

OBERWEIS SMALL-CAP VALUE FUND INVESTOR CLASS (OBIVX) INSTITUTIONAL CLASS (OBVLX)

4Q 2019

AVERAGE ANNUAL TOTAL RETURNS (as of December 31, 2019)

	QTD	YTD	1 Yr	3 Yr	5 Yr	Since Inception 9/30/2010	Gross/Net Expense Ratio**
Oberweis Small-Cap Value Fund Institutional Class (OBVLX)*	8.10%	19.56%	19.56%	3.08%	4.18%	9.92%	1.49%/1.30%
Oberweis Small-Cap Value Fund Investor Class (OBIVX)*	8.05%	19.31%	19.31%	2.95%	4.11%	9.88%	1.74%/1.55%
Russell 2000 Value	8.49%	22.39%	22.39%	4.77%	6.99%	10.55%	

*On October 2, 2017, the Cozad Small Cap Value Fund was reorganized into the Fund, and the Fund adopted the performance history of the Cozad Small Cap Value Fund's Class I shares. Performance shown before October 2, 2017 is for the Cozad Small Cap Value Fund's Class I shares. The Cozad Small Cap Value Fund acquired all of the assets and liabilities of the Cozad Small Cap Value Fund I, L.P., from its inception on September 30, 2010, in a tax free reorganization on July 1, 2014. Investor Class Shares OBIVX performance information was calculated using historical performance of Institutional Class Shares prior to May 1, 2018.

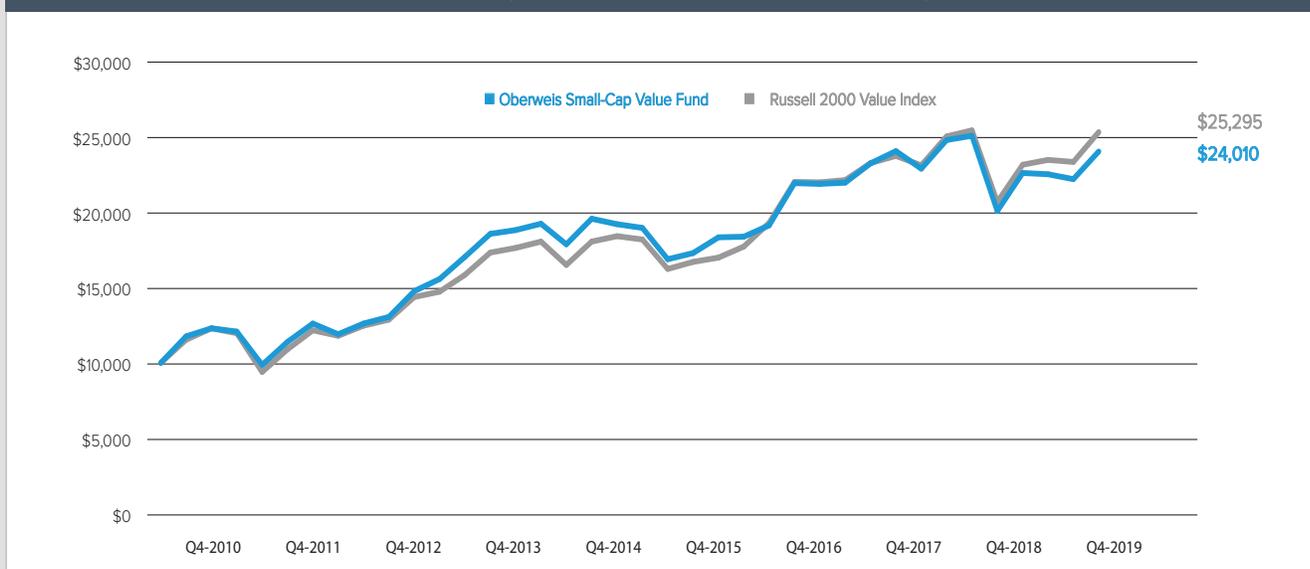
As of December 31, 2019, Oberweis Asset Management, Inc. (OAM), the fund's investment advisor is contractually obligated through April 30, 2020 to reduce its management fees or reimburse OBIVX to the extent that total ordinary operating expenses exceed in any one year 1.55% expressed as a percentage of the Fund's average daily net assets and for OBVLX 1.30%.

Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate, so that you may have gain or loss when shares are sold. Current performance may be higher or lower than quoted. Visit us online at oberweisfunds.com for most recent month-end performance. Before investing, consider the fund's investment objectives, risks, charges, and expenses. To obtain a copy of the prospectus or summary prospectus containing this and other information, please visit our website at oberweisfunds.com or call 800-323-6166. Read it carefully before investing. The Oberweis Funds invest in rapidly growing smaller and medium-sized companies that may offer greater return potential. However, these investments often involve greater risks and volatility. Foreign investments involve greater risks than U.S. investments, including political and economic risks and the risk of currency fluctuations. There is no guarantee that the Funds can achieve their objectives.

The Russell 2000 Value Index is an unmanaged market capitalization-weighted index of value-oriented stocks of U.S. domiciled companies that are included in the Russell 2000 Index. Value-oriented stocks tend to have lower price-to-book ratios and lower forecasted growth values.

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

GROWTH OF \$10,000 — WITH INCOME INVESTED (September 30, 2010 – December 31, 2019)



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The Quarter and Year in Review

The Oberweis Small-Cap Value Fund finished 2019 with a 19.56% gain. The market rally of 2019 was a great answer to 2018 from an absolute return standpoint, although on a relative basis the Fund underperformed by 283 basis points. The Russell 2000 Value Index gained 22.39%. During the fourth quarter, the Fund returned 8.10% versus 8.49% for the benchmark.

A year can make a huge difference in terms of investor sentiment. Just over a year ago, in the final quarter of 2018, investors were reducing equity exposure at a frantic pace, amid fears of a prolonged US-China trade war, slowing growth, rising interest rates and tighter monetary policy. But things didn't turn out to be as bad as feared. On January 15th, 2020, the U.S. and China signed the much-anticipated "Phase One" trade treaty. To be sure, US-China trade negotiations have a long way to go, but this step marks a sharp directional change from the escalatory feuds that preceded it. On economic growth, recession prognosticators were either wrong or early. At many companies, we believe earnings growth has surprised to the upside, at least so far, while still tepid growth outside the U.S. has nonetheless exceeded expectations. In terms of monetary policy trends, the Federal Reserve reversed course in 2019, cutting interest rates three times in 2019. Instead of rising, interest rates declined in 2019, with the yield on the 10-year US Treasury bond falling 77 basis points in 2019 to 1.92%. And as these developments unfolded, equities around the world rallied.

For the year, large caps beat small-caps by 596 basis points, with the S&P 500 gaining 31.48%, well ahead of the 25.52% return of the Russell 2000 Index. Within small-cap, growth beat value by 609 basis points. The underperformance of small-value relative to small-growth has persisted for a number of years; it's worth remembering that these cycles can last many years, but they do eventually shift course and can then last a number of years favoring value as well. With growth besting value in 10 of the last 13 years, it is beginning to feel a bit like the late 1990s, a period marked by a similar cycle favoring growth stocks. However, as it turns out, that growth stock peak marked the beginning of arguably the biggest and longest value-favored style cycle of the last fifty years, just as pundits were proclaiming the death of value investing.

In terms of portfolio performance, our strategy faced two significant headwinds in 2019. First, our process tends to have greater exposure to "profitability" and "quality" factors. Profitability can be thought of in terms of Return on Equity (ROE) and quality in terms of Cash Flow to Earnings (CF/E) and the ability to generate Free Cash Flow per Share (FCF/S). Philosophically, these are positive attributes, and it seems logical that companies with favorable CF/E and FCF/S metrics would be preferred by investors. In most periods they have, but this was not the case in 2019 (The graphs below from Barra illustrate this. The first graph shows that over the long run, exposure to the profitability and quality factors have correlated positively with performance, while the second shows that this was not the case in 2019).



¹The Russell 2000 Growth Index returned 28.48% versus 22.39% for the Russell 2000 Value Index in 2019

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Secondly, investing based behavioral signaling works best when the market is focused more on company-specific fundamentals versus macro trends. In 2019, however, macro-level developments (such as a marginal improvement in trade tensions and looser monetary policy at the Fed), trumped micro-level stock-specific situations where behavioral signaling comes into play. Additionally, gains were particularly pronounced this past year in certain cyclical industries, such as semiconductors. Our strategy seeks to profit from behavioral signaling such as insider buying and stock repurchases. Academic evidence shows these factors positively correlate to stock returns over time for small-cap value companies with reasonable fundamentals. In technology, however, most of the year's gains stemmed from semiconductors, which soared 82.74% as an industry within the benchmark. Semiconductors are highly cyclical, and during both an upswing or downturn can yield breathtaking or nauseating returns. Unfortunately, the value of management signaling in cyclical industries such as semiconductors, REITS, and energy is not typically as high or as prevalent as in idiosyncratic companies where stock-specific fundamentals are the primary drivers of earnings growth (as opposed to more cyclical businesses whose profitability is highly correlated with cyclical upswing across the entire industry). Without much exposure to semiconductors, Technology detracted 227 basis points for the year.

The shortfall in Technology was offset by strong performance in Producer Durables. As we began the year, it seemed that investors hated this sector, due to a combination of late cycle profit fears and fears of a China-driven contraction in demand. The bearish outlook kept this area squarely in analysts' crosshairs, yet behavioral signals at some of our holdings showed that management was not as concerned. We took an overweight position (16.37% versus 11.91% for the benchmark) and our holdings within the sector performed better than the benchmark (43.51% versus 27.62%). This played out well throughout the year as our holdings, and producer durables in general, managed to deliver 2019 earnings growth better than their respective five-year average growth rates. When contraction was ultimately expected, even slightly better than average numbers helped put Producer Durables in the top three performing sectors by return. Industrials turned out to be an especially effective positioning for us and acted as a large offsetting factor contributing positively to our relative performance for the year.

We tend to believe the US economy is stronger and the consumer is more resilient than headlines would indicate. Small-cap value is one of the few areas of the market that still trades below long-term average valuations, with a median P/E just under the long-term median of 19x. Our strategy's comparable P/E is 14x. As Jeffries notes, "valuations are expensive, but compared to large, they are cheap" and "if value wins, so too do valuations." 2020 seems likely to bring a much sharper focus on individual stock valuations while rewarding those companies demonstrating consistent and stable profitability. Emphasis on valuations should also help sharpen investors focus on quality and profitability, areas where we feel well-positioned having sought out companies behaviorally signaling their undervaluation.



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Fund Highlights

As of December 31, 2019, the Fund was 99.7% invested in 88 different positions. The Fund had its largest weights in Financial Services (35.2% versus 41.9% for the benchmark), Producer Durables (17.5% versus 12.5%), and Technology (13.0% versus 8.2%). During the quarter, the Fund experienced positive stock selection in two main sectors Energy (our holdings in this sector returned 20.90% versus 5.73% for those in the benchmark) and Financial Services (7.18% versus 6.2%). Return was most adversely impacted in Technology (13.52% versus 22.53%), Health Care (11.24% versus 18.11%), and Producer Durables (8.63% versus 10.87%).

Key Benefits

The Small-Cap Value Fund seeks to achieve its objective by making intermediate and long-term investments in domestic, publicly-traded equity securities of small capitalization companies. The Fund primarily invests in companies based in the United States with market capitalization of up to \$5 billion.

The key benefits of the Small-Cap Value Fund are:

- Potential for significant alpha over a full market cycle
- Disciplined and repeatable investment process managed by a passionate and experienced investment team
- Research process specifically designed to efficiently discover smaller cap companies that are undervalued by traditional Wall Street research analysts and market participants
- Exposure to undervalued smaller cap companies offering the potential for upside as a result of the markets misinterpretation or misunderstanding of positive information signals like stock repurchase activity, dividend increases and merger activity
- Diversified portfolio with a focus on risk management

The Oberweis Funds invest in rapidly growing smaller and medium sized companies which may offer greater return potential. However, these investments often involve greater risks and volatility. Investing in emerging markets involves risks and considerations not present when investing in more-established securities markets. Investing in international/emerging market investment funds should be considered speculative and thus not appropriate for all investors. There is no guarantee that the portfolios can achieve their objectives.

Minimum Investment:

Oberweis Small-Cap Value Fund Investor Class (OBIVX): \$1,000 non-IRA, \$500 IRA

Oberweis Small-Cap Value Fund Institutional Class (OBVLX): \$1.0 million

FUND CHARACTERISTICS (AS OF DECEMBER 31, 2019)

Number of Stocks	88
Weighted Market Capitalization (in millions)	\$2,994
Median Market Capitalization (in millions)	\$2,725
P/E Forward 4 Quarters (estimated)	14.9x
Long-Term Future EPS Group Rate (estimated)	3.4%
Long-Term Debt to Total Equity	17.3%
Return on Equity	7.1%
Cash Position	0.2%

Source: Thomson Reuters Eikon

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.

[MEET THE TEAM](#)

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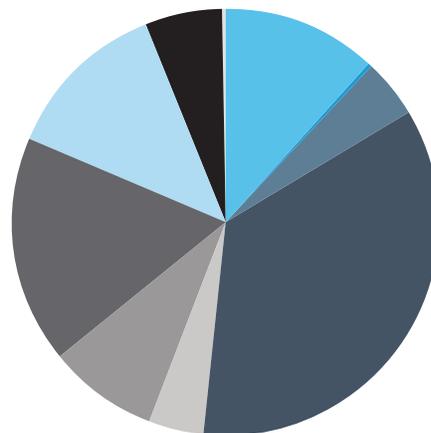
TOP TEN HOLDINGS (as of September 30, 2019)

Company		Line of Business
1	Old National Bancorp	2.9% Multi-bank holding company operating in Indiana, Illinois, Ohio, Kentucky, and Tennessee
2	Williams-Sonoma, Inc.	2.8% Retailer of high-end home goods under Williams-Sonoma, West Elm, Pottery Barn and other retail chains
3	Central Pacific Financial Corp.	2.8% Banking services and products operating in Hawaii
4	Physicians Realty Trust	2.6% Self managed healthcare real estate company recently organized to acquire, selectively develop, own, and manage healthcare properties that are leased to physicians, hospitals, and healthcare delivery systems
5	Triumph Group, Inc.	2.4% Designs, engineers, manufactures, and repairs aircraft components and services various original equipment manufacturers such as Boeing and Bombardier
6	Agco Corp.	2.0% Manufactures and distributes agricultural equipment
7	Ryman Hospitality Properties, Inc.	2.0% Real Estate Investment Trust that specializes in group-oriented and destination hotel assets in urban resort markets
8	Wolverine World Wide	2.0% Manufactures and markets branded footwear and performance leathers
9	Oshkosh Corp.	1.9% Designs and manufactures specialty commercial trucks and parts
10	Triumph Bancorp, Inc.	1.9% Offers traditional banking products as well as commercial finance products to businesses that require specialized and tailored financial solutions

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 December 31, 2019)

Consumer Discretionary	11.9%
Consumer Staples	0.3%
Energy	4.4%
Financial Services	35.1%
Health Care	4.4%
Materials & Processing	8.3%
Producer Durables	17.1%
Technology	12.6%
Utilities	5.7%
Cash	0.2%
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