

OBERWEIS SMALL-CAP OPPORTUNITIES FUND MARKET COMMENTARY

1Q 2026

The Quarter in Review

The Oberweis Small-Cap Opportunities Fund returned 3.77% in the first quarter versus -2.81% for the benchmark Russell 2000 Growth Index, an outperformance of 658 basis points.

We sense shifting sands in the U.S. equity market to start the year. Small caps beat large caps by nearly 700 basis points¹, the largest outperformance since the fourth quarter of 2020. Importantly for us and our higher-quality investment approach, the quality crash we saw from early April through the end of 2025 also began to reverse. Low quality non-earners and the lowest ROE quintile of small cap growth companies performed the worst during the quarter.

The obvious hot topic currently is the war with Iran. Readers familiar with our quarterly letters shouldn't be surprised to know that we don't invest based on our forecast of geopolitical outcomes. We don't purport to have an edge in that analysis, and frankly the outcomes of macro events may not overly influence the long-term cash flow generation ability of the niche companies in our Fund. Besides, America has been at war in every decade since the 1940's, and, despite drawdowns in periods of uncertainty, the stock market has historically proven quite resilient as conflicts subside. While the risk of escalation is higher than we'd like given this administration's mercurial policies, if things really go south, the stock market might be the least of our worries.

Frankly, we believe equity and oil markets are telling us this conflict may end relatively quickly. If someone asked us a year ago to predict oil prices in the event of a war with Iran and a closed Strait of Hormuz, we would've guessed \$150 to \$200 a barrel. Oil futures have been trading in backwardation (meaning futures prices are lower than the spot market price) throughout the conflict, supporting the view that this could be a temporary shock. And while US equities were under pressure in March, the decline thus far has been similar to typical drawdowns seen in any calendar year. While the negotiated cease-fire has provided a welcomed respite, if it fails and the war drags on, a sustained period of high oil prices could cause broader economic damage and likely reignite inflation expectations. A reason for encouragement: the president knows (as do the Iranians) that a positive resolution to the conflict needs to occur long before the mid-term elections in November. The economy and the president's approval rating need to be rebounding by autumn for Republicans to stand a chance.

Despite the headline risk related to Iran, the US economy continues to trudge along at a modest pace with projected GDP growth of 1.6% for the first quarter². The consumer remains in good shape with a below-average debt/service ratio and above-average income tax refunds coming. The risk: sustained pain at the pump causes the resilient consumer to capitulate as the year progresses. Labor markets are softer but haven't collapsed, and the manufacturing/services combined Purchasing Managers' Index remains solidly in expansionary territory globally. Steady as she goes – at least for now.

¹The Russell 2000 Growth Index returned -2.81% and the Russell 1000 Growth Index returned -9.78%.

²According to the Federal Reserve Bank of Atlanta.

AVERAGE ANNUAL TOTAL RETURNS (as of March 31, 2026)

	QTD	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)**	3.77%	33.79%	13.06%	12.10%	16.23%	9.42%	1.01%/1.00%
Oberweis Small-Cap Opportunities Fund Investor Class (OBSOX)	3.71%	33.44%	12.77%	11.82%	15.94%	9.15%	1.26%/1.25%
Russell 2000 Growth Index	-2.81%	23.58%	12.27%	1.62%	9.79%	7.12%	

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.

*The gross expense ratio of expense off set arrangements and expense reimbursements was 1.26% and 1.01% for year ended December 31, 2025 in OBSOX and OBSIX, respectively. Oberweis Asset Management, Inc. (OAM), the Fund's investment advisor is contractually obligated through April 30, 2027 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.

The Quarter in Review (continued)

None of this really changes how we invest. As bottom-up investors focused on earnings surprises driven by misunderstood fundamental change, we believe in our ability to construct a portfolio likely to overcome these types of macro events. Fortunately, this time we also have a secular growth trend that can overpower this macro monkey wrench – artificial intelligence. The positive impact of AI is spreading beyond the technology picks and shovels into tangential beneficiaries in the industrials, energy, and materials sectors. Interestingly, we believe small cap companies could have the most to gain from AI-driven efficiency gains as agentic workflows take hold in corporate America. We're also seeing the market begin to differentiate between potential AI winners and losers, and we believe strongly that AI will usher in a new golden era of active equity management. Merely picking a passive basket of stocks against the backdrop of one of the biggest economic changes in human history won't cut it. Circumstances will increasingly demand stock-picking distinction, and those who can identify the winners and shun the losers are likely to generate outsized results.

In the short run, we wouldn't be surprised to see daily volatility continue until the Iran war deescalates. In our view, any volatility spikes would represent a compelling opportunity to add to individual stock positions where we have fundamental conviction irrespective of this macro concern. While sentiment and equity prices may oscillate wildly in the short-run in response to the latest headlines – economic or political – our investment approach instead focuses on companies generating better-than-expected earnings power driven by misunderstood fundamental change. The P/E multiple investors are willing to pay for these companies may vary from quarter to quarter, but we believe a diversified portfolio of these investments is likely to yield enhanced returns over the long term.

Fund Highlights

As of March 31, 2026, the Fund was 98.5% invested in 77 different positions. The Fund had its largest over-weightings in technology (41.7% average weighting during the quarter versus 20.2% for the Russell 2000 Growth Index) and consumer discretionary (14.7% versus 7.9%). The Fund was most underweight health care (15.3% versus 24.3%) and industrials (16.0% versus 24.0%). The technology overweighting, driven by stock selections of companies with AI secular growth exposure that have appreciated meaningfully, is at the upper end of our risk tolerance and will not increase from here.

Overall performance in the first quarter was positively impacted by strong stock selection, particularly in technology (where our holdings returned +13.77% versus a -9.81% return for the benchmark's technology holdings) and financials (+2.25% versus -5.51%). Performance also benefitted from our underweighting in health care compared to the benchmark. This was partially offset by our stock selection in health care (-13.70% versus -6.43%) and consumer discretionary (-7.73% versus -5.78%), which 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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