Oberweis
Asset Management

OBERWEIS INTERNATIONAL OPPORTUNITIES FUND (OBIOX)

3Q 2020

AVERAGE ANNUAL TOTAL RETURNS ***(as of September 30, 2020)***

	QTD	YTD	1 Yr	3 Yr	5 Yr	10 YR	Since Inception 2/1/2007	Gross/Net Expense Ratio*
Oberweis International Opportunities Fund (OBIOX)	**18.40%**	**32.12%**	**42.62%**	**9.49%**	**11.78%**	**13.44%**	**10.03%**	**1.82%/1.60%**
MSCI World ex-US Small-Cap Growth Index	12.91%	6.89%	19.29%	6.20%	10.44%	8.28%	4.99%	

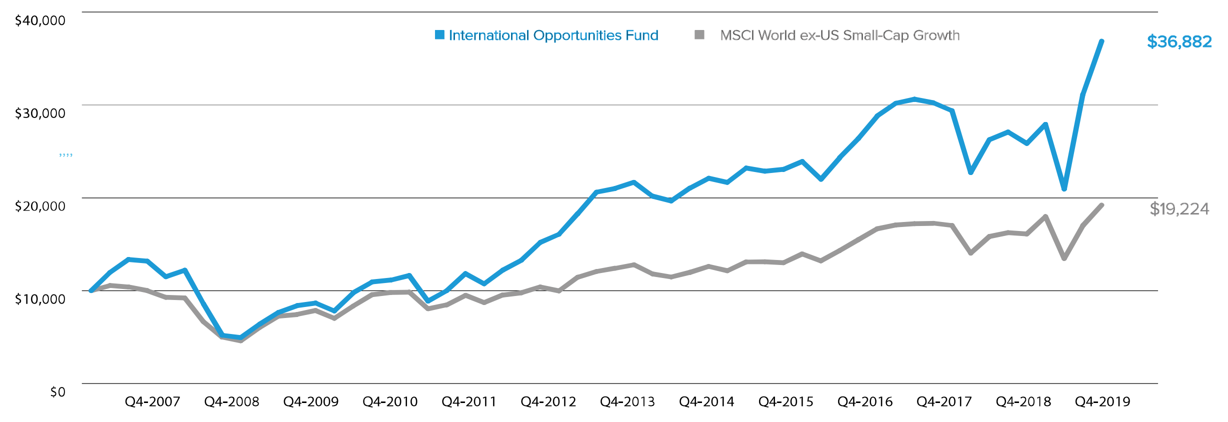
**As of December 31, 2019. Oberweis Asset Management, Inc. (OAM), the Fund's investment advisor is contractually obligated through April 30, 2021 to reduce its management fees or reimburse OBIOX to the extent that total ordinary operating expenses exceed in any one year 1.60% expressed as a percentage of the Fund's average daily net assets.*

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 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 UIS, with minimum dividends reinvested net of withholding tax.

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

GROWTH OF $10,000 — WITH INCOME INVESTED ***(February 1, 2007 – September 30, 2020)***



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The Quarter in Review

We are pleased to report further great results for the third quarter and the first nine months of 2020. During the September quarter, the Oberweis International Opportunities Fund returned +18.40% vs. +12.91% for the benchmark, the MSCI World Ex USA Small Cap Growth Index. Year-to-date, the Fund has returned +32.12% vs. +6.89% for the benchmark.

While these results are excellent, we do not place too much weight on results over just a few months, quarters, or years. We are certainly aware that any good long-term investment strategy will face periods of out- and under-performance, and do not place much weight on either in the short-term. Rather than getting overexcited by short-term outperformance (see our quarterly letters in the years 2012 and 2013) and panicked by short-term underperformance (which is in fact often precisely the best time to add exposure to the strategy, see e.g. our Q4 2019 letter), we simply maintain a level head and keep executing our process throughout style cycles.

During the third quarter, given the economic challenges caused by the COVID pandemic, many investors continued to incorrectly assess the reward/risk of equities by not weighing the positives enough vs. the negatives. The common mantras of “unemployment is going to be really high” and “the economy is falling off a cliff” had led investors to flee the equity markets in droves earlier in the year, and many missed out on the stock market recovery. We continue to see many people who try hard to engineer reasons not to buy equities despite their favorable long-term return profile.

Thankfully, we recognized early on – even though there are short-term and potentially long-term challenges to the global economy as a result of COVID – that after an initial shock from the global lockdown, businesses adapted, consumer preferences evolved and, as a result, many companies found themselves favorably positioned for the new environment. In other words, change happened and at a rate far faster than some of the most sophisticated investors ever imagined. At the same time, investors’ expectations for future growth were at depressed levels, enabling us to find a plentitude of highly mispriced businesses.

In many instances, companies were witnessing that COVID was positively accelerating key business metrics by years. Take our examples from last quarter, which are companies that have done well, continue to do well and still are only in the early innings of multi-year growth. This includes the leading global platform for freelancers to connect with potential clients. COVID increased users and brand awareness significantly, which allowed for profitability and future growth to be higher than investors expected. Similarly, a European company which provides access to prescription drugs and personal care items over the internet saw an increase in customers during the lockdown. We foresee that this will continue to drive a massive, multi-decade switch from in-person pick-up of prescriptions to more efficient and convenient online delivery.

Finally, investors who took a negative stance on equities essentially fought the coordinated efforts of central banks around the globe. Starting with the US Federal Reserve, other central banks followed by expanding liquidity dramatically, increasing confidence that monetary authorities will do whatever it takes to aid the economy during the pandemic. We expect that this central bank support will continue for a long time.

All told, we are reminded that the economy is not at all the same as a portfolio with specifically-selected stocks. Even if the overall economy is facing issues, as it is currently, that does not mean that every single company in the world is doomed. There are always companies that are long-term, idiosyncratic, structural and secular growth winners. It is simply a matter of separating the wheat from the chaff. We understood this bifurcation early on which later got dubbed a “K-shaped” recovery.

As a result, in aggregate, the companies in our portfolio had an immensely positive earnings season, their businesses continue to do well, and their balance sheets are strong. We do not invest in the stock market broadly, but only in stocks that we deem to be the best ideas. Even if the economy is sluggish and the market was broadly overvalued, it certainly does not mean that every single company is struggling and overvalued. Just like in any normal distribution, there can be many dozens of companies at the tail-end that are doing well and are undervalued.

In fact, in this environment we are currently finding an above-average number of equities that we believe to be undervalued, probably because of the present degree of significant economic change. The objection to investing in any equities just because the overall market might seem fairly valued misses the whole point of active management, which seeks out the undervalued tail-end.

Internationally, in developed markets ex-US, stocks superficially appear to be fairly valued based on a superficial P/E analysis. However, based on a more rigorous metric such as a Free Cash Flow Yield valuation analysis, they are in fact very attractively priced. This is different than the US, where valuations are more elevated.

During the quarter we continued to find many interesting opportunities that we view as significantly undervalued as of today. Many are idiosyncratic names that are not primarily tied to overall economic output. While many investors consistently try to bottom-fish in businesses that have become challenged due to COVID or the economic slowdown and only appear to be attractive because their share price has cratered, we continue to see the best opportunities in businesses that are in growing markets where adoption is in its early stages. As a result, we are overweight information technology and consumer discretionary. The COVID disruption caused one of the fastest changes in business and consumer preferences and behaviors, and has led to an abundance of ideas within these sectors. Indeed, rarely in our careers have we found this many great long-term ideas about which we are this excited.

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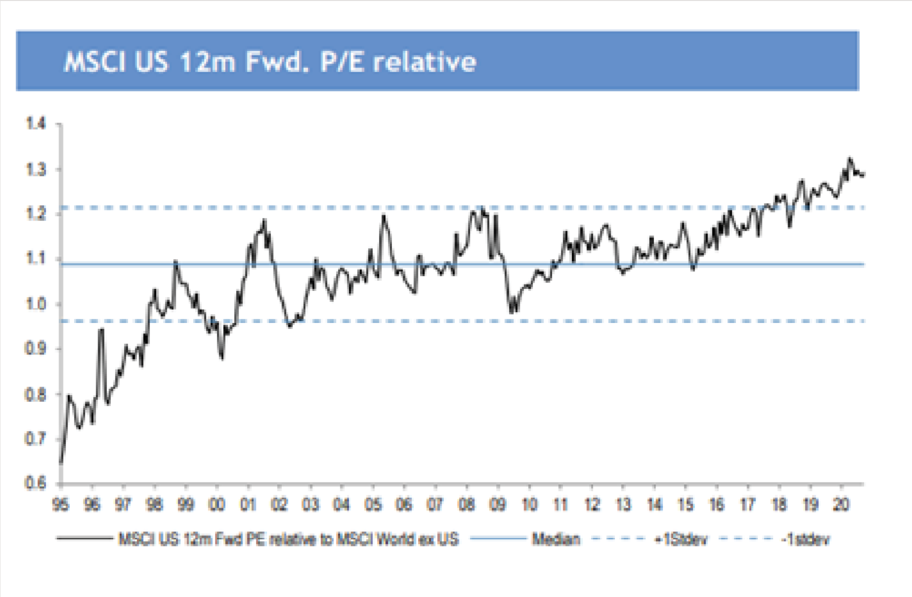
Outlook

After strong performance for the strategy, one might ask: what is next? Our outlook remains consistent with last quarter. Looking forward, we are actually more positive on our long-term opportunity set as we believe changes in business and consumption are still being underestimated by the rest of the market. In other words, the market is still clinging on to hope that a vaccine will cause pre-COVID life to return. We are hopeful that a vaccine will be produced to provide a greater level of comfort, though predicting when such an event will occur is nearly impossible. While we do believe that a vaccine will eventually arrive, we do not expect this will be the panacea for areas like business travel. A bigger risk is an unexpected rise in interest rates as a likely trigger for a temporary shift in preference towards less idiosyncratic names. Given the long-term negative effects of COVID on the broader economy, however, we do not foresee meaningfully rising interest rates any time soon.

International valuations look cheaper than US valuations and continue to represent opportunity. JP Morgan found US forward twelve-month P/E valuations to be the highest relative to the rest of the world in nearly 20 years.



Source: IBES

While some higher level of valuations should be afforded to US companies for broadly faster earnings growth, COVID levels have remained better under control in other parts of the world. We expect that the bout with COVID will be a lengthy one and hence continued volatility will be in store for equity markets.

At the same time, rapid change has brought along even more opportunities at the individual stock level and we expect that to continue. We have conviction that the positive trends we are seeing at the individual company level will continue to offer considerable returns for long-term investors. Indeed, we will not be surprised when we all look back in 20 years and come to understand that COVID was merely an accelerant in the multi-decade shift for the economy towards more innovation, digitalization, AI, eCommerce, robotics, data analytics and so forth. Covid has led to a bifurcation in the economy – many companies are doing much worse than before & many companies are doing much better than before. Essentially, looking at a normal distribution, the tails have gotten wider. At the right side of the tail, we are finding more companies that are doing even better than before and whose long-term prospects are even more misunderstood and therefore even more undervalued than before.

We very much look forward to participating in the resulting current and future investment opportunities.

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Fund Highlights

At quarter-end, the Fund was invested in 76 stocks in 16 countries. Our top five country weightings (portfolio weighting versus the MSCI World Ex USA Small Cap Growth Index) at the end of the quarter were Japan (36.5% vs. 28.3%), the United Kingdom (15.2% vs. 14.8%), Sweden (8.7% vs. 9.2%), Canada (6.7% vs. 8.1%), and China-HK listed securities (5.8% vs. 0.0%).

On a sector basis, the Fund was overweight consumer discretionary (22.2% vs. 13.4%) and underweight consumer staples (2.5% vs. 8.6%).

COUNTRY ALLOCATION*

(As of September 30, 2020)

	International Opportunities	MSCI World ex-US Small-Cap Growth Index
Japan	36.5%	28.3%
United Kingdom	15.2%	14.8%
Sweden	8.7%	9.2%
Canada	6.7%	8.1%
China	5.8%	0.0%
Australia	5.6%	7.6%
Netherlands	4.8%	1.8%
Germany	4.1%	6.1%
Israel	2.8%	2.0%
Finland	2.3%	1.2%
Denmark	2.0%	1.8%
Hong Kong	0.9%	2.1%
Switzerland	0.3%	5.8%
Italy	0.0%	2.2%
Other Countries	3.6%	9.0%
Cash	0.7%	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 Oberweis International Opportunities Fund seeks to identify and capitalize on the investment opportunities offered by smaller companies in Europe, the UK, Canada, Asia, Japan, and Latin America. The Fund 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 Fund 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 Investment: $1,000 non IRA, $500 IRA

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.

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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Oberweis Asset Management

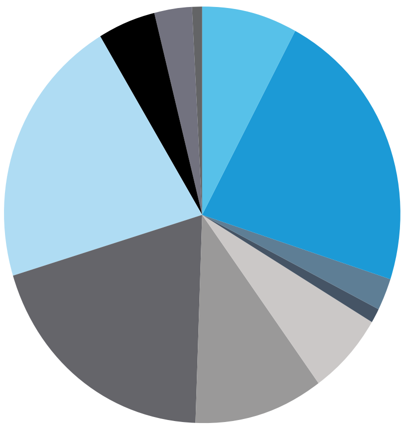
TOP TEN HOLDINGS *(as of June 30, 2020)*

	Company		Line of Business
1	Sinch	5.9%	Provider of a global messaging platform
2	Sushiro Global Holdings	4.6%	Operates a chain of sushi restaurants in Japan and overseas
3	Evolution Gaming Group	3.8%	Leading provider of live online casino games
4	TeamViewer	3.5%	Provider of workplace connectivity software
5	Evolution Mining	3.4%	Australian gold miner
6	Bay Current Consulting, Inc.	3.4%	An independent consulting company in Japan
7	IR Japan Holdings	3.3%	Largest specialized investor relations and shareholder relations services provider
8	Afterpay	3.2%	Australian-based payments company
9	Medley	3.1%	Operates platforms for medical recruitment, online medical treatment and digitized medical records
10	M&A Capital Partners	2.9%	Japan based advisory firm for corporate mergers and acquisitions

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, 2020)*

Communication Services	8.0%
Consumer Discretionary	22.2%
Consumer Staples	2.5%
Energy	1.0%
Financials	6.3%
Health Care	10.6%
Industrials	19.7%
Information Technology	21.2%
Materials	4.7%
Real Estate	3.1%
Utilities	0.0%
Cash	0.7%
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