

# OSTERWEIS

FUNDS

October 17, 2017

Dear Shareholder,

During the third quarter of 2017, the Osterweis Fund (the Fund) generated a total return of 2.40% versus 4.48% for the S&P 500 Index (the S&P 500). While the Fund's year-to-date absolute return of 9.73% has been strong, it trailed the benchmark's return of 14.24%. This reflects our somewhat defensive portfolio positioning. Additionally, the current equity market is becoming narrowly focused, i.e., the S&P 500 is being driven disproportionately by a few very high priced stocks, which we tend to avoid. The Fund's annualized total returns over the one year, five year, ten year and twenty year periods ending September 30, 2017 were 11.27%, 8.90%, 5.35% and 9.32%, respectively, compared to 18.61%, 14.22%, 7.44% and 7.00% for the S&P 500 over the same periods.

*Performance data quoted represent past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original investment. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (866) 236-0050. An investment should not be made solely on returns. The Fund's total expense ratio was 1.14% as of March 31, 2017.*

Globally, economic expansion provided a positive backdrop for corporate earnings over the quarter. While the increasing breadth of the expansion may indicate a longer lifespan, geopolitical risks remain, and policy missteps can't be ruled out as the Federal Reserve and some other central banks reduce accommodation. As discussed in the attached Investment Outlook, the sustained expansion and steady earnings growth are likely to be favorable to equities in this environment of tame inflation and structurally lower yields. And while it is not always possible to spot systemic risks in advance, we see nothing on the short-term horizon to derail the expansion.

Our stock selection continues to focus on dominant companies with growing earnings and dividends and unrecognized earnings acceleration. As we mentioned last quarter, we don't want to chase momentum stocks this late into a bull market.

We thank you for your continued confidence in our management.

Sincerely,



John Osterweis & Team

## Enclosure

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*This commentary contains the current opinions of the author as of the date above, which are subject to change at any time. This commentary has been distributed for informational purposes only and is not a recommendation or offer of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but is not guaranteed.*

**Mutual Fund investing involves risk. Principal loss is possible. The Fund may invest in medium and smaller sized companies, which involve additional risks such as limited liquidity and greater volatility. The Fund may invest in foreign and emerging market securities, which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks may increase for emerging markets. The Fund may invest in Master Limited Partnerships, which involve risk related to energy prices, demand and changes in tax code. The Fund may invest in debt securities that are un-rated or rated below investment grade. Lower-rated securities may present an increased possibility of default, price volatility or illiquidity compared to higher-rated securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.**

The S&P 500 Index is an unmanaged index that is widely regarded as the standard for measuring large-cap U.S. stock market performance. One cannot invest directly in an index.

Earnings growth is the annual rate of growth of earnings from investments.

*The Osterweis Funds are available by prospectus only. The Funds' investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectuses contain this and other important information about the Funds. You may obtain a summary or statutory prospectus by calling toll free at (866) 236-0050, or by visiting osterweis.com. Please read the prospectus carefully before investing to ensure the Fund is appropriate for your goals and risk tolerance.*

Osterweis Capital Management is the adviser to the Osterweis Funds, which are distributed by Quasar Distributors, LLC.

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