Oberweis
Asset Management

OBERWEIS CHINA OPPORTUNITIES FUND MARKET COMMENTARY

2Q 2026

The Quarter in Review

We are pleased to report another exceptionally strong quarter for the Oberweis China Opportunities Fund, both on an absolute and relative basis. In the second quarter, the China Opportunities Fund returned 27.85% vs -6.63% for the MSCI China Index, outperforming the benchmark by 3448 basis points. On a year-to-date basis, the Fund has gained 37.53% versus -14.97% for the index, yielding excess return of 5250 bps year-to-date.

The second quarter of 2026 saw a rare and extreme structural bifurcation across Chinese equities, and our Fund was well-positioned to benefit. Broad-market indices faced continued headwinds, while companies levered to AI fared very well. A powerful rally in the semiconductor and AI supply chains propelled the ChiNext Index (China's Nasdaq Index) up 36% in the second quarter alone. Chinese equities experienced a market-wide median return of -14%, with only 31.8% of stocks finishing in positive territory in the first half of the year --- a dispersion far exceeding historical norms. Our outperformance was directly driven by our underweight in domestic consumption and a well-timed, forward-looking allocation to the AI and semiconductor space.

Market Commentary

The persistent weakness in broad-market indices reflects the structural pain points of China's ongoing economic transition. Headline macro data admittedly still signals resilience at first glance. Consensus forecasts peg Q2 GDP growth at roughly 4.6%, safely within the full-year target of 4.5% to 5%. Furthermore, the export engine remains a bright spot: May exports surged 13.8% year-over-year, driving total trade up 16.9% to surpass the RMB 4 trillion threshold for the third consecutive month. However, under a structural model heavily skewed toward production over consumption, this macro strength has failed to effectively translate to growth in corporate earnings or household income. Coupled with balance sheet deleveraging triggered by a deep, ongoing real estate correction, domestic demand is facing acute pressure. This culminated in May 2026, when retail sales fell 0.6% year-over-year --- marking the first monthly contraction since the post-lockdown reopening phase in December 2022, and a downturn rarely seen outside of major pandemic shocks in recent decades. With sluggish domestic demand, earnings growth was disappointing among most companies. Sectors geared toward the domestic market suffered margin compression. Anticipating this fragile demand recovery, our Fund has been underweight companies tied to domestic consumption since the beginning of the year, effectively shielding the Fund from this latest drawdown.

AVERAGE ANNUAL TOTAL RETURNS *(as of June 30, 2026)*

	QTD	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception 10/1/2005	Gross/Net Expense Ratio*
Oberweis China Opportunities Fund Institutional Class (OCHIX)**	**27.85%**	**37.53%**	**62.05%**	**28.48%**	**1.75%**	**11.46%**	**11.29%**	**1.58%/1.55%**
Oberweis China Opportunities Fund Investor Class (OBCHX)	**27.78%**	**37.36%**	**61.61%**	**28.16%**	**1.50%**	**11.19%**	**11.02%**	**1.83%/1.80%**
MSCI China Net	-6.63%	-14.97%	-4.94%	7.75%	-6.62%	4.34%	6.66%	

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.

*As of 12/31/2025. The gross expense ratio of expense off set arrangements and expense reimbursements was 1.83% and 1.58% for OBCHX and OCHIX, 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 OBCHX to the extent that total ordinary operating expenses exceed in any one year 1.80% expressed as a percentage of the Fund's average daily net assets and for OCHIX 1.55%. During the term of the contract the adviser may recoup the amount of any expenses reimbursed under the term of the contract within three years from the date on which reimbursement occurred if the recoupment does not cause the Fund's expenses to exceed the expense limitation in place at the time of the recoupment or at the time of reimbursement, whichever is lower.

**Institutional Class shares OCHIX 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 China Net Index is a free float-adjusted market capitalization-weighted Index of Chinese equities that include China-affiliated corporations and H shares listed on the Hong Kong Exchange, and B shares listed on the Shanghai and Shenzhen exchanges and P chips and foreign listings with minimum dividends reinvested net of withholding tax. It is not possible to invest directly in an index.

Market Commentary (continued)

While domestic-facing sectors stagnated, our portfolio benefitted from an overweight to semiconductor and AI, where growth is exploding. Globally, the defining narrative for the second quarter was a wave of price hikes across the entire semiconductor value chain. Driven by aggressive capex expansion from global hyperscalers, nearly every segment of the supply chain --- the headline-grabbing memory chips to the obscure CCL[1] --- faced acute, near-term supply deficits, pushing product pricing into a rare and powerful upward trajectory. Chinese enterprises are capturing this AI secular wave via three distinct channels. First, through global supply chain integration, numerous domestic firms are directly capturing the windfall of international tech capex, most notably in the optical transceiver sector where Chinese players command a dominant, globally competitive market share of over 60%. Second, driven by localization and import substitution amid geopolitical tech friction, domestic firms accelerating self-reliance are delivering outsized growth. Third, a cluster of highly competitive foundational model developers has emerged domestically; innovators like DeepSeek, renowned for its paradigm-shifting cost efficiency, and GLM, known for its advanced coding capabilities, have seen their valuations surge in tandem with the broader global AI rally. Backed by our on-the-ground research into domestic AI and semiconductor ecosystems, we positioned the Fund ahead of the curve, capturing the strong returns of this historic AI cycle.

Beyond mainland borders, our sustained exposure to Taiwan's tech ecosystem similarly drove substantial gains. Offering comprehensive, full-stack supply chain coverage and a commanding structural moat, Taiwan remains yet another opportunity to play the global AI wave. This was epitomized by industry bellwether TSMC, whose stellar Q1 2026 results --- top-line revenue up 35.1% and net profit surging 58.3% year-over-year --- catalyzed a powerful wave of earnings crystallization across the broader ecosystem in Q2. Backed by long-standing fundamental research, our structural positioning here paid off handsomely, delivering highly visible alpha this quarter.

Outlook

From the broader Chinese economy, we expect more of the same. China's historical growth drivers --- namely cheap labor and a booming real estate market --- are no longer. It will take time for the economy to navigate a structural pivot and entice growth in domestic consumption.

While the AI innovators are poised to provide some structural upside, its aggregate macro contribution to China will likely trail the US. The primary bottleneck stems from data center GPU supply constraints plaguing domestic foundational model developers. Furthermore, any meaningful AI-driven boost to labor productivity remains a long-term narrative whose real-world efficacy has yet to materialize.

Following a historic rally, expect heightened volatility amid the AI hardware and related supply chains as expectations catch up to reality; a rising-tide-lifts-all-boats regime is highly unlikely to persist. Given elevated sector valuations, we are adopting a more discerning approach to stock selection --- with a focus on high-quality opportunities that still offer an attractive risk-reward profile. Following the extreme structural dispersion seen in Q2, aggregate valuations for the broader Chinese market have compressed to historic lows, with a forward 12-month price-to-earnings ratio of 9.90x and projected earnings growth of 18% in 2027, compared to a 10-year historical average P/E of 11.41x.

One advantage of the Oberweis China Opportunities Fund is that we are not invested across the entire China market but rather invested in a relatively small number of actively-selected investments. We research the entire Chinese market for misunderstood companies that are disrupting, innovating and growing. Our Fund owns about fifty of the best ideas we can find, and, as this quarter shows, sometimes our portfolio will perform well even when the broader Chinese market does not. It's one of the reasons we believe this portfolio offers clients return profile that enhances diversification while also offering potentially favorable long-term returns.

We remain anchored in high-conviction, bottom-up stock selection. We continue to prioritize structural winners in AI infrastructure, biotech platforms with robust out-licensing pipelines, and advanced manufacturing leaders benefiting from import substitution and capacity expansion. Crucially, we target niche market leaders undergoing positive fundamental inflections that remain underappreciated by the broader market. For these businesses, secular growth is driven by product adoption and innovation cycles rather than headline GDP. By aligning our Fund with China's evolving economic drivers—while maintaining rigorous risk and liquidity management to navigate broader market volatility—we are well-positioned to uncover mispriced opportunities and deliver sustained alpha.

[1]CCL stands for Copper Clad Laminate, which serves as the fundamental substrate material used to build Printed Circuit Boards (PCBs) by providing structural support and electrical insulation for electronic components.

Oberweis
Asset Management

OBERWEIS CHINA OPPORTUNITIES FUND
MARKET COMMENTARY

2Q 2026

Fund Highlights

During the quarter, the Fund was 87.7% invested in 50 companies. The biggest performance contributors were information technology, consumer discretionary and materials. On the contrary, our biggest performance detractors were communication services, health care and real estate.

Organization Update

There was no change to the team during the quarter.

Oberweis Asset Management's Investment Phillosophy

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:
Brett Pierson, Director, Head of National Key Accounts & Advisor Sales
(630) 577-2354 | brett.pierson@oberweis.net

Tom Labelle, Associate Director, National Key Accounts & Advisor Sales
(630)577-2367 | thomas.labell@oberweis.net

Benjamin Krimmel, Vice President, Netional Key Accounts & Advisor Sales
(630)577-2358 | ben.krimmel@oberweis.net