

OBERWEIS GLOBAL OPPORTUNITIES FUND INSTITUTIONAL CLASS: (OBGIX) MARKET COMMENTARY

3Q 2021

The Quarter in Review

The Oberweis Global Opportunities Fund returned -1.81% (-2.05% net of fees) in the third quarter of 2021 versus -1.52% for the MSCI ACWI Small-Cap Index. Year-to-date, the Fund returned 18.74% (17.93% net of fees) versus 13.68% for the Index, outperforming by 506 basis points (425 basis points net of fees) in the first nine months.

Market Environment

Through August, investors' love affair with global equities seemed quite strong. It is debatable whether the affection stemmed from reopening euphoria or a less ebullient feeling of "nowhere else to go." By September, investors seemed less enamored. Excitement for a post-Covid boom was tempered by inflation fears, the potential for tighter monetary policy at the Federal Reserve, sporadic Covid shutdowns and an extremely tight labor environment, resulting in supply chain bottlenecks and product shortages.

We believe the current labor market and supply chain dislocations will prove temporary. We are less confident that inflation will prove transitory in the near term, but runaway inflation in the long-term is not our base case. All things considered, we are positive on the long-term opportunity set for equities and, in particular, for our investment strategies, which tend to thrive in periods of change. Covid-19 has resulted in one of the most significant changes in consumption patterns in our lives, accelerating opportunities for innovators to unsettle markets and grow market share. For example, as a result of Covid-19, e-commerce adoption is happening much faster than was previously anticipated. Covid-19 greatly increased the propensity of consumers to try food delivery and food preparation services. Video conferencing has become a completely acceptable way of conducting business meetings. Despite some recognition of changing consumption patterns by many investors, we believe that the degree, duration and derivative opportunities are all still being underestimated. For example, as a derivative of food delivery, demand for robots used by supermarkets to automatically pack groceries has exploded. We specialize in finding companies that are quick to adapt and profit from significant change, and we believe that the changes in global consumption are far from over.

While change often creates opportunities, it can also create headaches, as was the case in China this past quarter. In just a few short months, Beijing launched unprecedented regulations in multiple areas, attacking after-school tutoring, big internet companies, fintech, data security and cryptocurrency. All of the new policies are focused on three main themes – common prosperity, financial deleveraging and economic self-sufficiency. Unfortunately, none of them are conducive to promoting economic growth. Additionally, the default of property giant Evergrande drove fears of possible contagion, as the government declined to rescue a company previously believed to be "too big to fail." Although increased regulation and less favorable government policies will yield enduring headwinds for China, it remains a huge market and we are continuing to find occasional ideas positioned to thrive even in the face of a more difficult regulatory environment.

In terms of valuations, our research indicates a significant disparity in price/earnings ratios among different types of equities. While more reasonable than at the end of the first quarter, the P/E on US Large-Caps (as measured by the S&P 500) still remains considerably higher than average. However, when one looks at other types of equities, a different story emerges. For example, consider U.S. small-cap growth stocks, such as those owned in our Micro-Cap and Small-Cap funds. Since 2003, we have tracked the median P/E of U.S. smaller-cap stocks with growth rates of 30% or more. Today that median P/E is noticeably below its longer-term average. Similarly, international stocks appear inexpensive relative to the United States. According to JP Morgan, the forward P/E on US stocks relative to the rest of the world is close to a 20-year high. China is particularly cheap on a P/E basis, although this discount may be appropriate in light of the increased regulatory environment. While no one can predict the future, we believe that the relatively cheaper valuations of small-caps and international stocks increases the odds of favorable returns relative to the S&P 500 in the years to come.

AVERAGE ANNUAL TOTAL RETURNS (as of September 30, 2021)

| | QTD | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Since Inception 1/7/1987 | Gross/Net Expense Ratio* |
|---|---------------|---------------|---------------|---------------|---------------|---------------|-----------------------------|-----------------------------|
| Oberweis Global Opportunities Fund Institutional Class (OBGIX)** | -2.05% | 17.93% | 53.80% | 20.63% | 16.64% | 15.81% | 10.00% | 1.28%/1.27% |
| Oberweis Global Opportunities Fund Investor Class (OBEGX) | -2.12% | 17.69% | 53.41% | 20.33% | 16.36% | 15.53% | 9.72% | 1.53%/1.53% |
| MSCI ACWI Small-Cap Index | -1.52% | 13.68% | 40.60% | 11.12% | 12.20% | 12.33% | N/A | |

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. Unusually high returns may not be sustainable. Visit us online at oberweisfunds.com for most recent month end performance.

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.

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.

*Audited data as of December 31, 2020. Oberweis Asset Management, Inc. (OAM), the Fund's investment advisor is contractually obligated through April 30, 2022 to reduce its management fees or reimburse OBEGX to the extent that total ordinary operating expenses, as defined, exceed in any one year the following amounts expressed as a percentage of each Fund's average daily net assets: 1.8% of the first \$50 million; plus 1.6% of average daily net assets in excess of \$50 million and for OBGIX 1.55% of the first \$50 million; plus 1.35% of average daily net assets in excess of \$50 million.

**Institutional Class shares OBGIX performance information was calculated using the historical performance of Investor Class shares for periods prior to May 1, 2017.

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

The MSCI ACWI Small-Cap Index (Net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of small cap developed markets and emerging markets, with minimum dividends reinvested net of withholding tax. The MSCI ACWI Small-Cap Index began on May 31, 1994.

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Fund Highlights

As of September 30, 2021, the Fund was 89.1% invested in 52 different positions. The Fund had its largest over-weightings in technology (30.4% average weighting during the quarter versus 13.6% for the MSCI ACWI Small Cap Index), consumer discretionary (27.6% versus 13.4%), and healthcare (24.1% versus 11.4%). The Fund was most underweight industrials (6.8% versus 18.1%), financials (2.6% versus 12.7%), real estate (0.0% versus 9.5%).

During the third quarter, the Fund was positively impacted by stock selection in Israel (where our holdings returned 68.41% versus 3.80% for the MSCI ACWI Small Cap Index) while the Fund was negatively impacted by selection in China (-28.00% versus -14.61%). At a sector level, the Fund was positively impacted from stock selection in consumer discretionary (4.05% versus -4.94%) and healthcare (-0.91% versus -5.30%). In terms of geographic distribution, the Fund was on average 50.5% invested in North America, 19.0% in Asia, and 22.3% in Europe.

Organization Update

There was no change to the team during the quarter.

Oberweis Asset Management's Investment Philosophy

We believe that investing in smaller companies driving revenue and earnings growth in excess of expectations results in superior investment performance over long periods of time. We believe that innovation is the key to economic growth and wealth creation and are committed to investing in companies at the forefront of innovation – smaller company stocks that offer the potential for extraordinary revenue and earnings growth.

The entrepreneurial spirit is alive and well at these companies. Many are nimble and uniquely address the needs of their customers with patented new products and services. Successful investing, however, demands more than finding companies with good growth prospects. We must also buy these stocks for our clients at prices that make sense. By paying careful attention to companies' valuations in relation to expected earnings growth rates, we seek to purchase stocks when they still have considerable appreciation potential.

For more information please contact:

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