

OBERWEIS GLOBAL OPPORTUNITIES FUND

INSTITUTIONAL CLASS: (OBGIX)

MARKET COMMENTARY

4Q 2021

The Quarter and Year in Review

The Oberweis Global Opportunities Fund returned 22.32% in 2021 versus 16.10% for the MSCI ACWI Small-Cap Index. In the fourth quarter, the Fund returned 3.02% versus 2.12% for the Index.

Our Global Opportunities Fund seeks to identify and invest in small-cap undervalued firms around the globe that are capitalizing on change, typically from new products, markets, management teams, or regulations. Covid-19 caused a devastating loss for humanity, but also a period of accelerated societal change, such as an explosion in ecommerce, mass adoption of food delivery, an accelerated shift from business to casual apparel, and business acceptance of virtual meetings and working remotely. Periods of significant change tend to increase the potential for the smaller, innovative firms such as those held in Oberweis strategies. It is easier for businesses to find new niches, unsettle incumbents and take market share during periods of rapid change.

It is now clear that stimulus from the American Rescue Plan Act of 2021, labor market shortages, and supply chain disruptions have ignited inflation, and interest rates will move higher in response in 2022. On November 10th, the US Labor Department issued a report showing that the US Consumer Price Index jumped 6.8% year-over-year, its highest reading in 39 years. Meanwhile, the unemployment rate had fallen to 4.2%. In the weeks that followed that report, several Federal Reserve officials retreated from previous statements that “inflation is transitory” and called instead for faster and sharper monetary tightening to fight inflation.

While inflation may not occur in every country, we expect it to be the predominant theme globally in 2022. Its degree and duration, however, remain unknown. We put as much stock in pronouncements that inflation is sticky as we did in prior assertions that inflation is transitory. To be clear, that’s very little stock. When it comes to macroeconomic forecasts, a lot of people have a lot of opinions, but nobody knows anything. Instead, we choose to spend our time looking for less-followed investment opportunities in companies whose ability to create substantial long-term shareholder value isn’t materially predicated on near-term monetary expectations. Over time, the success of most of our investments is primarily determined by their ability to drive sales and earnings growth by taking market share from competitors or creating new markets. We do recognize that shifting macroeconomic expectations can lead to volatility. For us, however, volatility often equals opportunity when it causes the growing, durable enterprises we favor to trade at prices that do not reflect their long-term potential.

Even if inflation does prove to be structural and interest rates rise more-than-expected to fight it, it is not obvious to us how different classes of equities will fare. Traditional logic holds that small growth stocks – with earnings predicated on profits years into the future – would be disproportionately punished. However, that also assumes that valuations of all asset classes are similar at the starting point. And they are not. U.S. large-cap stocks are much more expensive than international equities or small-caps. The relationship is particularly acute for emerging markets, where valuations appear to us to be unusually cheap. Similarly, the spread between U.S. small-cap and micro-cap cash flow yields and their large-cap brethren is tighter than historical averages, implying that small stocks may be more attractive than average compared to large-caps. Even if interest rates rise by more than already anticipated, we believe that the relatively cheap valuations of international and small/micro-cap equities will play at least as important a role in determining future returns as rising interest rates themselves.

AVERAGE ANNUAL TOTAL RETURNS (as of December 31, 2021)

	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)**	2.80%	21.23%	21.23%	33.54%	18.85%	14.92%	10.01%	1.13%/1.13%
Oberweis Global Opportunities Fund Investor Class (OBEGX)	2.74%	20.92%	20.92%	33.21%	18.56%	14.64%	9.73%	1.38%/1.38%
MSCI ACWI Small-Cap Index	2.12%	16.10%	16.10%	18.96%	12.28%	11.78%	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.

*Audited data as of December 31, 2021. Oberweis Asset Management, Inc. (OAM), the Fund’s investment advisor is contractually obligated through April 30, 2022 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.

Fund Highlights

As of December 31, 2021, the Fund was 97.0% invested in 48 different positions. The Fund had its largest over-weightings in technology (35.8% average weighting during the quarter versus 13.5% for the MSCI ACWI Small Cap Index), consumer discretionary (28.1% versus 13.1%), and healthcare (18.8% versus 10.7%). The Fund was most underweight industrials (3.5% versus 18.3%), financials (3.3% versus 13.3%), real estate (0.0% versus 9.7%).

During the fourth quarter, the Fund was positively impacted by stock selection in the US (where our holdings returned 5.96% versus 3.54% for the MSCI ACWI Small Cap Index) and China (0.02% versus -8.37%). At a sector level, the Fund was positively impacted from stock selection in technology (16.64% versus 5.29%). In terms of geographic distribution, the portfolio was on average 49.1% invested in North America, 20.6% in Asia, and 20.2% in Europe.

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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