

OSTERWEIS

FUNDS

April 17, 2017

Dear Shareholder,

During the first quarter of 2017, the Osterweis Strategic Income Fund (the Fund) generated a total return of 1.58%, compared to 0.82% for the Bloomberg Barclays U.S. Aggregate Bond Index (the BC Agg). The Fund's annualized total returns over the one year, five year and ten year periods ending March 31, 2017 were 12.18%, 4.88% and 5.98%, respectively, compared to 0.44%, 2.34% and 4.27% for the BC Agg over the same periods.

The performance data quoted above 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 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 the basis of returns. The Fund's gross expense ratio was 0.83% as of March 31, 2016.

As discussed in our Investment Outlook, in today's market it is hard for investors to see the forest for the trees with all of the noise created by Brexit, populist elections in Europe and our own Presidential election. We think that if you focus on the forest, you can see that economic growth is clearly continuing to improve around the world. This conclusion is supported by the Federal Reserve's March hike in the target fed funds rate.

We continue to focus on shorter duration, higher yielding bonds. For now, the high yield market appears to be healthy, but we are being extremely selective and are keeping an eye out for potential bubbles. During the quarter we took advantage of volatility in the equity markets and added more convertible securities to the Fund at very attractive yields. Additionally, we are maintaining a meaningful allocation to cash, which should enable us to buy attractively priced convertible and high yield bonds when others are forced to sell.


Sincerely,



Carl Kaufman



Simon Lee



Bradley Kane



Craig Manchuck

Enclosure

This commentary contains the current opinions of the authors 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.

The Osterweis Strategic Income 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. 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. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Small- and mid-capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies. 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. The Fund may invest in municipal securities which are subject to the risk of default.

The Bloomberg Barclays U.S. Aggregate Bond Index (BC Agg) is an unmanaged index that is widely regarded as a standard for measuring U.S. investment grade bond market performance. This index includes reinvestment of dividends and/or interest income. The index does not incur expenses and is not available for investment.

Duration measures the potential volatility of the price of a debt security, or the aggregate market value of a portfolio of debt securities, prior to maturity. Securities with longer durations generally have more volatile prices than securities of comparable quality with shorter durations.

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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