

# OSTERWEIS

FUNDS

October 20, 2017

Dear Shareholder,

During the third quarter of 2017, the Osterweis Emerging Opportunity Fund (the Fund) generated a total return of 7.58% versus 6.22% for the Russell 2000 Growth Index (the Index). The Fund's annualized total returns over the one year, five year and since inception (10/1/2012) periods ending September 30, 2017 were 22.10%, 14.82% and 14.82%, respectively, compared to 20.98%, 14.22% and 14.22% 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. The net expense ratio is applicable to investors.*

During the third quarter, the Fund outpaced the Index. Performance for the benchmark was driven by biotech and technology. In biotech we saw the acquisition of Kite Pharmaceuticals by Gilead Sciences. This may signal a restocking of pipeline by U.S. drug companies, which has been relatively dormant due to the politicization of drug pricing. It appears that technology gains shifted from semiconductors to software, which we had foreseen and therefore added a few software positions during the first half of 2017.

During the quarter, our security selection and weighting in technology drove most of the Fund's performance. The Fund's return from this sector was around 13%, while the benchmark's sector return was about 6%. Additionally, our average weight to the sector was 39% compared to 25% for the benchmark. As of quarter end, our largest holding in technology is The Trade Desk, which

provides a platform for digital ad buyers that allows for precision targeting. This is the fastest form of advertising for web and mobile platforms.

As a group, our health care and financial holdings continued to perform well. While stock selection in consumer discretionary detracted from portfolio returns, consumer stocks in general showed laggard performance relative to other sectors of the market. We continue to be markedly underweight in consumer stocks as categorized by the indices.

We continue to nudge the portfolio toward faster revenue-growing companies. During the quarter we added a number of names in a variety of sectors. We reentered positions in Bank of the Internet and Etsy after the prices came back into our buying range. We took a position in Boingo Wireless, a global provider of wireless solutions. In tech we added Alteryx, Impinj and Workiva. We also took a position in Tivity Health, a provider of physical and social activity services for seniors. Finally, in finance, we added Kinsale Capital Group, an underwriting specialist in the small company insurance space.

We continue to think that growth stocks will be rewarded in a low inflation, slowly expanding environment. Given the rising profitability and attractive revenue growth of our asset class, we believe that smaller cap growth stocks have the opportunity to continue rising in the near future.

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.

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 9/30/2017, the Fund's top ten holdings as a percentage of total assets were:

<b> Holding </b>	<b> % of Total Portfolio </b>
Ligand Pharmaceuticals	3.8
LendingTree Inc.	3.4
Sarepta Therapeutics Inc.	3.1
Planet Fitness Inc. – Class A	3.1
The Trade Desk Inc. – Class A	3.0
Align Technology Inc.	2.9
Bio-Techne Corp.	2.9
Cavco Industries Inc.	2.8
Trex Company Inc.	2.6
Zillow Group Inc. – Class A	2.6

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. [29239]