

OBERWEIS GLOBAL OPPORTUNITIES FUND

INSTITUTIONAL CLASS: (OBGIX)

MARKET COMMENTARY

2Q 2024

The Quarter in Review

The Global Opportunities Fund returned 1.76% versus -1.56% for the MSCI ACWI Small Cap Index in the second quarter, outperforming by 332 bps. Over the last five years, the Fund has generated an average annual return of 10.45% compared to 7.31% for the benchmark.

Market Environment

U.S. large-cap stocks again outperformed small-caps in the first half, with the Russell 1000 (+14.24%) beating the Russell 2000 (1.73%) by 1,251 basis points year-to-date. Growth stocks beat value stocks, with the Russell 2000 Growth Index beating the Russell 2000 Value Index by 529 bps in the trailing six-month period. Despite the good performance for our U.S. funds, small-cap as an asset class has been out-of-favor for eight years now, ranking this cycle as one of the longest and most extreme in history. Three examples to illustrate: the top three names in the S&P 500 are now larger than the entire Russell 2000 Index, small-caps comprise less than 4% of the U.S. equity market (the lowest level since the 1930's), and the relative valuation disparity between large-caps and small-caps is the largest since the late 1990's. Style cycles can shift rapidly, and we believe that those who invest in small-caps after a prolonged large-cap cycle are likely to be well-rewarded. At cyclical extremes, we have found that the risk/reward ratio of investing in the out-of-favor asset class becomes highly favorable. In short, we believe now is the time to buy small-cap stocks and anticipate that small-cap stocks are likely to materially outperform large-caps stock over the next five years. We have heard of many folks "waiting" for the first interest rate cut to make a move (as small-caps tend to soar amid falling rates). That may be a mistake. Savvy investors act in anticipation of catalysts rather than in response to them.

The economic backdrop has dimmed somewhat but is still positive. The Atlanta Fed projects U.S. GDP grew a tepid 1.5% in the second quarter, as rate hikes appear to be taking hold. Core PCE Inflation has moderated to the 2.6% range but whether it can approach the Fed's 2% target remains to be seen. The American consumer, while less confident, is in good shape; they're employed, enjoy a historically low debt-service ratio, and still have \$600 billion of excess Covid savings. The federal government continues to spend stimulus money earmarked during Covid, providing economic support. The result is a Global Composite Purchasing Managers' Index reading in the U.S. of 54.6 in June, signaling expansion. Readings were also above 50 in Japan, India, and most of Europe. The unemployment rate edged down in the Euro area and Australia, but increased slightly in the U.K., U.S. and Canada. In most developed markets, however, solid job growth, still-strong wage growth and falling headline inflation are supporting real income growth.

Emerging markets, particularly China, feel more difficult to predict. A strong U.S. dollar has kept a lid on EM stock prices, although at this point that is probably increasingly discounted in stock prices. Outside of India, EM valuations are considerably below-average and we are finding many interesting opportunities. China is a bit of a wildcard. Valuations are exceptionally low. Economic data has been mediocre but expectations were for even worse, which explains why stock prices rose in the first half. Still, we remain concerned about Sino-American relations, especially during an American election cycle where populist rhetoric for more anti-China policies is likely to be the norm.

AVERAGE ANNUAL TOTAL RETURNS (as of June 30, 2024)

	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)**	1.76%	5.92%	4.28%	-5.83%	10.45%	7.18%	8.77%	1.25%/1.25%
Oberweis Global Opportunities Fund Investor Class (OBEGX)	1.69%	5.79%	4.00%	-6.08%	10.17%	6.92%	8.50%	1.51%/1.50%
MSCI ACWI Small-Cap Index	-1.56%	2.29%	10.64%	-0.75%	7.31%	6.23%	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.

*Expense ratio as of 12/31/23. Oberweis Asset Management, Inc., the Fund's investment advisor, is contractually obligated through April 30, 2025 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. It is not possible to invest directly in an index.



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Fund Highlights

As of June 30, 2024, the Fund was 96.9% invested in 56 different positions. The Fund had its largest over-weightings in industrials (31.2% average weighting during the quarter versus 20.2% for the MSCI ACWI Small Cap Index), health care (16.3% versus 9.4%), and technology (17.9% versus 12.1%). The Fund was most underweight financials (3.6% versus 14.3%), real estate (0.0% versus 7.5%), and materials (3.5% versus 8.2%).

Geographically, the Fund maintains a diversified portfolio, with about half of the Fund invested in the U.S. and the other half in non-U.S. companies. Emerging markets comprised approximately 9.4% of the Fund. Note that our Fund is primarily driven by individual stock selection within our risk management protocols and quarter-to-quarter fluctuations in country weights are typically a residual of where we are finding the most interesting individual companies. In terms of geographic distribution, the Fund was on average 50.3% invested in North America, 24.5% in Europe, and 19.0% in Asia.

During the second quarter, the Fund was positively impacted by strong stock selection, especially in the US (where our holdings returned 4.09% versus -3.36% for the MSCI ACWI Small Cap Index) and Finland (28.92% versus 3.83%). Overweight allocations to Norway and the UK also benefitted Fund performance. To a lesser degree, the Fund was adversely impacted by stock selection in Taiwan (-12.99% versus 6.25%) and Australia (-22.55% versus -0.94%). At a sector level, Fund performance benefitted from stock selection in the consumer discretionary (9.21% versus -4.66%) and industrials (1.27% versus -2.02%). Conversely, stock selection in health care (-6.14% versus -2.65%) and materials (-4.43% versus -1.11%) detracted from performance.

Organization Update

There was no change to our Global Opportunities team this 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.

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