INTERNATIONAL SELECT
MARKET COMMENTARY

3Q 2021

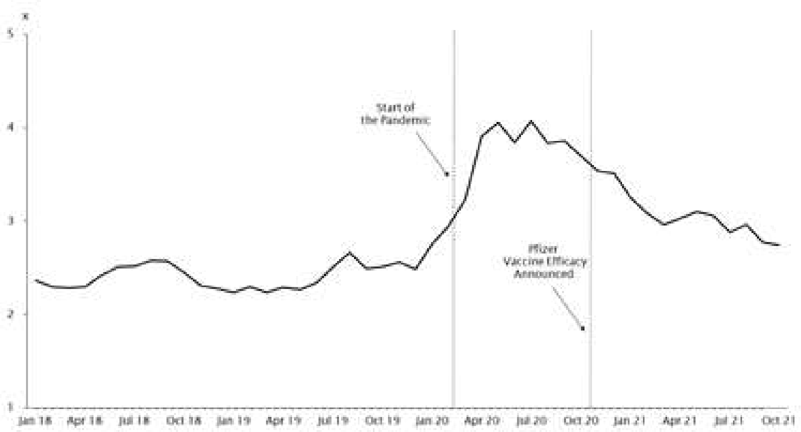
The Quarter in Review

For its two-year anniversary, we are pleased to report an excellent two-year track record for the International Select Strategy. Since inception, the strategy has returned an annualized +58.32% (+58.12% net of fees) vs. +12.41% for the benchmark, the MSCI EAFE Index. This translates into a cumulative, compounded return of +150.65% (+150.03% net of fees) vs. +26.35% for the benchmark.

While the explicit goal of this strategy is to deliver great long-term, compounded returns and we therefore do not focus on the short-term, the quarter was good as well and returned +4.09% (+4.00% net of fees) vs. -0.45% for the benchmark. For the year to September 30th, the strategy returned +8.39% (+8.12% net of fees) vs. +8.35% for the benchmark. This is a remarkable year-to-date performance in the context of first expansion and then contraction in near-term multiples among many of our stocks since the beginning of Covid: In 2020, the strategy had returned +105.20% (105.20% net of fees) vs. +7.82% for the benchmark, which was in part due to very strong fundamentals and earnings (i.e. the “E”) of our companies as well as some multiple expansion (i.e. the “P/E”). In 2021, many of our companies faced a reversal of the multiple expansion experienced in 2020, and their multiples contracted in 2021. Thankfully, rather than underperforming its benchmark or delivering negative absolute returns, the strategy is having a good 2021 because the fundamentals and earnings of our companies continue to be very strong and are successfully counterbalancing shrinking multiples. That is, inasmuch as multiples (e.g. “P/Es”) have contracted, this has been made up for by strong fundamentals and healthily growing earnings (“E”).

To really get a true sense of how much of the performance of the strategy has been driven by the strong underlying performance of the fundamentals (i.e. the “E”) of the companies we invest in rather than short-term swings in multiples, we therefore consider performance since 12/31/19, since this now includes periods of both multiple expansion as well as multiple contraction. Over that time period, the strategy has returned +122.42% (+121.86% net of fees) vs. +16.82% for the benchmark. Finally, at this point, with a lot of multiple contraction now in the rearview mirror and continued excellent fundamentals among our portfolio companies, our forward-looking outlook is very positive.

Large-Cap "Structural Grower" Stocks[1]
Relative Forward-P/E Ratios[2]
2018 Through Early October 2021



Source: Empirical Research Partners Analysis.
[1] The Structural Grower group includes cloud based software, cloud services, internet payment services, interactive games, streaming services and air freight.
[2] Equally-weighted data.

AVERAGE ANNUAL TOTAL RETURNS *(as of September 30, 2021)*										
	Q3-2021	**Q2-2021**	**Q1-2021**	**Q4-2020**	**Q3-2020**	**Q2-2020**	**Q1-2020**	**Q4-2019**	**1-YR**	**Since Inception***
International Select (net of fees)	**4.00%**	**9.11%**	**-4.65%**	**22.38%**	**24.04%**	**52.25%**	**-11.27%**	**12.69%**	**32.31%**	**58.12%**
MSCI EAFE	-0.45%	5.17%	3.48%	16.05%	4.80%	14.88%	-22.83%	8.17%	25.73%	12.41%

Past performance is not necessarily indicative of future results. Performance is historical and includes the reinvestment of dividends and other income. Unusually high returns may not be sustainable. The strategy invests 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. Advisory fees are disclosed in Part II of Form ADV.

**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.

Quarter in Review (continued)

During the quarter, global equities were roughly flat as investors continued to calibrate expectations for the post-pandemic recovery, inflation and interest rates. Short-term style swings remained heavily influenced by trends in Coronavirus cases. After the Delta variant took hold in the US over the summer, the Covid case count began to roll over as vaccination rates moved higher. The potential for resultant robust economic activity is clear. The pandemic gave rise to a significant build-up in savings for consumers in developed markets with, for example, US consumer savings more than $2 trillion above trend, equating to approximately 16% of a year of consumer spending. It is likely that a significant percentage of these savings will feed their way into consumption over the next 12-24 months.

While much of the focus on the inflation data has been on whether price increases are of a temporary nature, the Underlying Inflation Gauge, which seeks to capture primary trends in prices, has moved up in recent weeks. Notably, median wage growth in the US has reverted to its pre-Covid level and tightness in the labor market is evident with more than one job opening for each unemployed person. Furthermore, market expectations for Fed tightening, which had been pulled forward after the Fed's June meeting, were then almost immediately reversed as the Delta case load soared in the summer. Real rates, measured relative to ten-year inflation expectations, are still approximately 70 basis points below their average for the 2010's. Should the Fed's approach to monetary policy remain asymmetric, which is to say more responsive to data that is negative rather than positive, then that could in theory produce stronger growth and higher inflation over time.

In the last quarterly letter, we commented that we were agnostic on the near-term outlook for both inflation and economic growth given the higher than usual number of unknowns coming out of the pandemic. This still remains the case. Our longer-term view on inflation remains consistent with our recent quarterly letters. We do not consider a true long-term, sustained inflation shock to be the most probable outcome, in large part due to the disinflationary impact of technology and globalization. However, we are aware that the conditions are present for both economic activity and inflation to be elevated over the near-term. We would highlight two areas with elevated risk in the current environment: i) fixed income, with the wider fixed income asset class likely to fare poorly in a rising rate environment as well as likely to significantly lose real purchasing power in an inflationary environment, and ii) businesses highly exposed to labor and/or energy input cost inflation.

Irrespective of what happens with inflation and interest rates, however, over any meaningful time periods for long-term investors, share prices will be substantially determined by the fundamental performance of companies, which is our expertise and main focus. As we have written in recent quarterly letters, many companies have seen their competitive positions significantly strengthened over the past year and a half. Take for example our investment in a leading South East Asian e-commerce, gaming and digital payments platform. The business has compounded its competitive advantage in e-commerce across all its key geographies over the past twelve months, a trend that we are confident will continue. The opportunity ahead of the company remains vast, with both favorable demographic trends and also consumer behavior shifting towards online shopping, which is still at low levels of penetration when compared to more developed regions. With a distinctive business model focused primarily on maximizing user engagement and making the shopping experience fun, the platform attracts more users spending more time on it than any competing app or website. The ensuing virtuous network cycle of consumer and supplier demand for its services will prove very difficult for competitors to reverse. Similarly, its digital gaming business has proved far stickier and more viral, across geographic regions, than the market had anticipated. We consider it highly likely that the social, interactive and localized elements to its core mobile game will continue to drive earnings beats relative to market consensus.

We continue to see the very best long-term, compounding opportunities in this kind of structurally-growing business operating in nascent markets where adoption is in its early stages. We therefore focus on companies with this type of idiosyncratic, structural growth profile rather than seeking to make factor "bets" in response to our interpretation of short-term macro swings.

Outlook

Our outlook remains consistent with recent quarters. We are highly positive on our long-term opportunity set as we are confident that changes in business and consumption are still being underestimated, driven by trends that we foresaw long ago.

A foundational premise of this view is our consideration that Moore's Law is still alive and well, as espoused at the recent ASML investor day. Semiconductors are consequently set to see multiples-upon-multiples increases in computing power over the next 10 to 20 years compared to today. What is relevant to us as investors is the phenomenal technological advances and innovations across industries that rely upon such progress. Covid simply accelerated many such developments that had already been set in motion. Supply chains will change, demand will grow for new products and services, and fall away for ones that are obsolescent. We are interested in companies that will benefit from, and even drive, such structural changes to a much greater degree than is generally understood, thus leading to outperformance.

The long-term success of these companies will not primarily be determined by short-term style rotations, fluctuations in interest rates and inflation, and marginal variations in GDP growth. Instead it will be a function of whether business models, and management teams' execution thereof, can take advantage of the opportunities from these deep underlying changes taking place in the world.

From a geographical perspective, international valuations look cheaper than US valuations and continue to represent an opportunity for investors. The chart below from JP Morgan shows that the US forward twelve-month P/E valuations, relative to the rest of the developed world, are close to a 20-year high.

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Portfolio Highlights

At quarter-end, the portfolio was invested in 20 stocks in 13 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 Singapore (20.4% vs. 1.2%), Japan (11.6% vs 24.2%), the United Kingdom (10.2% vs 14.4%), the Netherlands (8.9% vs 4.8%) and Germany (8.0% vs 9.1%). On a sector basis, the portfolio was overweight communication services (26.4% vs. 4.8%) and underweight financials (7.2% vs. 17.2%).

Organization Update

There are no changes to the International team or strategies.

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:
Brian K. Lee, Director of Marketing & Client Service
(800) 323-6166 | (630) 577-2321 | brian.lee@oberweis.net

Marc Carlson, Director Marketing & Client Service
(800) 323-6166 | (630) 577-2364 | marc.carlson@oberweis.net

Oberweis Asset Management, Inc.
3333 Warrenville Rd., Suite 500, Lisle, IL 60532