

# OSTERWEIS

FUNDS

April 25, 2017

Dear Shareholder,

During the first quarter of 2017, the Osterweis Emerging Opportunity Fund (the Fund) generated a total return of 5.25% versus 5.35% for the Russell 2000 Growth Index (the Index). The Fund's annualized total returns over the one year and since inception (10/1/2012) periods ending March 31, 2017 were 22.09% and 13.07%, respectively, compared to 23.03% and 13.31% for the Index 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 their original cost. Current performance of the Fund may be higher or lower 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 Adviser has contractually agreed to waive certain fees through November 30, 2018. Performance prior to December 1, 2016 is that of another investment vehicle (the Predecessor Fund) before the commencement of the Fund's operations. The Predecessor Fund was converted into the Fund on November 30, 2016. The Predecessor Fund's performance shown includes the deduction of the Predecessor Fund's actual operating expenses. In addition, the Predecessor Fund's performance shown has been recalculated using the management fee that applies to the Fund, which has the effect of reducing the Predecessor Fund's performance. The Predecessor Fund was not a registered mutual fund and so was not subject to the same operating expenses or investment and tax restrictions as the Fund. If it had been, the Predecessor Fund's performance may have been lower. The Fund's gross expense ratio was 1.61% and net expense ratio was 1.50% as of November 30, 2016.*

In the first quarter, the stock market continued to march upward in anticipation of the President's pro-business, pro-growth agenda. Reversing the fourth quarter, the Russell 2000 Growth Index significantly outperformed the Russell 2000 Value Index, inline with investor expectations for continued growth. Large cap tech outpaced small cap tech. Data centers, despite having the fastest earnings-per-share (EPS) growth in tech, media and telecom, lagged other sectors within this group.

Health care rebounded strongly in the first quarter after a tough fourth quarter when investors were questioning the future of the Affordable Care Act (ACA). Our health care holdings outperformed during the period with Zeltiq, which announced a buyout by Allergan, leading the way, followed by Glaukos. We picked up a few new health care names during the quarter including Align Technology and Atricure in the biotech space, AMN Healthcare and HealthEquity in health services and Evolent Health and Veeva Systems in health care technology.

Semiconductors as a whole performed well. During the quarter we significantly trimmed our exposure to Ambarella as it hit our target price. We also added a new position in MaxLinear, a semiconductor company with exposure to futuristic small cell, 5G and optical space.

During the quarter, we had mixed results for financials. Bank of the Internet, which had experienced a bounce of over 50% following the election in the fourth quarter, fell along with other regional banks. PRA Group also had a tough quarter and we exited just after quarter end. On the other hand, Square was up substantially following a very strong fourth quarter. LendingTree also rose as larger banks leveraged their platform to market consumer loans. Our eclectic group of consumer discretionary names did well, particularly Cavco Industries, a designer and builder of prefab homes, and Dave & Buster's, an entertainment and eating establishment. Consumer internet names did not fare as well with Yelp and Zillow both reporting disappointing outlooks.

We have nudged the portfolio toward faster revenue growing companies as investors have favored pro-cyclical names for two quarters now. If the Trump trade wanes, we think these higher quality secular names will reemerge. We have also increased the number of holdings from 28 at year end to 33 at the end of the first quarter. New names include New Relic (a cloud software provider), Veeva Systems (a pharmaceutical clinical trial data repository system) and Quantenna Communications (a Wi-Fi chip manufacturer focused on the retail industry). These new names had average revenue growth in the fourth quarter of 2016 of well over 30%.

We continue to think the economy should grow maybe even at a slightly faster pace. We expect we will continue to see volatility related to various bits of market news and are looking to add new holdings and add to existing positions when opportunities present themselves.

Regards,



James Callinan

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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 Osterweis Emerging Opportunity Fund may invest in unseasoned companies, which involve additional risks such as abrupt or erratic price movements. The Fund may invest in small and mid-sized companies, which may involve greater volatility than large-sized companies. The Fund may invest in IPOs and unseasoned companies that are in the early stages of their development and may pose more risk compared to more established companies. The Fund may invest in ETFs, which involve risks that do not apply to conventional funds. Higher turnover rates may result in increased transaction costs, which could impact performance. From time to time, the Fund may have concentrated positions in one or more sectors subjecting the Fund to sector emphasis risk including the health care sector, which may be affected by government regulation, restrictions, pricing and other market developments and the technology sector, which tends to be more volatile than the overall market. 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 Russell 2000 Growth Index is a market capitalization weighted index representing those stocks within the approximately 2000 smallest companies in the universe of U.S. equities that exhibit growth characteristics.

The Russell 2000 Value Index is a market capitalization weighted index representing those stocks within the approximately 2000 smallest companies in the universe of U.S. equities that exhibit value characteristics.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock.

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

*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.*

As of 3/31/2017, the Fund's top ten holdings as a percentage of total assets were:

<b> Holding </b>	<b> % of Total Portfolio </b>
Inphi Corp.	6.38
LendingTree Inc.	4.52
Q2 Holdings Inc.	4.46
Dave & Busters Entertainment	4.12
GTT Communications Inc.	3.95
Middleby Corp.	3.86
Cyberark Software Ltd./Israel	3.67
BofI Holding Inc.	3.62
Square Inc. - A	3.49
Inogen Inc.	3.37

Holdings may change at any time due to ongoing portfolio management. References to specific investments should not be construed as a recommendation to buy or sell the securities. Current and future holdings are subject to risk.

Osterweis Capital Management is the adviser to the Osterweis Funds, which are distributed by Quasar Distributors, LLC. [26402]