

OSTERWEIS

FUNDS

July 21, 2017

Dear Shareholder,

During the second quarter of 2017, the Osterweis Emerging Opportunity Fund (the Fund) generated a total return of 6.77% versus 4.39% 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 June 30, 2017 were 25.76% and 13.91%, respectively, compared to 24.40% and 13.59% 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 1.63% and net expense ratio was 1.28% as of March 31, 2017.

During the second quarter, the Fund nicely outpaced the Index. Growth-oriented portfolios in general surged in the second quarter due to continued slower growth Gross Domestic Product results. Like in the first quarter, the Russell 2000 Growth Index significantly outperformed the Russell 2000 Value Index.

During the quarter, our security selection in financials paid off. Our largest holding in financials is LendingTree, which benefits when loan volume competition heats up between banks for consumer credit. Another large position that plays in the financial space is Square, which tends to do well when the smallest merchants are prospering and need financial services as well as data analytics on a real time basis. During the quarter, we added to our financial exposure with Health Insurance Innovations, a cloud-based administrator for health insurance plans as well as SLM, an innovative company in the student lending market.

Health care holdings continued to perform well, outpacing the benchmark in the second quarter. Our industrial holdings also nicely outpaced the benchmark, led by top performer Kratos Defense & Security. Our bottom performers for the quarter had prior periods of outperformance but had difficult performance hurdles to overcome this year.

We continue to nudge the fund holdings toward faster revenue-growing companies. During the quarter we added smaller and more emerging health care positions to the portfolios, including the remarkable Align Technology. Invisalign, their clear aligner product, is disrupting the traditional braces market with accelerating adoption in both adults and, more recently, teens. The market for teens is 3x the size of the adults, so this is an exciting dynamic. We also added four attractively priced ecommerce plays in Quotient (online coupons), The Trade Desk (programmatic advertising), Alarm.com (wireless home security cellular connection service) and Commerce Hub (ecommerce physical fulfillment services). The number of holdings rose from 33 at the end of the first quarter to 38 at the end of the second quarter.

We are underweight the consumer in the traditional sense. We prefer ecommerce and Internet-related consumer plays. We want to invest in firms that are well positioned to benefit from consumer discretionary spending or online finance activities. The side effect of this is that consumer weighting appears very low and our technology sector and financial weightings appear quite elevated.

The market has favored growth stocks thus far this year but is very narrow in its scope. In this low inflation, low growth environment, we think that growth will continue to be rewarded by the market but there will definitely be some bumps along the way that could provide us with some attractive buying opportunities. It is interesting to note that David Kostin of Goldman Sachs, who tends to have a strong value bias, recently focused on the opportunities in growth including the technology sector, high secular growth stocks and firms with margin expansion. As you can see from the fund holdings, we completely agree. Although companies with margin expansion have not been a focus for the market recently, we do think that they will be rewarded and the Fund should benefit. Hopefully the narrowness of the market performance will broaden from top line growth companies to a broader set of industries and sectors.

Regards,



James Callinan

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.

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 6/30/2017, the Fund's top ten holdings as a percentage of total assets were:

 Holding 	 % of Total Portfolio
Align Technology Inc.	4.3
Dave & Busters Entertainment	4.2
LendingTree Inc.	3.7
Ligand Pharmaceuticals	3.6
GTT Communications Inc.	3.3
Sarepta Therapeutics Inc.	2.9
Veeva Systems Inc.-Class A	2.8
iRhythm Technologies Inc.	2.5
New Relic Inc.	2.5
Kratos Defense & Security	2.5

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. [27821]