.K. has yet to see dramatic economic contraction despite the Brexit vote. At the micro level, European corporate aggregate earnings remain well below US corporate aggregate earnings despite high historical correlations. As a result, there is massive potential for an improvement in European earnings which does not seem currently priced into European shares which are trading in-line with long term averages. On the flip side, upcoming French, Dutch and German elections are likely to continue to add volatility especially if the rise of populism continues.

In Japan, we feel slightly better that less dramatic monetary actions from the Bank of Japan (BoJ), combined with higher US interest rates, should prevent the Yen from being as volatile as it was in 2016. Recent Japanese economic data also appears to be slightly improving, with the Japanese December PMI reaching the highest level in a year and fiscal spending appears likely to drive moderate growth in 2017. Valuations in Japan appear the most interesting among the major developed markets, trading at a slight P/E discount to long term averages.

With the US and China also showing broadly better than expected economic data over the last few months of 2016, the Citigroup Global Economic Surprise Index reached its highest level over the last four years. Given a slightly more positive economic global backdrop, the Bank of America/Merrill Lynch global earnings revision ratio reached the highest level in six years, led by Europe and Japan. The better global backdrop both on a macro and micro level should position our "relative to expectations" strategy favourably as we head into 2017.

Lastly, the core downside risk in 2017 revolves around the evolution of free trade, or lack thereof, given the recent election of protectionist leaders in both the US and Europe. We have already seen the Chinese Yuan and Mexican Peso depreciate dramatically, somewhat compensating for tighter future trading situations with the US. It remains yet to be seen what direction trade takes in the U.K. given trade deals will change post Brexit officially being evoked. On the positive side, it appears that future upside to growth could be created by fiscal stimulus plans around the world.

## PRESIDENT AND PORTFOLIO MANAGER'S LETTER *(continued)*

### Portfolio Highlights

At quarter-end, the portfolio was invested in 92 stocks in 17 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 (28.5% vs. 28.2%), the United Kingdom (15.3% vs. 15.2%), Canada (10.5% vs. 9.6%), France (8.5% vs. 4.2%), and Australia (7.2% vs. 6.0%). On a sector basis, the portfolio is overweight information technology (19.2% vs. 14.8%) and underweight real estate (2.2% vs. 5.4%).

Some of the top performers for the quarter included: Takeuchi Manufacturing Co. Ltd. (6432 JP), which returned +34.3% and contributed 33 basis points to the portfolio's return; STMicroelectronics (STM FP), which returned +31.1% and contributed 28 bps; and JD Sports Fashion Plc. (JD/LN), which returned +2.5% and contributed 23 bps. Some of the leading detractors for the quarter included: Kyudenko Corp. (SOBI SS), which returned -26.3% and detracted 41 bps; Megmilk Snow Brand Co. Ltd. (2270 JP), which returned -24.1% and detracted 40 bps; and IG Group Holdings Plc. (IGG LN), which returned -45.5% and detracted 30 bps.

We appreciate your investment in The Oberweis Funds and are grateful for the trust you have shown us with your valuable investments. If you have any questions about your account, please contact shareholder services at 800-245-7311. Thank you for investing with us in The Oberweis Funds.

Sincerely,



James W. Oberweis, CFA  
*President*



Ralf Scherschmidt  
*Portfolio Manager*

## MANAGEMENT DISCUSSION ON FUND PERFORMANCE

### Market Environment

Global equities returned 7.51% in 2016, as measured by the MSCI World Index. U.S. equities, as measured by the 11.96% return on the S&P 500 Index, outperformed foreign equities in 2016.

Amid international growth equities, returns for small-cap and large-cap stocks were comparable. Small-cap edged out large-cap by 24 bps in 2016, as measured by the respective returns of the MSCI World Ex US Small Cap Growth (+0.86%) and the MSCI World Ex US Large Cap Growth (+0.62%) indices. Within international small-cap, value stocks significantly outperformed growth stocks, with the MSCI World Ex US Small Cap Value Index (+7.87%) outperforming the MSCI World Ex US Small Cap Growth Index by 701 basis points for the year.

### Discussion of The International Opportunities Institutional Fund

The International Opportunities Institutional Fund tends to have a style bias that leads to stronger performance in periods during which small-cap stocks beat large-cap stocks and when growth stocks beat value stocks. The Fund was adversely impacted by value stocks outperforming growth stocks. Additionally, companies experiencing positive analyst earnings revisions underperformed.

The International Opportunities Institutional Fund returned -5.43% versus 0.86% for the MSCI World Ex US Small Cap Growth Index. The portfolio benefitted from stock selection in the U.K. and Italy, offset by adverse stock selection in Japan and Canada. On a sector level, the portfolio benefitted from stock selection in Financials and Information Technology, offset by adverse stock selection in Industrials and Materials. At the stock level, Parex Resources Inc. (PXT CN), Sunny Optical Technology Group Co. Ltd. (2382 HK), and JD Sports Fashion Plc. (JD/LN) were among the top contributors to performance; Swedish Orphan Biovitrum AB (SOBI SS), Unizo Holdings Co. Ltd (3258 JP), and Mitsui Chemicals Inc. (4183 JP) were among the top contractors.

For current performance information, please visit [oberweisfunds.com](http://oberweisfunds.com).

MANAGEMENT DISCUSSION ON FUND PERFORMANCE *(continued)*

**Oberweis International Opportunities  
Institutional Fund**

*At December 31, 2016*

**Asset Allocation (%)**

Equities	97.9
Rights	0.0
Commercial Paper	2.3
Other Liabilities in excess of Assets	(0.2)
	<hr/> 100.0

**Top Holdings (%)**

Micro Focus International PLC	2.3
Just Eat PLC	2.1
Logitech International SA	2.0
Mitsui Chemicals, Inc.	1.9
Koito Manufacturing Co. Ltd.	1.8
Parex Resources, Inc.	1.8
Morinaga & Co. Ltd.	1.8
Teleperformance SA	1.7
Japan Lifeline Co. Ltd.	1.7
Takeuchi Manufacturing Co. Ltd.	1.7
Other Holdings	81.2
	<hr/> 100.0

**Top Industries (%)**

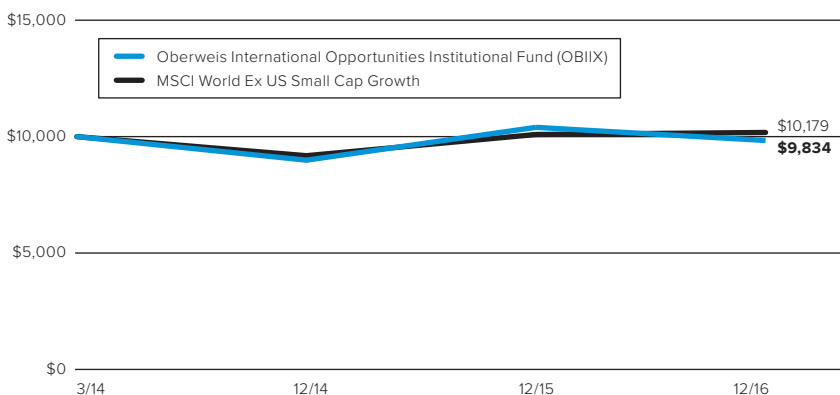
Food Products	6.9
Auto Components	5.8
Machinery	5.2
Internet Software & Services	5.0
Software	4.6
Hotels, Restaurants & Leisure	4.4
Semiconductors & Components	3.8
Chemicals	3.7
Metals & Mining	3.7
Professional Services	3.3
Other Industries	53.6
	<hr/> 100.0

## MANAGEMENT DISCUSSION ON FUND PERFORMANCE *(continued)*

### Average Annual Total Returns<sup>1</sup> *(for the Periods Ended December 31, 2016)*

	1 YR (%)	SINCE INCEPTION <sup>2</sup> (%)	EXPENSE RATIO <sup>3</sup> (%)
OBIX	(5.43)	(0.59)	1.10
MSCI World ex-U.S. Small Cap Growth	0.86	0.63	

### Growth of a \$10,000 Investment *(from March 10, 2014 to December 31, 2016)*



<sup>1</sup> Performance data represents past performance, which is no guarantee of future results. Returns are historical and include changes in share price and reinvestment of dividends and capital gains. Current performance may be higher or lower than the performance shown. You can obtain performance data current to the most recent month by visiting [oberweisfunds.com](http://oberweisfunds.com). The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. 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. Foreign and emerging market investing involves special risks such as currency fluctuation and less public disclosure, as well as economic and political risk. There is no guarantee that the portfolios can achieve their objectives.

The MSCI World ex-US Small Cap Growth Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of small cap growth developed and emerging markets excluding the U.S., with minimum dividends reinvested net of withholding tax.

<sup>2</sup> Since Inception returns are from commencement of operations on 03/10/14 for the Fund.

<sup>3</sup> Expense ratio is the total annual net fund operating expense ratio as of 12/31/16. The expense ratio gross of any fee waivers or expense reimbursement was 1.18%.



# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Schedule of Investments *December 31, 2016*

	<u>SHARES</u>	<u>VALUE</u>
<b>Equities – 97.9%</b>		
AUSTRALIA – 7.2%		
Aristocrat Leisure Ltd. ....	738,500	\$ 8,260,626
BlueScope Steel Ltd. ....	1,266,000	8,478,372
Cochlear Ltd. ....	102,200	9,038,472
Corporate Travel Management, Ltd. ....	257,000	3,397,734
CSR Ltd. ....	1,138,800	3,796,822
Domino's Pizza Enterprises Ltd. ....	154,200	7,232,055
Evolution Mining Ltd. ....	4,708,800	7,204,053
		<u>47,408,134</u>
BELGIUM – 0.9%		
Ion Beam Applications SA ....	65,300	2,862,202
NV Bekaert SA ....	78,900	3,196,281
		<u>6,058,483</u>
CANADA – 10.5%		
BRP, Inc.* ....	139,600	2,947,539
Canadian Energy Services & Technology Corp. ....	1,111,100	6,338,740
CCL Industries, Inc. ....	32,502	6,385,661
Cott Corp. ....	641,600	7,269,328
Dollarama, Inc. ....	103,200	7,561,492
Maple Leaf Foods, Inc. ....	336,400	7,045,184
Parex Resources, Inc.* ....	945,700	11,903,128
Shopify, Inc.* ....	190,600	8,171,022
Sleep Country Canada Hldgs., Inc. ....	288,900	6,192,405
Torex Gold Resources, Inc.* ....	344,200	5,329,499
		<u>69,143,998</u>
CHINA – 3.1%		
Nexteer Automotive Group Ltd.* ....	6,564,000	7,787,581
Shenzhen International Group Hldgs. Ltd.* ....	1,454,000	9,197,073
Sunny Optical Technology Group Co. Ltd. ....	749,000	3,279,199
		<u>20,263,853</u>
DENMARK – 2.2%		
Genmab A/S* ....	58,357	9,692,426
SimCorp A/S ....	93,500	4,556,842
		<u>14,249,268</u>
FINLAND – 2.6%		
Huhtamaki OYJ ....	204,872	7,608,299
Konecranes OYJ* ....	272,000	9,671,747
		<u>17,280,046</u>

See accompanying notes to the financial statements.

# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Schedule of Investments December 31, 2016 (continued)

	<b>SHARES</b>	<b>VALUE</b>
<b>FRANCE – 8.5%</b>		
Eurofins Scientific SE*	11,580	\$ 4,936,737
IPSOS SA	116,500	3,659,939
Nexity SA	155,000	7,254,000
Rubis SCA*	81,900	6,752,871
SEB SA	68,900	9,337,763
SOITEC SA*	2,480,000	3,837,474
STMicroelectronics NV	784,000	8,892,211
Teleperformance SA	114,100	11,446,032
		<u>56,117,027</u>
<b>GERMANY – 2.0%</b>		
Aurelius AG	82,100	4,806,739
Dialog Semiconductor PLC*	148,200	6,265,740
Sixt SE	45,200	2,424,147
		<u>13,496,626</u>
<b>IRELAND – 1.6%</b>		
Kingspan Group PLC	379,400	10,303,705
<b>ITALY – 1.5%</b>		
Brembo SpA	157,800	9,551,053
<b>JAPAN – 28.7%</b>		
Enigmo, Inc.*	188,700	2,326,560
Hazama Ando Corp.*	1,321,200	8,715,681
Hirata Corp.*	76,500	4,346,182
Itochu Techno-Solutions Corp*	193,700	5,038,272
Japan Lifeline Co. Ltd.*	566,200	11,292,511
Kajima Corp.	783,000	5,419,867
Koito Manufacturing Co. Ltd.	229,000	12,128,428
Kyudenko Corp.	228,500	6,138,952
Lion Corp.	665,000	10,924,492
Mabuchi Motor Co. Ltd.	154,200	8,048,086
Megmilk Snow Brand Co. Ltd.	337,800	9,306,661
MISUMI Group, Inc.	552,400	9,093,626
Mitsui Chemicals, Inc.	2,815,000	12,644,920
Morinaga & Co. Ltd.	284,500	11,866,845
Morinaga Milk Industry Co. Ltd.*	433,000	3,119,452
NH Foods Ltd.*	202,000	5,452,920
Nichias Corp.*	510,000	4,922,182
Nichirei Corp.	411,100	8,512,188
Open House Co. Ltd.	288,500	6,862,289
Takeuchi Manufacturing Co. Ltd.	492,800	10,979,689
Tokuyama Corp.*	1,386,000	5,265,318
Tokyo Ohka Kogyo Co. Ltd.*	190,600	6,425,360
Toyota Boshoku Corp.*	363,000	8,345,506
V Technology Co. Ltd.	63,900	7,145,865
Yakuodo Co. Ltd.*	220,600	4,124,158
		<u>188,446,010</u>

See accompanying notes to the financial statements.

# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Schedule of Investments December 31, 2016 (continued)

	<u>SHARES</u>	<u>VALUE</u>
NETHERLANDS – 0.9%		
BE Semiconductor Industries NV .....	186,300	\$ 6,204,771
NORWAY – 1.5%		
Petroleum Geo-Services ASA* .....	537,900	1,818,871
Subsea 7 SA* .....	515,300	6,522,256
TGS Nopec Geophysical Co. ASA .....	78,900	1,751,526
		<u>10,092,653</u>
SPAIN – 0.9%		
Gamesa Corp. Technologica SA .....	306,800	6,223,196
SWEDEN – 4.9%		
Husqvarna AB .....	574,600	4,468,466
Kindred Group PLC .....	774,864	7,276,098
Mycronic AB .....	354,522	3,813,487
Saab AB* .....	229,663	8,583,436
Swedish Orphan Biovitrum AB* .....	664,900	7,787,064
		<u>31,928,551</u>
SWITZERLAND – 5.5%		
Logitech International SA .....	522,400	13,030,502
Swiss Life Hldg. AG .....	31,105	8,803,359
Temenos Group AG .....	150,300	10,464,765
VAT Group AG* .....	42,500	3,541,319
		<u>35,839,945</u>
UNITED KINGDOM – 15.4%		
888 Hldgs. PLC .....	912,200	2,439,578
Admiral Group PLC .....	222,200	5,003,197
Berkeley Group Hldgs. PLC .....	236,300	8,177,599
Cairn Energy PLC* .....	1,968,100	5,721,898
Clinigen Group PLC .....	715,037	6,256,794
DCC PLC .....	60,500	4,503,574
Hays PLC .....	5,744,930	10,563,761
JD Sports Fashion PLC .....	2,671,671	10,467,392
Just Eat PLC* .....	1,957,500	14,076,919
Micro Focus International PLC .....	563,100	15,121,948
Paysafe Group PLC* .....	982,400	4,495,503
Rightmove PLC .....	171,900	8,268,742
Weir Group PLC .....	255,700	5,956,039
		<u>101,052,944</u>
<b>Total Equities</b>		
(Cost: \$617,994,181) .....		<u>\$ 643,660,263</u>
<b>Rights – 0.0%</b>		
AUSTRALIA		
Corporate Travel Management Ltd.* .....	12,457	30,925
<b>Total Rights</b>		
(Cost: \$0) .....		<u>\$ 30,925</u>

See accompanying notes to the financial statements.

# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Schedule of Investments December 31, 2016 (continued)

	<u>FACE AMOUNT</u>	<u>VALUE</u>
<b>Commercial Paper – 2.3%</b>		
Prudential Financial		
0.80%, 1/3/2017 .....	15,000,000	\$ 15,000,000
<b>Total Commercial Paper</b>		
(Cost: \$15,000,000) .....		\$ 15,000,000
<b>Total Investments – 100.2%</b>		
(Cost: \$632,994,181) .....		\$ 658,691,188
Other Liabilities Less Assets – (0.2%) .....		(1,214,590)
<b>Net Assets – 100%</b> .....		<b><u>\$657,476,598</u></b>
Cost of investments is \$637,464,630 for federal income tax purposes and net unrealized appreciation consists of:		
Gross unrealized appreciation .....		\$ 53,666,570
Gross unrealized depreciation .....		(32,440,012)
Net unrealized appreciation .....		\$ 21,226,558

\* Non-income producing security during the period ended December 31, 2016

### SECTOR ALLOCATIONS (As a percentage of Net Assets)

Consumer Discretionary .....	19.5%
Consumer Staples .....	10.3%
Energy .....	5.2%
Financials .....	2.8%
Health Care .....	7.9%
Industrials .....	19.9%
Information Technology .....	19.0%
Materials .....	10.1%
Real Estate .....	2.2%
Utilities .....	1.0%

See accompanying notes to the financial statements.

# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Statement of Assets and Liabilities December 31, 2016

### ASSETS

Investment securities at value <sup>(a)</sup> .....	\$ 658,691,188
Receivable from fund shares sold .....	400,417
Receivable from securities sold .....	24,038,181
Dividends and interest receivable .....	420,064
Prepaid expenses .....	47,715
Total Assets .....	<u>683,597,565</u>

### LIABILITIES

Payable to custodian bank .....	22,129,945
Payable for fund shares redeemed .....	3,157,048
Payable for securities purchased .....	136,237
Payable to advisor (see note 3) .....	523,391
Accrued expenses .....	174,346
Total Liabilities .....	<u>26,120,967</u>
NET ASSETS .....	<u>\$657,476,598</u>

### SHARES OUTSTANDING

(shares of beneficial interest issued and outstanding, respectively, unlimited number of shares authorized with no par value) .....	<u>67,629,968</u>
Net asset value, offering price and redemption price .....	<u>\$ 9.72</u>

### ANALYSIS OF NET ASSETS

Capital .....	\$ 673,736,024
Accumulated net investment loss .....	(132,426)
Accumulated net realized losses on investments and foreign currency transactions .....	(41,805,303)
Net unrealized appreciation/depreciation on investments and translation of assets and liabilities denominated in foreign currencies .....	<u>25,678,303</u>
Net Assets .....	<u>\$657,476,598</u>
(a) Investment securities at cost .....	<u>\$ 632,994,181</u>

See accompanying notes to the financial statements.

# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Statement of Operations *Year Ended December 31, 2016*

INVESTMENT INCOME	
Interest .....	\$ 108,996
Dividends <sup>a</sup> .....	8,549,637
Total Income .....	<u>8,658,633</u>
EXPENSES	
Investment advisory fees (see note 3) .....	5,505,371
Transfer agent fees and expenses .....	133,018
Custodian fees and expenses .....	648,638
Other .....	216,003
Total expenses before reimbursed expenses .....	6,503,030
Earnings credit (see note 6) .....	(29,033)
Expense reimbursement (see note 3) .....	(418,089)
Total Expenses .....	<u>6,055,908</u>
NET INVESTMENT INCOME .....	<u>2,602,725</u>
NET REALIZED AND UNREALIZED GAINS (LOSSES) FROM INVESTMENTS	
Net realized losses on investment transactions .....	(25,390,263)
Net realized losses on foreign currency transactions .....	(16,240)
Net realized losses on investment and foreign currency transactions .....	(25,406,503)
Change in net unrealized appreciation/depreciation on investments and translation of assets and liabilities denominated in foreign currencies .....	(9,930,622)
Net realized/unrealized losses on investments and foreign currencies .....	<u>(35,337,125)</u>
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS .....	<u><u>\$ (32,734,400)</u></u>

<sup>a</sup> Dividends are net of foreign withholding tax of \$794,008

See accompanying notes to the financial statements.

OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

Statements of Changes in Net Assets

	Year Ended December 31, 2016	Year Ended December 31, 2015
FROM OPERATIONS		
Net investment income	\$ 2,602,725	\$ 1,453,875
Net realized gains (losses) on investments and foreign currency transactions	(25,406,503)	2,628,746
Change in net unrealized appreciation\depreciation on investments and foreign currencies	(9,930,622)	29,740,935
Net increase (decrease) in net assets resulting from operations	<u>(32,734,400)</u>	<u>33,823,556</u>
FROM DISTRIBUTIONS		
Distributions from net investment income	(2,716,040)	(1,967,928)
Net decrease in net assets from distributions	<u>(2,716,040)</u>	<u>(1,967,928)</u>
FROM CAPITAL SHARE TRANSACTIONS		
Proceeds from sale of shares	466,903,029	158,781,402
Proceeds from reinvestment of distributions	2,400,836	1,591,306
Redemption of shares (see note 5)	(137,778,866)	(9,817,613)
Net increase from capital share transactions	<u>331,524,999</u>	<u>150,555,095</u>
Total increase in net assets	296,074,559	182,410,723
NET ASSETS		
Beginning of year	361,402,039	178,991,316
End of year	<u>\$ 657,476,598</u>	<u>\$ 361,402,039</u>
ACCUMULATED NET INVESTMENT (LOSS)	<u>\$ (132,426)</u>	<u>\$ (955,737)</u>
TRANSACTIONS IN SHARES		
Shares sold	46,177,997	15,917,373
Shares issued in reinvestment of distributions	249,049	153,453
Less shares redeemed	(13,833,412)	(988,167)
Net increase from capital share transactions	<u>32,593,634</u>	<u>15,082,659</u>

See accompanying notes to the financial statements.

# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Notes to Financial Statements *December 31, 2016*

### 1. Description of Organization

**Description of organization.** The Oberweis Funds (the “Trust”) is registered under the Investment Company Act of 1940 as a diversified open-end management investment company. The Trust is authorized to operate numerous Funds under various trading strategies. The Oberweis International Opportunities Institutional Fund is one fund in a series issued by the Trust.

### 2. Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Fund is an investment company and follows accounting and reporting guidance under the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, “Financial Services — Investment Companies”.

**Investment valuation.** Investments in securities are stated at value as of the close of the regular trading session on the New York Stock Exchange (“NYSE”) (generally 3 p.m., Central Standard Time). Each listed and unlisted security for which last sale information is regularly reported is valued at the last reported sales price on that day. If there has been no sale on such day, then such security is valued at the current day’s bid price. Any unlisted security for which last sale information is not regularly reported and any listed debt security which has an inactive listed market for which over-the-counter market quotations are readily available are valued at the closing bid price determined on the basis of reasonable inquiry. Options are valued at the last reported bid price on the primary exchange as of the close of the regular trading session of the Chicago Board Options Exchange (“CBOE”). Restricted securities and any other securities or other assets for which market quotations are not readily available are valued by appraisal at their fair value as determined in good faith under procedures established by and under the general supervision and responsibility of the Board of Trustees. Short-term debt obligations, commercial paper and repurchase agreements are valued on the basis of quoted yields for securities of comparable maturity, quality and type or on the basis of amortized cost.

The Oberweis International Opportunities Institutional Fund holds foreign equity securities. Foreign securities are fair valued as described in the following circumstances. Generally, trading in foreign securities markets is completed each day at various times prior to the close of the regular trading session of the NYSE. Due to the time differences between the closings of the relevant foreign securities exchanges and the close of the regular trading session of the NYSE for the Fund, the Fund will fair value their foreign investments when it is determined that the market quotations for the foreign investments either are not readily available or are unreliable and, therefore, do not represent fair value. When the fair value prices are utilized, these prices will attempt to reflect the impact of the U.S. financial markets’ perceptions and trading activities on the Fund’s foreign investments since the last closing prices of the foreign investments were calculated on their primary foreign securities markets or exchanges. For these purposes, the Board of Trustees of the Trust has determined that movements in relevant indices, after the close of the foreign securities exchanges, may demonstrate that market quotations are unreliable, and may trigger fair value pricing for certain securities. Consequently, fair valuation of portfolio securities may occur on a daily basis. In determining fair value prices, the Trust utilizes data furnished by an independent pricing service (and that data draws upon, among other information, the market values of foreign investments). When a Fund uses fair value pricing, the values assigned to the Fund’s foreign investments may not be the quoted or published prices of the investments on their primary markets or exchanges.



# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Notes to Financial Statements *December 31, 2016 (continued)*

**Fair Value Measurements.** In accordance with Financial Accounting Standards Board (“FASB”) guidance, the Fund utilizes the “Fair Value Measurements and Disclosures” to define fair value, set out a framework for measuring fair value, and expand disclosures regarding fair value measurements. The Fair Value Measurement Standard applies to fair value measurements already required or permitted by existing standards.

Various inputs are used in determining the value of the Fund’s investments. These inputs are summarized in the three levels listed below:

- Level 1 – Quoted prices in active markets for identical securities.
- Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc).
- Level 3 – Significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Fund’s net assets as of December 31, 2016:

	Level 1	Level 2	Level 3
Investment Securities			
Common Stocks			
Total Asia . . . . .	\$208,709,864	\$ —	\$ —
Total Australia . . . . .	47,408,134	—	—
Total Europe . . . . .	318,398,267	—	—
Total North America . . . . .	69,143,998	—	—
Rights			
Total Australia . . . . .	30,925	—	—
Commercial Paper . . . . .	—	15,000,000	—
Total Investments . . . . .	<u>\$ 643,691,188</u>	<u>\$15,000,000</u>	<u>\$ —</u>

The Fund’s assets include certain foreign securities for which a third party statistical pricing service may be employed for purposes of fair market valuation. The pricing service provides fair market valuation on days when the movement in relevant indices exceeds a predetermined threshold. When fair market valuations are employed these techniques may result in transfers between Level 1 and Level 2.

Significant transfers between Levels 1 and 2 included securities valued at \$211,064,611 at December 31, 2016. These movements were primarily the result of certain foreign securities using a systematic fair value model at December 31, 2015 but not at December 31, 2016.

**Foreign Currency Transactions.** The accounting records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars at the current rate of exchange to determine the value of investments, assets and liabilities. Purchases and sales of securities, and income and expenses are translated at the prevailing rate of exchange on the respective date of these transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of securities held. These fluctuations are included with the net realized and unrealized gains or losses from investments and foreign currencies.

## OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

### Notes to Financial Statements *December 31, 2016 (continued)*

**Risks Associated with Foreign Securities and Currencies.** Investments in securities of foreign issuers carry certain risks not ordinarily associated with investments in securities of U.S. issuers. These risks include future political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws and restrictions. In addition, with respect to certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments, which could adversely affect investments in those countries.

Certain countries also may impose substantial restrictions on investments in their capital markets by foreign entities, including restrictions on investments in issuers of industries deemed sensitive to relevant national interests. These factors may limit the investment opportunities available and result in a lack of liquidity and a high price volatility with respect to securities of issuers from developing countries.

**Fund share valuation.** Fund shares are sold and redeemed on a continuous basis at net asset value. On each day the NYSE is open for trading, the net asset value per share is determined as of the later of the close of the NYSE or the CBOE by dividing the total value of each Fund's investments and other assets, less liabilities, by the number of each Fund's shares outstanding.

**Investment transactions and investment income.** Investment transactions are accounted for on the trade date (date the order to buy or sell is executed). Dividend income is recorded on the ex-dividend date, except that certain dividends from foreign securities are recorded as soon as the information is available to the Fund, and interest income is recorded on the accrual basis and includes amortization of premium and discount. Realized gains and losses from investment transactions are reported on an identified cost basis. Gains and losses on premiums from expired options are recognized on the date of expiration.

**Federal income taxes and dividends to shareholders.** It is the policy of the Fund to comply with all requirements of the Internal Revenue Code of 1986, as amended ("the Code"), applicable to regulated investment companies and to distribute substantially all of their taxable income to their shareholders. The Fund has met the requirements of the Code applicable to regulated investment companies for the year ended December 31, 2016. Therefore, no federal income tax provision is required. Income and capital gains of the Fund are determined in accordance with both tax regulations and accounting principles generally accepted in the U.S. ("GAAP"). Such treatment may result in temporary and permanent differences between tax basis earnings and earnings reported for financial statement purposes. These reclassifications, which have no impact on the net asset value of the Fund, are primarily attributable to certain differences in computation of distributable income and capital gains under federal tax rules versus GAAP.

For the year ended December 31, 2016, permanent book and tax differences resulting primarily from differing treatments for net operating losses, foreign currency transactions, and passive foreign investment company ("PFIC") adjustments were identified and reclassified among the components of the Funds' net assets.

# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Notes to Financial Statements December 31, 2016 (continued)

GAAP requires that certain components of net assets be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended December 31, 2016, permanent differences in book and tax accounting have been reclassified to paid in capital, accumulated net investment income/loss and accumulated net realized gain/loss as follows:

	Capital	Accumulated Net Investment Income (Loss)	Increases/(Decrease) Accumulated Net Realized Gain (Loss) on Investments and Foreign Currency Transactions
International Opportunities Institutional Fund .....	\$(1)	\$(2,529)	\$2,530

The tax character of distributions paid during the fiscal year ended December 31, 2016 was as follows:

	Distributions Paid from Ordinary Income	Distributions Paid from Net Long-Term Capital Gains	Total Distributions Paid
International Opportunities Institutional Fund .....	\$2,716,040	\$ —	\$2,716,040

The tax character of distributions paid during the fiscal year ended December 31, 2015 was as follows:

	Distributions Paid from Ordinary Income	Distributions Paid from Net Long-Term Capital Gains	Total Distributions Paid
International Opportunities Institutional Fund .....	\$1,967,928	\$ —	\$1,967,928

As of December 31, 2016, the Fund had net capital loss carryforwards to offset future net capital gains, if any, to the extent provided by treasury regulations:

	Not Subject to Expiration (Post-Enactment)	
	Short-Term	Long-Term
International Opportunities Institutional Fund .....	\$37,521,984	\$ —

Capital loss carryforwards are subject to certain limitations to offset future gains, if any, due to the ownership change limitations set forth in Internal Revenue Code Section 382. All losses may not be available in any particular year.

Under the Regulated Investment Company Modernization Act of 2010 (the "Act"), the Fund will be permitted to carryforward capital losses incurred in taxable years beginning after December 22, 2010, the date of enactment of the Act, for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Notes to Financial Statements *December 31, 2016 (continued)*

Post-October capital losses and Qualified late-year losses incurred after October 31 and within the taxable year are deemed to arise on the first business day of the Fund's next taxable year. For the year ended December 31, 2016, International Opportunities Institutional Fund had no post-October capital losses or qualified late-year loss deferred to January 1, 2017.

As of December 31, 2016 the components of accumulated earnings (deficit) on a tax basis were as follows:

	Undistributed Ordinary Income (Deficit)	Undistributed Long-Term Capital Gains	Accumulated Capital and Other Losses	Unrealized Appreciation on Investments	Unrealized Depreciation Foreign Currency Translations
International Opportunities Institutional Fund . . .	\$46,953	\$ —	\$(37,521,984)	\$21,226,558	\$(10,953)

Accumulated capital and other losses consists of timing differences related to wash sales and capital loss carryforwards.

The Fund has reviewed all open tax years and major jurisdictions and concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for exam by taxing authorities and as of December 31, 2016, open federal tax years included the tax years ended 2014 through 2016. The Fund has no examinations in progress and is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

**Use of estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Indemnifications.** Under the Trusts' organizational documents, its present and former Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust. In addition, in the normal course of business, the Trust enters into contracts that provide general indemnifications to other parties. The Trusts' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. However, the Trust has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

### 3. Transactions with affiliates

The Fund has written agreements with Oberweis Asset Management, Inc. ("OAM") as the Fund's investment adviser and manager. Oberweis Securities, Inc. ("OSI"), the Fund's principal distributor, is an affiliate of OAM.

**Investment advisory agreement.** Under the Advisory Agreement, OAM provides investment advisory and management services to the International Opportunities Institutional Fund. The International Opportunities Institutional Fund paid monthly investment advisory and management fees at an annual rate equal to 1.00% of average daily net assets. For the year ended December 31, 2016, the International Opportunities Institutional Fund incurred investment advisory and management fees totaling \$5,505,371.

**Expense reimbursement.** OAM is contractually obligated to reduce its investment and management fees or reimburse the International Opportunities Institutional Fund to the extent that total ordinary operating expenses, as defined, exceed in any one year 1.10% expressed as

# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Notes to Financial Statements *December 31, 2016 (continued)*

a percentage of the Funds' average daily net assets. For the year ended December 31, 2016 OAM reimbursed the International Opportunities Institutional Fund in the amount of \$418,089.

**Officers and trustees.** Certain officers and trustees of the Trust are also officers and/or directors of OAM and OSI. During the period ended December 31, 2016, the Trust made no direct payments to its officers and paid \$101,000 to its unaffiliated trustees.

**Affiliated Commissions.** For the year ended December 31, 2016, the International Opportunities Institutional Fund did not execute any security transactions through OSI and therefore did not pay commissions to OSI.

### 4. Investment transactions

The cost of securities purchased and proceeds from securities sold during the period ended December 31, 2016, other than options written and money market investments, aggregated \$979,604,577 and \$637,568,730, respectively. The Fund did not hold government securities during the year ended December 31, 2016.

The Fund may write covered call options. The premiums received provide a partial hedge (protection) against declining prices and enables the Fund to generate a higher return during periods when OAM does not expect the underlying security to make any major price moves in the near future but still deems the underlying security to be, over the long term, an attractive investment for each Fund. The Fund may write covered call options for which premiums received are recorded as liabilities and are subsequently adjusted to the current value of the options written. Premiums received from writing options that expire are treated as realized gains. Premiums received from writing options, which are either exercised or closed, are offset against the proceeds received or amount paid on the transaction to determine realized gains or losses. Amounts recovered for securities litigation are included in the realized gains of the Fund and are recorded when received. The Fund did not write covered call options for the year ended December 31, 2016.

### 5. Redemption fee

The Oberweis Funds are designed for long-term investors. To discourage market timers redemptions of shares within 90 days of purchase are subject to a 2.00% redemption fee of the total redemption amount. The redemption fee is deducted from the redemption proceeds and is retained by the Fund.

The redemption fee is retained by the Fund for the expense they incur in connection with shareholder redemptions. Redemption fees received by the Fund were \$142,156 and \$13,288, for the years ended December 31, 2016 and 2015, respectively, and were recorded as a reduction of the redemption of shares redeemed in the Statements of Changes in Net Assets.

### 6. Earnings credits and interest charges

The Trust, as part of the agreement with the Custodian, receives credits against its custodian fees on its uninvested cash balances and is allowed to borrow for temporary purposes. Borrowings are not to exceed 5% of the value of the Fund's total assets at the time of any such borrowing. Interest on amounts borrowed is calculated at the prime rate and is payable monthly. During the period ended December 31, 2016, the Fund received credits of \$29,033. The Fund incurred interest charges of \$5,346, which is included in custodian fees and expenses in the Statement of Operations.

## OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

### **Notes to Financial Statements** *December 31, 2016 (continued)*

#### **7. In Kind Transaction**

On March 31, 2016, the International Opportunities Institutional Fund received cash and securities with a fair value of \$40,991,906, from an institutional investor, in exchange for 4,046,585 shares subscribed in-kind at a net asset value of \$10.13.

#### **8. Subsequent events**

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

# OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

## Financial Highlights

Per share income and capital for a share outstanding throughout each period is as follows:

	Year Ended December 31, 2016	Year Ended December 31, 2015	Period Ended December 31, 2014 <sup>a</sup>
Net asset value at beginning of period . . .	\$ 10.32	\$ 8.97	\$ 10.00
<b>INCOME (LOSS) FROM INVESTMENT OPERATIONS</b>			
Net investment income <sup>b</sup> . . . . .	.05	.06	.01
Net realized and unrealized gains (losses) on investments . . . . .	( .61)	1.35	(1.02)
Total from investment operations . . . . .	( .56)	1.41	(1.01)
Redemption Fees <sup>b</sup> . . . . .	— <sup>g</sup>	— <sup>g</sup>	— <sup>g</sup>
Less dividends:			
Dividends from net investment income . . .	( .04)	( .06)	( .02)
Net asset value at end of period . . . . .	<u>\$ 9.72</u>	<u>\$ 10.32</u>	<u>\$ 8.97</u>
Total Return (%) . . . . .	(5.43)	15.68	(10.10) <sup>e</sup>
<b>RATIO/SUPPLEMENTAL DATA</b>			
Net Assets at end of period (in thousands)	\$657,477	\$361,402	\$178,991
Ratio of gross expenses to average net assets (%) . . . . .	1.18	1.28	1.39 <sup>d</sup>
Ratio of net expenses to average net assets (%) <sup>c</sup> . . . . .	1.10	1.10	1.10 <sup>d</sup>
Ratio of net investment income to average net assets (%) . . . . .	.47	.59	.11 <sup>d</sup>
Portfolio turnover rate (%) . . . . .	123 <sup>f</sup>	211	152 <sup>ef</sup>

### Notes:

<sup>a</sup> For the period from March 10, 2014 (commencement of operations) through December 31, 2014.

<sup>b</sup> The net investment income per share data and the redemption fee data were determined using average shares outstanding during the period.

<sup>c</sup> The ratios in this row reflect the impact, if any, of expense offset arrangements and expense reimbursement from the advisor.

<sup>d</sup> Annualized.

<sup>e</sup> Not annualized.

<sup>f</sup> Excludes the value of portfolio securities received as a result of in-kind purchases of the Fund's capital shares.

<sup>g</sup> Less than \$0.005 per share.

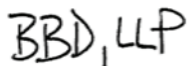
## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of The Oberweis Funds  
and the Shareholders of Oberweis International Opportunities Institutional Fund

We have audited the accompanying statement of assets and liabilities of Oberweis International Opportunities Institutional Fund, a series of shares of beneficial interest in The Oberweis Funds, (the "Fund") including the schedule of investments, as of December 31, 2016, and the related statement of operations, the statement of changes in net assets and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The statements of changes in net assets for the year ended December 31, 2015 and the financial highlights for each of the years in the four-year period ended December 31, 2015 were audited by other auditors whose report, dated February 25, 2016, expressed an unqualified opinion on such statement and financial highlights.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2016 by correspondence with the custodian and brokers or by other appropriate auditing procedures where responses from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Oberweis International Opportunities Institutional Fund as of December 31, 2016, and the results of its operations, the changes in its net assets and its financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Handwritten signature of BBD, LLP in black ink.

BBD, LLP

Philadelphia, Pennsylvania  
February 24, 2017



## TRUSTEES AND OFFICERS OF THE OBERWEIS FUNDS (unaudited)

<b>Name, Address and Age</b>	<b>Position Held with Fund</b>	<b>Term of Office and Length of Time Served</b>
<b>NONINTERESTED TRUSTEES</b>		
Katherine Smith Dedrick (59) 3333 Warrenville Road, Suite 500 Lisle, IL 60532	Trustee	Trustee since November, 2004 <sup>1</sup>
Gary D. McDaniel (68) 3333 Warrenville Road, Suite 500 Lisle, IL 60532	Trustee	Trustee since April, 2004 <sup>1</sup>
James G. Schmidt (69) 3333 Warrenville Road, Suite 500 Lisle, IL 60532	Trustee	Trustee since December, 2003 <sup>1</sup>
<b>INTERESTED TRUSTEES</b>		
James D. Oberweis (70) 3333 Warrenville Road, Suite 500 Lisle, IL 60532	Trustee <sup>2</sup>	Trustee since July, 1986 <sup>1</sup>
James W. Oberweis (42) 3333 Warrenville Road, Suite 500 Lisle, IL 60532	President	Officer since August, 1996 <sup>3</sup>
Patrick B. Joyce (57) 3333 Warrenville Road, Suite 500 Lisle, IL 60532	Executive Vice President and Treasurer	Officer since October, 1994 <sup>3</sup>
David I. Covas (41) 3333 Warrenville Road, Suite 500 Lisle, IL 60532	Vice President	Officer since August, 2004 <sup>3</sup>
Kenneth S. Farsalas (46) 3333 Warrenville Road, Suite 500 Lisle, IL 60532	Vice President	Officer since August, 2009 <sup>3</sup>
Eric V. Hannemann (43) 3333 Warrenville Road, Suite 500 Lisle, IL 60532	Secretary	Officer since August, 2005 <sup>3</sup>

<sup>1</sup> Unless otherwise noted, each trustee shall serve as a trustee of the Fund until the next meeting of shareholders, if any, called for the purpose of considering the election or re-election of such trustee or of a successor to such trustee, and until the election and qualification of his successor, if any, elected at such meeting, or until such trustee sooner dies, resigns, retires or is removed.

<sup>2</sup> James D. Oberweis is an interested trustee of the Fund since he is a shareholder of Oberweis Asset Management, Inc., the Fund's investment advisor.

<sup>3</sup> Elected annually by board of trustees.

The Statement of Additional Information includes additional information about Fund officers and trustees and is available upon request without charge, by calling the Fund at 800-323-6166.

TRUSTEES AND OFFICERS OF THE OBERWEIS FUNDS (unaudited)  
(continued)

Principal Occupation Last Five Years	Number of Portfolios Overseen by Trustee	Other Directorships
President – Smith Dedrick Properties, Inc., 2016 to present; President – KDS Law P.C., 2015 to present; President – KSD Global Consulting, Inc., 2015 to present; President – Aggressive Publishing, Inc., 2010 to present; Member – Risk Worldwide LLC, 2011 to present; Partner – Childress Duffy, Ltd., 2007 to 2015.	6	None
Chairman – Star Packaging Corp., 2012 to 2013.	6	None
Senior Vice President and Chief Financial Officer – Federal Health Sign Co., May 2003 to present.	6	None
Illinois State Senator, January 2013 to present; Chairman – Oberweis Dairy, Inc. December, 1986 to present. Chairman – Diamond Marketing Solutions November, 2009 to 2013.	6	None
President – Oberweis Asset Management, Inc., September, 2001 to present; Portfolio Manager from December, 1995 to present; President and Director – Oberweis Securities, Inc., September, 1996 to present.	Not Applicable	None
Executive Vice President, Secretary and Director – Oberweis Asset Management, Inc., September, 1994 to present; Executive Vice President and Director – Oberweis Securities, Inc. September, 1996 to present.	Not Applicable	None
Vice President – Oberweis Asset Management, Inc., September, 2003 to present.	Not Applicable	None
Vice President – Oberweis Asset Management, Inc., November 2004 to present.	Not Applicable	None
Vice President of Accounting – Oberweis Asset Management, Inc. and Oberweis Securities, Inc., June, 2004 to present.	Not Applicable	None

## OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

### Supplemental Information *(unaudited)*

#### Qualified Dividend Income:

For the year ended December 31, 2016, 100.00% of the dividends paid from net investment income for the International Opportunities Institutional Fund is designated as qualified dividend income.

#### Proxy Voting:

The Oberweis Funds has delegated authority to vote proxies related to the International Opportunities Institutional Fund's portfolio securities to the Fund's investment adviser, Oberweis Asset Management, Inc. ("OAM"). A description of the policies and procedures that OAM uses in fulfilling this responsibility is available, without charge upon request, by calling 800-323-6166. It also appears on [oberweisfunds.com](http://oberweisfunds.com) and in the Fund's Statement of Additional Information, which can be found on the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12 month period ended June 30 is available (1) without charge, upon request, by calling 800-323-6166, and (2) on the SEC's website at <http://www.sec.gov>.

#### Availability of Schedules of Portfolio Investments:

The Fund files the complete schedule of portfolio investments with the SEC for the first and third quarter of each fiscal year (March 31 and September 30) on Form NQ. The Fund's Forms NQ are available, without charge, on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

#### Approval of Investment Advisory Contract:

The Investment Advisory and Management Agreement between The Oberweis Funds (the "Trust") and Oberweis Asset Management ("OAM") (the "Agreement") with respect to the International Opportunities Institutional Fund (the "Fund") was last approved by the Board of Trustees (the "Board"), including all of the trustees who are not parties to the Agreement or interested persons of any such party (the "independent trustees"), on August 17, 2016. The Board of Trustees, including a majority of the independent trustees, determined that approval of the Agreement was in the best interests of the shareholders of the Fund. The independent trustees were assisted by legal counsel in making their determination.

The Board noted that OAM has been associated with the Fund since its inception. The Board recognized that a long-term relationship with a capable, conscientious investment adviser is in the best interests of shareholders, and that shareholders have invested in the Fund knowing that OAM manages the Fund and knowing the investment advisory fee schedule.

*Nature, Quality and Extent of Services.* With respect to the nature, quality and extent of the services provided by OAM pursuant to the Agreement, the Board considered the functions performed by OAM and the personnel providing such services, information contained in OAM's Form ADV, OAM's financial condition and the compliance reports provided to the Board, and the culture of compliance created by OAM, including the competency of the chief compliance officer of the Trust. The Board also considered the experience, academic background, long tenure and structure of the portfolio management team and its role, as well as the honesty and integrity of OAM, and that OAM personnel are open and forthright with the Board. In addition, the Board considered that OAM is a research-oriented firm that conducts

## OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

### Supplemental Information (unaudited) (continued)

extensive research. Based on the information provided, the Board concluded that the nature and extent of services provided to the Fund by OAM was appropriate, and that the quality of such services was good.

The Board also reviewed the reports prepared by OAM containing information on total returns and average annual total returns of the Fund over various periods of time, as compared to relevant market indices and other mutual funds pursuing broadly similar strategies. The Board noted that the peer group mutual funds had been provided by OAM at a previous meeting, and include funds currently in existence that were similar in investment objective to the Fund. Based on the information provided, the Board concluded that for the period ended July 31, 2016 the Fund outperformed all but two of the ten other mutual funds included in the report and performed in line with the relevant market index for the year-to-date period, the Fund in all instances but one outperformed the other mutual funds included in the report and performed in line with the relevant market index for the one-year period, and the Fund in some instances outperformed in varying degrees and in other instances underperformed in varying degrees the other mutual funds included in the report and outperformed the relevant market index for the inception-to-date (March 10, 2014) period.

*Fees and Expenses.* The Board compared the amounts paid to OAM for advisory and management services for the Fund and the Fund's expense ratio with other mutual funds pursuing broadly similar strategies, as included in the reports prepared by OAM.

This information showed that the advisory and management fees of the Fund were the same as or lower than the ten other mutual funds. The information also showed that the expense ratio of the Fund was the lowest relative to the ten other mutual funds. In addition, the Board considered amounts paid to OAM by other clients. With respect to OAM's other clients, the Board recognized that the mix of services provided and the level of responsibility required under the Agreement with the Fund was greater than OAM's obligations for similar client accounts, and that the advisory fees of such accounts are less relevant to the Board's consideration because they reflect different competitive forces than those in the mutual fund marketplace. Based on the information considered, the Board concluded that the Fund's advisory and management fees were reasonable and/or appropriate in amount, given the quality of services provided and taking into consideration relevant circumstances.

*Profitability.* With respect to the costs of services provided and profits realized by OAM, the Board considered the advisory and management fees received by OAM from the Fund. The Board also considered representations from OAM that the profits realized by OAM specifically from the relationship with the Fund could not be identified due to the impracticality of expense allocation, noting the difficulty of breaking down profitability related to the Fund versus other advisory accounts because management and personnel time and services are not allocated between the various types of accounts, and OAM believed that while the profits could not be itemized, the overall profitability of OAM was average to below average relative to other investment advisory firms, that the advisory fees charged the Fund were consistent with other advisory clients, and that OAM reimburses the Fund if the expense ratio exceeds certain limits. Based on this information, the Board concluded that OAM's profitability was not unreasonable.

*Economies of Scale.* The Board also considered the extent to which economies of scale would be realized as the Fund grows, and whether fee levels reflect economies of scale for the benefit of Fund shareholders. The Board also noted asset capacity constraints for the Fund that limits economies of scale. The Board concluded that the Fund's advisory and management fees reflect an appropriate recognition of any economies of scale.

## OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

### Supplemental Information *(unaudited) (continued)*

*Other Benefits to OAM and Its Affiliates.* The Board considered the character and amount of other incidental benefits received by OAM and its affiliates from their relationship with the Fund including benefits to OAM related to soft dollars generated by the Fund as well as other OAM advisory clients. The Board also noted that during the past year none of the Fund's brokerage transactions had been placed through the affiliated broker-dealer of OAM.

After due consideration of all of the information and factors deemed relevant by the Board and the conclusions reached, the Board determined to approve the Agreement. The Board of Trustees, including the independent trustees, did not identify any single factor or group of factors as all-important or controlling, and considered all factors together.

### Expense Examples:

As a shareholder of The Oberweis Funds, you may incur two types of costs: (1) transaction costs, including redemption fees and (2) ongoing costs, including management fees; distribution (and/or service) 12b-1 fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in The Oberweis Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 investment at the beginning of the period and held for the entire period.

### Actual Expenses:

The first line for each Fund in the table below provides information about actual account values and actual expenses. You may use the information below; together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000=8.6), then multiply the result by the number in the table under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

OBERWEIS INTERNATIONAL OPPORTUNITIES INSTITUTIONAL FUND

**Supplemental Information** (unaudited) (continued)

**Hypothetical Example for Comparison Purposes:**

The second line for each Fund in the table below provides information about hypothetical account values and hypothetical expenses based on each Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return.

The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees. Therefore, the second line for each Fund in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	<b>Beginning Account Value 7/1/16</b>	<b>Ending Account Value 12/31/16</b>	<b>Expense Paid During Period* 7/1/16– 12/31/16</b>	<b>Expense Ratio During Period 7/1/16– 12/31/16</b>
Actual . . . . .	\$1,000.00	\$955.80	\$ 5.41	1.10%
Hypothetical (5% return before expenses) . . . . .	\$1,000.00	\$1,019.61	\$5.58	1.10%

\* Expenses are equal to the average account value times the Fund’s annualized expense ratio multiplied by the number of days in the most recent fiscal half-year divided by the number of days in the fiscal year.

## **Trustees and Officers**

James D. Oberweis  
*Trustee*

Gary D. McDaniel  
*Trustee*

James W. Oberweis  
*President*

David I. Covas  
*Vice President*

Kenneth S. Farsalas  
*Vice President*

Katherine Smith Dedrick  
*Trustee*

James G. Schmidt  
*Trustee*

Patrick B. Joyce  
*Executive Vice President*  
*Treasurer*

Eric V. Hannemann  
*Secretary*

## **Manager and Investment Advisor**

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