

# OSTERWEIS

FUNDS

April 25, 2017

Dear Shareholder,

During the first quarter of 2017, the Osterweis Strategic Investment Fund (the Fund) generated a total return of 4.01%, slightly outpacing the 3.95% return of the blended benchmark of 60% S&P 500 Index/40% Bloomberg Barclays U.S. Aggregate Bond Index (the Benchmark). The Fund's annualized total returns over the one year, five year and since inception (August 31, 2010) periods ending March 31, 2017 were 14.91%, 8.67% and 9.78%, respectively, compared to 10.26%, 8.94% and 10.49% for the Benchmark 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 gross expense ratio was 1.14% as of March 31, 2016.*

Despite a third round of rate tightening by the Federal Reserve (the Fed) in March, the equity markets remained fairly steady, indicating some confidence the U.S. economy can now stand on its own two feet with less monetary accommodation. As discussed in the attached Investment Outlook, there is still uncertainty around the impact of the Trump agenda and its potentially negative fallout from some of the protectionist and anti-immigration initiatives. For now, rising employment and higher wages could further fuel the current economic expansion, a positive for equities, particularly if the Fed is successful in keeping inflation tame without dampening growth.

At the end of the quarter the Fund held 55% in equities and 45% in fixed income and cash nearly inline with our year-end allocation. In terms of equities, we are maintaining our disciplined investment approach and are actively seeking out companies whose prospects reflect industry- or company-specific factors independent of broader economic trends and which can steadily grow their dividends. We think these types of companies, bought at the right price, should do well in this economy and over time.

On the fixed income side, we continue to emphasize security selection with a focus on shorter duration bonds. Short duration bonds generally fare better than longer bonds in a rising interest rate environment. Meanwhile, faster economic growth should benefit our holdings that have greater credit sensitivity.

We thank you for your continued confidence in our management.

Sincerely,

  
John Osterweis

  
Carl Kaufman

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 Osterweis Strategic Investment Fund may invest in small- and mid-capitalization companies, which tend to have limited liquidity and greater price volatility than large-capitalization companies. 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. 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 S&P 500 Index is an unmanaged index that is widely regarded as the standard for measuring large-cap U.S. stock market performance.

The Bloomberg Barclays U.S. Aggregate Bond Index (BC Agg) is an unmanaged index which is widely regarded as the standard for measuring U.S. investment grade bond market performance.

These indices do not incur expenses and are not available for investment. These indices include reinvestment of dividends and/or interest income.

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

Duration measures the sensitivity of a fixed income security's price (or the aggregate market value of a portfolio of fixed income securities) to changes in interest rates. Fixed income securities with longer durations generally have more volatile prices than those 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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