

OBERWEIS SMALL-CAP OPPORTUNITIES FUND MARKET COMMENTARY

2Q 2025

The Quarter in Review

The Oberweis Small Cap Opportunities Fund returned 15.02% in the second quarter versus 11.97% for the Russell 2000 Growth Index, outperforming by 305 basis points. Through the first half, the Fund outperformed by 274 basis points, returning 2.26% versus -0.48% for the benchmark.

Early in the quarter, the Fund was impacted by widespread concerns over President Trump's tariff policy with China and other key trading partners. We shared with our valued clients that we saw knee-jerk reactions in stock prices driven by fear and believed earnings reporting season would allow investors to refocus on company-specific fundamentals at reduced prices. Broadly, our companies provided better than expected clarity on idiosyncratic tariff impacts – or in many cases the lack thereof. Stocks reacted to the information flow positively; since the early April panic low, the Russell 2000 Growth Index is up nearly 24%, and our Fund is up even more¹.

The year thus far has been one of the most turbulent we've seen – and we've seen a lot over the years. The president has been more aggressive in his second term pushing his economic agenda related to trade and tax policies. Unfortunately for the market, investors, and business leaders, policy details have changed frequently and seem, at times, to be ad hoc reactions and negotiations disseminated via social media or impromptu discussions with the press. The result has been a roller coaster for investors and company management teams trying to figure out the impact on the economy and corporate earnings.

The good news: while the cast of characters and circumstances are different, this is really nothing more than a recycled Hollywood script. Markets hate ambiguity in the short-term, and uncertainty has manifested itself in countless ways throughout our careers. Over the last 30 years we've endured the market digesting multiple crises: the Asian currency collapse in 1997, the internet crash in 2000, the global financial crisis in 2008, the European debt crisis in 2011, the Greek default in 2016, Tariff War I in 2018, the Covid pandemic in 2020, and the Russia-Ukraine War in 2022. In short, there's always something for the macro crowd to fret about. The other common and more important thread: each represented an exceptional buying opportunity for long-term investors with the intestinal fortitude to look through the short-term fog of war. The worst thing you can do when volatility soars is panic, because selling invariably leads to regret in relatively short order. Cratering markets create dislocations between company-specific fundamentals and their stock's price that astute investors can exploit, and this time (with the Russell 2000 Growth Index down a substantial 28% from its late-2024 high to the April low) was no different. It's just the latest example that selling in times of heightened fear has been the exact opposite of a prudent investment decision.

¹From 4/7/25 through 6/30/25

AVERAGE ANNUAL TOTAL RETURNS (as of June 30, 2025)

	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception 9/15/96	Gross/Net Expense Ratio*
Oberweis Small-Cap Opportunities Fund Institutional Class (OBSIX)**	15.02%	2.26%	3.44%	16.56%	19.32%	12.76%	9.10%	1.01%/1.00%
Oberweis Small-Cap Opportunities Fund Investor Class (OBSOX)	14.93%	2.08%	3.17%	16.28%	19.01%	12.47%	8.83%	1.26%/1.25%
Russell 2000 Growth Index	11.97%	-0.48%	9.73%	12.39%	7.42%	7.14%	6.94%	

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 December 31, 2024. Oberweis Asset Management, Inc. (OAM), the Fund's investment advisor is contractually obligated through April 30, 2026 to reduce its management fees or reimburse OBSOX to the extent that total ordinary operating expenses exceed in any one year 1.25% expressed as a percentage of the Fund's average daily net assets and for OBSIX 1.00%.

**Institutional Class shares OBSIX 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 Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted earnings growth rates. The index is an unmanaged group of stocks, whose performance does not reflect the deduction of fees, expenses or taxes. It is not possible to invest directly in an index.



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The Quarter in Review (continued)

We still see some potential pitfalls ahead that could stoke volatility again. Trade policy remains unclear and will continue to challenge business leaders and investors alike, and we continue to carefully monitor potential impacts on our portfolio holdings. Our national debt is approaching levels relative to GDP that have historically been tipping points for other countries throughout modern economic history, and our esteemed elected representatives in Washington appear unwilling to stop that runaway train. In the meantime, all eyes are on the Federal Reserve. They'll likely reduce short-term interest rates soon, but we figure steady employment data and concern that tariffs will stoke inflation later this year should keep the Fed measured and cautious over the remainder of Chairman Powell's tenure. Besides, those in the Trump administration who view Fed cuts as a panacea that will reduce longer-term rates and interest payments on the national debt might be overly optimistic. Will the 10-year treasury yield really move materially lower against this fiscal backdrop? We're skeptical. It might be time to dust off the Econ 101 textbook and read up on "crowding out."

Despite macro concerns, we remain constructive about our Fund's outlook. First, we continue to find a healthy number of new investment ideas where misunderstood company-specific fundamental changes have spurred an earnings surprise and should drive better-than-expected earnings in the future. It's our bottom-up stock selection skill that can trump macro anxiety over the long-term, even against an unpredictable backdrop. Second, valuations for our investable universe remain reasonable based on historical multiples. Third, as we described earlier in this letter, macro anxiety is almost always present in the market but historically hasn't impaired the long-term capital appreciation potential for our portfolio. Finally, and importantly, U.S. small caps continue to be the most out-of-favor cohort within the U.S. equity market, offering a generational contrarian opportunity. The last time small caps were this cheap relative to large caps was in April 2001, and we still firmly believe small caps will outperform large caps over the next decade.

Fund Highlights

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As of June 30, 2025, the portfolio was 97.0% invested in 77 different positions. The Fund had its largest over-weightings in technology (35.3% average weighting during the quarter versus 19.3% for the Russell 2000 Growth Index) and consumer discretionary (16.0% versus 9.7%). The Fund was most underweight industrials (15.1% versus 23.1%), health care (16.3% versus 24.0%, given our persistent lack of exposure to biotech), and financials (6.2% versus 9.0%).

Overall performance in the second quarter was positively impacted by strong stock selection, particularly in technology (where our holdings returned 31.2% versus a 20.4% return for the benchmark's technology holdings) and materials (38.6% versus 14.2%). Our stock selection in industrials (14.6% versus 19.0%) and consumer staples (-11.2% versus +1.9%) detracted from performance during the quarter.

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.

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