

INTERNATIONAL OPPORTUNITIES STRATEGY

3Q 2019

The Quarter in Review

After good performance in both the first and second quarters, the portfolio faced headwinds in the third quarter. The Oberweis International Opportunities Composite returned -4.11% (-4.33% net of fees) versus -0.78% for the MSCI World ex USA Small Cap Growth Index during the quarter. Year-to-date, the Oberweis International Opportunities Composite has returned +15.27% (+14.50% net of fees) versus +14.74% for the MSCI World ex USA Small Cap Growth Index. As we had suggested in our year-end commentary, 2019 is shaping up to be an above-average year for absolute returns.

During most periods the market strikes a reasonable balance between companies with near-term earnings and companies with outsized long-term earnings growth. Our strategy has always focused on the latter, specifically companies we believe will have long-term earnings growth materially ahead of expectations, which renders the stock cheap on a discounted cash flow analysis. During times of uncertainty, however, investors often flock to the relative certainty of near-term earnings and discard companies with stronger long-term earnings prospects. Valuation on short-term earnings becomes relatively more important than valuation based on the lifetime earnings of the company. For example, in the third quarter, value-oriented sectors like real estate, utilities, and communication services were among the best performing sectors within our benchmark.

Additionally, returns in the short-run can be highly influenced by political and macroeconomic events as well as by perceived investor risk, even though such variables may have only limited effects on the long-term cash flows of our portfolio holdings. During this past quarter, day-to-day volatility in global equity markets correlated tightly with positive and negative developments in U.S. trade negotiations with China. Indeed, these variables should affect stock prices in some way as a prolonged trade war with China is likely to slow economic growth around the world and create uncertainty that defers marginal business investment. These are real risks that should, all else equal, reduce valuations of businesses closely tied to GDP.

The reality, however, is that we manage an international small-cap strategy populated with many niche businesses whose long-term success or failure is not particularly tied to the cycles of global GDP, but rather by the ability of the individual company to unsettle incumbents or create new markets. For example, one of our holdings is a media company that transfers specialist hobby magazine and print assets online. It produces, owns and refreshes unique editorial content under the brand name of the legacy magazine, which normally ranks in the top three in Google searches. This drives double-digit traffic growth to its sites, which it then monetizes through advertising and lead generation. A key driver is its proprietary platform and software, which enables it to inexpensively buy iconic but declining magazine titles and transfer them online to enhance readership and monetization. While a slowing economy might affect organic growth marginally, it would not detract from the company's long-term investment thesis outlined above. In this case, as with many other niche-oriented companies held in the portfolio, an economic slowdown and/or recession would likely affect near-term earnings on the margin but is unlikely to derail long-term growth. In our experience, the best time to usually purchase companies with robust long-term growth opportunities is when they are not popular with others, as the premium required to pay for the long-term potential growth tends to be compressed.

Fortunately and despite a murkier macro picture, we continue to find a typical number of new investment ideas where positive earnings growth is supported by underlying company fundamentals that seem to be misunderstood or underestimated by other investors. While sentiment and equity prices may oscillate wildly in the short-run in response to the latest macro headline, our investment approach instead focuses on companies generating better-than-expected earnings power driven by transformational change. Thus, while the P/E multiple that investors are willing to pay for these companies may vary from quarter to quarter, a diversified portfolio of these investments is likely to yield enhanced returns over the long-term. Over time, this has indeed worked in our favor, with the strategy returning cumulatively +232.95% (+191.76% net of fees) since inception versus +63.11% for the benchmark.

Portfolio Highlights

At quarter-end, the portfolio was invested in 67 stocks in 16 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 the United Kingdom (19.8% vs. 14.8%), Japan (16.4% vs. 28.5%), Australia (14.7% vs. 6.9%), Canada (14.6% vs. 8.9%), and the Netherlands (5.2% vs. 2.7%). On a sector basis, the portfolio is overweight financials (15.5% vs. 5.7%) and underweight real estate (1.1% vs. 7.5%).

At a sector level, the portfolio benefitted from stock selection in consumer discretionary. However, healthcare and financials hampered performance, detracting 187 bps and 115 bps, respectively. At the country level, Japan and the UK detracted 182 bps and 151 bps, respectively, while Australia contributed 85 bps.

COUNTRY ALLOCATION*

(AS OF SEPTEMBER 30, 2019)

	International Opportunities	MSCI World ex-US Small-Cap Growth Index
United Kingdom	19.8%	14.8%
Japan	16.4%	28.5%
Australia	14.7%	6.9%
Canada	14.6%	8.9%
Netherlands	5.2%	2.7%
Sweden	4.8%	6.2%
France	4.4%	3.3%
Germany	4.0%	5.9%
Belgium	2.6%	2.2%
Italy	1.9%	2.9%
Switzerland	0.2%	4.3%
Denmark	0.0%	2.1%
Other Countries	3.2%	11.3%
Cash	8.2%	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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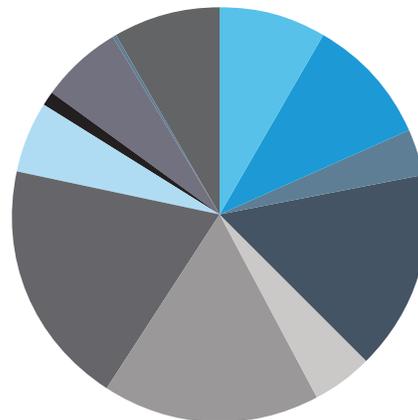
TOP TEN HOLDINGS (as of September 30, 2019)

Company		Line of Business
1 Afterpay Touch Group Ltd.	5.2%	Australian-based payments company
2 Evolution Mining	4.2%	Australian gold miner
3 Sushiro Global Holdings Ltd.	3.3%	Operates a chain of sushi restaurants in Japan and overseas
4 Intermediate Capital Group	3.2%	Private equity company investing in international debt products based in the United Kingdom
5 Air Canada	2.6%	Canadian domestic and international airline
6 Tele2 AB	2.3%	Swedish mobile and fixed telecommunications company
7 Future PLC	2.3%	A United Kingdom-based media company, monetizing its top ranking websites across different hobby verticals
8 Nomad Foods Ltd/	2.3%	Produces and distributes frozen food in Europe
9 Evolution Gaming Group AB	2.2%	Leading provider of live online casino games
10 Element Fleet Management Corp.	2.1%	Leading global fleet management company

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 September 30, 2019)

Consumer Discretionary	8.6%
Consumer Staples	9.8%
Energy	3.6%
Financials	15.5%
Health Care	4.9%
Industrials	16.8%
Information Technology	19.3%
Materials	5.5%
Real Estate	1.1%
Communication Services	6.3%
Utilities	0.4%
Cash	8.2%
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.

INTERNATIONAL OPPORTUNITIES

3Q 2019

AVERAGE ANNUAL TOTAL RETURNS (as of September 30, 2019)

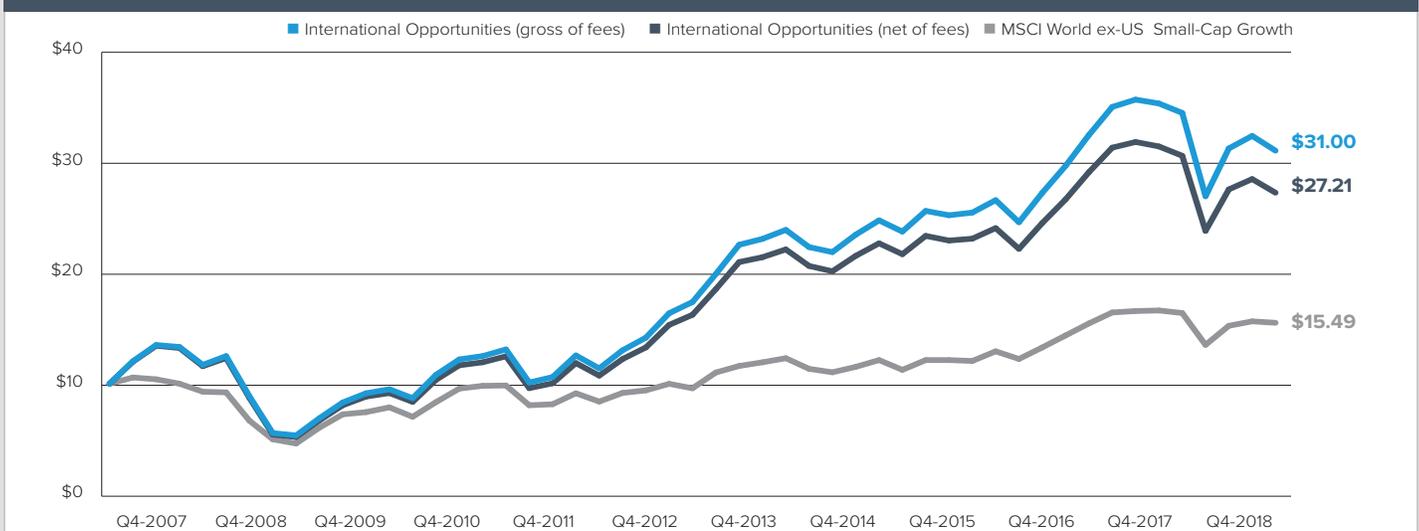
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception 2/1/2007
International Opportunities (gross of fees)	-4.11%	15.27%	-9.88%	5.32%	6.80%	14.07%	9.96%
International Opportunities (net of fees)	-4.33%	14.50%	-10.89%	4.26%	5.72%	12.95%	8.82%
MSCI World ex-US Small-Cap Growth Index	-0.78%	14.74%	-5.33%	6.24%	6.44%	7.90%	3.94%

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.

GROWTH OF \$10 MILLION — WITH INCOME INVESTED (February 1, 2007 – September 30 2019)



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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