

INTERNATIONAL SELECT STRATEGY

4Q 2020

The Quarter and Year in Review

We are pleased to report further great results for both the fourth quarter as well as the full year 2020. After significantly outperforming in a down market in Q1 (the strategy had returned -11.27% compared to -22.83% for the MSCI EAFE Index in Q1) and again significantly outperforming in Q2 and Q3, we are pleased to report further significant outperformance for Q4 2020. During the quarter, news of imminent and highly effective COVID-19 vaccines triggered some of the strongest rotations towards Value and away from Momentum in stock market history¹. In this environment, the strategy returned +22.38% compared to +16.05% for the MSCI EAFE.

For the full year, the strategy returned +105.20% vs. +7.82% for the benchmark.

Since inception 9/30/2019, the strategy's cumulative return is +131.25% vs. +16.62% for the benchmark.

The fourth quarter was simply a continuation of what we had described in our prior quarterly letters: Early on and before most other investors, we recognized – 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. During the fourth quarter, these companies by and large continued to do very well and our investments in them continued to pay off.

In many instances, companies continued to witness that COVID was positively accelerating key business metrics by years. Take our example from the past quarters, a company that has done well, continues to do well and still is only in the early innings of multi-year growth. This is a leading Asian eCommerce and gaming platform that also provides digital payment services. During the COVID crisis the company has compounded its leadership position in e-commerce in particular. Consistent with the rest of the world, the pandemic has seen online basket sizes increase, a greater percentage of food, beverages and staples purchased online, and consumers more likely to embrace new digital payment services. The opportunity for the company is huge, given the shift in consumer behavior, especially because the effects of any such shift will be even more significant in the region due to its relative under-penetration of e-commerce. Additionally, with its leadership position compounding, the company is benefiting from a virtuous network cycle of consumer and supplier demand for its platform that we believe will be very hard for competitors to reverse. Like most stocks in our portfolio, we view this stock as significantly undervalued on an NPV basis and see massive long-term upside from here.

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 again 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 continue to find many equities that we believe to be significantly undervalued, probably due to 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. Interestingly, we continue to see many people who try hard to engineer reasons not to buy equities despite their favorable long-term return profile.

Internationally, in developed markets ex-US, stocks superficially do not appear to be undervalued 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 in the US, where valuations are more elevated.

We view many of our portfolio holdings' long-term cash flow generation capability 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.

Indeed, we regard the current International Select portfolio as the best and strongest portfolio we have ever come across in our entire careers, regardless of asset class, bar none. The team members' large personal investments in the strategy reflect this and we look forward to participating in its long-term returns.

¹ JP Morgan Equity Strategy: "Vaccine Triggers Largest Daily Momentum Crash/Value Squeeze Ever". 11/12/2020

Outlook

After continued strong performance for the strategy, one might again ask: what is next? Our outlook remains entirely consistent with the past quarters. 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.

On a broader economic level, we also find that most economists and market participants fail to fully understand that the current Covid crisis is being met by mankind's ingenuity which is leading to significant long-term productivity improvements due to an acceleration in innovation, digitalization, AI, eCommerce, robotics, data analytics, drug development as well as the productivity benefits from the cloud and many other new technologies that will drive growth and productivity in the coming decade and the remainder of the century, as we had discussed in our Q4 2019 International Opportunities letter.

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.



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, cloud usage 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.

There are no changes to the International Opportunities team or strategy, which also manages International Select. We are pleased but not surprised by the results of our new International Select strategy. After all, this strategy uses the same successful, time-tested philosophy and process that has already produced highly positive results for the International Opportunities strategy:

- In the International Opportunities strategy, we have generated outperformance of 773bps (658bps net of fees) annualized since inception ~14 years ago, with a cumulative return of +496.04% (+417.34% net of fees) vs. 123.76% for the MSCI World Ex-US SCG Index
- Ending December 31, 2020, we have outperformed the benchmark over every meaningful time period and are the #1 top-performing strategy since inception in the entire asset class of all international small-cap managers, including value, core and growth. (Source: eVestment 12/31/2020)²
- International Select is managed by the same team using the same philosophy and the same process in a more concentrated portfolio with higher market capitalization companies, on average, than International Opportunities

²Based on data submitted to eVestment as of 1/11/2021. eVestment provides third party databases, including the institutional investment database from which the presented information was extracted. Over 4,500 firms actively submit data to eVestment. No representation or warranty is made by Oberweis Asset Management, Inc. ("OAM") as to the validity and appropriateness of the eVestment rating. eVestment ratings should not be viewed as representative of the experience of other investors and is no guarantee of future performance. OAM pays a subscription fee for services to eVestment.

Key Benefits

The International Select strategy is a concentrated, high-conviction, high alpha strategy that is managed by Ralf Scherschmidt and team, the same team that manages our International Opportunities (small-cap) strategy. The International Select strategy will generally own between 20-35 positions and invest in companies that have market capitalizations greater than US\$5 billion. In managing the International Select strategy, our team follows the same disciplined, time-tested investment process and philosophy that has produced highly superior results over long periods of time in our International Opportunities (small-cap) strategy, with a higher degree of freedom and flexibility in portfolio construction and position sizing. It identifies companies whose future fundamentals, earnings power and cash flow generation are not yet correctly understood by the market. As a result, their securities can be mispriced; our process repeatably and successfully capitalizes on these situations. Our approach to investing is differentiated and combines empirically-proven sources of alpha (backed by empirical evidence from research in behavioral finance) with rigorous fundamental bottom-up research.

The potential key benefits of the International Select strategy are:

- High conviction, “Best Ideas” portfolio constructed in the spirit of the Kelly Criterion
- High active share & private equity-like long-term perspective allowing time arbitrage
- Focus on high conviction, very attractive risk-reward, extreme compounders
- Particular emphasis on companies with leading businesses and strong financials and therefore lower fundamental risk
- Combines empirically-proven Behavioral Finance principles with fundamental bottom-up research
- Achieve a more effective asset allocation, and greater long-term diversification through investments in non-U.S. equities
- Invests primarily in developed markets with some exposure to emerging markets
- Potential for very significant, industry-leading alpha over a full market cycle - at a very attractive fee

Minimum Account Size: \$25 million for Institutional Account Management

TOP TEN HOLDINGS (as of December 31, 2020)

	Company		Line of Business
1	Sea Ltd.	13.3%	Mobile-oriented gaming, e-commerce and digital financial services, predominantly in South East Asia
2	Wuxi Bio	10.6%	Global provider of clinical trials and manufacturing services for the pharmaceutical industry
3	Ocado Group PLC	7.9%	Provides retailers with end-to-end solutions for operating online grocery businesses and online grocery retailing in the United Kingdom
4	Sony Corp.	6.6%	Global conglomerate operates in three business segments: entertainment, electronics and financial services
5	HelloFresh	6.3%	Provides a meal kit delivery service to US and European consumers
6	Meituan Dianping	5.8%	Operates the largest e-commerce platform for services in China
7	Evolution Gaming Group	4.9%	B2B online live casino game provider
8	Afterpay Ltd.	4.4%	Provides installment payment services in Australia, United States, and United Kingdom
9	HSBC Holdings	4.1%	United Kingdom-based international bank providing a broad range of financial services
10	Vestas Wind Systems	4.1%	Leading global provider of wind turbines and services

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

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COUNTRY ALLOCATION*
(AS OF DECEMBER 31, 2020)

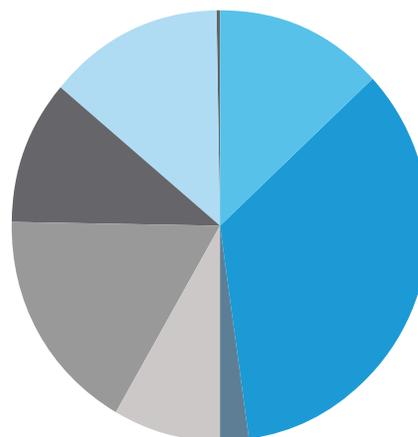
	International Select	MSCI EAFE Index
United Kingdom	17.2%	14.0%
Hong Kong & China*	16.4%	3.3%
Singapore	13.3%	1.0%
Japan	12.9%	25.3%
Germany	8.3%	9.4%
Sweden	7.0%	3.4%
United States	5.8%	0.0%
France	4.9%	11.1%
Australia	4.4%	7.1%
Denmark	4.1%	2.5%
Canada	3.5%	0.0%
Switzerland	2.1%	9.7%
Netherlands	0.0%	3.8%
Spain	0.0%	2.4%
Italy	0.0%	2.4%
Other Countries	0.0%	4.6%
Cash	0.1%	N/A
Total:	100.0%	100.0%

*We own Hong Kong-listed securities, as Hong Kong is part of the benchmark. MSCI classifies these securities as either "Hong Kong" or "China". 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

SECTOR WEIGHTINGS (as of December 31, 2020)

■ Communication Services	13.3%
■ Consumer Discretionary	34.7%
■ Consumer Staples	2.0%
■ Energy	0.0%
■ Financials	8.4%
■ Health Care	16.9%
■ Industrials	10.9%
■ Information Technology	13.7%
■ Materials	0.0%
■ Real Estate	0.0%
■ Utilities	0.0%
■ Cash	0.1%
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 SELECT

4Q 2020

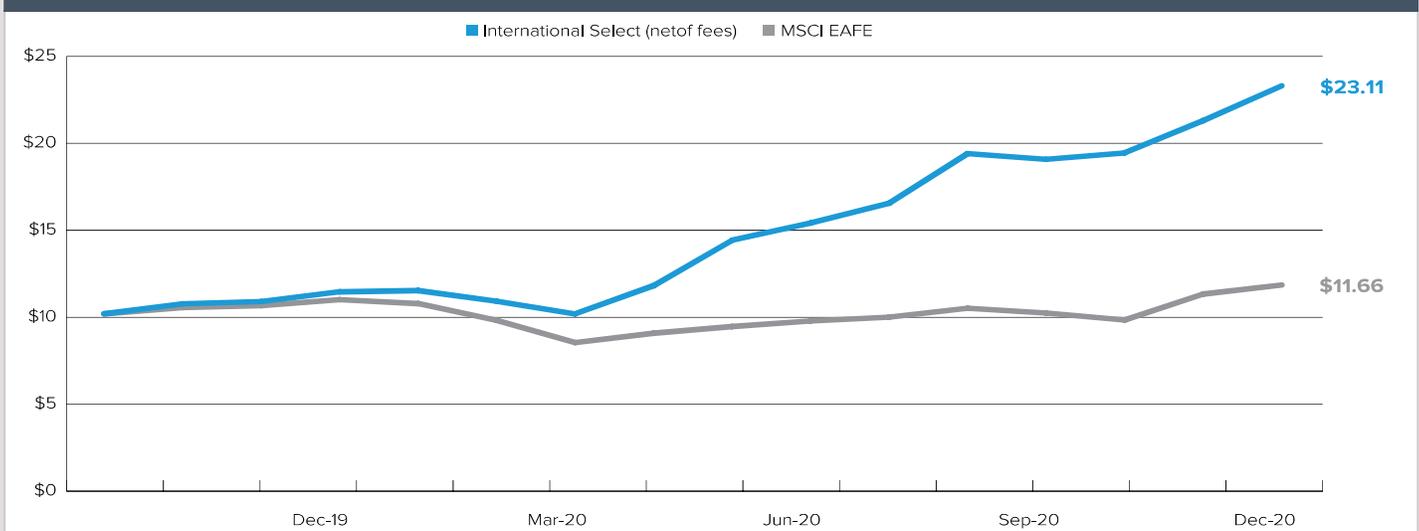
AVERAGE ANNUAL TOTAL RETURNS (as of December 31, 2020)							
	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	1-YR	Since Inception*
International Select (net of fees)	22.38%	24.04%	52.25%	-11.27%	12.69%	105.20%	95.56%
MSCI EAFE	16.05%	4.80%	14.88%	-22.83%	8.17%	7.82%	13.09%

*The inception date of the Oberweis International Select strategy is 9-30-19. 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 \$5.0 million. Accounts are dollar-weighted within the composite and reported in U.S. dollars.

The MSCI EAFE Index is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the US and Canada. The index is comprehensive, covering approximately 85% of the free float-adjusted market capitalization in each country.

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 (September 30, 2019 – December 31, 2020)



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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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