

Oberweis Asset Management, Inc.
Verification and Small-Cap Value Composite Performance Examination Report

December 31, 2018





Verification and Performance Examination Report

Oberweis Asset Management, Inc.
3333 Warrenville Road, Suite 500
Lisle, IL 60532

We have verified whether Oberweis Asset Management, Inc. (the "Firm") (1) has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS®) on a firm-wide basis for the periods from January 1, 2015 through December 31, 2018, and (2) designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of December 31, 2018. We have also conducted a performance examination of the Firm's Small-Cap Value Composite for the periods from January 1, 2017 through December 31, 2018. The Firm's management is responsible for compliance with the GIPS standards and the design of its policies and procedures and for the Small-Cap Value Composite's compliant presentation. Our responsibility is to express an opinion based on our verification and performance examination. We conducted this verification and performance examination in accordance with the required verification and performance examination procedures of the GIPS standards. We also conducted such other procedures as we considered necessary in the circumstances.

In our opinion, the Firm has, in all material respects:

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from January 1, 2015 through December 31, 2018; and
- Designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of December 31, 2018.

A verification covering the periods from January 1, 1993 through December 31, 2014 was performed by another verification firm, whose report expressed an unqualified opinion thereon.



Also, in our opinion, the Firm has, in all material respects:

- Constructed the Small-Cap Value Composite and calculated the Small-Cap Value Composite's performance for the periods from January 1, 2017 through December 31, 2018 in compliance with the GIPS standards; and
- Prepared and presented the Small-Cap Value Composite's accompanying compliant presentation for the periods from January 1, 2017 through December 31, 2018 in compliance with the GIPS standards.

A performance examination of the Firm's Small-Cap Value Composite covering the periods from July 31, 2007 through December 31, 2016 was performed by another verification firm, whose report expressed an unqualified opinion thereon.

This report does not relate to or provide assurance on any composite compliant presentation of the Firm other than the Firm's Small-Cap Value Composite.

ACA Performance Services, LLC

ACA Performance Services, LLC

March 22, 2019

Small-Cap Value Composite Performance

Year	Gross Total Return (%)	Net Total Return (%)	Russell 2000 Value Return (%)	Number of Accounts	Asset-Weighted St Dev (%)	Composite 3-Year Annualized St Dev (%)	Russell 2000 Growth 3-Year Annualized St Dev (%)	Composite Assets (\$ mm)	Percent of Firm Assets Managed
2018	-15.23	-16.15	-12.86	2	N/A	15.86	15.98	43.0	1.5%
2017	10.99	9.71	7.84	2	N/A	13.84	14.17	59.9	1.5%
2016	28.62	27.13	31.74	2	N/A	14.32	15.50	50.2	4.5%
2015	-10.63	-11.87	-7.47	2	N/A	13.39	13.46	37.3	3.5%
2014	6.77	5.57	4.22	2	N/A	12.18	12.79	33.7	3.2%
2013	43.62	41.82	34.52	2	N/A	14.81	15.81	24.8	2.6%
2012	16.11	14.64	18.05	2	N/A	18.41	19.88	20.2	2.5%
2011	-1.93	-3.17	-5.50	2	N/A	24.39	26.04	17.3	2.5%
2010	28.72	27.48	24.50	2	N/A			15.8	2.5%
2009	23.85	22.83	20.58	34	0.78			10.4	1.9%

Notes to Performance

- I. Oberweis Asset Management, Inc. (OAM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. OAM has been independently verified for the periods January 1, 1993 through December 31, 2018.

Verification assesses whether (1) the firm has complied with the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Small-Cap Value Composite has been examined for the periods July 31, 2007 through December 31, 2018. The verification and performance examination reports are available upon request.
- II. OAM is an independent investment management firm registered under the Investment Advisor Act of 1940, founded in 1989, that invests in high growth companies around the world. The firm specializes in Small and Mid-Capitalization growth strategies globally for institutional investors and its own proprietary mutual fund family. Registration does not imply a certain level of skill or training. Firm assets presented represent all accounts where OAM has been engaged as investment adviser. A complete list and description of firm composites is available upon request.
- III. The following standards describe performance presented herein:
 - A. The Small-Cap Value Composite was created on July 31, 2007. The reporting currency is U.S. Dollar. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
 - B. Gross performance is computed before deducting advisory fees. Generally, the advisory fees for separate accounts are 0.90%. Actual fees are used in the net return calculation.
 - C. The Small-Cap Value Composite includes all fully discretionary accounts in excess of \$100 thousand. Prior to June 2008 the minimum account size was \$90 thousand.
 - D. Primarily invests in companies based in the United States with market capitalization, at the time of initial investment, with a market capitalization of less than \$5 billion or with a market capitalization within the range of the holdings of the Russell 2000 Index.
 - E. Mutual funds included in the Small-Cap Value Composite are valued in accordance with regulatory fair value requirements to prevent market timing. The same investments held by other portfolios in the composite are valued using closing prices in local markets as well as different exchange rates. While these differences are not expected to be material, at any given point in time the different sources could result in materially different returns.
- IV. The standard deviation of portfolio returns have not been presented for the years 2010-2018 as the composite consisted of five or less accounts. For accounts managed all months in the presentation year, the asset-weighted standard deviation of account returns within the composite is presented as a measure of internal dispersion. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The annualized standard deviation is not presented for 2009-2010 because it was not required for periods prior to 2011.
- V. Consultants and investors supplied with these performance results are advised to use this data in accordance with guidelines issued by the United States Securities and Exchange Commission. Past performance is no guarantee of future results. The performance presented is inclusive of commissions and transaction costs and assumes reinvestment of any dividends, capital gains, or other earnings. Prior to October, 2017 results did not include the reinvestment of dividends. The client's return will be reduced by the advisory fees and other expenses it may incur in the management of its account. The investment advisory fees are described in Part II of the Form ADV. The advisory fee, compounded over a period of years, will have an adverse effect on the value of the client's portfolio.
- VI. The benchmark for this composite is the Russell 2000 Value Index. The Russell 2000 Value Index consists of companies within the Russell 2000 Index which have lower price-to-book ratios and lower forecasted growth rates. The Russell 2000 Value Index consists of the 2000 smallest companies in the Russell 3000 Index. This index is unmanaged and is not available for investment. Benchmark returns are not covered by the report of independent verifiers.
- VII. The composite returns prior to October, 2017 were derived from another registered investment advisor.