

**STATEMENT OF ADDITIONAL INFORMATION
November 30, 2016**

OSTERWEIS EMERGING OPPORTUNITY FUND – OSTGX

**One Maritime Plaza, Suite 800
San Francisco, California 94111
(866) 236-0050 toll free or (415) 434-4441**

This Statement of Additional Information (“SAI”) is not a prospectus, and it should be read in conjunction with the Prospectus dated November 30, 2016, as may be revised, of the Osterweis Emerging Opportunity Fund (the “Fund”), a series of Professionally Managed Portfolios (the “Trust”). Osterweis Capital Management, LLC is the investment adviser to the Fund. The investment adviser will be referred to in this SAI as the “Adviser.” A copy of the Prospectus is available by calling either of the numbers listed above.

TABLE OF CONTENTS

The Trust.....	3
Investment Policies And Risks	3
Investment Restrictions.....	18
Portfolio Turnover	19
Portfolio Holdings Information.....	19
Trustees And Executive Officers.....	22
Proxy Voting Policy.....	29
Control Persons, Principal Shareholders, And Management Ownership	30
The Fund's Investment Adviser	31
Portfolio Manager	31
Service Providers	32
Execution Of Portfolio Transactions	33
Capital Stock	35
Determination Of Share Price.....	35
Additional Purchase And Redemption Information	36
Distributions And Tax Information.....	38
Principal Underwriter And Distributor	42
Marketing And Support Payments	42
Financial Statements	43
Appendix A.....	A-1
Appendix B.....	B-1
Appendix C.....	C-1
Appendix D	D-1

THE TRUST

The Trust is a Massachusetts business trust organized on February 24, 1987 and is registered with the SEC as an open-end management investment company. Prior to May 1991, the Trust was known as the Avondale Investment Trust. The Trust's Agreement and Declaration of Trust (the "Declaration of Trust") permits the Trust's Board of Trustees (the "Board") to issue an unlimited number of full and fractional shares of beneficial interest, without par value, which may be issued in any number of series. The Trust consists of various series that represent separate investment portfolios. The Board may from time to time issue other series, the assets and liabilities of which will be separate and distinct from any other series. This SAI relates only to the Fund.

The shareholders of a Massachusetts business trust could, under certain circumstances, be held personally liable as partners for its obligations. However, the Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Trust.

The Declaration of Trust also provides for indemnification and reimbursement of expenses out of the Fund's assets for any shareholder held personally liable for obligations of the Fund or the Trust. The Declaration of Trust provides that the Trust shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the Fund or the Trust and satisfy any judgment thereon. All such rights are limited to the assets of the Fund. The Declaration of Trust further provides that the Trust may maintain appropriate insurance (for example, fidelity bonding and errors and omissions insurance) for the protection of the Trust, its shareholders, trustees, officers, employees and agents to cover possible tort and other liabilities. However, the activities of the Trust as an investment company would not likely give rise to liabilities in excess of the Trust's total assets. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which both inadequate insurance exists and the Fund itself is unable to meet its obligations.

The Fund commenced operations as a mutual fund on November 30, 2016. Prior to that, the Fund operated as a partnership called the Emerging Growth Partners, L.P. from October 1, 2012 when Callinan Asset Management became the general partner.

The Fund does not hold itself out as related to any other series within the Trust for purposes of investment and investor services, nor does it share the same investment adviser with any other series of the Trust, with the exception of the other Osterweis Funds, which are offered in a separate prospectus and SAI. The Fund's Prospectus and this SAI are a part of the Trust's Registration Statement filed with the SEC. Copies of the Trust's complete Registration Statement may be obtained from the SEC upon payment of the prescribed fee or may be accessed free of charge at the SEC's website at www.sec.gov.

INVESTMENT POLICIES AND RISKS

The Fund is diversified, which means that for 75% of the Fund's total assets, the Fund may not invest more than 5% of its total assets in securities of a single issuer or hold more than 10% of the outstanding voting shares of a single issuer. Under applicable federal securities laws, the diversification of a mutual fund's holdings is measured at the time a fund purchases a security. However, if a fund purchases a security and holds it for a period of time, the security may become a larger percentage of the fund's total assets

due to movements in the financial markets. If the market affects several securities held by a fund, the fund may have a greater percentage of its assets invested in securities of fewer issuers. Accordingly, a fund would be subject to the risk that its performance may be hurt disproportionately by the poor performance of relatively few securities despite the fund qualifying as a diversified fund under applicable federal securities laws.

The following information supplements the discussion of the Fund's investment objective and policies as set forth in its Prospectus. The Fund may invest in the following types of investments, each of which is subject to certain risks, as discussed below.

Market and Regulatory Risk

Events in the financial markets and economy may cause volatility and uncertainty and affect performance. Such adverse effect on performance could include a decline in the value and liquidity of securities held by the Fund, unusually high and unanticipated levels of redemptions, an increase in portfolio turnover, a decrease in net asset value ("NAV"), and an increase in Fund expenses. It may also be unusually difficult to identify both investment risks and opportunities, in which case investment objectives may not be met. Market events may affect a single issuer, industry, sector, or the market as a whole. Traditionally liquid investments may experience periods of diminished liquidity. During a general downturn in the financial markets, multiple asset classes may decline in value and the Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests. It is impossible to predict whether or for how long such market events will continue, particularly if they are unprecedented, unforeseen or widespread events or conditions. Therefore it is important to understand that the value of your investment may fall, sometimes sharply and for extended periods, and you could lose money.

Governmental and regulatory actions, including tax law changes, may also impair portfolio management and have unexpected or adverse consequences on particular markets, strategies, or investments. Policy and legislative changes in the United States and in other countries are affecting many aspects of financial regulation, and may in some instances contribute to decreased liquidity and increased volatility in the financial markets. The impact of these changes on the markets, and the practical implications for market participants, may not be fully known for some time. In addition, economies and financial markets throughout the world are becoming increasingly interconnected. As a result, whether or not the Fund invests in securities of issuers located in or with significant exposure to countries experiencing economic and financial difficulties, the value and liquidity of the Fund's investments may be negatively affected.

Government Intervention In Financial Markets Risk

The U.S. government and the Federal Reserve, as well as certain foreign governments and central banks, have taken steps to support financial markets, including by keeping interest rates at historically low levels. This and other government intervention may not work as intended, particularly if the efforts are perceived by investors as being unlikely to achieve the desired results. The Federal Reserve recently has reduced its market support activities. Further reduction or withdrawal of Federal Reserve or other U.S. or non-U.S. governmental or central bank support, including interest rate increases, could negatively affect financial markets generally, increase

market volatility and reduce the value and liquidity of securities in which the fund invests.

Equity Securities

The Fund may invest in equity securities consistent with the Fund's investment objective and strategies. Common stocks, preferred stocks and convertible securities are examples of equity securities.

All investments in equity securities are subject to market risks that may cause their prices to fluctuate over time. Historically, the equity markets have moved in cycles and the value of the securities in the Fund's portfolio may fluctuate substantially from day to day. Owning an equity security can also subject the Fund to the risk that the issuer may discontinue paying dividends.

To the extent the Fund invests in the equity securities of small- or medium-sized companies, it will be exposed to the risks of small- and medium-sized companies. Such companies have narrower markets for their goods and/or services and more limited managerial and financial resources than larger, more established companies. Furthermore, those companies often have limited product lines or services, markets or financial resources or are dependent on a small management group. In addition, because these stocks are not well-known to the investing public, do not have significant institutional ownership and are followed by relatively few security analysts, there will normally be less publicly available information concerning these securities compared to what is available for the securities of larger companies. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, can decrease the value and liquidity of securities held by the Fund. As a result, as compared to larger-sized companies, the performance of smaller-sized companies can be more volatile and they face greater risk of business failure, which could increase the volatility of the Fund's portfolio.

Larger more established companies, on the other hand, may be unable to respond as quickly as small- or medium-sized companies to new competitive challenges, such as changes in technology and consumer tastes. As a result, they may not be able to attain the high growth rate that successful smaller companies enjoy, especially during extended periods of economic expansion.

Common Stock

A common stock represents a proportionate share of the ownership of a company and its value is based on the success of the company's business, any income paid to stockholders, the value of its assets, and general market conditions. In addition to the general risks set forth above, investments in common stocks are subject to the risk that in the event a company in which the Fund invests is liquidated, the holders of preferred stock and creditors of that company will be paid in full before any payments are made to the Fund as a holder of that company's common stock. It is possible that all assets of that company will be exhausted before any payments are made to the Fund.

Preferred Stock

Preferred stocks are equity securities that often pay dividends at a specific rate and have a preference over common stocks in dividend payments and liquidation of assets. A preferred stock has a blend of the characteristics of a bond and common stock. It can offer the higher yield of a bond and has priority over common stock in equity ownership, but does not have the seniority of a bond and, unlike common stock, its participation in the issuer's growth may be limited. Although the dividend is set at a fixed annual rate, in some circumstances it can be changed or omitted by the issuer.

Convertible Securities

The Fund may invest in convertible securities. Convertible securities (such as debt securities or preferred stock) may be converted into or exchanged for a prescribed amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest paid or accrued on debt or dividends paid on preferred stock until the convertible stock matures or is redeemed, converted or exchanged. While no securities investment is without some risk, investments in convertible securities generally entail less risk than the issuer's common stock. However, the extent to which such risk is reduced depends in large measure upon the degree to which the convertible security sells above its value as a fixed income security. In addition to the general risk associated with equity securities discussed above, the market value of convertible securities is also affected by prevailing interest rates, the credit quality of the issuer and any call provisions. While convertible securities generally offer lower interest or dividend yields than nonconvertible debt securities of similar quality, they do enable the investor to benefit from increases in the market price of the underlying common stock.

Warrants

The Fund may invest in warrants. A warrant, which is issued by the underlying issuer, gives the holder a right to purchase at any time during a specified period a predetermined number of shares of common stock at a fixed price. Unlike convertible debt securities or preferred stock, warrants do not pay a fixed dividend. Investments in warrants involve certain risks, including the possible lack of a liquid market for resale of the warrants, potential price fluctuations as a result of speculation or other factors and failure of the price of the underlying security to reach, or have reasonable prospects of reaching, a level at which the warrant can be prudently exercised (in which event the warrant may expire without being exercised, resulting in a loss of the Fund's entire investment therein).

Repurchase Agreements

The Fund may enter into repurchase agreements with respect to its portfolio securities. Pursuant to such agreements, the Fund acquires securities from financial institutions such as banks and broker-dealers as are deemed to be creditworthy by the Adviser, subject to the seller's agreement to repurchase and the Fund's agreement to resell such securities at a mutually agreed upon date and price. The repurchase price generally equals the price paid by the Fund plus interest negotiated on the basis of current short-term rates (which may be more or less than the rate on the underlying portfolio security). The seller under a repurchase agreement will be required to maintain

the value of the underlying securities at not less than 102% of the repurchase price under the agreement. If the seller defaults on its repurchase obligation, the Fund will suffer a loss to the extent that the proceeds from a sale of the underlying securities are less than the repurchase price under the agreement. Bankruptcy or insolvency of such a defaulting seller may cause the Fund's rights with respect to such securities to be delayed or limited. Repurchase agreements are considered to be loans under the 1940 Act. The Fund may enter into repurchase agreements of short durations, from overnight to one week, although the underlying securities would generally have longer maturities. The Fund may not enter into a repurchase agreement with more than seven days to maturity if, as a result, more than 15% of the value of its net assets would be invested in illiquid securities including such repurchase agreements.

Reverse Repurchase Agreements

Although the Fund has no current intention to do so, the Fund may also enter into reverse repurchase agreements. The Fund may invest up to one-third (1/3) of its assets in reverse repurchase agreements. Under a reverse repurchase agreement, the Fund agrees to sell a security in its portfolio and then to repurchase the security at an agreed-upon price, date and interest payment. The Fund will maintain cash or high-grade liquid debt securities with a value equal to the value of the Fund's obligation under the agreement, including accrued interest, in a segregated account with the Fund's custodian. The securities subject to the reverse repurchase agreement will be marked-to-market daily.

Reverse repurchase agreements involve the risk that the market value of securities retained in lieu of sale by the Fund may decline below the price of the securities the Fund has sold but is obliged to repurchase. If the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Fund's obligation to repurchase the securities. During that time, the Fund's use of the proceeds of the reverse repurchase agreement effectively may be restricted. Reverse repurchase agreements create leverage, a speculative factor and are considered borrowings for the purpose of the Fund's limitation on borrowing. Reverse repurchase agreements are considered to be borrowing under the 1940 Act.

Borrowing

The 1940 Act permits a portfolio to borrow money in amounts of up to one-third (1/3) of the Fund's total assets from banks for any purchase, and to borrow up to 5% of the Fund's total assets from banks or other lenders for temporary purchases. To limit the risks attendant to borrowing, the 1940 Act requires the Fund to maintain at all times an "asset coverage" of at least 300% of the amount of its borrowings. Asset coverage means the ratio that the value of the Fund's total assets, minus liabilities other than borrowings, bears to the aggregate amount of all borrowings. Borrowing money to increase the Fund's investment portfolio is known as "leveraging." Borrowing, especially when used for leverage, may cause the value of the Fund's shares to be more volatile than if the Fund did not borrow. This is because borrowing tends to magnify the effect of any increase or decrease in the value of the Fund's portfolio holdings. Borrowed money thus creates an opportunity for greater gains, but also greater losses. To repay borrowings, the Fund may have to sell securities at a time and at a price that is unfavorable to the Fund. There also are costs associated with borrowing money, and these costs would offset and

could eliminate the Fund's net investment income in any given period. Currently, the Fund does not contemplate borrowing money for investment purposes. The Fund's Investment Restriction regarding borrowing will be interpreted to permit the Fund to engage in trading practices and investments that may be considered to be borrowing to the extent permitted by the 1940 Act. Reverse repurchase agreements may be considered to be a type of borrowing. Short-term credits necessary for the settlement of securities transactions and arrangements with respect to securities lending will not be considered to be borrowings under the policy. Practices and investments that may involve leverage but are not considered to be borrowings are not subject to the policy. Such trading practices may include futures, options on futures, forward contracts and other derivative instruments.

The 1940 Act prohibits the Fund from issuing senior securities except that the Fund may borrow money in amounts of up to one-third (1/3) of the Fund's total assets for any purpose. The Fund also may borrow up to 5% of the Fund's total assets from banks or other lenders for temporary purposes, and these borrowings are not considered senior securities. The issuance of senior securities by the Fund can increase the speculative character of the Fund's outstanding shares through leveraging. Leveraging of the Fund's portfolio through the issuance of senior securities magnifies the potential for gain or loss on monies, because even though the Fund's net assets remain the same, the total risk to investors is increased. Certain widely used investment practices that involve a commitment by the Fund to deliver money or securities in liquid securities in an amount necessary to pay the obligation or the Fund holds an offsetting commitment from another party. These investment practices include repurchase and reverse repurchase agreements, swaps, dollar rolls, options, futures and forward contracts. The Fund's policy on borrowing will be interpreted not to prevent collateral arrangements with respect to swaps, options, forward or futures contracts or other derivatives, or the posting of initial or variation margin. The Fund will reduce its borrowing amount within three days, if that Fund's asset coverage falls below the amount required by the 1940 Act.

When-Issued Securities

The Fund may from time to time purchase securities on a "when-issued" basis. The price of such securities, which may be expressed in yield terms, is fixed at the time the commitment to purchase is made, but delivery and payment for them take place at a later date. Normally, the settlement date occurs within one month of the purchase; during the period between purchase and settlement, no payment is made by the Fund to the issuer and no interest accrues to such Fund. To the extent that assets of the Fund are held in cash pending the settlement of a purchase of securities, such Fund would earn no income; however, it is the Fund's intention to be fully invested to the extent practicable and subject to the policies stated above. While when-issued securities may be sold prior to the settlement date, the Fund intends to purchase them with the purpose of actually acquiring them unless a sale appears desirable for investment reasons. At the time the Fund makes the commitment to purchase a security on a when-issued basis, it will record the transaction and reflect the value of the security in determining its net asset value. The market value of the when-issued securities may be more or less than the purchase price. The Fund does not believe that their net asset value or income will be adversely affected by their purchase of securities on a when-issued basis. The Fund's custodian will segregate liquid assets equal in value to commitments for when-issued securities. Such segregated assets either will mature or, if necessary, be sold on or before the settlement date.

Illiquid and Restricted Securities

As a non-principal strategy, the Fund may hold up to 15% of its net assets in securities that are illiquid. The Adviser will determine a security to be illiquid if it cannot be sold or disposed of in the ordinary course of business within seven days at the value at which the Fund has valued the security. Illiquid securities present the risks that the Fund may have difficulty valuing these holdings and/or may be unable to sell these holdings at the time or price desired.

There are generally no restrictions on a Fund's ability to invest in restricted securities (that is, securities that are not registered pursuant to the Securities Act of 1933, as amended (the "Securities Act")), except to the extent such securities may be considered illiquid. Securities issued pursuant to Rule 144A of the Securities Act ("Rule 144A securities") will be considered liquid if determined to be so under procedures adopted by the Board of Trustees. The Adviser is responsible for making the determination as to the liquidity of restricted securities (pursuant to the procedures adopted by the Board of Trustees).

Factors considered in determining whether a security is illiquid may include, but are not limited to: the frequency of trades and quotes for the security; the number of dealers willing to purchase and sell the security and the number of potential purchasers; the number of dealers who undertake to make a market in the security; the nature of the security, including whether it is registered or unregistered, and the market place; whether the security has been rated by a nationally recognized statistical rating organization ("NRSRO"); the period of time remaining until the maturity of a debt instrument or until the principal amount of a demand instrument can be recovered through demand; the nature of any restrictions on resale; and with respect to municipal lease obligations and certificates of participation, there is reasonable assurance that the obligation will remain liquid throughout the time the obligation is held and, if unrated, an analysis similar to that which would be performed by an NRSRO is performed. If a restricted security is determined to be liquid, it will not be included within the category of illiquid securities. Investing in Rule 144A securities could have the effect of increasing the level of the Fund's illiquidity to the extent that the Fund, at a particular point in time may be unable to find qualified institutional buyers interested in purchasing the securities. The Fund is permitted to sell restricted securities to qualified institutional buyers.

Limitations on the resale of illiquid and/or restricted securities may have an adverse effect on the marketability of portfolio securities and the Fund might be unable to dispose of illiquid and/or restricted securities promptly or at reasonable prices and might thereby experience difficulty satisfying redemption requirements. The Fund might also have to register restricted securities in order to dispose of them, resulting in additional expense and delay. Adverse market conditions could impede such a public offering of securities.

Foreign Securities

The Osterweis Emerging Opportunity Fund may invest up to 30% of its total assets in securities of foreign issuers, including depositary receipts.

American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts. Among the means through which the Fund may invest in foreign securities is the purchase of American Depositary Receipts (“ADRs”), European Depositary Receipts (“EDRs”) and Global Depositary Receipts (“GDRs”). Generally, ADRs, in registered form, are denominated in U.S. dollars and are designed for use in the U.S. securities markets, while EDRs and GDRs, in bearer form, may be denominated in other currencies and are designed for use in European or other foreign securities markets. ADRs are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying securities. EDRs and GDRs are European and Global receipts evidencing a similar arrangement. ADRs, EDRs and GDRs may be purchased through “sponsored” or “unsponsored” facilities. A sponsored facility is established jointly by the issuer of the underlying security and a depositary, whereas a depositary may establish an unsponsored facility without participation by the issuer of the deposited security. Holders of unsponsored depositary receipts generally bear all the costs of such facilities, and the depositary of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights to the holders of such receipts of the deposited securities. For purposes of the Fund’s investment policies, ADRs, EDRs and GDRs are deemed to have the same classification as the underlying securities they represent. Thus, an ADR, EDR or GDR representing ownership of common stock will be treated as common stock.

Risks of Investing in Foreign Securities. Investing in foreign securities involves certain risks not ordinarily associated with investments in securities of domestic issuers. Foreign securities markets have, for the most part, substantially less volume than the U.S. markets and securities of many foreign companies are generally less liquid and their prices more volatile than securities of U.S. companies. There is generally less government supervision and regulation of foreign exchanges, brokers and issuers than in the U.S. The rights of investors in certain foreign countries may be more limited than those of shareholders of U.S. issuers and the Fund may have greater difficulty taking appropriate legal action to enforce its rights in a foreign court than in a U.S. court. Investing in foreign securities also involves risks associated with government, economic, monetary and fiscal policies (such as the adoption of protectionist trade measures) possible foreign withholding taxes on dividends and interest payable to the Fund, possible taxes on trading profits, inflation, and interest rates, economic expansion or contraction, and global or regional political, economic or banking crises. Furthermore, there is the risk of possible seizure, nationalization or expropriation of the foreign issuer or foreign deposits and the possible adoption of foreign government restrictions such as exchange controls. Also, foreign issuers are not necessarily subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to domestic issuers and as a result, there may be less publicly available information on such foreign issuers than is available from a domestic issuer.

In addition, the Fund may invest in foreign securities of companies that are located in developing or emerging markets. Investing in securities of issuers located in these markets may pose greater risks not typically associated with investing in more established markets such as increased risk of social, political and economic instability. Emerging market countries typically have smaller securities markets than developed countries and therefore less liquidity and greater price volatility than more developed markets. Securities traded in emerging markets may also be subject to risks associated

with the lack of modern technology, poor infrastructures, the lack of capital base to expand business operations and the inexperience of financial intermediaries, custodians and transfer agents. Emerging market countries are also more likely to impose restrictions on the repatriation of an investor's assets and even where there is no outright restriction on repatriation, the mechanics of repatriations may delay or impede the Fund's ability to obtain possession of its assets. As a result, there may be an increased risk or price volatility associated with the Fund's investments in emerging market countries, which may be magnified by currency fluctuations.

Dividends and interest payable on the Fund's foreign securities may be subject to foreign withholding tax. The Fund may also be subject to foreign taxes on its trading profits. Some countries may also impose a transfer or stamp duty on certain securities transactions. The imposition of these taxes will increase the cost to the Fund of investing in those countries that impose these taxes. Such taxes are not expected to be offset by credits or deductions available to shareholders in the Fund under U.S. tax law, and thus will likely reduce the net return to the Fund's shareholders.

To the extent the Fund invests in securities denominated in foreign currencies, the Fund will be subject to the risk that a change in the value of any such currency against the U.S. dollar will result in a corresponding change in the U.S. dollar value of the Fund's assets denominated in that currency. Investing in foreign denominated securities may also result in transaction costs incurred in connection with conversions between various currencies. In addition, only a limited market currently exists for hedging transactions relating to currencies in certain emerging markets and securities transactions undertaken in foreign markets may not be settled promptly, subjecting the Fund to the risk of fluctuating currency exchange rates pending settlement.

Brexit. On June 23, 2016, the United Kingdom voted via referendum to leave the European Union ("EU"), which immediately led to significant market volatility around the world, as well as political, economic, and legal uncertainty. It is expected that the United Kingdom's exit from the EU will take place within two years after the United Kingdom formally notifies the European Council of its intention to withdraw. However, there is still considerable uncertainty relating to the potential consequences and precise timeframe for the exit, how the negotiations for the withdrawal and new trade agreements will be conducted, and whether the United Kingdom's exit will increase the likelihood of other countries also departing the EU. During this period of uncertainty, the negative impact on not only the United Kingdom and European economies, but the broader global economy, could be significant, potentially resulting in increased volatility and illiquidity and lower economic growth for companies that rely significantly on Europe for their business activities and revenues, and countries whose economies rely on international trade. Any further exits from the EU, or the possibility of such exits, would likely cause additional market disruption globally and introduce new legal and regulatory uncertainties. These developments could have a material adverse effect on the secondary market for securities in which the Fund invests and could result in significantly reduced liquidity.

Options and Futures Transactions

To the extent consistent with its investment objective and policies, the Fund may purchase and write call and put options on securities, securities indices and on foreign currencies and enter into futures contracts and use options on futures contracts, to the

extent of up to 5% of its assets. The Fund has no present intention of engaging in such transactions.

Transactions in options on securities and on indices involve certain risks. For example, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events.

There can be no assurance that a liquid market will exist when the Fund seeks to close out an option position. If the Fund were unable to close out an option that it had purchased on a security, it would have to exercise the option in order to realize any profit or the option may expire worthless. If the Fund were unable to close out a covered call option that it had written on a security, it would not be able to sell the underlying security unless the option expired without exercise. As the writer of a covered call option, the Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the exercise price of the call.

If trading were suspended in an option purchased by the Fund, such Fund would not be able to close out the option. If restrictions on exercise were imposed, the Fund might be unable to exercise an option it has purchased. Except to the extent that a call option on an index written by the Fund is covered by an option on the same index purchased by such Fund, movements in the index may result in a loss to such Fund; such losses may be mitigated or exacerbated by changes in the value of the Fund's securities during the period the option was outstanding.

Use of futures contracts and options thereon also involves certain risks. The variable degree of correlation between price movements of futures contracts and price movements in the related portfolio positions of the Fund creates the possibility that losses on the hedging instrument may be greater than gains in the value of such Fund's position. Also, futures and options markets may not be liquid in all circumstances and certain over the counter options may have no markets. As a result, in certain markets, the Fund might not be able to close out a transaction at all or without incurring losses. Although the use of options and futures transactions for hedging should minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of such position. If losses were to result from the use of such transactions, they could reduce net asset value and possibly income. The Fund may use these techniques to hedge against changes in interest rates or securities prices or as part of its overall investment strategy. The Fund will segregate liquid assets (or, as permitted by applicable regulation, enter into certain offsetting positions) to cover their obligations under options and futures contracts to avoid leveraging.

Exclusion from Definition of Commodity Pool Operator

Pursuant to amendments by the Commodity Futures Trading Commission to Rule 4.5 under the Commodity Exchange Act ("CEA"), the Adviser will take all necessary regulatory action, including filing a notice of exemption from registration as a

“commodity pool operator” with respect to the Fund, prior to the execution of any transactions involving futures. Upon filing a notice of exemption, the Fund and the Adviser would not be subject to registration or regulation as a commodity pool operator under the CEA. In order to claim the Rule 4.5 exemption, the Fund will be significantly limited in its ability to invest in commodity futures, options and swaps (including securities futures, broad-based stock index futures and financial futures contracts).

Short-Term Investments

The Fund may invest in any of the following securities and instruments:

Certificates of Deposit, Bankers’ Acceptances and Time Deposits. The Fund may hold certificates of deposit, bankers’ acceptances and time deposits. Certificates of deposit are negotiable certificates issued against funds deposited in a commercial bank for a definite period of time and earning a specified return. Bankers’ acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are “accepted” by a bank, meaning in effect that the bank unconditionally agrees to pay the face value of the instrument on maturity. Certificates of deposit and bankers’ acceptances acquired by the Fund will be dollar-denominated obligations of domestic banks, savings and loan associations or financial institutions which, at the time of purchase, have capital, surplus and undivided profits in excess of \$100 million (including assets of both domestic and foreign branches), based on latest published reports, or less than \$100 million if the principal amount of such bank obligations are fully insured by the U.S. government.

In addition to buying certificates of deposit and bankers’ acceptances, the Fund also may make interest-bearing time or other interest-bearing deposits in commercial or savings banks. Time deposits are non-negotiable deposits maintained at a banking institution for a specified period of time at a specified interest rate.

Commercial Paper and Short-Term Notes. The Fund may invest a portion of their assets in commercial paper and short-term notes. Commercial paper consists of unsecured promissory notes issued by corporations. Commercial paper and short-term notes will normally have maturities of less than nine months and fixed rates of return, although such instruments may have maturities of up to one year.

Commercial paper and short-term notes will consist of issues rated at the time of purchase A- or higher by S&P®, “Prime-1” or “Prime-2” by Moody’s, or similarly rated by another nationally recognized statistical rating organization or, if unrated, will be determined by the Adviser to be of comparable quality. These rating symbols are described in Appendix A.

Sector Emphasis

The Fund may from time to time, have greater than 25% of its assets in one market sector (but not greater than 80% in any one market sector). To the extent that the Fund focuses its investments in one or more sectors, it may be subject to the risks affecting that sector more than if they were a more broadly diversified fund. The Adviser’s judgment about which sectors offer the greatest potential for long-term financial reward may, and likely will, change over time. In fact, the Fund may focus its investments in any sector, depending on its investment strategy.

Industry Sector Focus.

If the Fund's portfolio is overweighted in a certain industry, any negative development affecting that industry will have a greater impact on the Fund than a fund that is not overweighted in that industry.

Consumer Discretionary Sector Risk.

The Fund invests in the securities of companies in the consumer discretionary sector. Because companies in the consumer discretionary sector manufacture products and provide discretionary services directly to the consumer, the success of these companies is tied closely to the performance of the overall domestic and international economy, interest rates, competition and consumer confidence. Success depends heavily on disposable household income and consumer spending. Changes in demographics and consumer tastes also can affect the demand for, and success of, consumer discretionary products in the marketplace.

Consumer Staples Sector Risk.

The Fund invests in the securities of companies in the consumer staples sector. The consumer staples sector may be affected by the permissibility of using various food additives and production methods, fads, marketing campaigns and other factors affecting consumer demand. In particular, tobacco companies may be adversely affected by new laws, regulations and litigation. The consumer staples sector may also be adversely affected by changes or trends in commodity prices, which may be influenced or characterized by unpredictable factors.

Financials Sector Risk.

The financial services industries are subject to extensive government regulation, can be subject to relatively rapid change due to increasingly blurred distinctions between service segments, and can be significantly affected by availability and cost of capital funds, changes in interest rates, the rate of corporate and consumer debt defaults, and price competition. Numerous financial services companies have experienced substantial declines in the valuations of their assets, taken action to raise capital (such as the issuance of debt or equity securities), or even ceased operations. These actions have caused the securities of many financial services companies to experience a dramatic decline in value. Issuers that have exposure to the real estate, mortgage and credit markets have been particularly affected by the foregoing events and the general market turmoil, and it is uncertain whether or for how long these conditions will continue.

Health Care Sector Risk.

The Fund invests in the securities of companies in the healthcare sector. The profitability of companies in the healthcare sector may be affected by extensive government regulation, restrictions on government reimbursement for medical expenses, rising costs of medical products and services, pricing pressure, an increased emphasis on outpatient services, limited number of products, industry innovation, changes in technologies and other market developments. Many healthcare companies are heavily dependent on patent protection. The expiration of patents may adversely affect the profitability of these companies. Many healthcare companies are subject to extensive litigation based on product liability and similar claims. Healthcare companies are subject to competitive forces that may make it difficult to raise prices and, in fact, may result in price discounting. Many new products in the healthcare sector may be

subject to regulatory approvals. The process of obtaining such approvals may be long and costly.

Industrials Sector Risk.

The stock prices of companies in the industrials sector are affected by supply and demand both for their specific product or service and for industrials sector products in general. The products of manufacturing companies may face product obsolescence due to rapid technological developments and frequent new product introduction. Government regulation, world events and economic conditions may affect the performance of companies in the industrials sector. Companies in the industrials sector may be at risk for environmental damage and product liability claims.

Materials Sector Risk.

Companies in the materials sector could be adversely affected by commodity price volatility, exchange rates, import controls and increased competition. Production of industrial materials often exceeds demand as a result of overbuilding or economic downturns, leading to poor investment returns. Companies in the materials sector are at risk for environmental damage and product liability claims. Companies in the materials sector may be adversely affected by depletion of resources, technical progress, labor relations, and government regulations.

Information Technology Sector Risk.

Information technology companies face intense competition, both domestically and internationally, which may have an adverse effect on profit margins. Like other technology companies, information technology companies may have limited product lines, markets, financial resources or personnel. The products of information technology companies may face product obsolescence due to rapid technological developments and frequent new product introduction, unpredictable changes in growth rates and competition for the services of qualified personnel. Technology companies and companies that rely heavily on technology, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market. Companies in the information technology sector are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies. Finally, while all companies may be susceptible to network security breaches, certain companies in the information technology sector may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses. These risks are heightened for information technology companies in foreign markets.

Other Investment Companies

The Fund may invest its assets in the securities of other registered investment companies, including exchange-traded funds and money market mutual funds, subject to the limitations set forth in the Investment Company Act of 1940, as amended (the "1940 Act"). Investments in the securities of other investment companies will likely result in the duplication of advisory fees and certain other expenses. By investing in another investment company, the Fund becomes a shareholder of that investment company. As a result, Fund shareholders indirectly will bear the Fund's proportionate share of the fees and expenses paid by shareholders of the other investment company, in addition to the fees and expenses Fund shareholders directly bear in connection with the Fund's own operations.

The Fund currently intends to limit its investments in securities issued by other investment companies so that not more than 3% of the outstanding voting stock of any one investment company (other than money market funds) will be owned by the Fund, or its affiliated persons, as a whole. In addition to the advisory and operational fees the Fund bears directly in connection with its own operation, the Fund would also bear its pro rata portions of each other investment company's advisory and operational expenses.

Section 12(d)(1) of the 1940 Act restricts investments by registered investment companies in securities of other registered investment companies. The acquisition of shares by the Fund in other registered investment companies is therefore subject to the restrictions of Section 12(d)(1) of the 1940 Act, except as may be permitted by Rule and/or an exemptive order obtained by the other registered investment companies that permits the Fund to invest those other registered investment companies beyond the limits of Section 12(d)(1), subject to certain terms and conditions, including that the Fund enters into an agreement with those other registered investment companies regarding the terms of the investment.

In accordance with Section 12(d)(1)(F) and Rule 12d1-3 of the 1940 Act, the provisions of Section 12(d)(1) shall not apply to securities purchased or otherwise acquired by the Fund if (i) immediately after such purchase or acquisition not more than 3% of the total outstanding stock of such registered investment company is owned by the Fund and all affiliated persons of the Fund; and (ii) the Fund is not proposing to offer or sell any security issued by it through a principal underwriter or otherwise at a public or offering price including a sales load that exceeds the limits set forth in Rule 2830 of the Conduct Rules of the Financial Industry Regulatory Authority ("FINRA") applicable to a fund of funds (*i.e.*, 8.5%).

Exchange-Traded Funds

As stated above, the Fund may invest in exchange traded funds ("ETFs"). ETFs are typically open-end investment companies that are bought and sold on a national securities exchange and may be actively managed or index-based. An ETF is similar to a traditional mutual fund, but trades at different prices during the day on a security exchange like a stock. Similar to investments in other investment companies discussed above, the Fund's investments in ETFs will involve duplication of advisory fees and other expenses since the Fund will be investing in another investment company. In addition, the Fund's investment in ETFs is also subject to its limitations on investments in investment companies discussed above. To the extent the Fund invests in ETFs that focus on a particular market segment or industry, the Fund will also be subject to the risks associated with investing in those sectors or industries. The shares of the ETFs in which the Fund will invest will be listed on a national securities exchange and the Fund will purchase or sell these shares on the secondary market at its current market price, which may be more or less than its NAV. Investors in the Fund should be aware that ETFs that seek to replicate a particular benchmark index are subject to "tracking risk," which is the risk that an ETF will not be able to replicate exactly the performance of the index it tracks.

As a purchaser of ETF shares on the secondary market, the Fund will be subject to the market risk associated with owning any security whose value is based on market price. ETF shares historically have tended to trade at or near their NAV, but there is no

guarantee that they will continue to do so. Unlike traditional mutual funds, shares of an ETF may be purchased and redeemed directly from the ETFs only in large blocks (typically 50,000 shares or more) and only through participating organizations that have entered into contractual agreements with the ETF. The Fund does not expect to enter into such agreements and therefore will not be able to purchase and redeem its ETF shares directly from the ETF.

To the extent the Fund invests in inverse and/or leveraged ETFs, it could be subject to the following additional risks in addition to those listed above: derivatives risk; leveraging risk; swap counterparty credit risk; tracking error risk and trading risk. For the Osterweis Institutional Equity Fund, ETFs may be used to gain exposure to the equity markets for uninvested cash balances. It is not intended that the Fund would use ETFs for leverage. Increased brokerage fees related to the use of ETFs will not be reflected in the Fund's Fees and Expenses table in the Prospectus and the Fund's portfolio turnover rate would be understated as a result since these types of trades are carved out of the portfolio turnover calculation.

Securities Lending

The Fund reserves the right, pending receipt of Board approval, to lend securities from its portfolio to brokers, dealers and financial institutions (but not individuals) in order to increase the return on its portfolio. The SEC currently requires that the following conditions must be met whenever the Fund's portfolio securities are loaned: (1) the Fund must receive at least 100% cash collateral (which may include cash, U.S. government or agency securities or irrevocable bank letters of credit) from the borrower; (2) the borrower must increase such collateral whenever the market value of the securities rises above the level of such collateral; (3) the Fund must be able to terminate the loan at any time; (4) the Fund must receive reasonable interest on the loan, as well as any dividends, interest or other distributions on the loaned securities, and any increase in market value; (5) the Fund may pay only reasonable custodian fees approved by the Board in connection with the loan; (6) while voting rights on the loaned securities may pass to the borrower, the Board must terminate the loan and regain the right to vote the securities if a material event adversely affecting the investment occurs, and (7) the Fund may not loan its portfolio securities so that the value of the loaned securities is more than one-third (1/3) of its total asset value, including collateral received from such loans. These conditions may be subject to future modification. Such loans will be terminable at any time upon specified notice. The Fund might experience the risk of loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement with the Fund. In addition, the Fund will not enter into any portfolio security lending arrangement having a duration of longer than one year. The principal risk of portfolio lending is potential default or insolvency of the borrower. In either of these cases, the Fund could experience delays in recovering securities or collateral or could lose all or part of the value of the loaned securities. As part of participating in a lending program, the Fund may be required to invest in collateralized debt or other securities that bear the risk of loss of principal. In addition, all investments made with the collateral received are subject to the risks associated with such investments. If such investments lose value, the Fund will have to cover the loss when repaying the collateral.

Any loans of portfolio securities are fully collateralized based on values that are marked-to-market daily. Any securities that the Fund may receive as collateral will not become part of the Fund's investment portfolio at the time of the loan and, in the event

of a default by the borrower, the Fund will, if permitted by law, dispose of such collateral except for such part thereof that is a security in which the Fund is permitted to invest. During the time securities are on loan, the borrower will pay the Fund any accrued income on those securities, and the Fund may invest the cash collateral and earn income or receive an agreed-upon fee from a borrower that has delivered cash-equivalent collateral.

Special Risks Related to Cyber Security

The Fund and its service providers are susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that the Fund and its service providers use to service the Fund's operations; or operational disruption or failures in the physical infrastructure or operating systems that support the Fund and its service providers. Cyber attacks against or security breakdowns of the Fund or its service providers may adversely impact the Fund and its shareholders, potentially resulting in, among other things, financial losses; the inability of Fund shareholders to transact business and the Fund to process transactions; inability to calculate the Fund's NAV; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. The Fund may incur additional costs for cyber security risk management and remediation purposes. In addition, cyber security risks may also impact issuers of securities in which the Fund invests, which may cause the Fund's investment in such issuers to lose value. There can be no assurance that the Fund or its service providers will not suffer losses relating to cyber attacks or other information security breaches in the future.

INVESTMENT RESTRICTIONS

The Trust (on behalf of the Fund) has adopted the following restrictions as fundamental policies, which may not be changed without the affirmative vote of the holders of a "majority" of the outstanding voting securities of the Fund. Under the 1940 Act, the "vote of the holders of a majority of the outstanding voting securities" means the vote of the holders of the lesser of (i) 67% of the shares of the Fund represented at a meeting at which the holders of more than 50% of the Fund's outstanding shares are represented or (ii) more than 50% of the outstanding shares of the Fund. The Fund may not:

1. Make loans to others, except (a) through the purchase of debt securities in accordance with its investment objectives and policies, (b) to the extent the entry into a repurchase agreement is deemed to be a loan.
2. Mortgage, pledge or hypothecate any of its assets except in connection with any such borrowings and only with respect to 33-1/3% of its assets.
3. Purchase securities on margin, participate on a joint basis or joint and several basis in any securities trading account or underwrite securities. (Does not preclude the Fund from obtaining such short-term credit as may be necessary for the clearance of purchases and sales of its portfolio securities.)

4. Purchase or sell real estate, commodities or commodity contracts (other than futures transactions for the purposes and under the conditions described in the Prospectus and in this Statement of Additional Information).
5. Invest 25% or more of the market value of its assets in the securities of companies engaged in any one industry or group of industries.
6. Issue senior securities, as defined in the 1940 Act, except that this restriction shall not be deemed to prohibit the Fund from (a) making any permitted borrowings, mortgages or pledges, or (b) entering into options, futures, forward or repurchase transactions.
7. Purchase the securities of any issuer, if as a result more than 5% of the total assets of the Fund would be invested in the securities of that issuer, other than obligations of the U.S. government, its agencies or instrumentalities, provided that up to 25% of the value of its assets may be invested without regard to this limitation.
8. Borrow money, except through reverse repurchase agreements or otherwise as permitted under the 1940 Act, as interpreted, modified or otherwise permitted by regulatory authority. Generally, issuing senior securities is prohibited under the 1940 Act; however, certain exceptions apply such as in the case of reverse repurchase agreements, borrowing and certain other leveraging transactions. For purposes of this limitation, entering into repurchase agreements, lending securities and acquiring any debt security are not deemed to be the making of loans.

With respect to the fundamental policy relating to concentration set in (5) above, the Fund does not consider a sector to be an industry.

PORTFOLIO TURNOVER

Although the Fund generally will not invest for short-term trading purposes, portfolio securities may be sold without regard to the length of time they have been held when, in the opinion of the respective Adviser, investment considerations warrant such action. Portfolio turnover rate is calculated by dividing (1) the lesser of purchases or sales of portfolio securities for the fiscal year by (2) the monthly average of the value of portfolio securities owned during the fiscal year. A 100% turnover rate would occur if all the securities in the Fund's portfolio, with the exception of securities whose maturities at the time of acquisition were one year or less, were sold and either repurchased or replaced within one year. A high rate of portfolio turnover (100% or more) generally leads to higher transaction costs and may result in a greater number of taxable transactions. See "Execution of Portfolio Transactions."

PORTFOLIO HOLDINGS INFORMATION

The Trust, on behalf of the Fund, has adopted portfolio holdings disclosure policies that govern the timing and circumstances of disclosure of portfolio holdings of the Fund. The Adviser has also adopted a policy with respect to disclosure of portfolio holdings of the Fund (the "Adviser's Policy"). Information about the Fund's portfolio holdings will not be distributed to any third party except in accordance with the portfolio

holdings policies and the Adviser's Policy (the "Disclosure Policies"). The Adviser and the Board considered the circumstances under which the Fund's portfolio holdings may be disclosed under the Disclosure Policies and the actual and potential material conflicts that could arise in such circumstances between the interests of the Fund's shareholders and the interests of the Adviser, distributor or any other affiliated person of the Fund. After due consideration, the Adviser and the Board determined that the Fund has a legitimate business purpose for disclosing portfolio holdings to persons described in the Disclosure Policies, including mutual fund rating or statistical agencies, or persons performing similar functions, and internal parties involved in the investment process, administration or custody of the Fund. Pursuant to the Disclosure Policies, the Trust's Chief Compliance Officer ("CCO"), President and Treasurer are each authorized to consider and authorize dissemination of portfolio holdings information to additional third parties, after considering the best interests of the shareholders and potential conflicts of interest in making such disclosures.

The Board exercises continuing oversight of the disclosure of the Fund's portfolio holdings by (1) overseeing the implementation and enforcement of the Disclosure Policies, Codes of Ethics and other relevant policies of the Fund and its service providers by the Trust's CCO, (2) by considering reports and recommendations by the Trust's CCO concerning any material compliance matters (as defined in Rule 38a-1 under the 1940 Act) and (3) by considering to approve any amendment to these Disclosure Policies. The Board reserves the right to amend the Disclosure Policies at any time without prior notice in their sole discretion.

Disclosure of the Fund's complete holdings is required to be made quarterly within 60 days of the end of each period covered by the Annual Report and Semi-Annual Report to Fund shareholders and in the quarterly holdings report on Form N-Q. These reports are available, free of charge, on the EDGAR database on the SEC's website at www.sec.gov. The Fund discloses their calendar quarter-end portfolio holdings on their website at www.osterweis.com within 10 business days of each calendar quarter-end. The calendar quarter-end portfolio holdings for the Fund will remain posted on the website until updated. Portfolio holdings information posted on the Fund's website may be separately provided to any person, including rating and ranking organizations such as Lipper and Morningstar, at the same time that it is filed with the SEC or one day after it is first published on the Fund's website. In addition, the Fund may provide their complete portfolio holdings at the same time that they are filed with the SEC.

In the event of a conflict between the interests of the Fund and the interests of the Adviser or an affiliated person of the Adviser, the CCO of the Adviser, in consultation with the Trust's CCO, shall make a determination in the best interests of the Fund and shall report such determination to the Board at the end of the quarter in which such determination was made. Any employee of the Adviser who suspects a breach of this obligation must report the matter immediately to the CCO or to his or her supervisor.

In addition, material non-public holdings information may be provided without lag as part of the normal investment activities of the Fund to each of the following entities which, by explicit agreement or by virtue of their respective duties to the Fund, are required to maintain the confidentiality of the information disclosed: fund administrator, fund accountant, custodian, transfer agent, auditors, counsel to the Adviser, Fund or the Board, broker-dealers (in connection with the purchase or sale of securities or requests for price quotations or bids on one or more securities) and

regulatory authorities. Portfolio holdings information not publicly available with the SEC or through the Fund's website may only be provided to additional third parties, including mutual fund ratings or statistical agencies, in accordance with the Disclosure Policies, when the Fund has a legitimate business purpose, and the third party recipient is subject to a confidentiality agreement that includes a duty not to trade on non-public information.

In no event shall the Adviser, its affiliates or employees, or the Fund receive any direct or indirect compensation in connection with the disclosure of information about the Fund's portfolio holdings.

There can be no assurance that the Disclosure Policies and these procedures will protect the Fund from potential misuse of that information by individuals or entities to which it is disclosed.

From time to time, the Adviser may make additional disclosure of the Fund's portfolio holdings on the Fund's website. Shareholders can access the Fund's website at www.osterweis.com for additional information about the Fund, including, without limitation, the periodic disclosure of their portfolio holdings.

TRUSTEES AND EXECUTIVE OFFICERS

The Board is responsible for the overall management of the Trust, including general supervision and review of the investment activities of the Fund. The Board, in turn, elects the officers of the Trust, who are responsible for administering the day-to-day operations of the Trust and its separate series. The current trustees and officers of the Trust, their dates of birth, positions with the Trust, terms of office with the Trust and length of time served, their principal occupations for the past five years and other directorships are set forth in the table below.

Name, Address and Age	Position(s) with the Trust ⁽¹⁾	Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Trustees	Other Directorships Held
Independent Trustees of the Trust					
Dorothy A. Berry (born 1943) c/o U.S. Bancorp Fund Services, LLC 2020 E. Financial Way Suite 100 Glendora, CA 91741	Chairman and Trustee	Indefinite Term; Since May 1991.	Formerly, President, Talon Industries, Inc. (business consulting); formerly, Executive Vice President and Chief Operating Officer, Integrated Asset Management (investment adviser and manager) and formerly, President, Value Line, Inc. (investment advisory and financial publishing firm).	5	Director, PNC Funds, Inc.
Wallace L. Cook (born 1939) c/o U.S. Bancorp Fund Services, LLC 2020 E. Financial Way Suite 100 Glendora, CA 91741	Trustee	Indefinite Term; Since May 1991.	Investment Consultant; formerly, Chief Executive Officer, Rockefeller Trust Co., (prior thereto Senior Vice President), and Managing Director, Rockefeller & Co. (Investment Manager and Financial Advisor); formerly, Senior Vice President, Norton Simon, Inc. (international consumer products conglomerate.)	5	The Dana Foundation; The University of Virginia Law School Foundation.

Name, Address and Age	Position(s) with the Trust⁽¹⁾	Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex⁽²⁾ Overseen by Trustees	Other Directorships Held
Eric W. Falkeis (born 1973) c/o U.S. Bancorp Fund Services, LLC 2020 E. Financial Way Suite 100 Glendora, CA 91741	Trustee	Indefinite Term; Since September 2011.	Chief Operating Officer, Direxion Funds since 2013; formerly, Senior Vice President and Chief Financial Officer (and other positions), U.S. Bancorp Fund Services, LLC from 1997 to 2013.	5	Interested Trustee, Direxion Funds Trust, Direxion ETF Trust and Direxion Variable Trust.
Carl A. Froebel (born 1938) c/o U.S. Bancorp Fund Services, LLC 2020 E. Financial Way Suite 100 Glendora, CA 91741	Trustee	Indefinite Term; Since May 1991.	Formerly, President and Founder, National Investor Data Services, Inc. (investment related computer software).	5	None.
Steven J. Paggioli (born 1950) c/o U.S. Bancorp Fund Services, LLC 2020 E. Financial Way Suite 100 Glendora, CA 91741	Trustee	Indefinite Term; Since May 1991.	Consultant, since July 2001; formerly, Executive Vice President, Investment Company Administration, LLC (mutual fund administrator).	5	Independent Trustee, AMG Funds; Advisory Board Member, Sustainable Growth Advisers, LP; Independent Director, Chase Investment Counsel.
Officers of the Trust					
Elaine E. Richards (born 1968) c/o U.S. Bancorp Fund Services, LLC 2020 E. Financial Way Suite 100 Glendora, CA 91741	President Secretary	Indefinite Term; Since March 2013. Indefinite Term; Since February 2008.	Vice President and Legal Compliance Officer, U.S. Bancorp Fund Services, LLC, since July 2007.	Not Applicable.	Not Applicable.
Aaron J. Perkovich (born 1973) c/o U.S. Bancorp Fund Services, LLC 615 East Michigan St. Milwaukee, WI 53202	Treasurer	Indefinite Term; Since May 2014.	Vice President, U.S. Bancorp Fund Services, LLC, since June 2006.	Not Applicable.	Not Applicable.

Name, Address and Age	Position(s) with the Trust⁽¹⁾	Term of Office and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex⁽²⁾ Overseen by Trustees	Other Directorships Held
James Matel (born 1971) c/o U.S. Bancorp Fund Services, LLC 615 East Michigan St. Milwaukee, WI 53202	Assistant Treasurer	Indefinite Term; Since June 2006.	Vice President (and other positions), U.S. Bancorp Fund Services, LLC since July 1995.	Not Applicable.	Not Applicable.
Melissa Breitzman (born 1983) c/o U.S. Bancorp Fund Services, LLC 615 East Michigan St. Milwaukee, WI 53202	Assistant Treasurer	Indefinite Term; Since August 2016.	Officer, U.S. Bancorp Fund Services, LLC since June 2005.	Not Applicable.	Not Applicable.
Craig Benton (born 1985) c/o U.S. Bancorp Fund Services, LLC 615 East Michigan St. Milwaukee, WI 53202	Assistant Treasurer	Indefinite Term; Since August 2016.	Assistant Vice President, U.S. Bancorp Fund Services, LLC since November 2007.	Not Applicable.	Not Applicable.
Jordan Dasko (born 1984) c/o U.S. Bancorp Fund Services, LLC 615 East Michigan St. Milwaukee, WI 53202	Assistant Treasurer	Indefinite Term; Since August 2016.	Assistant Vice President, U.S. Bancorp Fund Services, LLC since July 2007.	Not Applicable.	Not Applicable.
Donna Barrette (born 1966) c/o U.S. Bancorp Fund Services, LLC 615 East Michigan St. Milwaukee, WI 53202	Chief Compliance Officer Anti-Money Laundering Officer Vice President	Indefinite Term: Since July 2011. Indefinite Term: Since July 2011. Indefinite Term: Since July 2011.	Senior Vice President and Compliance Officer (and other positions), U.S. Bancorp Fund Services, LLC since August 2004.	Not Applicable.	Not Applicable.

(1) All Trustees of the Trust are not “interested persons” of the Trust as defined under the 1940 Act (“Independent Trustee”).

(2) The Trust is comprised of numerous series managed by unaffiliated investment advisers. The term “Fund Complex” applies only to the Osterweis Funds. The Fund does not hold itself out as related to any other series within the Trust for investment purposes, with the exception of the other Osterweis Funds.

Additional Information Concerning the Board of Trustees

The Role of the Board

The Board oversees the management and operations of the Trust. Like all mutual funds, the day-to-day management and operation of the Trust is the responsibility of the various service providers to the Trust, such as the Adviser, the Distributor, the Administrator, the Custodian, and the Transfer Agent, each of whom are discussed in greater detail in this Statement of Additional Information. The Board has appointed various senior employees of the Administrator as officers of the Trust, with responsibility to monitor and report to the Board on the Trust's operations. In conducting this oversight, the Board receives regular reports from these officers and the service providers. For example, the Treasurer reports as to financial reporting matters and the President reports as to matters relating to the Trust's operations. In addition, the Adviser provides regular reports on the investment strategy and performance of the Fund. The Board has appointed a Chief Compliance Officer who administers the Trust's compliance program and regularly reports to the Board as to compliance matters. These reports are provided as part of formal "Board Meetings" which are typically held quarterly, in person, and involve the Board's review of recent operations. In addition, various members of the Board also meet with management in less formal settings, between formal "Board Meetings," to discuss various topics. In all cases, however, the role of the Board and of any individual Trustee is one of oversight and not of management of the day-to-day affairs of the Trust and its oversight role does not make the Board a guarantor of the Trust's investments, operations or activities.

Board Structure, Leadership

The Board has structured itself in a manner that it believes allows it to perform its oversight function effectively. It has established three standing committees: a Nominating Committee; an Audit Committee and a Qualified Legal Compliance Committee, which are discussed in greater detail below under "Trust Committees." All of the Trustees are Independent Trustees, which are Trustees that are not affiliated with the Adviser, the principal underwriter, or their affiliates. The Nominating Committee, Audit Committee and Qualified Legal Compliance Committee are comprised entirely of the Independent Trustees. The Chairman of the Board is an Independent Trustee. The Board has determined not to combine the Chairman position and the principal executive officer position and has appointed a Vice President of the Administrator as the President of the Trust. The Board reviews its structure and the structure of its committees annually. The Board has determined that the structure of the Independent Chairman, the composition of the Board, and the function and composition of its various committees are appropriate means to address any potential conflicts of interest that may arise.

Board Oversight of Risk Management

As part of its oversight function, the Board of Trustees receives and reviews various risk management reports and discusses these matters with appropriate management and other personnel. Because risk management is a broad concept comprised of many elements (e.g., investment risk, issuer and counterparty risk, compliance risk, operational risks, business continuity risks, etc.), the oversight of different types of risks is handled in different ways. For example, the Audit Committee meets with the Treasurer and the Trust's independent registered public accounting firm to discuss, among other things, the internal control structure of the Trust's financial reporting function. The Board meets regularly with the Chief Compliance Officer to discuss compliance and operational risks and how they are managed. The Board also

receives reports from the Adviser as to investment risks of the Fund. In addition to these reports, from time to time the Board receives reports from the Administrator and the Adviser as to enterprise risk management.

Information about Each Trustee's Qualification, Experience, Attributes or Skills

The Board believes that each of the Trustees has the qualifications, experience, attributes and skills ("Trustee Attributes") appropriate to their continued service as Trustees of the Trust in light of the Trust's business and structure. In addition to a demonstrated record of business and/or professional accomplishment, each of the Trustees has served on the Board for a number of years. They have substantial board experience and, in their service to the Trust, have gained substantial insight as to the operation of the Trust. They have demonstrated a commitment to discharging their oversight duties as trustees in the interests of shareholders. The Board annually conducts a "self-assessment" wherein the effectiveness of the Board and individual Trustees is reviewed.

In addition to the information provided in the chart above, below is certain additional information concerning each particular Trustee and his/her Trustee Attributes. The information is not all-inclusive. Many Trustee Attributes involve intangible elements, such as intelligence, integrity, work ethic, the ability to work together, the ability to communicate effectively, the ability to exercise judgment, to ask incisive questions and commitment to shareholder interests.

Ms. Berry's Trustee Attributes include her substantial mutual fund experience, including her role as a member of the Board of Governors of the Investment Company Institute and its Executive Committee. She is also a member of the Independent Directors Council and has served two terms as its Chairman. She has executive experience as the President (retired) of Talon Industries, Inc. (a business consulting company) and through her former positions as the Executive Vice President and Chief Operating Officer of Integrated Asset Management (an investment advisor and manager) and as the President of Value Line, Inc. (an investment advisory and financial publishing firm). Ms. Berry also serves on the board of another investment management company. Ms. Berry has been determined to qualify as an Audit Committee financial expert for the Trust. The Board believes Ms. Berry's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that she possesses the requisite skills and attributes as a Trustee to carry out oversight responsibilities with respect to the Trust.

Mr. Cook's Trustee Attributes include his investment and executive experience through his investment consulting business and former Chief Executive Officer of Rockefeller Trust Company (an investment manager and financial advisor). He has substantial board experience, serving on the board of several foundations. Mr. Cook has been determined to qualify as an Audit Committee financial expert for the Trust. The Board believes Mr. Cook's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that he possesses the requisite skills and attributes as a Trustee to carry out oversight responsibilities with respect to the Trust.

Mr. Falkeis' Trustee Attributes include his substantial mutual fund experience and his experience with financial, accounting, investment and regulatory matters through his former position as Senior Vice President and Chief Financial Officer (and

other positions) of U.S. Bancorp Fund Services, LLC, a full service provider to mutual funds and alternative investment products. In addition, he has experience consulting with investment advisors regarding the legal structure of mutual funds, distribution channel analysis and actual distribution of those funds. Mr. Falkeis also has substantial managerial, operational and risk oversight experience through his position as Chief Operating Officer of the Direxion Funds and the Direxion Exchange Traded Funds. Mr. Falkeis has been determined to qualify as an Audit Committee financial expert for the Trust. The Board believes Mr. Falkeis' experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that he possesses the requisite skills and attributes as a Trustee to carry out oversight responsibilities with respect to the Trust.

Mr. Froebel's Trustee Attributes include his significant systems and operations experience. He was a Director of Scudder, Stevens & Clark (with responsibility for its systems department) and founder and President of Systems Dynamics Corp. ("SDC") and later Vice President of Bradford Computer & Systems after its acquisition of SDC, (providing record keeping and reporting for investment advisors and mutual funds). He also served as Vice President of Automatic Data Processing (automated services to the brokerage and investment advisory industry) and was the former President and founder of National Investor Data Services, Inc. (a software and computer vendor to the mutual fund industry with fund accounting and transfer agent systems). Mr. Froebel has been determined to qualify as an Audit Committee financial expert for the Trust. The Board believes Mr. Froebel's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that he possesses the requisite skills and attributes as a Trustee to carry out oversight responsibilities with respect to the Trust.

Mr. Paggioli's Trustee Attributes include his substantial mutual fund and investment advisory experience. Mr. Paggioli is an independent consultant on investment company and investment advisory matters. He has held a number of senior positions with mutual fund and investment advisory organizations and related businesses, including Executive Vice President, Director and Principal of the Wadsworth Group (fund administration, distribution transfer agency and accounting services). He serves on the boards of several investment management companies and advisory firms. He has served on various industry association and self-regulatory committees and formerly worked on the staff of the Securities and Exchange Commission. Mr. Paggioli has been determined to qualify as an Audit Committee financial expert for the Trust. The Board believes Mr. Paggioli's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that he possesses the requisite skills and attributes as a Trustee to carry out oversight responsibilities with respect to the Trust.

Trust Committees

The Trust has three standing committees: the Nominating Committee and the Audit Committee, which also serves as the Qualified Legal Compliance Committee ("QLCC").

The Nominating Committee, comprised of all the Independent Trustees, is responsible for seeking and reviewing candidates for consideration as nominees for Trustees and meets only as necessary. The Nominating Committee will consider

nominees nominated by shareholders. Recommendations by shareholders for consideration by the Nominating Committee should be sent to the President of the Trust in writing together with the appropriate biographical information concerning each such proposed Nominee, and such recommendation must comply with the notice provisions set forth in the Trust By-Laws. In general, to comply with such procedures, such nominations, together with all required biographical information, must be delivered to, and received by, the President of the Trust at the principal executive offices of the Trust no later than 120 days and no more than 150 days prior to the shareholder meeting at which any such nominee would be voted on.

The Audit Committee is comprised of all of the Independent Trustees. The Audit Committee generally meets on a quarterly basis with respect to the various series of the Trust and may meet more frequently. The function of the Audit Committee, with respect to each series of the Trust, is to review the scope and results of the audit and any matters bearing on the audit or the Fund's financial statements and to ensure the integrity of the Fund's pricing and financial reporting.

The function of the QLCC is to receive reports from an attorney retained by the Trust of evidence of a material violation by the Trust or by any officer, director, employee or agent of the Trust.

Additionally, the Trust's Board has delegated day-to-day valuation issues to a Valuation Committee that is comprised of certain officers of the Trust and is overseen by the Trustees. The function of the Valuation Committee is to value securities held by any series of the Trust for which current and reliable market quotations are not readily available. Such securities are valued at their respective fair values as determined in good faith by the Valuation Committee, and the actions of the Valuation Committee are subsequently reviewed and ratified by the Board. The Valuation Committee meets as needed.

Trustee Ownership of Fund Shares and Other Interests

The following table shows the amount of shares in the Fund and the amount of shares in other portfolios of the Trust owned by the Trustees as of the calendar year ended December 31, 2015.

Name	Osterweis Emerging Opportunity Fund	Aggregate Dollar Range of Fund Shares in the Trust
Dorothy A. Berry	None	\$50,001-\$100,000
Wallace L. Cook	None	Over \$100,000
Eric W. Falkeis	None	\$10,001-\$50,000
Carl A. Froebel	None	\$10,001-\$50,000
Steven J. Paggioli	None	Over \$100,000

Furthermore, neither the Independent Trustees nor members of their immediate family, own securities beneficially or of record in the Adviser, the Fund's principal underwriter, or any of their affiliates. Accordingly, during the two most recently completed calendar years, neither the Independent Trustees nor members of their immediate family have had a direct or indirect interest during the two most recently completed calendar years, the value of which exceeds \$120,000, in the Adviser, the Fund's principal underwriter or any of its affiliates.

Compensation

Independent Trustees each receive an annual retainer of \$125,000 allocated among each of the various portfolios comprising the Trust. The Chairman of the Board receives an additional annual retainer of \$20,000, also allocated among each of the various portfolios comprising the Trust. All Trustees receive additional fees from applicable portfolios for any special meetings at rates assessed by the Trustees, depending on the length of the meeting and whether in-person attendance is required. All Trustees are reimbursed for expenses in connection with each Board meeting attended, which reimbursement is allocated among applicable portfolios of the Trust. The Trust has no pension or retirement plan. No other entity affiliated with the Trust pays any compensation to the Trustees. Set forth below is the estimated rate of compensation to be received by the following Independent Trustees from the Fund for the fiscal year ending March 31, 2017.

Name of Person/Position	Osterweis Emerging Opportunity Fund	Pension or Retirement Benefits Accrued as Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation from Fund and Fund Complex⁽¹⁾ Paid to Trustees
Dorothy A. Berry, Trustee	\$1,394	None	None	\$18,309
Wallace L. Cook, Trustee	\$1,060	None	None	\$16,643
Eric W. Falkeis, Trustee	\$1,060	None	None	\$16,643
Carl A. Froebel, Trustee	\$1,060	None	None	\$16,643
Steve J. Paggioli, Trustee	\$1,060	None	None	\$16,643

⁽¹⁾ There are currently numerous portfolios comprising the Trust. The term “Fund Complex” applies only to the Osterweis Funds. For the fiscal year ending March 31, 2017, Trustees’ fees and expenses estimated in the amount of \$322,500 are anticipated to be incurred by the Trust.

Codes of Ethics

The Trust, the Adviser and the Distributor have each adopted Codes of Ethics under Rule 17j-1 of the 1940 Act. These Codes permit, subject to certain conditions, personnel of these entities to invest in securities that may be purchased or held by the Fund.

PROXY VOTING POLICY

The Board has adopted Proxy Voting Policies and Procedures (the “Policies”) on behalf of the Trust, which delegate the responsibility for voting proxies to the Adviser, subject to the Board’s continuing oversight. The Policies require that the Adviser vote proxies received in a manner consistent with the best interests of the Fund and its shareholders. The Policies also require the Adviser to present to the Board, at least annually, the Adviser’s Proxy Policies (as defined below) and a record of each proxy voted by the Adviser on behalf of the Fund, including a report on the resolution of all proxies identified by the Adviser as involving a conflict of interest. The Adviser has also adopted Proxy Voting Policies and Procedures (“Adviser’s Proxy Policies”) which underscore the Adviser’s concern that all proxies voting decisions be made in the best

interest of the Fund and that the Adviser will act in a prudent and diligent manner intended to enhance the economic value of the assets of the Fund. The Adviser utilizes the services of Institutional Shareholder Services (“ISS”) to develop proxy voting guidelines and to track and vote proxies.

Although many proxy proposals can be voted in accordance with the Adviser’s Proxy Policies, some proposals will require special consideration, and the Adviser will make a decision on a case-by-case basis in these situations.

In the event a proxy proposal raises a material conflict between the Adviser’s interests and the Fund’s interests, the Adviser will resolve the conflict as follows:

- To the extent the matter is specifically covered by the Adviser’s Proxy Policies, ISS will have voted the proxies automatically, or;
- To the extent the Adviser is making a case-by-case determination under the proxy voting guidelines, the Adviser will disclose the conflict to the Board and obtain the Board’s consent to vote or direct the matter to an independent third party, selected by the Board, for a vote determination. If the Board’s consent or the independent third party’s determination is not received in a timely manner, the Adviser will either abstain from voting the proxy or allow ISS’ recommendations (if available) to determine the vote.

The Trust will file a Form N-PX, with the Fund’s complete proxy voting record for the 12 months ended June 30, no later than August 31st of each year. Form N-PX for the Fund will be available without charge, upon request, by calling toll-free (866) 236-0050 and on the SEC’s website at www.sec.gov.

CONTROL PERSONS, PRINCIPAL SHAREHOLDERS, AND MANAGEMENT OWNERSHIP

A principal shareholder is any person who owns of record or beneficially 5% or more of the outstanding shares of the Fund. A control person is one who owns beneficially or through controlled companies more than 25% of the voting securities of the Fund or acknowledges the existence of control. As of November 30, 2016, the following shareholder was considered to be either a control person or principal shareholder of the Fund:

Osterweis Emerging Opportunity Fund

Name and Address	% Ownership	Type of Ownership
James & Letetia Callinan Revocable Trust	72.36%	Record
The Callinan Family 2012 Irrevocable Trust	20.24%	Record
David F. Marquardt Ttee UTA DTD 3/4/92	6.90%	Record

As of November 30, 2016, the Trustees and Officers of the Trust as a group did not own more than 1% of the outstanding shares of the Fund.

THE FUND'S INVESTMENT ADVISER

Investment advisory services are provided to the Fund by Osterweis Capital Management, LLC, pursuant to an investment advisory agreement (the "Advisory Agreement") with the Trust. The Adviser's address is One Maritime Plaza, Suite 800, San Francisco, California 94111. There are no control persons of the Adviser. As compensation, the Fund pays the Adviser at an annual rate of 1.00% on assets up to \$500 million, 0.85% on assets between \$500 million and \$1 billion, and 0.75% on assets over \$1 billion.

After the initial two-year period, the Advisory Agreement continues in effect for successive annual periods so long as such continuation is specifically approved at least annually by the vote of (1) the Board (or a majority of the outstanding shares of the Fund) and (2) a majority of the Trustees who are not interested persons of any party to the Advisory Agreement, in each case, cast in person at a meeting called for the purpose of voting on such approval. The Advisory Agreement may be terminated at any time, without penalty, by either party to the Advisory Agreement upon 60 days' written notice and is automatically terminated in the event of its "assignment," as defined in the 1940 Act.

With respect to the Fund, the Adviser has contractually agreed to reduce fees and/or pay the Fund's expenses (excluding Acquired Fund Fees and Expenses, interest expense in connection with investment activities, taxes and extraordinary expenses) in order to limit Net Annual Operating Expenses for shares of the Fund to 1.50% of the Fund's average net assets (the "Expense Cap"). The Expense Cap will remain in effect until at least November 30, 2018 for the Fund, and may continue thereafter for an indefinite period, as determined by the Board. The Adviser is permitted to be reimbursed for fee reductions and/or expense payments made in the prior three fiscal years. Any such reimbursement is subject to the Board's review and approval. This reimbursement may be requested by the Adviser if the aggregate amount actually paid by the Fund toward operating expenses for such fiscal year (taking into account the reimbursement) does not exceed the Expense Cap in place at the time.

PORTFOLIO MANAGER

James L. Callinan is responsible for the day-to-day management of the Fund. The following provides information regarding other accounts managed by the portfolio manager as of June 30, 2016. Asset amounts are approximate and have been rounded.

Category of Account	Total Number of Accounts Managed	Total Assets in Accounts Managed (in millions)	Number of Accounts for which Advisory Fee is Based on Performance	Assets in Accounts for which Advisory Fee is Based on Performance (in millions)
Other Registered Investment Companies	0	\$0	0	\$0
Other Pooled Investment Vehicles	1	\$60	0	\$0
Other Accounts	0	\$0	0	\$0

Individual compensation has been structured to promote a focus on the long-term, rather than the short-term and to align the portfolio manager's interests with those of fund shareholders. Investment professionals are compensated with a base salary, year-end bonuses, and equity. Bonuses are awarded on a discretionary basis to reflect a professional's recent job performance and the overall health of the firm. Equity is awarded based on each professional's contribution to long-term performance. Compensation is not specifically based on assets under management.

Mr. Callinan's compensation is a fixed salary that is determined after considering appropriate industry standards. His salary is not based on the performance of the Fund or the Fund's overall net assets. The portfolio manager receives discretionary bonuses that are not fixed. The discretionary bonus is determined by a subjective evaluation of, for example but without limitation to, the contribution to the performance of the Fund and other accounts that he may manage, his contributions to the quality of research and investment ideas generated by the Adviser, and the overall financial condition of the Adviser. He also participates in a retirement plan.

As of June 30, 2016, Mr. Callinan had over \$1 million invested in the Emerging Growth Partners Fund, L.P., which converted into the Fund as of the date of this SAI.

Actual or apparent material conflicts of interest may arise when the portfolio manager has day-to-day management responsibilities with respect to more than one investment account or in other circumstances. The portfolio manager may be presented with potential conflicts of interests in the allocation of investment opportunities, the allocation of his time and investment ideas and the allocation of aggregated orders among the Fund's accounts and other accounts managed by the portfolio manager, including among any affiliated client accounts, any accounts in which the portfolio manager may have personal investments.

The Adviser believes such inherent conflicts of interest in managing accounts for various clients are controlled and mitigated by the Adviser's Trade Allocation Policy, Code of Ethics and other compliance policies and procedures to which the portfolio manager is subject.

SERVICE PROVIDERS

Administrator, Fund Accountant, Transfer Agent and Dividend Disbursing Agent

Pursuant to an administration agreement (the "Administration Agreement"), U.S. Bancorp Fund Services, LLC ("USBFS"), 615 East Michigan Street, Milwaukee, Wisconsin 53202, acts as the administrator to the Fund. USBFS provides certain services to the Fund including, among other responsibilities, coordinating the negotiation of contracts and fees with, and the monitoring of performance and billing of, the Fund's independent contractors and agents; preparation for signature by an officer of the Trust of all documents required to be filed for compliance by the Trust and the Fund with applicable laws and regulations, excluding those of the securities laws of various states; arranging for the computation of performance data, including NAV and yield; responding to shareholder inquiries; and arranging for the maintenance of books and records of the Fund, and providing, at its own expense, office facilities, equipment and personnel necessary to carry out its duties. In this capacity, USBFS does not have any

responsibility or authority for the management of the Fund, the determination of investment policy or for any matter pertaining to the distribution of the Fund's shares.

Pursuant to the Administration Agreement, as compensation for its services, USBFS receives from the Fund, a fee based on the Fund's current average daily net assets. USBFS also is entitled to certain out-of-pocket expenses. USBFS also acts as fund accountant, transfer agent and dividend disbursing agent under separate agreements. Additionally, USBFS provides Chief Compliance Officer ("CCO") services to the Trust under a separate agreement. The cost of the CCO's services is charged to the Fund and approved by the Board annually.

Custodian

U.S. Bank National Association is the custodian of the assets of the Fund (the "Custodian") pursuant to a custody agreement between the Custodian and the Trust, whereby the Custodian provides for fees on a transactional basis plus out-of-pocket expenses. The Custodian's address is 1555 N. River Center Drive, Suite 302, Milwaukee, Wisconsin 53212. The Custodian does not participate in decisions relating to the purchase and sale of securities by the Fund. USBFS, the Custodian, and the Fund's principal underwriter are affiliated entities under the common control of U.S. Bancorp. The Custodian and its affiliates may participate in revenue sharing arrangements with the service providers of mutual funds in which the Fund may invest.

Independent Registered Public Accounting Firm and Legal Counsel

Tait, Weller & Baker LLP, 1818 Market Street, Suite 2400, Philadelphia, Pennsylvania 19103, is the independent registered public accounting firm for the Fund, providing audit services, tax services and assistance with respect to the preparation of filings with the U.S. Securities and Exchange Commission.

Schiff Hardin LLP, 666 Fifth Avenue, Suite 1700, New York, New York 10103, serves as legal counsel to the Trust.

EXECUTION OF PORTFOLIO TRANSACTIONS

Pursuant to the Advisory Agreement, the Adviser determines which securities are to be purchased and sold by the Fund and which broker-dealers are eligible to execute the Fund's portfolio transactions. Purchases and sales of equity securities will generally be executed with a broker on an agency basis.

Purchases of portfolio securities for the Fund also may be made directly from issuers or from underwriters. Where possible, purchase and sale transactions will be effected through dealers (including banks) that specialize in the types of securities that the Fund will be holding, unless better executions are available elsewhere. Dealers and underwriters often act as principal for their own accounts. Purchases from underwriters will include a concession paid by the issuer to the underwriter and purchases from dealers usually include a spread between the bid and the asked price. If the execution and price offered by more than one dealer or underwriter are comparable, the order may be allocated to the dealer(s) or underwriter(s) that have provided research or other services as discussed below.

In placing portfolio transactions, the Adviser will seek best execution. The full range and quality of services will be considered in making this determination, such as the size of the order, the difficulty of execution, the operational facilities of the firm involved, the firm's risk in positioning a block of securities, and other factors. In those instances where it is reasonably determined that more than one broker-dealer can offer the best execution, the Adviser considers such information, which is in addition to and not in lieu of the services required to be performed by it under its Advisory Agreement with the Fund, to be useful in varying degrees, but of indeterminable value. Portfolio transactions may be placed with broker-dealers who sell shares of the Fund subject to rules adopted by the Financial Industry Regulatory Authority ("FINRA") and the SEC.

While it is the Adviser's general policy to seek best execution in selecting a broker-dealer to execute portfolio transactions for the Fund, in accordance with Section 28(e) under the Securities and Exchange Act of 1934, when it is determined that more than one broker-dealer can deliver best execution, weight is also given to the ability of a broker-dealer to furnish brokerage and research services to the Fund or to the Adviser, even if the specific services are not directly useful to the Fund and may be useful to the Adviser in advising other clients. In negotiating commissions with a broker or evaluating the spread to be paid to a dealer, the Fund may therefore pay a higher commission or spread than would be the case if no weight were given to the furnishing of these supplemental services, provided that the amount of such commission or spread has been determined in good faith by the Adviser to be reasonable in relation to the value of the brokerage and/or research services provided by such broker-dealer. Additionally, in accordance with procedures adopted by the Trust, the Adviser may direct transactions to a broker-dealer with which it has an affiliation.

Investment decisions for the Fund are made independently from those of other client accounts or mutual funds managed or advised by the Adviser. Nevertheless, it is possible that at times identical securities will be acceptable for both the Fund and one or more of such client accounts or mutual funds. In such event, the position of the Fund and such client account(s) or mutual funds in the same issuer may vary and the length of time that each may choose to hold its investment in the same issuer may likewise vary. However, to the extent any of these client accounts or mutual funds seeks to acquire the same security as the Fund at the same time, the Fund may not be able to acquire as large a portion of such security as it desires, or it may have to pay a higher price or obtain a lower yield for such security. Similarly, the Fund may not be able to obtain as high a price for, or as large an execution of, an order to sell any particular security at the same time. If one or more of such client accounts or mutual funds simultaneously purchases or sells the same security that the Fund is purchasing or selling, each day's transactions in such security will be allocated between such Fund and all such client accounts or mutual funds in a manner deemed equitable by the Adviser, taking into account the respective sizes of the accounts and the amount being purchased or sold. It is recognized that in some cases this system could have a detrimental effect on the price or value of the security insofar as the Fund is concerned. In other cases, however, it is believed that the ability of the Fund to participate in volume transactions may produce better executions for the Fund.

The Fund does not effect securities transactions through brokers in accordance with any formula, nor do they effect securities transactions through brokers for selling shares of the Fund. However, as stated above, broker-dealers who execute brokerage transactions may effect purchase of shares of the Fund for their customers.

The Fund does not own securities of its regular broker dealers.

CAPITAL STOCK

Shares issued by the Fund have no preemptive, conversion or subscription rights. Shareholders have equal and exclusive rights as to dividends and distributions as declared by the Fund and to the net assets of the Fund upon liquidation or dissolution. The Fund, as a separate series of the Trust, votes separately on matters affecting only the Fund (*e.g.*, approval of the Advisory Agreement); all series of the Trust vote as a single class on matters affecting all series jointly or the Trust as a whole (*e.g.*, election or removal of Trustees). Voting rights are not cumulative, so that the holders of more than 50% of the shares voting in any election of Trustees can, if they so choose, elect all of the Trustees. While the Trust is not required and does not intend to hold annual meetings of shareholders, such meetings may be called by the Trustees in their discretion, or upon demand by the holders of 10% or more of the outstanding shares of the Trust, for the purpose of electing or removing Trustees.

DETERMINATION OF SHARE PRICE

The NAV per share of the Fund is normally determined as of the close of regular trading on the New York Stock Exchange (the “NYSE”) (generally, 4:00 p.m., Eastern time), each day the NYSE is open for trading. The NYSE annually announces the days on which it will not be open for trading. It is expected that the NYSE will not be open for trading on the following holidays: New Year’s Day, Martin Luther King, Jr. Day, Presidents’ Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Generally, the Fund’s investments are valued at market value or, in the absence of a market value, at fair value as determined in good faith by the Trust’s Valuation Committee pursuant to procedures approved by or under the direction of the Board. Pursuant to those procedures, the Valuation Committee considers, among other things: (1) the last sales price on the securities exchange, if any, on which a security is primarily traded; (2) the mean between the bid and asked prices; (3) price quotations from an approved pricing service, and (4) other factors as necessary to determine a fair value under certain circumstances.

Securities primarily traded on U.S. national or foreign securities exchanges for which market quotations are readily available shall be valued at either the last reported sale price on the day of valuation, or the exchange’s official closing price, if applicable. Securities and assets for which market quotations are not readily available (including restricted securities which are subject to limitations as to their sale) are valued at fair value as determined in good faith under procedures approved by or under the direction of the Board.

Debt securities are valued by using the evaluated mean price supplied by an approved pricing service. The independent pricing service may use various valuation methodologies including matrix pricing and other analytical pricing models as well as market transactions and dealer quotations. These models generally consider such factors as yields or prices of bonds of comparable quality, type of issue, coupon, maturity, ratings and general market conditions. In the absence of a price from a pricing service,

securities are valued at their respective fair values as determined in good faith by the Valuation Committee.

All other assets of the Fund are valued in such manner as the Board in good faith deems appropriate to reflect their fair value.

ADDITIONAL PURCHASE AND REDEMPTION INFORMATION

The information provided below supplements the information contained in the Fund's Prospectus regarding the purchase and redemption of Fund shares.

How to Buy Shares

The public offering price of Fund shares is its NAV. Shares are purchased at the public offering price next determined after USBFS receives your order in proper form as discussed in the Fund's Prospectus. In order to receive that day's public offering price, USBFS must receive your order in proper form before the close of regular trading on the NYSE, generally 4:00 p.m., Eastern time.

In addition to purchasing shares directly from the Fund, you may purchase shares of the Fund through certain financial intermediaries and their agents that have made arrangements with the Fund and are authorized to buy and sell shares of the Fund (collectively, "Financial Intermediaries"). Financial Intermediaries may have different investment minimum requirements than those outlined in the Prospectus. Additionally, Financial Intermediaries may aggregate multiple customer accounts to accumulate the requisite initial investment minimum. Investors should contact their Financial Intermediary directly for appropriate instructions, as well as information pertaining to accounts and any service or transaction fees that may be charged. If you transmit your order to these Financial Intermediaries before the close of regular trading on the NYSE (generally 4:00 p.m., Eastern time) on a day that the NYSE is open for business, your order will be priced at the Fund's NAV next computed after it is received by the Financial Intermediary. Investors should check with their Financial Intermediary to determine if it participates in these arrangements.

The Trust reserves the right in its sole discretion (i) to suspend the continued offering of the Fund's shares and (ii) to reject purchase orders in whole or in part when in the judgment of the Adviser or the distributor such rejection is in the best interest of the Fund. The Trust has granted limited authority to the Adviser to reduce or waive the minimum for initial and subsequent investments for certain fiduciary accounts or under circumstances where certain economies can be achieved in sales of the Fund's shares.

Automatic Investment Plan

As discussed in the Prospectus, the Fund provides an Automatic Investment Plan ("AIP") for the convenience of investors who wish to purchase shares of the Fund on a regular basis. All record keeping and custodial costs of the AIP are paid by the applicable Fund. The market value of the Fund's shares is subject to fluctuation. Prior to participating in the AIP, the investor should note that the AIP does not assure a profit nor protect against depreciation in declining markets.

How to Sell Shares and Delivery of Redemption Proceeds

You can sell your Fund shares any day the NYSE is open for regular trading. Payments to shareholders for shares of the Fund redeemed directly from the Fund will be made as promptly as possible, but no later than seven days after receipt by USBFS of the written request in proper form, with the appropriate documentation as stated in the Prospectus, except that the Fund may suspend the right of redemption or postpone the date of payment during any period when (a) trading on the NYSE is restricted as determined by the SEC or the NYSE; (b) an emergency exists as determined by the SEC making disposal of portfolio securities or valuation of net assets of the Fund not reasonably practicable; or (c) for such other period as the SEC may permit for the protection of the Fund's shareholders. Under unusual circumstances, the Fund may suspend redemptions or postpone payment for more than seven days but only as authorized by SEC rules.

The value of shares on redemption or repurchase may be more or less than the investor's cost, depending upon the market value of the Fund's portfolio securities at the time of redemption or repurchase.

Telephone and Internet Redemptions

Non retirement account shareholders with telephone and internet transactions privileges established on their account may redeem Fund shares by telephone or internet. Upon receipt of any instructions or inquiry by telephone or internet from a person claiming to be the shareholder, the Fund or its authorized agent may carry out the instructions and/or respond to the inquiry, consistent with the shareholder's previously established account service options. For joint accounts, instructions or inquiries from either party will be carried out without prior notice to the other account owners. In acting upon telephone instructions, the Fund and its agents use procedures that are reasonably designed to ensure that such instructions are genuine. These include recording all telephone calls, requiring pertinent information about the account and sending written confirmation of each transaction to the registered owner.

USBFS will employ these and other reasonable procedures to confirm that instructions communicated by telephone are genuine. If USBFS fails to employ reasonable procedures, the Fund and USBFS may be liable for any losses due to unauthorized or fraudulent instructions. If these procedures are followed, however, to the extent permitted by applicable law, neither the Fund nor its agents will be liable for any loss, liability, cost or expense arising out of any redemption request, including any fraudulent or unauthorized request. For additional information, contact USBFS.

During periods of unusual market changes and shareholder activity, you may experience delays in contacting USBFS by telephone. In this event, you may wish to submit a written redemption request, as described in the Prospectus or contact your investment representative. Telephone redemption privileges may be modified or terminated without notice.

Redemptions In-Kind

The Trust has filed an election under SEC Rule 18f-1 committing to pay in cash all redemptions by a shareholder of record up to amounts specified by the rule (in excess of

the lesser of (i) \$250,000 or (ii) 1% of the Fund's assets). The Fund has reserved the right to pay the redemption price of its shares in excess of the amounts specified by the rule, either totally or partially, by a distribution-in-kind of portfolio securities (instead of cash). The securities so distributed would be valued at the same amount as that assigned to them in calculating the net asset value for the shares being sold. If a shareholder receives a distribution in-kind, the shareholder could incur brokerage or other charges in converting the securities to cash and would bear any market risks associated with such securities until they are converted into cash. Distributions in-kind are taxable events for shareholders.

The Fund, like virtually all mutual funds, may from time to time hold a small percentage of securities that are illiquid. In the unlikely event the Fund were to elect to make an in-kind redemption, the Fund expects that it would follow the normal protocol of making such distribution by way of a pro rata distribution based on its entire portfolio. If the Fund held illiquid securities, such distribution may contain a pro rata portion of such illiquid securities or the Fund may determine, based on a materiality assessment, not to include illiquid securities in the in-kind redemption. The Fund does not anticipate that they would ever selectively distribute a greater than pro rata portion of any illiquid securities to satisfy a redemption request. If such securities are included in the distribution, shareholders may not be able to liquidate such securities and may be required to hold such securities indefinitely. Shareholders' ability to liquidate such securities distributed in-kind may be restricted by resale limitations or substantial restrictions on transfer imposed by the issuers of the securities or by law. Shareholders may only be able to liquidate such securities distributed in-kind at a substantial discount from their value, and there may be higher brokerage costs associated with any subsequent disposition of these securities by the recipient.

DISTRIBUTIONS AND TAX INFORMATION

Distributions

Dividends from net investment income and distributions from net profits from the sale of securities are generally made annually. Also, the Fund expects to distribute any undistributed net investment income on or about December 31 of each year. Any net capital gains realized through the twelve months ended October 31 of each year will also be distributed by December 31 of each year.

In February of each year, the Fund will issue to each shareholder a statement of the federal income tax status of all distributions made during the previous year. The form and character of each distribution will be specified by the Fund in a notice to shareholders.

Tax Information

Each series of the Trust is treated as a separate entity for federal income tax purposes. The Fund has elected and intends to continue to qualify to be treated as a “regulated investment company” under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”), and to comply with all applicable requirements regarding the source of its income, diversification of its assets and the timing and amount of its distributions. The Fund intends to conduct its operations such that it will not be liable for federal income or excise taxes on its taxable income and capital gains distributed to shareholders. It is the Fund’s policy to distribute to its shareholders all of its investment company taxable income and any net realized capital gains for each fiscal year in a manner that complies with the distribution requirements of the Code, so that the Fund will not be subject to any federal income or excise tax based on net income. However, the Fund can give no assurance that its distributions will be sufficient to eliminate all taxes in every year. To avoid the non-deductible 4% excise tax, the Fund must also distribute (or be deemed to have distributed) by December 31 of each calendar year (i) at least 98% of its ordinary income for such year, (ii) at least 98.2% of the excess of its realized capital gains over its realized capital losses for the one-year period ending on October 31 during such year and (iii) any amounts from the prior calendar year that were not distributed and on which the Fund has paid no federal income tax.

If the Fund does not qualify as a regulated investment company, it will be taxed as a regular corporation.

In order to qualify as a regulated investment company, the Fund must, among other things, derive at least 90% of its gross income each year from dividends, interest, payments with respect to loans of stock and securities, gains from the sale or other disposition of stock or securities or foreign currency gains related to investments in stock or securities, or other income (generally including gains from options, futures or forward contracts) derived with respect to the business of investing in stock, securities or currency, and net income derived from an interest in a qualified publicly traded partnership. The Fund also must satisfy the following two asset diversification tests. At the end of each quarter of each taxable year, (i) at least 50% of the value of the Fund’s total assets must be represented by cash and cash items (including receivables), U.S. Government securities, the securities of other regulated investment companies, and other securities, with such other securities being limited in respect of any one issuer to an amount not greater than 5% of the value of the Fund’s total assets and not more than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of the Fund’s total assets may be invested in the securities of any one issuer (other than U.S. Government securities or the securities of other regulated investment companies), the securities of any two or more issuers (other than the securities of other regulated investment companies) that the Fund controls (by owning 20% or more of their outstanding voting stock) and that are determined to be engaged in the same or similar trades or businesses or related trades or businesses, or the securities of one or more qualified publicly traded partnerships. The Fund also must distribute each taxable year sufficient dividends to its shareholders to claim a dividends-paid deduction equal to at least the sum of 90% of the Fund’s investment company taxable income (which generally includes dividends, interest, and the excess of net short-term capital gain over net long-term capital loss) and 90% of the Fund’s net tax-exempt interest, if any.

The Fund's ordinary income generally consists of interest and dividend income, less expenses. Net realized capital gains for a fiscal period are computed by taking into account any capital loss carryforward of the Fund.

Distributions of net investment income and net short-term capital gains are taxable to shareholders as ordinary income. The Fund may make taxable distributions to shareholders even during periods in which the share price has declined. For individual shareholders, a portion of the distributions paid by the Fund may be qualified dividends eligible under current law for taxation at long-term capital gain rates to the extent the Fund reports the amount distributed as a qualifying dividend and holding period requirements are met. In the case of corporate shareholders, a portion of the distributions may qualify for the intercorporate dividends-received deduction to the extent the Fund reports the amount distributed as a qualifying dividend. The aggregate amount so reported to either individual or corporate shareholders cannot, however, exceed the aggregate amount of qualifying dividends received by the applicable Fund for its taxable year. The deduction, if any, may be reduced or eliminated if Fund shares held by an individual investor are held fewer than 61 days, or if Fund shares held by a corporate investor are treated as debt-financed or are held for fewer than 46 days. Shareholders who acquired their shares in the Fund in the tax-free conversion will have a holding period in their Fund shares that is the same as the holding period of the portfolio securities that were transferred to the Fund in such conversion.

The Fund may be subject to foreign withholding taxes on dividends and interest earned with respect to securities of foreign corporations.

Under the Code, the Fund will be required to report to the Internal Revenue Service all distributions of ordinary income and capital gains as well as gross proceeds from the redemption of Fund shares, except in the case of exempt shareholders, which includes most corporations. Pursuant to the backup withholding provisions of the Code, distributions of any taxable income and capital gains and proceeds from the redemption of Fund shares may be subject to withholding of federal income tax (currently at a rate of 28%) in the case of non-exempt shareholders who fail to furnish the Fund with their taxpayer identification numbers and with required certifications regarding their status under the federal income tax law. If the backup withholding provisions are applicable, any such distributions and proceeds, whether taken in cash or reinvested in additional shares, will be reduced by the amounts required to be withheld. Corporate and other exempt shareholders should provide the Fund with their taxpayer identification numbers or certify their exempt status in order to avoid possible erroneous application of backup withholding. The Fund reserves the right to refuse to open an account for any person failing to certify the person's taxpayer identification number. Backup withholding is not an additional tax and any amounts withheld may be credited to a taxpayer's ultimate U.S. federal income tax liability if proper documentation is supplied.

In addition to the federal income tax, certain individuals, trusts and estates may be subject to a Medicare surtax of 3.8%. The Medicare surtax is imposed on the lesser of: (i) the taxpayer's investment income, net of deductions properly allocable to such income or (ii) the amount by which the taxpayer's modified adjusted gross income exceeds certain thresholds (\$250,000 for married individuals filing jointly, \$200,000 for unmarried individuals and \$125,000 for married individuals filing separately). The Fund's distributions are includable in a shareholder's investment income for purposes of this Medicare tax. In addition, any capital gain realized by a shareholder upon a sale or

redemption of Fund shares is includable in such shareholder's investment income for purposes of this Medicare tax.

The foregoing discussion of U.S. federal income tax law relates solely to the application of that law to U.S. citizens or residents and U.S. domestic corporations, partnerships, trusts and estates.

Each shareholder who is not a U.S. person should consider the U.S. and foreign tax consequences of ownership of shares of the Fund, including the possibility that such a shareholder may be subject to a U.S. withholding tax at a rate of 30 percent (or at a lower rate under an applicable income tax treaty) on amounts constituting ordinary income.

The Foreign Account Tax Compliance Act ("FATCA"). A 30% withholding tax on the Fund's distributions, including capital gains distributions, and on gross proceeds from the sale or other disposition of shares of the Fund generally applies if paid to a foreign entity unless: (i) if the foreign entity is a "foreign financial institution," it undertakes certain due diligence, reporting, withholding and certification obligations, (ii) if the foreign entity is not a "foreign financial institution," it identifies certain of its U.S. investors or (iii) if the foreign entity is otherwise excepted under FATCA. If applicable, and subject to any intergovernmental agreement, withholding under FATCA is required: (i) generally with respect to distributions from the Fund; and (ii) with respect to certain capital gains distributions and gross proceeds from a sale or disposition of Fund shares that occur on or after January 1, 2019. If withholding is required under FATCA on a payment related to your shares, investors that otherwise would not be subject to withholding (or that otherwise would be entitled to a reduced rate of withholding) on such payment generally will be required to seek a refund or credit from the IRS to obtain the benefits of such exemption or reduction. The Fund will not pay any additional amounts in respect to amounts withheld under FATCA. You should consult your tax advisor regarding the effect of FATCA based on your individual circumstances.

The foregoing discussion of federal tax law is based on existing provisions of the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions, all of which are subject to change. Any such changes could affect the validity of this discussion. The Fund does not base its investment decisions primarily on tax considerations. The foregoing discussion represents only a general summary of tax law and practice currently applicable to the Fund and certain shareholders therein and, as such, is subject to change. In particular, the consequences of an investment in shares of the Fund under the laws of any state, local or foreign taxing jurisdictions are not discussed herein. The Fund does not plan to seek a ruling from the IRS or an opinion of counsel with respect to any tax matters. Each prospective investor should consult his or her own tax adviser to determine the correct application of tax law and practice in his or her own particular circumstances.

The advice herein was prepared for the Fund. Any person reviewing this discussion should seek advice based on such person's particular circumstances from an independent tax adviser.

PRINCIPAL UNDERWRITER AND DISTRIBUTOR

Quasar Distributors, LLC, 615 East Michigan Street, Milwaukee, Wisconsin 53202 (“Quasar”), serves as principal underwriter and distributor for shares of the Fund in a continuous public offering of the Fund’s shares. Pursuant to a distribution agreement between the Fund and Quasar, Quasar provides certain administration services and promotes and arranges for the sale of the Fund’s shares. Quasar is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of FINRA.

After the initial two-year period, the distribution agreement continues in effect for periods not exceeding one year if approved at least annually by (i) the Board or the vote of a majority of the outstanding shares of the applicable Fund (as defined in the 1940 Act) and (ii) a majority of the Trustees who are not interested persons of any such party, in each case cast in person at a meeting called for the purpose of voting on such approval. The agreement may be terminated without penalty by the parties thereto upon 60 days’ written notice, and is automatically terminated in the event of its assignment as defined in the 1940 Act.

Sub-Accounting Service Fees

In addition to the fees that the Fund may pay to its Transfer Agent, the Board has authorized the Fund to pay service fees, at the annual rate of up to 0.10% of applicable average net assets or \$35 per account, to intermediaries such as banks, broker-dealers, financial advisers or other financial institutions, including affiliates of the Adviser, for sub-administration, sub-transfer agency, recordkeeping (collectively, “sub-accounting services”) and other shareholder services associated with shareholders whose shares are held of record in omnibus, networked, or other group accounts or accounts traded through registered securities clearing agents. Any sub-accounting fees paid by the Fund are included in the total amount of “Other Expenses” listed in the Fund’s Fees and Expenses table in the Prospectus.

MARKETING AND SUPPORT PAYMENTS

The Adviser, out of its own resources and without additional cost to the Fund or its shareholders, may provide additional cash payments or other compensation to certain financial intermediaries who sell shares of the Fund. Such payments may be divided into categories as follows:

Support Payments

Payments may be made by the Adviser to certain Financial Intermediaries in connection with the eligibility of the Fund to be offered in certain programs and/or in connection with meetings between the Fund’s representatives and Financial Intermediaries and their sales representatives. The Adviser may make cash payments to Financial Intermediaries for providing shareholder servicing, marketing and support and/or access to sales meetings, sales representatives and management representatives of the Financial Intermediaries. Such meetings may be held for various purposes, including providing education and training about the Fund and other general financial topics to assist Financial Intermediaries’ sales representatives in making informed recommendations to, and decisions on behalf of, their clients. Cash compensation may

also be paid to Financial Intermediaries for inclusion of the Fund on a sales list, including a preferred or select sales list, in other sales programs or as an expense reimbursement in cases where the Financial Intermediary provides shareholder services to the Fund's shareholders. The Fund's Adviser may also pay cash compensation in the form of finder's fees that vary depending on the Fund and the dollar amount of the shares sold.

The Adviser has agreements with a number of firms to pay such Support Payments, which are structured in three ways: (1) as a percentage of net sales; (2) as a percentage of net assets; and/or (3) a per account flat fee.

Entertainment, Conferences and Events

The Adviser also may pay cash or non-cash compensation to sales representatives of financial intermediaries in the form of (1) occasional gifts; (2) occasional meals, tickets or other entertainment; and/or (3) sponsorship support for the financial intermediary's client seminars and cooperative advertising. In addition, the Adviser may pay for exhibit space or sponsorships at regional or national events of financial intermediaries.

The prospect of receiving, or the receipt of additional payments or other compensation as described above by financial intermediaries may provide such intermediaries and/or their salespersons with an incentive to favor sales of shares of the Fund, and other mutual funds whose affiliates make similar compensation available, over sales of shares of mutual funds (or non-mutual fund investments) not making such payments. You may wish to take such payment arrangements into account when considering and evaluating any recommendations relating to mutual funds.

FINANCIAL STATEMENTS

Because the Fund recently commenced operations, there are no financial statements available at this time. Shareholders of the Fund will be informed of the Fund's progress through periodic reports when those reports become available. Financial statements certified by the Fund's independent public accounting firm will be submitted to shareholders at least annually.

The Predecessor Fund's unaudited financials and Schedules of Investments for the period January 1, 2016 through June 30, 2016 are included below as Appendix B, followed by the Predecessor Fund's financial statements for the periods ended December 31, 2015 and 2014 included as Appendices C and D. The December 2015 and 2014 information has been audited by Marcum LLP, the independent auditor for the Predecessor Fund at December 31, 2015 and December 31, 2014.

APPENDIX A

DESCRIPTION OF SECURITIES RATINGS

Short-Term Credit Ratings

A **Standard & Poor's** short-term issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation having an original maturity of no more than 365 days. The following summarizes the rating categories used by Standard & Poor's for short-term issues:

"A-1" – A short-term obligation rated "A-1" is rated in the highest category and indicates that the obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

"A-2" – A short-term obligation rated "A-2" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

"A-3" – A short-term obligation rated "A-3" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

"B" – A short-term obligation rated "B" is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

"C" – A short-term obligation rated "C" is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

"D" – A short-term obligation rated "D" is in default or in breach of an imputed promise. For non-hybrid capital instruments, the "D" rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The "D" rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to "D" if it is subject to a distressed exchange offer.

Local Currency and Foreign Currency Risks – Standard & Poor's issuer credit ratings make a distinction between foreign currency ratings and local currency ratings. An issuer's foreign currency rating will differ from its local currency rating when the obligor has a different capacity to meet its obligations denominated in its local currency, vs. obligations denominated in a foreign currency.

Moody's Investors Service ("Moody's") short-term ratings are forward-looking opinions of the relative credit risks of financial obligations with an original maturity of thirteen months or less and reflect the likelihood of a default on contractually promised payments. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments.

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

"P-1" – Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

"P-2" – Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

"P-3" – Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

"NP" – Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Fitch, Inc. / Fitch Ratings Ltd. ("Fitch") short-term issuer or obligation rating is based in all cases on the short-term vulnerability to default of the rated entity or security stream and relates to the capacity to meet financial obligations in accordance with the documentation governing the relevant obligation. Short-term ratings are assigned to obligations whose initial maturity is viewed as "short-term" based on market convention. Typically, this means up to 13 months for corporate, sovereign and structured obligations, and up to 36 months for obligations in U.S. public finance markets. The following summarizes the rating categories used by Fitch for short-term obligations:

"F1" – Securities possess the highest short-term credit quality. This designation indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

"F2" – Securities possess good short-term credit quality. This designation indicates good intrinsic capacity for timely payment of financial commitments.

"F3" – Securities possess fair short-term credit quality. This designation indicates that the intrinsic capacity for timely payment of financial commitments is adequate.

"B" – Securities possess speculative short-term credit quality. This designation indicates minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.

"C" – Securities possess high short-term default risk. Default is a real possibility.

"RD" – Restricted default. Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Typically applicable to entity ratings only.

"D" – Default. Indicates a broad-based default event for an entity, or the default of a short-term obligation.

The **DBRS® Ratings Limited ("DBRS")** short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner. Ratings are based on quantitative and qualitative considerations relevant to the issuer and the relative ranking of claims. The R-1 and R-2 rating categories are further denoted by the sub-categories "(high)", "(middle)", and "(low)".

The following summarizes the ratings used by DBRS for commercial paper and short-term debt:

“R-1 (high)” - Short-term debt rated “R-1 (high)” is of the highest credit quality. The capacity for the payment of short-term financial obligations as they fall due is exceptionally high. Unlikely to be adversely affected by future events.

“R-1 (middle)” – Short-term debt rated “R-1 (middle)” is of superior credit quality. The capacity for the payment of short-term financial obligations as they fall due is very high. Differs from “R-1 (high)” by a relatively modest degree. Unlikely to be significantly vulnerable to future events.

“R-1 (low)” – Short-term debt rated “R-1 (low)” is of good credit quality. The capacity for the payment of short-term financial obligations as they fall due is substantial. Overall strength is not as favorable as higher rating categories. May be vulnerable to future events, but qualifying negative factors are considered manageable.

“R-2 (high)” – Short-term debt rated “R-2 (high)” is considered to be at the upper end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events.

“R-2 (middle)” – Short-term debt rated “R-2 (middle)” is considered to be of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events or may be exposed to other factors that could reduce credit quality.

“R-2 (low)” – Short-term debt rated “R-2 (low)” is considered to be at the lower end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events. A number of challenges are present that could affect the issuer’s ability to meet such obligations.

“R-3” – Short-term debt rated “R-3” is considered to be at the lowest end of adequate credit quality. There is a capacity for the payment of short-term financial obligations as they fall due. May be vulnerable to future events and the certainty of meeting such obligations could be impacted by a variety of developments.

“R-4” – Short-term debt rated “R-4” is considered to be of speculative credit quality. The capacity for the payment of short-term financial obligations as they fall due is uncertain.

“R-5” – Short-term debt rated “R-5” is considered to be of highly speculative credit quality. There is a high level of uncertainty as to the capacity to meet short-term financial obligations as they fall due.

“D” – Short-term debt rated “D” is assigned when the issuer has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to satisfy an obligation after the exhaustion of grace periods, a downgrade to “D” may occur. DBRS may also use “SD” (Selective Default) in cases where only some securities are impacted, such as the case of a “distressed exchange”.

Long-Term Credit Ratings

The following summarizes the ratings used by *Standard & Poor’s* for long-term issues:

“AAA” – An obligation rated “AAA” has the highest rating assigned by Standard & Poor’s. The obligor’s capacity to meet its financial commitment on the obligation is extremely strong.

“AA” – An obligation rated “AA” differs from the highest-rated obligations only to a small degree. The obligor’s capacity to meet its financial commitment on the obligation is very strong.

“A” – An obligation rated “A” is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor’s capacity to meet its financial commitment on the obligation is still strong.

“BBB” – An obligation rated “BBB” exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

“BB,” “B,” “CCC,” “CC” and “C” – Obligations rated “BB,” “B,” “CCC,” “CC” and “C” are regarded as having significant speculative characteristics. “BB” indicates the least degree of speculation and “C” the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

“BB” – An obligation rated “BB” is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor’s inadequate capacity to meet its financial commitment on the obligation.

“B” – An obligation rated “B” is more vulnerable to nonpayment than obligations rated “BB”, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor’s capacity or willingness to meet its financial commitment on the obligation.

“CCC” – An obligation rated “CCC” is currently vulnerable to nonpayment, and is dependent upon favorable business, financial and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

“CC” – An obligation rated “CC” is currently highly vulnerable to nonpayment. The “CC” rating is used when a default has not yet occurred, but Standard & Poor’s expects default to be a virtual certainty, regardless of the anticipated time to default.

“C” – An obligation rated “C” is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared to obligations that are rated higher.

“D” – An obligation rated “D” is in default or in breach of an imputed promise. For non-hybrid capital instruments, the “D” rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor’s believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The “D” rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation’s rating is lowered to “D” if it is subject to a distressed exchange offer.

Plus (+) or minus (-) – The ratings from “AA” to “CCC” may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

“NR” – This indicates that no rating has been requested, or that there is insufficient information on which to base a rating, or that Standard & Poor’s does not rate a particular obligation as a matter of policy.

Local Currency and Foreign Currency Risks - Standard & Poor’s issuer credit ratings make a distinction between foreign currency ratings and local currency ratings. An issuer’s foreign currency rating will differ from its local currency rating when the obligor has a different

capacity to meet its obligations denominated in its local currency, vs. obligations denominated in a foreign currency.

Moody's long-term ratings are forward-looking opinions of the relative credit risks of financial obligations with an original maturity of one year or more. Such ratings reflect both the likelihood of default on contractually promised payments and the expected financial loss suffered in the event of default. The following summarizes the ratings used by Moody's for long-term debt:

"Aaa" – Obligations rated "Aaa" are judged to be of the highest quality, subject to the lowest level of credit risk.

"Aa" – Obligations rated "Aa" are judged to be of high quality and are subject to very low credit risk.

"A" – Obligations rated "A" are judged to be upper-medium grade and are subject to low credit risk.

"Baa" – Obligations rated "Baa" are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

"Ba" – Obligations rated "Ba" are judged to be speculative and are subject to substantial credit risk.

"B" – Obligations rated "B" are considered speculative and are subject to high credit risk.

"Caa" – Obligations rated "Caa" are judged to be speculative of poor standing and are subject to very high credit risk.

"Ca" – Obligations rated "Ca" are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

"C" – Obligations rated "C" are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from "Aa" through "Caa." The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

The following summarizes long-term ratings used by **Fitch**:

"AAA" – Securities considered to be of the highest credit quality. "AAA" ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

"AA" – Securities considered to be of very high credit quality. "AA" ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

"A" – Securities considered to be of high credit quality. "A" ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

"BBB" – Securities considered to be of good credit quality. "BBB" ratings indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments

is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

“BB” – Securities considered to be speculative. “BB” ratings indicate that there is an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met.

“B” – Securities considered to be highly speculative. “B” ratings indicate that material credit risk is present.

“CCC” – A “CCC” rating indicates that substantial credit risk is present.

“CC” – A “CC” rating indicates very high levels of credit risk.

“C” – A “C” rating indicates exceptionally high levels of credit risk.

Defaulted obligations typically are not assigned “RD” or “D” ratings, but are instead rated in the “B” to “C” rating categories, depending upon their recovery prospects and other relevant characteristics. Fitch believes that this approach better aligns obligations that have comparable overall expected loss but varying vulnerability to default and loss.

Plus (+) or minus (-) may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the “AAA” obligation rating category, or to corporate finance obligation ratings in the categories below “CCC”.

The **DBRS** long-term rating scale provides an opinion on the risk of default. That is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. All rating categories other than AAA and D also contain subcategories “(high)” and “(low)”. The absence of either a “(high)” or “(low)” designation indicates the rating is in the middle of the category. The following summarizes the ratings used by DBRS for long-term debt:

“AAA” - Long-term debt rated “AAA” is of the highest credit quality. The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events.

“AA” – Long-term debt rated “AA” is of superior credit quality. The capacity for the payment of financial obligations is considered high. Credit quality differs from “AAA” only to a small degree. Unlikely to be significantly vulnerable to future events.

“A” – Long-term debt rated “A” is of good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than “AA.” May be vulnerable to future events, but qualifying negative factors are considered manageable.

“BBB” – Long-term debt rated “BBB” is of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.

“BB” – Long-term debt rated “BB” is of speculative, non-investment grade credit quality. The capacity for the payment of financial obligations is uncertain. Vulnerable to future events.

“B” – Long-term debt rated “B” is of highly speculative credit quality. There is a high level of uncertainty as to the capacity to meet financial obligations.

“CCC”, “CC” and “C” – Long-term debt rated in any of these categories is of very highly speculative credit quality. In danger of defaulting on financial obligations. There is little

difference between these three categories, although “CC” and “C” ratings are normally applied to obligations that are seen as highly likely to default, or subordinated to obligations rated in the “CCC” to “B” range. Obligations in respect of which default has not technically taken place but is considered inevitable may be rated in the “C” category.

“D” – A security rated “D” is assigned when the issuer has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to satisfy an obligation after the exhaustion of grace periods, a downgrade to “D” may occur. DBRS may also use “SD” (Selective Default) in cases where only some securities are impacted, such as the case of a “distressed exchange”.

Municipal Note Ratings

A **Standard & Poor’s** U.S. municipal note rating reflects Standard & Poor’s opinion about the liquidity factors and market access risks unique to the notes. Notes due in three years or less will likely receive a note rating. Notes with an original maturity of more than three years will most likely receive a long-term debt rating. In determining which type of rating, if any, to assign, Standard & Poor’s analysis will review the following considerations:

- Amortization schedule - the larger the final maturity relative to other maturities, the more likely it will be treated as a note; and
- Source of payment - the more dependent the issue is on the market for its refinancing, the more likely it will be treated as a note.

Municipal Short-Term Note rating symbols are as follows:

“SP-1” – A municipal note rated “SP-1” exhibits a strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation.

“SP-2” – A municipal note rated “SP-2” exhibits a satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes.

“SP-3” – A municipal note rated “SP-3” exhibits a speculative capacity to pay principal and interest.

Moody’s uses the Municipal Investment Grade (“MIG”) scale to rate U.S. municipal bond anticipation notes of up to three years maturity. Municipal notes rated on the MIG scale may be secured by either pledged revenues or proceeds of a take-out financing received prior to note maturity. MIG ratings expire at the maturity of the obligation, and the issuer’s long-term rating is only one consideration in assigning the MIG rating. MIG ratings are divided into three levels – “MIG-1” through “MIG-3” while speculative grade short-term obligations are designated “SG”. The following summarizes the ratings used by Moody’s for short-term municipal obligations:

“MIG-1” – This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.

“MIG-2” – This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.

“MIG-3” – This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.

“SG” – This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

“NR” – Is assigned to an unrated obligation.

In the case of variable rate demand obligations (“VRDOs”), a two-component rating is assigned: a long or short-term debt rating and a demand obligation rating. The first element represents Moody’s evaluation of risk associated with scheduled principal and interest payments. The second element represents Moody’s evaluation of risk associated with the ability to receive purchase price upon demand (“demand feature”). The second element uses a rating from a variation of the MIG rating scale called the Variable Municipal Investment Grade or “VMIG” scale. The rating transitions on the VMIG scale differ from those on the Prime scale to reflect the risk that external liquidity support generally will terminate if the issuer’s long-term rating drops below investment grade.

VMIG rating expirations are a function of each issue’s specific structural or credit features.

“VMIG-1” – This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

“VMIG-2” – This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

“VMIG-3” – This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

“SG” – This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

“NR” – Is assigned to an unrated obligation.

About Credit Ratings

A **Standard & Poor’s** issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects Standard & Poor’s view of the obligor’s capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

Moody’s credit ratings must be construed solely as statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities.

Fitch’s credit ratings provide an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Fitch credit ratings are used by investors as indications of the likelihood of receiving the money owed to them in accordance with the terms on which they invested. Fitch’s

credit ratings cover the global spectrum of corporate, sovereign (including supranational and sub-national), financial, bank, insurance, municipal and other public finance entities and the securities or other obligations they issue, as well as structured finance securities backed by receivables or other financial assets.

DBRS credit ratings are opinions based on the quantitative and qualitative analysis of information sourced and received by DBRS, which information is not audited or verified by DBRS. Ratings are not buy, hold or sell recommendations and they do not address the market price of a security. Ratings may be upgraded, downgraded, placed under review, confirmed and discontinued.

APPENDIX B

EMERGING GROWTH PARTNERS, L.P.

FINANCIAL STATEMENTS (UNAUDITED)

JUNE 30, 2016

EMERGING GROWTH PARTNERS, L.P.

CONTENTS

Financial Statements (Unaudited)

Statement of Assets, Liabilities and Partners' Capital	1
Schedule of Investments	2-3
Statement of Operations.....	4
Statement of Changes in Partners' Capital	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-18

EMERGING GROWTH PARTNERS, L.P.

STATEMENT OF ASSETS, LIABILITIES AND PARTNERS' CAPITAL (UNAUDITED)

JUNE 30, 2016

Assets

Investments in securities, at fair value (cost of \$41,915,602)	\$ 50,839,023
Cash	337
Deposits with and receivables from broker, net	9,432,697
Dividends receivable	<u>6,540</u>

Total Assets \$ 60,278,597

Liabilities and Partners' Capital

Liabilities

Withdrawals payable	\$ 750,000
Professional fees payable	20,848
Administration fees payable	9,751
Other fees payable	<u>3,210</u>

Total Liabilities 783,809

Partners' Capital 59,494,788

Total Liabilities and Partners' Capital \$ 60,278,597

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

SCHEDULE OF INVESTMENTS (UNAUDITED)

JUNE 30, 2016

Description	Shares	Percent of Partners' Capital	Cost	Fair Value
Investments in Securities				
Common Stock				
United States				
Communications				
Fireeye Inc.	37,000	1.02 %	\$ 603,418	\$ 609,390
Grubhub Inc.	35,700	1.86	858,086	1,109,199
Gtt Communications Inc.	100,000	3.11	1,654,847	1,848,000
Match Group Inc.	85,000	2.15	1,302,794	1,281,375
Pandora Media Inc.	10,000	0.21	123,863	124,500
Q2 Holdings Inc.	81,800	3.85	2,033,128	2,292,036
Ringcentral Inc	80,000	2.65	1,648,262	1,577,600
The Rubicon Project Inc.	55,625	1.28	810,857	759,281
Yelp Inc.	66,000	3.38	1,419,911	2,003,760
Total Communications		<u>19.51</u>	<u>10,455,166</u>	<u>11,605,141</u>
Consumer, Cyclical				
Cavco Industries Inc.	19,757	3.11	1,766,121	1,851,231
Chuy's Holdings Inc.	75,000	4.36	2,498,694	2,595,750
Total Consumer, Cyclical		<u>7.47</u>	<u>4,264,815</u>	<u>4,446,981</u>
Consumer, Non-cyclical				
Adeptus Health Inc.	17,570	1.53	1,061,959	907,666
Centene Corp	35,108	4.21	1,562,110	2,505,658
Cynosure Inc.	44,978	3.68	2,005,887	2,187,955
Lendingtree Inc.	19,000	2.82	1,557,735	1,678,270
Nevro Corp	28,020	3.47	1,918,244	2,066,755
Nxstage Medical Inc.	102,632	3.74	1,611,475	2,225,062
Zeltiq Aesthetics Inc.	93,174	4.28	1,781,699	2,546,445
Zillow Group Inc.	20,000	1.23	573,829	733,000
Total Consumer, Non-cyclical		<u>24.96</u>	<u>12,072,938</u>	<u>14,850,811</u>
Financial				
Pra Group Inc.	30,005	1.22	703,798	724,321
Square Inc.	150,000	2.28	1,392,880	1,357,500
Total Financial		<u>3.50</u>	<u>2,096,678</u>	<u>2,081,821</u>

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

SCHEDULE OF INVESTMENTS (CONTINUED) (UNAUDITED)

JUNE 30, 2016

Description	Shares	Percent of Partners' Capital	Cost	Fair Value
Industrial				
Middleby Corp	24,144	4.68 %	\$ 1,213,168	\$ 2,782,596
Trex Company Inc.	21,584	1.63	744,051	969,553
Total Industrial		<u>6.31</u>	<u>1,957,219</u>	<u>3,752,149</u>
Technology				
Ambarella Inc.	20,000	1.71	818,480	1,016,200
Benefitfocus Inc.	23,000	1.47	775,779	876,760
Callidus Software Inc.	94,900	3.19	1,525,996	1,896,102
Cyberark Software Ltd.	53,000	4.33	2,083,205	2,575,270
Epam Systems Inc.	34,242	3.70	1,171,948	2,202,104
Inphi Corp	92,414	4.98	2,426,830	2,960,020
Monolithic Power Systems Inc.	37,700	4.32	2,266,548	2,575,664
Total Technology		<u>23.70</u>	<u>11,068,786</u>	<u>14,102,120</u>
Total Common Stock		<u>85.45</u>	<u>41,915,602</u>	<u>50,839,023</u>
Total Investments in Securities		<u>85.45 %</u>	<u>\$ 41,915,602</u>	<u>\$ 50,839,023</u>

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

Investment Income

Dividend income (net of withholding tax of \$0) \$ 34,071

Expenses

Management fees 310,237
Administration fees 41,558
Professional fees 13,348
Operating fees 9,798
Other fees 800

Total Expenses

375,741

Net Investment Loss

(341,670)

Realized and Unrealized Gains/(Losses) From Investments

Net realized gain from investments 617,518

Net change in unrealized depreciation on investments (1,813,399)

Net Realized and Unrealized Loss from Investments

(1,195,881)

Net Loss

\$(1,537,551)

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

STATEMENT OF CHANGES IN PARTNERS' CAPITAL (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

	General Partner	Limited Partners	Total
Partner's Capital – January 1, 2016	\$ 62,090	\$ 66,107,779	\$ 66,169,869
Capital contributions	100,000	49,970	149,970
Capital withdrawals	-	(5,287,500)	(5,287,500)
Allocation of net income (loss):			
Pro-rata allocation	11,417	(1,548,968)	(1,537,551)
Partner's Capital - June 30, 2016	<u>\$ 173,507</u>	<u>\$ 59,321,281</u>	<u>\$ 59,494,788</u>

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

Cash Flows From Operating Activities

Net loss		\$ (1,537,551)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Purchase of investments	(55,289,882)	
Proceeds from sale of investments	58,672,892	
Net realized (gain) from investments	(617,518)	
Net change in unrealized depreciation on investments	1,813,399	
Changes in operating assets and liabilities:		
Due from broker, net	1,340,782	
Dividends receivable	15,008	
Professional fees payable	(6,652)	
Administration fees payable	(1,913)	
Other fees payable	(698)	

Total Adjustments		<u>5,925,418</u>
-------------------	--	------------------

Net Cash Provided by Operating Activities		<u>4,387,867</u>
--	--	------------------

Cash Flows From Financing Activities

Capital contributions	149,970	
Capital withdrawals	(4,537,500)	

Net Cash Used in Financing Activities		<u>(4,387,530)</u>
--	--	--------------------

Net Increase in Cash		<u>337</u>
-----------------------------	--	------------

Cash – January 1, 2016		<u>-</u>
------------------------	--	----------

Cash – June 30, 2016		<u>\$ 337</u>
----------------------	--	---------------

Supplemental Disclosures of Cash Flow Information

Current year withdrawals not paid		\$ 750,000
-----------------------------------	--	------------

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 1 - NATURE OF PARTNERSHIP

ORGANIZATION

Emerging Growth Partners, L.P. (the “Partnership”) was formed as a limited partnership, pursuant to the Delaware Revised Uniform Limited Partnership Act on December 16, 2009 and commenced operations on March 24, 2010. The Partnership’s principal place of business is San Francisco, California. The Partnership was formed for the purpose of purchasing, holding, selling and investing, on margin or otherwise, securities and financial instruments of United States and foreign entities of emerging growth companies, and engaging in activities and transactions as the General Partner deems advisable. The Partnership’s investment objective is capital appreciation. The Partnership shall continue indefinitely, provided however, the Partnership shall be dissolved upon the occurrence of any events set forth in the Limited Partnership Agreement (the “Agreement”).

The Partnership is not registered as an investment company and is not subject to the investment restrictions limitations on transactions with affiliates and other provisions of the Investment Company Act of 1940, as amended (the “Company Act”), in reliance upon an exemption from such registration provided in Section 3(c)(7) of the Company Act.

GENERAL PARTNER

Callinan Asset Management, LLC (“CAM”) is the “General Partner” of the Partnership. The General Partner has control and authority with respect to the management of the Partnership’s business. The limited partners are not involved in the control, management or operation of the Partnership.

Prior to April 1, 2016, the General Partner also served as the investment manager (the “Investment Manager”) of the Partnership pursuant to an investment management agreement (the “Investment Management Agreement”). As such, the Investment Manager was responsible for implementing the investment program of the Partnership, the day-to-day management of the Partnership, and the performance of administrative and oversight functions with respect to the Partnership. CAM is exempt from registration with the SEC as an investment adviser under the Adviser’s Act of 1940, as amended (the “Advisers Act”), and exempt from registration as an investment adviser in the state of California.

On April 1 2016, Jim Callinan, a member of the Investment Manager, CAM, joined San Francisco-based Osterweis Capital Management (“OCM”). OCM is an employee-owned investment adviser which manages mutual funds and separately managed accounts. Jim Callinan retains his position as the portfolio manager of the Partnership through his employment at OCM, and CAM remains the General Partner of the Partnership.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 1 - NATURE OF PARTNERSHIP (CONTINUED)

CAM appointed OCM as the investment adviser, effective April 1, 2016. With this appointment, the Partnership executed an investment advisory agreement which shares the 1% management fee on a 50% basis between CAM and OCM. Under the investment advisory agreement OCM is responsible for implementing the investment program of the Partnership. In conjunction with this change, the Partnership offered the Limited Partners an opportunity to redeem from the Partnership.

The General Partner intends to convert the Partnership into a registered mutual fund during 2016, subject to the requisite approval of the limited partners and satisfaction of various regulatory requirements such as the registration of the new mutual fund into which the Partnership would convert. In relation to this possible conversion, the General Partner and OCM are discussing the potential acquisition by OCM of the General Partner's advisory business.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Partnership in the preparation of its financial statements. The policies are in conformity with United States generally accepted accounting principles ("U.S. GAAP"), which require management to make estimates and assumptions that affect the reported amounts, contingent assets and liabilities, and disclosures in the financial statements. Actual results could differ from those estimates. Adjustments or additional disclosures, if any, have been included in these financial statements. The Partnership qualifies as an investment company, as defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946 *Financial Services – Investment Companies* and, therefore, is applying the specialized accounting and reporting guidance in ASC Topic 946.

PORTFOLIO VALUATION

All investments are recorded at their estimated fair value, as described in Note 3.

SCHEDULE OF INVESTMENTS

The industry classifications included in the schedule of investments represent management's belief as to the most meaningful presentation of the classification of the Partnership's investments.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENT TRANSACTIONS, INCOME AND EXPENSE

All securities transactions are recorded on a trade-date basis. Realized gains or losses on dispositions of investments represent the difference between the original cost of the investment, based on the specific identification method, and the proceeds received from the sale. The Partnership applies a fair value accounting policy to its investments with changes in unrealized gains and losses recognized in the statement of operations as a component of net unrealized gain (loss). Interest income and expense are recorded on the accrual basis. Dividend income and expense are recorded on the ex-dividend dates. These dividends are recorded as soon as the Partnership is informed of the ex-dividend date. Dividend income on foreign securities is recorded net of any applicable withholding tax.

FOREIGN CURRENCY

All assets and liabilities denominated in foreign currencies are translated into U.S. Dollar amounts at the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. Dollar amounts on the respective dates of such transactions. The Partnership does not separately account for that portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses on investments.

INCOME TAXES

The Partnership is not subject to income taxes in any jurisdiction. Each partner is responsible for the tax liability, if any, related to its proportionate share of the Partnership's taxable income. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Certain foreign securities held by the Partnership may be subject to foreign taxation on gains, dividends and interest income received. Foreign taxes, if any, are recorded based on the tax laws in the applicable foreign jurisdictions. For all open tax years and for all major taxing jurisdictions, the General Partner has concluded that the Partnership is a pass-through entity and there are no uncertain tax positions that would require recognition in the financial statements. If the Partnership were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

No interest expense or penalties have been recognized as of or for the six months ended June 30, 2016. The General Partner does not expect that its assessment regarding unrecognized tax benefits will materially change over the next 12 months. However, the General Partner's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof, as well as other factors including but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with U.S., State, and Foreign income tax laws, and changes in administrative practices and precedents of the relevant taxing authorities. Generally, Federal, State and Local authorities may examine the Partnership's tax returns for three years from the date of filing and the current and prior three tax years remain subject to examination as of June 30, 2016.

CAPITAL WITHDRAWALS PAYABLE

The Partnership recognizes withdrawals as liabilities, net of incentive allocations, when the amount requested in the withdrawal represents a fixed, determinable obligation. This may generally occur either at the time of the receipt of the notice, or on the last day of a fiscal period, depending on the nature of the request. Withdrawals paid after the end of the period, but based upon period-end capital balances, are reflected as withdrawals payable at June 30. Withdrawal notices received for which the dollar amount is not fixed results in capital not being recognized as a liability until the dollar amount is determined.

DUE FROM BROKER, NET

Due from broker, net includes cash balances held, receivables and payables from unsettled trades, and margin borrowings. Certain amounts due from the broker may be restricted to the extent they serve as deposits for securities sold short. The Partnership had no margin borrowings outstanding as of June 30, 2016. At June 30, 2016, due from broker includes \$10,059,341 in a money market fund and net payables of \$1,747,501 related to unsettled trades.

In the normal course of business, substantially all of the Partnership's securities transactions, money balances, and securities positions are transacted with the Partnership's prime broker, Cowen Prime Services, LLC ("Cowen"), formerly known as Conifer Securities, LLC. The Partnership is subject to credit risk to the extent any broker with which it conducts business is unable to fulfill contractual obligations on its behalf. The Partnership's management monitors the financial condition of such brokers and does not anticipate any losses from these counterparties.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

There are risks involved in dealing with the custodians or prime brokers who settle trades. Under certain circumstances, including certain transactions where the Partnership's assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the broker, or where the Partnership's assets are held at a non-U.S. broker, the securities and other assets deposited with the custodian or broker may be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing the Partnership's rights to its assets in the case of an insolvency of any such party.

The Partnership maintains a custody account with its prime broker and primary custodian. There is no guarantee that the Partnership's custodian, or any other custodian that the Partnership may use from time to time, will not become insolvent. While both U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Partnership assets, the Partnership would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both. Because substantially all of the Partnership's assets are held in custody with a single broker, such losses could be significant and could materially impair the ability of the Partnership to achieve its investment objective.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Partnership follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Partnership's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Partnership's investments and are summarized in the following fair value hierarchy:

- Level 1 - Valuations based on quoted prices for investments in active markets that the Partnership has the ability to access at the measurement date. Valuation adjustments and block discounts are not applied to Level 1 investments.
- Level 2 - Valuations based on other significant observable inputs (including quoted prices for similar securities, quoted prices in markets that are not active, interest rates, prepayment speeds, credit risks, etc.) Investments whose values are classified as Level 2 prices include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

- Level 3 - Valuations based on significant unobservable inputs (including the Partnership's own assumptions in determining the fair value of investments). Investments whose values are classified as Level 3 prices have significant unobservable inputs, as they may trade infrequently or not at all.

Securities and assets for which market quotations are not readily available are fair valued as determined by the General Partner. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Partnership's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Partnership uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy. Fair value pricing may be used where: (i) a security is illiquid (restricted securities); (ii) the market or exchange for a security is closed on an ordinary trading day and no other market prices are available; (iii) the security is so thinly traded that there have been no transactions in the stock over an extended period; or (iv) the validity of a market quotation received is questionable. In addition, fair value pricing will be used if emergency or unusual situations have occurred, such as when trading of a security on an exchange is suspended; or when an event occurs after the close of the exchange on which the security is principally traded that is likely to have changed the value of the security.

The use of valuation techniques and the availability of observable inputs can vary from security to security and is affected by a wide variety of factors and other characteristics particular to the transaction. As a general principle, the current fair value of an issue of securities being valued by the General Partner would be the amount which the owner might reasonably expect to receive for them upon their current sale. Good faith pricing is permitted if, in the General Partner's opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before a Fund's NAV calculation that may affect a security's value, or the General Partner is aware of any other data that calls into question the reliability of market quotations. Good faith pricing may also be used in instances when the securities the Partnership invests in may default or otherwise cease to have market quotations readily available.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed, and the differences could be material. Accordingly, the degree of judgment exercised by the Partnership in determining fair value is greatest for securities categorized in Level 3. In certain cases, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The valuation techniques used to measure fair value for the six months ended June 30, 2016 maximized the use of observable inputs and minimized the use of unobservable inputs.

The following are the classes of assets and liabilities measured at fair value on a recurring basis during the six months ended June 30, 2016, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

Description	Level 1	Level 2	Level 3	Total
Assets:				
Due from broker, net –				
Money market fund	\$ 10,059,341	\$ --	\$ --	\$ 10,059,341
Investments in securities –				
Common Stocks ^(a)	<u>50,839,023</u>	<u>--</u>	<u>--</u>	<u>50,839,023</u>
Total Assets	<u>\$ 60,898,364</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 60,898,364</u>

^(a) Additional information regarding the industry classification and/or geographical location of these investments is disclosed in the schedule of investments.

During the six months ended June 30, 2016, the Partnership did not have any transfers in or out of Level 3. The Partnership's policy is to recognize transfers in and transfers out as of the end of the period.

A description of the valuation techniques applied to the Partnership's major classes of assets measured at fair value on a recurring basis follows.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES AND INPUTS

Equity Securities

Portfolio securities that are traded on any stock exchange are generally valued by a pricing service at the last quoted sale price. When using the market quotations or close prices provided by the pricing service and when the market is considered active, the security will be classified as a Level 1 security. Sometimes, an equity security owned by a Partnership will be valued by the pricing service with factors other than market quotations or when the market is considered inactive or valued by reference to similar instruments. When this happens, the security will be classified as a Level 2 security. When market quotations are not readily available, when the General Partner determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when certain restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the General Partner. These securities will be categorized as Level 3 securities.

Investments in mutual funds, including money market mutual funds, are generally priced at the ending net asset value (NAV) provided by the service agent of the funds. These securities will be categorized as Level 1 securities.

There were no non-marketable securities fair valued by the General Partner as of or for the six months ended June 30, 2016.

NOTE 4 - PARTNERSHIP TERMS AND RELATED PARTY TRANSACTIONS

MANAGEMENT FEES

In October 2012, the Partnership entered into an agreement with the General Partner (which is also the Investment Manager), to provide certain investment management services to the Partnership. In exchange for services provided, the Investment Manager receives a quarterly management fee from each Limited Partner equal to approximately 0.25 % (1.00 % annually) of its capital account, payable quarterly in advance and calculated on the first day of each quarter. The Investment Manager may reduce or waive the management fee with respect to one or more Limited Partners for any period of time or agree to apply a different management fee for that Limited Partner. On April 1, 2016, the Partnership executed an investment advisory agreement which shares the 1% management fee on a 50% basis between the General Partner and the Investment Adviser. For the six months ended June 30, 2016, the Partnership incurred management fees of \$310,237.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 4 - PARTNERSHIP TERMS AND RELATED PARTY TRANSACTIONS (CONTINUED)

CONCENTRATION OF PARTNERS

At June 30, 2016, 3 limited partners affiliated with the General Partner accounted for \$31,619,180, or approximately 53% of outstanding limited partners' capital at June 30, 2016. Three limited partners with capital balances larger than 10% accounted for approximately 80% of outstanding limited partners' capital at June 30, 2016.

ADMINISTRATOR

Conifer Asset Solutions LLC, (the "Administrator") serves as the Partnership's administrator and performs certain administrative and clerical services on behalf of the Partnership.

NOTE 5 - CONTRIBUTIONS, WITHDRAWALS AND ALLOCATIONS

CONTRIBUTIONS

Capital contributions of cash and/or marketable securities (upon the discretion of the General Partner) may be made on the first day of each month and at any other time at the discretion of the General Partner. The minimum initial investment of a Limited Partner is \$1,000,000, although, the General Partner has the discretion to accept lesser amounts.

WITHDRAWALS

A Limited Partner may withdraw, in whole or in part, the amount in its capital account as of the last business day of any month by providing 14 days prior written notice to the General Partner.

Withdrawals may be in cash or in kind, upon the discretion of the General Partner. Partial withdrawals must be in minimum increments of \$100,000 and may not reduce a Limited Partner's capital account below \$1,000,000 except by the consent of the General Partner.

If the General Partner ceases to be involved as a portfolio manager of the Partnership, the General Partner will promptly notify the Limited Partners of such occurrence. Each Limited Partner will have a special right of withdrawal, which may be exercised in whole or in part by written notice to the General Partner at any time within 45 days after delivery of the notice referred to in the preceding sentence.

The Partnership may limit or suspend withdrawals or redemptions by investors, at the sole discretion of the General Partner.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 5 - CONTRIBUTIONS, WITHDRAWALS AND ALLOCATIONS (CONTINUED)

ALLOCATION OF NET PROFITS AND LOSS

Net profit or loss (which include unrealized and realized gains and losses) for each fiscal period is allocated and charged in proportion to each partner's capital account in proportion to their respective ownership percentage as of the beginning of such fiscal period. Profits and losses from new issues (if any) are allocated among the partners at the discretion that the Investment Manager determines is appropriate. When allocating new issues, the Investment Manager takes into consideration among other things, the rules of the Financial Industry Regulatory Authority (FINRA), and any restrictions or limitations imposed by the broker-dealer from which the Partnership is purchasing such new issues.

DISTRIBUTIONS

The Partnership does not distribute its net investment income and net realized gains.

NOTE 6 - OFF-BALANCE SHEET AND OTHER RISKS

CONCENTRATION OF CREDIT RISK

The Partnership maintains its cash at one major financial institution, which is insured by the Securities Investor Protection Corporation ("SIPC"). The cash and securities held at the broker are in excess of the maximum amount insured by the SIPC at June 30, 2016. Credit risk represents the potential loss that the Partnership would incur if the broker or a counterparty failed to perform pursuant to the terms of its agreement with the Partnership. The Partnership is exposed to credit risk in connection with its prime brokerage positions and transactions.

FINANCIAL INSTRUMENTS

In the normal course of its business, the Partnership enters into various financial transactions with off-balance sheet risk where the risk of potential loss due to changes in the market (market risk) or failure of the other party to the transaction to perform (credit risk) or changes in foreign exchange rates (currency risk) exceeds the related amounts recorded. These transactions give rise to varying degrees of market, credit and currency risk depending on the counterparties used, trading strategies employed and fluctuations in the values of the underlying financial instruments or currencies. The Partnership is also exposed to interest rate risk when there is an unfavorable change in the value of investments as a result of adverse movements in the market interest rates.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 6 - OFF-BALANCE SHEET AND OTHER RISKS (CONTINUED)

LIQUIDITY RISK

Liquidity risk arises in the general funding of the Partnership's trading activities. It includes the risks of not being able to fund trading activities at settlement dates and liquidate positions in a timely manner at a reasonable price. Generally, the financial instruments can be closed out at the discretion of the General Partner. An illiquid or closed market, however, could prevent the close out of positions.

FOREIGN SECURITIES/EMERGING MARKET RISK

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities. Investing in emerging markets may accentuate these risks.

BUSINESS AND REGULATORY RISKS OF NON-REGISTERED FUNDS

Legal, tax and regulatory changes could occur during the term of the Partnership that may adversely affect the Partnership. The regulatory environment for non-registered funds is evolving, and changes in the regulation of non-registered funds may adversely affect the value of investments held by the Partnership and the ability of the Partnership to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on the Partnership could be substantial and adverse.

NOTE 7 - GUARANTEES

In the normal course of its operations, the Partnership enters into contracts and agreements that contain indemnifications and warranties. The Partnership's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Partnership that have not yet occurred. However, the Partnership has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016

NOTE 8 - FINANCIAL HIGHLIGHTS

Financial highlights for the six months ended June 30, 2016 are as follows:

Total Return:

Total return (1.94) %

Ratio to Average Limited Partners' Capital:

Operating expenses 0.63 %

Net Investment Loss (0.57) %

Financial highlights are calculated for the Limited Partner class taken as a whole. An individual Limited Partner's return and ratios may vary based on different management fees and the timing of capital transactions.

Total return is computed using a time-weighted methodology whereby the returns for individual accounting periods are geometrically linked and pro-forma allocations are taken into account. The ratios are computed using a weighted-average of the Limited Partners' capital for the six months ended June 30, 2016.

APPENDIX C

EMERGING GROWTH PARTNERS, L.P.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

EMERGING GROWTH PARTNERS, L.P.

CONTENTS

Independent Auditors' Report	1-2
---	-----

Financial Statements

Statement of Assets, Liabilities and Partners' Capital	3
Schedule of Investments	4-5
Statement of Operations.....	6
Statement of Changes in Partners' Capital	7
Statement of Cash Flows	8

Notes to Financial Statements	9-20
--	------

INDEPENDENT AUDITORS' REPORT

To the Partners of
Emerging Growth Partners, L.P.

Report on the Financial Statements

We have audited the accompanying financial statements of Emerging Growth Partners, L.P. (the "Partnership"), which comprise the statement of assets, liabilities, and partners' capital including the schedule of investments, as of December 31, 2015, and the related statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emerging Growth Partners, L.P. as of December 31, 2015, and the results of its operations, changes in its partners' capital and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, effective April 1, 2016, the General Partner of the Partnership intends to voluntarily dissolve the Partnership and replace it with separately managed accounts and a mutual fund during 2016. Investors were given the option to withdraw all or part of their capital account balance as of March 31, 2016. Our opinion is not modified with respect to that matter.

As discussed in Note 9(c) to the financial statements, subsequent to April 22, 2016 the General Partner and Investment Manager have further developed plans to convert the Partnership into a registered mutual fund, subject to the requisite approval of the limited partners and satisfaction of various regulatory requirements such as the registration of the new mutual fund into which the Partnership would convert. During August 2016 in connection with the potential conversion of the Partnership into a registered mutual fund, management revised its previously presented condensed schedule of investments to provide a detailed schedule of investments as of December 31, 2015. The detailed schedule of investments is prepared in accordance with the reporting requirements for a registered mutual fund. The revisions to the previously presented condensed schedule of investments did not change the amounts of previously reported partners' capital or net loss resulting from operations and did not change the amounts of investments reported in total or by type, industry or geographical location. Our opinion is not modified with respect to that matter.

San Francisco, CA

April 22, 2016, except for the schedule of investments and Note 9(c), as to which the date is August 25, 2016

EMERGING GROWTH PARTNERS, L.P.

STATEMENT OF ASSETS, LIABILITIES AND PARTNERS' CAPITAL

DECEMBER 31, 2015

Assets

Investments in securities, at fair value (cost of \$44,681,094)	\$ 55,417,914
Due from broker, net	10,773,479
Dividends receivable	<u>21,548</u>

Total Assets \$ 66,212,941

Liabilities and Partners' Capital

Liabilities

Professional fees payable	\$ 27,500
Administration fees payable	11,664
Other fees payable	<u>3,908</u>

Total Liabilities 43,072

Partners' Capital 66,169,869

Total Liabilities and Partners' Capital \$ 66,212,941

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

SCHEDULE OF INVESTMENTS (Revised – see note 9(c))

DECEMBER 31, 2015

Description	Shares	Percent Of Partners' Capital	Cost	Fair Value
Investments in Securities				
Common Stock				
United States				
Communications				
Gtt Communications Inc.	52,972	1.37 %	\$ 1,032,012	\$ 903,702
Healthstream Inc.	85,733	2.85	2,345,755	1,886,126
Q2 Holdings Inc.	65,000	2.59	1,740,869	1,714,050
Ringcentral Inc.	28,200	1.00	674,482	664,956
The Rubicon Project Inc.	100,625	2.50	1,624,606	1,655,281
Ubiquiti Networks Inc.	38,300	1.83	1,130,494	1,213,727
Yelp Inc.	31,753	1.39	954,123	914,486
Total Communications		<u>13.53</u>	<u>9,502,341</u>	<u>8,952,328</u>
Consumer, Cyclical				
Allegiant Travel Company	12,000	3.04	2,072,780	2,013,960
Gentherm Inc.	35,000	2.51	1,669,625	1,659,000
Total Consumer, Cyclical		<u>5.55</u>	<u>3,742,405</u>	<u>3,672,960</u>
Consumer, Non-cyclical				
Centene Corp	47,108	4.69	2,107,536	3,100,177
Diplomat Pharmacy Inc.	40,000	2.07	1,065,742	1,368,800
Examworks Group Inc.	81,126	3.26	2,472,222	2,157,952
Inogen Inc.	46,000	2.79	1,459,729	1,844,140
Intersect Ent Inc.	77,145	2.62	1,586,346	1,735,763
LendingTree Inc.	39,902	5.38	1,888,290	3,562,451
Nxstage Medical Inc.	90,002	2.98	1,596,401	1,971,944
Zeltiq Aesthetics Inc.	114,174	4.92	2,167,071	3,257,384
Total Consumer, Non-cyclical		<u>28.71</u>	<u>14,343,337</u>	<u>18,998,611</u>
Energy				
Flotek Industries Inc.	30,000	0.52	334,733	343,200

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

SCHEDULE OF INVESTMENTS (Revised – see note 9(c))

DECEMBER 31, 2015

Description	Shares	Percent Of Partners' Capital	Cost	Fair Value
Financial				
Amtrust Financial Services	53,359	4.97 %	\$ 1,026,489	\$ 3,285,847
Blackhawk Network Holdings I	39,703	2.65	1,675,837	1,755,270
Bofi Holding Inc.	149,467	4.75	2,987,503	3,146,280
Pra Group Inc.	70,011	3.67	2,056,126	2,428,682
Total Financial		<u>16.04</u>	<u>7,745,955</u>	<u>10,616,079</u>
Industrial				
Middleby Corp	24,144	3.94	1,213,168	2,604,413
Technology				
Cyberark Software Ltd/Israel	40,000	2.73	1,714,721	1,805,600
Epam Systems Inc.	35,342	4.20	763,048	2,778,588
Inphi Corp	100,014	4.08	2,770,904	2,702,378
Monolithic Power Systems Inc.	27,700	2.67	1,667,182	1,764,767
Synaptics Inc.	14,675	1.78	883,300	1,178,990
Total Technology		<u>15.46</u>	<u>7,799,155</u>	<u>10,230,323</u>
Total Common Stock		<u>83.75</u>	<u>44,681,094</u>	<u>55,417,914</u>
Total Investments in Securities		<u>83.75 %</u>	<u>\$ 44,681,094</u>	<u>\$ 55,417,914</u>

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

Investment Income

Dividend income (net of withholding tax of \$108) \$ 72,185

Expenses

Management fees	\$ 718,492
Administration fees	83,237
Professional fees	29,344
Operating fees	22,890
Other fees	<u>8,892</u>

Total Expenses

862,855

Net Investment Loss

(790,670)

Realized and Unrealized Gains/(Losses) From Investments

Net realized gain from investments	7,944,443
Net change in unrealized appreciation on investments	<u>(7,312,533)</u>

Net Realized and Unrealized Gain from Investments

631,910

Net Loss

\$ (158,760)

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

STATEMENT OF CHANGES IN PARTNERS' CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General Partner</u>	<u>Limited Partners</u>	<u>Total</u>
Partner's Capital – January 1, 2015	\$ 61,660	\$ 68,254,341	\$ 68,316,001
Capital contributions		1,400,000	1,400,000
Capital withdrawals		(3,387,372)	(3,387,372)
Allocation of net loss: Pro-rata allocation	<u>430</u>	<u>(159,190)</u>	<u>(158,760)</u>
Partner's Capital - December 31, 2015	<u>\$ 62,090</u>	<u>\$ 66,107,779</u>	<u>\$ 66,169,869</u>

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows From Operating Activities

Net loss		\$ (158,760)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Purchase of investments	\$ (105,711,652)	
Proceeds from sale of investments	108,612,496	
Net realized (gain) from investments	(7,944,443)	
Net change in unrealized appreciation on investments	7,312,533	
Changes in operating assets and liabilities:		
Due from broker, net	(139,304)	
Due from General Partner	16,657	
Dividends receivable	(8,208)	
Administration fees payable	6,002	
Other fees payable	1,682	
Total Adjustments		<u>2,145,763</u>
Net Cash Provided by Operating Activities		1,987,003
Cash Flows From Financing Activities		
Capital contributions	1,400,000	
Capital withdrawals	<u>(3,387,372)</u>	
Net Cash Used in Financing Activities		\$ (1,987,372)
Net Decrease in Cash		(369)
Cash – January 1, 2015		<u>369</u>
Cash – December 31, 2015		<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 - NATURE OF PARTNERSHIP

ORGANIZATION

Emerging Growth Partners, L.P. (the “Partnership”) was formed as a limited partnership, pursuant to the Delaware Revised Uniform Limited Partnership Act on December 16, 2009 and commenced operations on March 24, 2010. The Partnership’s principal place of business is San Francisco, California. The Partnership was formed for the purpose of purchasing, holding, selling and investing, on margin or otherwise, securities and financial instruments of United States and foreign entities of emerging growth companies, and engaging in activities and transactions as the General Partner deems advisable. The Partnership’s investment objective is capital appreciation. The Partnership shall continue indefinitely, provided however, the Partnership shall be dissolved upon the occurrence of any events set forth in the Limited Partnership Agreement (the “Agreement”).

The Partnership is not registered as an investment company and is not subject to the investment restrictions limitations on transactions with affiliates and other provisions of the Investment Company Act of 1940, as amended (the “Company Act”), in reliance upon an exemption from such registration provided in Section 3(c)(7) of the Company Act.

GENERAL PARTNER

Callinan Asset Management, LLC (“CAM”) is the “General Partner” of the Partnership. The General Partner has control and authority with respect to the management of the Partnership’s business. The limited partners are not involved in the control, management or operation of the Partnership.

The General Partner also serves as the investment manager (the “Investment Manager”) of the Partnership pursuant to an investment management agreement (the “Investment Management Agreement”). The Investment Manager is responsible for implementing the investment program of the Partnership, the day-to-day management of the Partnership, and the performance of administrative and oversight functions with respect to the Partnership. The Investment Manager is exempt from registration with the SEC as an investment adviser under the Adviser’s Act of 1940, as amended (the “Advisers Act”). The Investment Manager is exempt from registration as an investment adviser in the state of California.

On April 1, 2016, Jim Callinan, a member of the Investment Manager, CAM, joined San Francisco-based Osterweis Capital Management (“OCM”). OCM is an employee-owned investment adviser and manages approximately \$8 billion in assets spread across mutual funds and separately managed accounts. CAM remains the General Partner of the Partnership, but has appointed OCM as the investment adviser, effective April 1, 2016. Jim Callinan will retain his position as the portfolio manager of the Partnership through his employment at OCM.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 - NATURE OF PARTNERSHIP (CONTINUED)

As part of this transition, the Partnership will have access, through Jim Callinan's employment at OCM, to OCM's larger scale trading platforms, industry conferences and research services. Based on this transition to OCM, the General Partner intends to voluntarily dissolve the Partnership and replace it with separately managed accounts and a mutual fund during 2016. On April 1, 2016, the Partnership executed an investment advisory agreement which shares the 1% management fee on a 50% basis between CAM and OCM until the Partnership is formally dissolved. Investors were given the option to withdraw all or part of their capital account balance as of March 31, 2016, by notifying CAM.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Partnership in the preparation of its financial statements. The policies are in conformity with United States generally accepted accounting principles ("U.S. GAAP"), which require management to make estimates and assumptions that affect the reported amounts, contingent assets and liabilities, and disclosures in the financial statements. Actual results could differ from those estimates. Management has considered the circumstances under which the Partnership should recognize or make disclosures regarding events or transactions occurring subsequent to the date of the statement of assets, liabilities, and partners' capital through April 22, 2016 which represents the date the financial statements were available to be issued. Adjustments or additional disclosures, if any, have been included in these financial statements. The Partnership qualifies as an investment company, as defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946 *Financial Services – Investment Companies* and, therefore, is applying the specialized accounting and reporting guidance in ASC Topic 946.

PORTFOLIO VALUATION

All investments are recorded at their estimated fair value, as described in Note 3.

SCHEDULE OF INVESTMENTS

The industry classifications included in the schedule of investments represent management's belief as to the most meaningful presentation of the classification of the Partnership's investments.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENT TRANSACTIONS, INCOME AND EXPENSE

All securities transactions are recorded on a trade-date basis. Realized gains or losses on dispositions of investments represent the difference between the original cost of the investment, based on the specific identification method, and the proceeds received from the sale. The Partnership applies a fair value accounting policy to its investments with changes in unrealized gains and losses recognized in the statement of operations as a component of net unrealized gain (loss). Interest income and expense are recorded on the accrual basis. Dividend income and expense are recorded on the ex-dividend dates. These dividends are recorded as soon as the Partnership is informed of the ex-dividend date. Dividend income on foreign securities is recorded net of any applicable withholding tax.

FOREIGN CURRENCY

All assets and liabilities denominated in foreign currencies are translated into U.S. Dollar amounts at the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. Dollar amounts on the respective dates of such transactions. The Partnership does not separately account for that portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses on investments.

INCOME TAXES

The Partnership is not subject to income taxes in any jurisdiction. Each partner is responsible for the tax liability, if any, related to its proportionate share of the Partnership's taxable income. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Certain foreign securities held by the Partnership may be subject to foreign taxation on gains, dividends and interest income received. Foreign taxes, if any, are recorded based on the tax laws in the applicable foreign jurisdictions. For all open tax years and for all major taxing jurisdictions, the General Partner has concluded that the Partnership is a pass-through entity and there are no uncertain tax positions that would require recognition in the financial statements. If the Partnership were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

No interest expense or penalties have been recognized as of or for the period ended December 31, 2015. The General Partner does not expect that its assessment regarding unrecognized tax benefits will materially change over the next 12 months. However, the General Partner's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof, as well as other factors including but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with U.S., State, and Foreign income tax laws, and changes in administrative practices and precedents of the relevant taxing authorities. Generally, Federal, State and Local authorities may examine the Partnership's tax returns for three years from the date of filing and the current and prior three years remain subject to examination as of December 31, 2015.

CAPITAL WITHDRAWALS PAYABLE

The Partnership recognizes withdrawals as liabilities, net of incentive allocations, when the amount requested in the withdrawal represents a fixed, determinable obligation. This may generally occur either at the time of the receipt of the notice, or on the last day of a fiscal period, depending on the nature of the request. Withdrawals paid after the end of the year, but based upon year-end capital balances, are reflected as withdrawals payable at December 31. Withdrawal notices received for which the dollar amount is not fixed results in capital not being recognized as a liability until the dollar amount is determined.

DUE FROM BROKER, NET

Due from broker, net includes cash balances held, receivables and payables from unsettled trades, and margin borrowings. Certain amounts due from the broker may be restricted to the extent they serve as deposits for securities sold short. The Partnership had no margin borrowings outstanding as of December 31, 2015. At December 31, 2015, due from broker includes \$13,671,698 in a money market fund, \$34,705 of cash in its margin account, and net payables of \$2,932,913 related to unsettled trades.

In the normal course of business, substantially all of the Partnership's securities transactions, money balances, and securities positions are transacted with the Partnership's prime broker, Cowen Prime Services, LLC ("Cowen"), formerly known as Conifer Securities, LLC. Through September 29, 2015, Cowen cleared the Partnership's securities transactions through J.P. Morgan Clearing Corp. Effective September 30, 2015, Cowen cleared the Partnership's securities transactions through Pershing, LLC. The Partnership is subject to credit risk to the extent any broker with which it conducts business is unable to fulfill contractual obligations on its behalf. The Partnership's management monitors the financial condition of such brokers and does not anticipate any losses from these counterparties.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

There are risks involved in dealing with the custodians or prime brokers who settle trades. Under certain circumstances, including certain transactions where the Partnership's assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the broker, or where the Partnership's assets are held at a non-U.S. broker, the securities and other assets deposited with the custodian or broker may be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing the Partnership's rights to its assets in the case of an insolvency of any such party.

The Partnership maintains a custody account with its prime broker and primary custodian. There is no guarantee that the Partnership's custodian, or any other custodian that the Partnership may use from time to time, will not become insolvent. While both U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Partnership assets, the Partnership would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both. Because substantially all of the Partnership's assets are held in custody with a single broker, such losses could be significant and could materially impair the ability of the Partnership to achieve its investment objective.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Partnership follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Partnership's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Partnership's investments and are summarized in the following fair value hierarchy:

- Level 1 - Valuations based on quoted prices for investments in active markets that the Partnership has the ability to access at the measurement date. Valuation adjustments and block discounts are not applied to Level 1 investments.
- Level 2 - Valuations based on other significant observable inputs (including quoted prices for similar securities, quoted prices in markets that are not active, interest rates, prepayment speeds, credit risks, etc.) Investments whose values are classified as Level 2 prices include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

- Level 3 - Valuations based on significant unobservable inputs (including the Partnership's own assumptions in determining the fair value of investments). Investments whose values are classified as Level 3 prices have significant unobservable inputs, as they may trade infrequently or not at all.

Securities and assets for which market quotations are not readily available are fair valued as determined by the General Partner. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Partnership's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Partnership uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy. Fair value pricing may be used where: (i) a security is illiquid (restricted securities); (ii) the market or exchange for a security is closed on an ordinary trading day and no other market prices are available; (iii) the security is so thinly traded that there have been no transactions in the stock over an extended period; or (iv) the validity of a market quotation received is questionable. In addition, fair value pricing will be used if emergency or unusual situations have occurred, such as when trading of a security on an exchange is suspended; or when an event occurs after the close of the exchange on which the security is principally traded that is likely to have changed the value of the security.

The use of valuation techniques and the availability of observable inputs can vary from security to security and is affected by a wide variety of factors and other characteristics particular to the transaction. As a general principle, the current fair value of an issue of securities being valued by the General Partner would be the amount which the owner might reasonably expect to receive for them upon their current sale. Good faith pricing is permitted if, in the General Partner's opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before a Fund's NAV calculation that may affect a security's value, or the General Partner is aware of any other data that calls into question the reliability of market quotations. Good faith pricing may also be used in instances when the securities the Partnership invests in may default or otherwise cease to have market quotations readily available.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed, and the differences could be material. Accordingly, the degree of judgment exercised by the Partnership in determining fair value is greatest for securities categorized in Level 3. In certain cases, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The valuation techniques used to measure fair value for the year ended December 31, 2015 maximized the use of observable inputs and minimized the use of unobservable inputs.

The following are the classes of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2015, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

Description	Level 1	Level 2	Level 3	Total
Assets:				
Due from broker, net –				
Money market fund	\$ 13,671,698	\$ --	\$ --	\$ 13,671,698
Investments in securities –				
Common Stocks ^(a)	<u>55,417,914</u>	<u>--</u>	<u>--</u>	<u>55,417,914</u>
Total Assets	<u>\$ 69,089,612</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 69,089,612</u>

^(a) Additional information regarding the industry classification and/or geographical location of these investments is disclosed in the schedule of investments.

During the year ended December 31, 2015, the Partnership did not have any transfers in or out of Level 3. The Partnership's policy is to recognize transfers in and transfers out as of the end of the period.

A description of the valuation techniques applied to the Partnership's major classes of assets measured at fair value on a recurring basis follows.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

VALUATION TECHNIQUES AND INPUTS

Equity Securities

Portfolio securities that are traded on any stock exchange are generally valued by a pricing service at the last quoted sale price. When using the market quotations or close prices provided by the pricing service and when the market is considered active, the security will be classified as a Level 1 security. Sometimes, an equity security owned by a Partnership will be valued by the pricing service with factors other than market quotations or when the market is considered inactive or valued by reference to similar instruments. When this happens, the security will be classified as a Level 2 security. When market quotations are not readily available, when the General Partner determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when certain restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the General Partner. These securities will be categorized as Level 3 securities.

Investments in mutual funds, including money market mutual funds, are generally priced at the ending net asset value (NAV) provided by the service agent of the funds. These securities will be categorized as Level 1 securities.

There were no non-marketable securities fair valued by the General Partner as of or for the year ended December 31, 2015.

NOTE 4 - PARTNERSHIP TERMS AND RELATED PARTY TRANSACTIONS

MANAGEMENT FEES

The Partnership has entered into an agreement with the General Partner (which is also the Investment Manager) to provide certain investment management services to the Partnership. In exchange for services provided, the Investment Manager receives a quarterly management fee from each Limited Partner equal to approximately 0.25 % (1.00 % annually) of its capital account, payable quarterly in advance and calculated on the first day of each quarter. The Investment Manager may reduce or waive the management fee with respect to one or more Limited Partners for any period of time or agree to apply a different management fee for that Limited Partner. For the year ended December 31, 2015, the Partnership incurred management fees of \$718,492.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 4 - PARTNERSHIP TERMS AND RELATED PARTY TRANSACTIONS (CONTINUED)

CONCENTRATION OF PARTNERS

At December 31, 2015, approximately \$32,950,000, or 50% of outstanding limited partners' capital at December 31, 2015 was from 3 limited partners affiliated with the General Partner. Three limited partners account for 82% of outstanding limited partners' capital at December 31, 2015.

ADMINISTRATOR

Conifer Asset Solutions LLC, (the "Administrator") serves as the Partnership's administrator and performs certain administrative and clerical services on behalf of the Partnership.

NOTE 5 - CONTRIBUTIONS, WITHDRAWALS AND ALLOCATIONS

CONTRIBUTIONS

Capital contributions of cash and/or marketable securities (upon the discretion of the General Partner) may be made on the first day of each month and at any other time at the discretion of the General Partner. The minimum initial investment of a Limited Partner is \$1,000,000, although, the General Partner has the discretion to accept lesser amounts.

WITHDRAWALS

A Limited Partner may withdraw, in whole or in part, the amount in its capital account as of the last business day of any month by providing 14 days prior written notice to the General Partner.

Withdrawals may be in cash or in kind, upon the discretion of the General Partner. Partial withdrawals must be in minimum increments of \$100,000 and may not reduce a Limited Partner's capital account below \$1,000,000 except by the consent of the General Partner.

If the General Partner ceases to be involved as a portfolio manager of the Partnership, the General Partner will promptly notify the Limited Partners of such occurrence. Each Limited Partner will have a special right of withdrawal, which may be exercised in whole or in part by written notice to the General Partner at any time within 45 days after delivery of the notice referred to in the preceding sentence.

The Partnership may limit or suspend withdrawals or redemptions by investors, at the sole discretion of the General Partner.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 5 - CONTRIBUTIONS, WITHDRAWALS AND ALLOCATIONS (CONTINUED)

ALLOCATION OF NET PROFITS AND LOSS

Net profit or loss (which include unrealized and realized gains and losses) for each fiscal period is allocated and charged in proportion to each partner's capital account in proportion to their respective ownership percentage as of the beginning of such fiscal period. Profits and losses from new issues (if any) are allocated among the partners at the discretion that the Investment Manager determines is appropriate. When allocating new issues, the Investment Manager takes into consideration among other things, the rules of the Financial Industry Regulatory Authority (FINRA), and any restrictions or limitations imposed by the broker-dealer from which the Partnership is purchasing such new issues.

DISTRIBUTIONS

The Partnership does not distribute its net investment income and net realized gains.

NOTE 6 - OFF-BALANCE SHEET AND OTHER RISKS

CONCENTRATION OF CREDIT RISK

The Partnership maintains its cash at one major financial institution, which is insured by the Securities Investor Protection Corporation ("SIPC"). The cash and securities held at the broker are in excess of the maximum amount insured by the SIPC at December 31, 2015. Credit risk represents the potential loss that the Partnership would incur if the broker or a counterparty failed to perform pursuant to the terms of its agreement with the Partnership. The Partnership is exposed to credit risk in connection with its prime brokerage positions and transactions.

FINANCIAL INSTRUMENTS

In the normal course of its business, the Partnership enters into various financial transactions with off-balance sheet risk where the risk of potential loss due to changes in the market (market risk) or failure of the other party to the transaction to perform (credit risk) or changes in foreign exchange rates (currency risk) exceeds the related amounts recorded. These transactions give rise to varying degrees of market, credit and currency risk depending on the counterparties used, trading strategies employed and fluctuations in the values of the underlying financial instruments or currencies. The Partnership is also exposed to interest rate risk when there is an unfavorable change in the value of investments as a result of adverse movements in the market interest rates.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 - OFF-BALANCE SHEET AND OTHER RISKS (CONTINUED)

LIQUIDITY RISK

Liquidity risk arises in the general funding of the Partnership's trading activities. It includes the risks of not being able to fund trading activities at settlement dates and liquidate positions in a timely manner at a reasonable price. Generally, the financial instruments can be closed out at the discretion of the General Partner. An illiquid or closed market, however, could prevent the close out of positions.

FOREIGN SECURITIES/EMERGING MARKET RISK

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities. Investing in emerging markets may accentuate these risks.

BUSINESS AND REGULATORY RISKS OF NON-REGISTERED FUNDS

Legal, tax and regulatory changes could occur during the term of the Partnership that may adversely affect the Partnership. The regulatory environment for non-registered funds is evolving, and changes in the regulation of non-registered funds may adversely affect the value of investments held by the Partnership and the ability of the Partnership to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on the Partnership could be substantial and adverse.

NOTE 7 - GUARANTEES

In the normal course of its operations, the Partnership enters into contracts and agreements that contain indemnifications and warranties. The Partnership's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Partnership that have not yet occurred. However, the Partnership has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 8 - FINANCIAL HIGHLIGHTS

Financial highlights for the year ended December 31, 2015 are as follows:

Total Return:

Total return (0.31) %

Ratio to Average Limited Partners' Capital:

Operating expenses 1.22 %

Net Investment Loss (1.11) %

Financial highlights are calculated for the Limited Partner class taken as a whole. An individual Limited Partner's return and ratios may vary based on different management fees and the timing of capital transactions.

Total return is computed using a time-weighted methodology whereby the returns for individual accounting periods are geometrically linked and pro-forma allocations are taken into account. The ratios are computed using a weighted-average of the Limited Partners' capital for the year ended December 31, 2015.

NOTE 9 - SUBSEQUENT EVENTS

- (a) From January 1, 2016 through April 22, 2016, the Partnership accepted additional capital contributions of approximately \$149,970 and had additional capital withdrawals of approximately \$4,537,500.
- (b) As further described in Note 1, effective April 1, 2016, OCM was appointed the Investment Manager. As a result of the change in Investment Manager, the Partnership offered the Limited Partners the choice to redeem from the Partnership effective immediately. As of April 22, 2016, no redemption requests have been received in connection with the change in Investment Manager.
- (c) Subsequent to April 22, 2016, the General Partner and Investment Manager have further developed plans to convert the Partnership into a registered mutual fund, subject to the requisite approval of the limited partners and satisfaction of various regulatory requirements such as the registration of the new registered mutual fund into which the Partnership would convert. During August 2016 in connection with the potential conversion of the Partnership into a registered mutual fund, management revised its previously presented condensed schedule of investments to provide a detailed schedule of investments as of December 31, 2015. The detailed schedule of investments is prepared in accordance with the reporting requirements for a registered mutual fund. The revisions to the previously presented condensed schedule of investments did not change the amounts of previously reported partners' capital or net loss resulting from operations and did not change the amounts of investments reported in total or by type, industry or geographical location.

APPENDIX D

EMERGING GROWTH PARTNERS, L.P.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

EMERGING GROWTH PARTNERS, L.P.

CONTENTS

Independent Auditors' Report	1-2
---	-----

Financial Statements

Statement of Assets, Liabilities and Partners' Capital	3
Schedule of Investments	4-5
Statement of Operations.....	6
Statement of Changes in Partners' Capital	7
Statement of Cash Flows	8

Notes to Financial Statements	9-20
--	------

INDEPENDENT AUDITORS' REPORT

To the Partners of
Emerging Growth Partners, L.P.

Report on the Financial Statements

We have audited the accompanying financial statements of Emerging Growth Partners, L.P. (the "Partnership"), which comprise the statement of assets, liabilities, and partners' capital including the schedule of investments, as of December 31, 2014, and the related statements of operations, changes in partners' capital and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emerging Growth Partners, L.P. as of December 31, 2014, and the results of its operations, changes in its partners' capital and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9(b) to the financial statements, subsequent to April 23, 2015 the General Partner and Investment Manager have further developed plans to convert the Partnership into a registered mutual fund, subject to the requisite approval of the limited partners and satisfaction of various regulatory requirements such as the registration of the new mutual fund into which the Partnership would convert. During August 2016 in connection with the potential conversion of the Partnership into a registered mutual fund, management revised its previously presented condensed schedule of investments to provide a detailed schedule of investments as of December 31, 2014. The detailed schedule of investments is prepared in accordance with the reporting requirements for a registered mutual fund. The revisions to the previously presented condensed schedule of investments did not change the amounts of previously reported partners' capital or net income resulting from operations and did not change the amounts of investments reported in total or by type, industry or geographical location. Our opinion is not modified with respect to that matter.

San Francisco, CA

April 23, 2015, except for the schedule of investments and Note 9(b), as to which the date is August 25, 2016

EMERGING GROWTH PARTNERS, L.P.

STATEMENT OF ASSETS, LIABILITIES AND PARTNERS' CAPITAL

DECEMBER 31, 2014

Assets

Investments in securities, at fair value (cost of \$39,637,495)	\$ 57,686,848
Cash	369
Deposits with and receivables from broker	10,634,175
Due From General Partner	16,657
Dividends receivable	<u>13,340</u>

Total Assets \$ 68,351,389

Liabilities and Partners' Capital

Liabilities

Professional fees payable	\$ 27,500
Administration payable	5,662
Other fees payable	<u>2,226</u>

Total Liabilities 35,388

Partners' Capital 68,316,001

Total Liabilities and Partners' Capital \$ 68,351,389

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

SCHEDULE OF INVESTMENTS (Revised – see Note 9(b))

DECEMBER 31, 2014

Description	Shares	Percent of Partners' Capital	Cost	Fair Value
Investments in Securities				
Common Stock				
United States				
Communications				
Healthstream Inc.	88,628	3.82 %	\$ 2,504,698	\$ 2,612,752
Homeaway Inc.	37,095	1.62	1,156,626	1,104,689
Marketo Inc.	89,000	4.26	2,330,168	2,912,080
The Rubicon Project Inc.	40,000	0.95	665,232	645,600
Ubiquiti Networks Inc.	30,000	1.30	897,717	889,200
Yelp Inc.	23,798	1.91	1,128,569	1,302,465
Zendesk Inc.	40,000	1.42	965,171	974,800
Total Communications		<u>15.28</u>	<u>9,648,181</u>	<u>10,441,586</u>
Consumer, Cyclical				
Virgin America Inc.	15,000	0.95	588,309	648,750
Consumer, Non-cyclical				
Centene Corp	33,554	5.10	1,495,845	3,484,583
Dexcom Inc.	44,255	3.57	1,170,651	2,436,238
Inogen Inc.	45,000	2.07	1,124,486	1,411,650
Natural Grocers By Vitamin C	10,900	0.45	258,478	307,053
Tree.Com Inc.	92,132	6.52	2,433,350	4,453,661
Trinet Group Inc.	25,000	1.14	789,221	782,000
Zeltiq Aesthetics Inc.	124,000	5.07	2,402,585	3,460,840
Total Consumer, Non-cyclical		<u>23.92</u>	<u>9,674,616</u>	<u>16,336,025</u>
Energy				
Core Laboratories N.V.	4,253	0.75	361,226	511,806
Financial				
Amtrust Financial Services	53,359	4.39	823,254	3,001,444
Bofi Holding Inc.	33,500	3.82	2,650,626	2,606,635
Viewpoint Financial Group Inc.	69,900	2.44	1,666,943	1,667,115
Pra Group Inc.	58,648	4.97	1,734,862	3,397,479
Total Financial		<u>15.62</u>	<u>6,875,685</u>	<u>10,672,673</u>

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

SCHEDULE OF INVESTMENTS (CONTINUED) (Revised – see Note 9(b))

DECEMBER 31, 2014

Description	Shares	Percent of Partners' Capital	Cost	Fair Value
Industrial				
Invensense Inc.	68,690	1.64 %	\$ 1,009,057	\$ 1,116,899
Middleby Corp	46,344	6.72	2,175,015	4,592,690
Xpo Logistics Inc.	35,000	2.09	1,164,144	1,430,800
Total Industrial		<u>10.45</u>	<u>4,348,216</u>	<u>7,140,389</u>
Technology				
Ambarella Inc.	49,933	3.71	704,902	2,532,602
Barracuda Networks Inc.	60,000	3.15	1,939,644	2,150,400
Envestnet Inc.	44,932	3.23	2,081,664	2,207,958
Epam Systems Inc.	56,342	3.94	1,265,820	2,690,331
Synaptics Inc.	34,200	3.44	2,149,232	2,354,328
Total Technology		<u>17.47</u>	<u>8,141,262</u>	<u>11,935,619</u>
Total Common Stock		<u>84.44</u>	<u>39,637,495</u>	<u>57,686,848</u>
Total Investments in Securities		<u>84.44 %</u>	<u>\$ 39,637,495</u>	<u>\$ 57,686,848</u>

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

STATEMENT OF CHANGES IN PARTNERS' CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2014

	General Partner	Limited Partners	Total
	<u> </u>	<u> </u>	<u> </u>
Partner's Capital – January 1, 2014	\$ 59,809	\$ 72,167,377	\$ 72,227,186
Capital contributions		3,000,000	3,000,000
Capital withdrawals		(7,709,399)	(7,709,399)
Allocation of net income:			
Pro-rata allocation	<u>1,851</u>	<u>796,363</u>	<u>798,214</u>
Partner's Capital - December 31, 2014	<u>\$ 61,660</u>	<u>\$ 68,254,341</u>	<u>\$ 68,316,001</u>

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

Cash Flows Operating Activities	
Net income	\$ 798,214
Adjustments to reconcile net income to net cash provided by operating activities:	
Purchase of investments	\$ (75,776,448)
Proceeds from sale of investments	82,663,701
Net realized (gain) from investments	(5,657,651)
Net change in unrealized depreciation on investments	4,228,213
Changes in operating assets and liabilities:	
Deposits with and receivables from broker, net	(528,511)
Due from General Partner	(16,657)
Dividends receivable	1,860
Professional fees payable	(2,500)
Administration fees payable	(170)
Management fees payable	(875)
Other fees payable	476
Total Adjustments	<u>4,911,438</u>
Net Cash Provided by Operating Activities	5,709,652
Cash Flows From Financing Activities	
Capital contributions	2,000,000
Capital withdrawals	<u>(8,709,399)</u>
Net Cash Used in Financing Activities	<u>\$ (6,709,399)</u>
Net Decrease in Cash and Cash Equivalents	(999,747)
Cash and Cash Equivalents – January 1, 2014	<u>1,000,116</u>
Cash and Cash Equivalents – December 31, 2014	<u><u>\$ 369</u></u>
Supplemental Disclosures of Cash Flow Information:	
Current year contributions received in the prior year	\$ 1,000,000
Prior year withdrawals received in the current year	\$ 1,000,000

The accompanying notes are an integral part of these financial statements.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - NATURE OF PARTNERSHIP

ORGANIZATION

Emerging Growth Partners, L.P. (the “Partnership”) was formed as a limited partnership, pursuant to the Delaware Revised Uniform Limited Partnership Act on December 16, 2009 and commenced operations on March 24, 2010. The Partnership’s principal place of business is San Francisco, California. The Partnership was formed for the purpose of purchasing, holding, selling and investing, on margin or otherwise, securities and financial instruments of United States and foreign entities of emerging growth companies, and engaging in activities and transactions as the General Partner deems advisable. The Partnership’s investment objective is capital appreciation. The Partnership shall continue indefinitely, provided however, the Partnership shall be dissolved upon the occurrence of any events set forth in the Limited Partnership Agreement (the “Agreement”).

The Partnership is not registered as an investment company and is not subject to the investment restrictions limitations on transactions with affiliates and other provisions of the Investment Company Act of 1940, as amended (the “Company Act”), in reliance upon an exemption from such registration provided in Section 3(c)(7) of the Company Act.

GENERAL PARTNER

Callinan Asset Management, LLC is the “General Partner” of the Partnership. The General Partner has control and authority with respect to the management of the Partnership’s business. The limited partners are not involved in the control, management or operation of the Partnership.

The General Partner also serves as the investment manager (the “Investment Manager”) of the Partnership pursuant to an investment management agreement (the “Investment Management Agreement”). The Investment Manager is responsible for implementing the investment program of the Partnership, the day-to-day management of the Partnership, and the performance of administrative and oversight functions with respect to the Partnership. The Investment Manager is exempt from registration with the SEC as an investment adviser under the Adviser’s Act of 1940, as amended (the “Advisers Act”). The Investment Manager is registered as an investment adviser in the state of California.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Partnership in the preparation of its financial statements. The policies are in conformity with United States generally accepted accounting principles (“U.S. GAAP”), which require management to make estimates and assumptions that affect the reported amounts, contingent assets and liabilities, and disclosures in the financial statements. Actual results could differ from those estimates. Management has considered the circumstances under which the Partnership should recognize or make disclosures regarding events or transactions occurring subsequent to the date of the statement of assets, liabilities, and partners’ capital through April 23, 2015 which represents the date the financial statements were available to be issued. Adjustments or additional disclosures, if any, have been included in these financial statements. The Partnership qualifies as an investment company, as defined in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946 Financial Services – Investment Companies and, therefore, is applying the specialized accounting and reporting guidance in ASC Topic 946.

PORTFOLIO VALUATION

All investments are recorded at their estimated fair value, as described in Note 3.

SCHEDULE OF INVESTMENTS

The industry classifications included in the schedule of investments represent management’s belief as to the most meaningful presentation of the classification of the Partnership’s investments.

INVESTMENT TRANSACTIONS, INCOME AND EXPENSE

All securities transactions are recorded on a trade-date basis. Realized gains or losses on dispositions of investments represent the difference between the original cost of the investment, based on the specific identification method, and the proceeds received from the sale. The Partnership applies a fair value accounting policy to its investments with changes in unrealized gains and losses recognized in the statement of operations as a component of net unrealized gain (loss). Interest income and expense are recorded on the accrual basis. Dividend income and expense are recorded on the ex-dividend dates. These dividends are recorded as soon as the Partnership is informed of the ex-dividend date. Dividend income on foreign securities is recorded net of any applicable withholding tax.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN WITHHOLDING TAXES

Foreign withholding taxes represent taxes withheld on dividends earned on foreign and United States investments. Withholding taxes have been provided for in accordance with the applicable country's tax rules and rates.

FOREIGN CURRENCY

All assets and liabilities denominated in foreign currencies are translated into U.S. Dollar amounts at the date of valuation. Purchases and sales of securities and income items denominated in foreign currencies are translated into U.S. Dollar amounts on the respective dates of such transactions. The Partnership does not separately account for that portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses on investments.

INCOME TAXES

The Partnership is not subject to income taxes in any jurisdiction. Each partner is responsible for the tax liability, if any, related to its proportionate share of the Partnership's taxable income. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Certain foreign securities held by the Partnership may be subject to foreign taxation on gains, dividends and interest income received. Foreign taxes, if any, are recorded based on the tax laws in the applicable foreign jurisdictions. For all open tax years and for all major taxing jurisdictions, the General Partner has concluded that the Partnership is a pass-through entity and there are no uncertain tax positions that would require recognition in the financial statements. If the Partnership were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. No interest expense or penalties have been recognized as of or for the period ended December 31, 2014. The General Partner does not expect that its assessment regarding unrecognized tax benefits will materially change over the next 12 months. However, the General Partner's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof, as well as other factors including but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with U.S., State, and Foreign income tax laws, and changes in administrative practices and precedents of the relevant taxing authorities. Generally, Federal, State and Local authorities may examine the Partnership's tax returns for three years from the date of filing and the current and prior three years remain subject to examination as of December 31, 2014.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL WITHDRAWALS PAYABLE

The Partnership recognizes withdrawals as liabilities, net of incentive allocations, when the amount requested in the withdrawal represents a fixed, determinable obligation. This may generally occur either at the time of the receipt of the notice, or on the last day of a fiscal period, depending on the nature of the request. Withdrawals paid after the end of the year, but based upon year-end capital balances, are reflected as withdrawals payable at December 31. Withdrawal notices received for which the dollar amount is not fixed results in capital not being recognized as a liability until the dollar amount is determined.

DEPOSITS WITH AND RECEIVABLES FROM BROKER, NET

The deposits with and receivable from broker, net consists of cash and cash equivalents, and funds held at the broker arising from securities transactions that did not settle at December 31, 2014. Cash at broker which is related to securities sold, not yet purchased, and deposits on transactions are restricted until these securities are purchased or until the transactions are settled or terminated. Cash balances held at broker, as well as securities owned by the Partnership serve as collateral for margin account debit balances existing at the broker. The broker is affiliated with major financial institutions. The Partnership is subject to credit risk should the broker be unable to meet its obligations to the Partnership.

There are risks involved in dealing with the custodians or prime brokers who settle trades. Under certain circumstances, including certain transactions where the Partnership's assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the broker, or where the Partnership's assets are held at a non-U.S. broker, the securities and other assets deposited with the custodian or broker may be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing the Partnership's rights to its assets in the case of an insolvency of any such party.

The Partnership maintains a custody account with its prime broker and primary custodian. There is no guarantee that the Partnership's custodian, or any other custodian that the Partnership may use from time to time, will not become insolvent. While both U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Partnership assets, the Partnership would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both. Because substantially all of the Partnership's assets are held in custody with a single broker, such losses could be significant and could materially impair the ability of the Partnership to achieve its investment objective.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 3 - FAIR VALUE MEASUREMENTS

The Partnership follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Partnership's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Partnership's investments and are summarized in the following fair value hierarchy:

- Level 1 - Valuations based on quoted prices for investments in active markets that the Partnership has the ability to access at the measurement date. Valuation adjustments and block discounts are not applied to Level 1 investments.
- Level 2 - Valuations based on other significant observable inputs (including quoted prices for similar securities, quoted prices in markets that are not active, interest rates, prepayment speeds, credit risks, etc.) Investments whose values are classified as Level 2 prices include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.
- Level 3 - Valuations based on significant unobservable inputs (including the Partnership's own assumptions in determining the fair value of investments). Investments whose values are classified as Level 3 prices have significant unobservable inputs, as they may trade infrequently or not at all.

Securities and assets for which market quotations are not readily available are fair valued as determined by the General Partner. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Partnership's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Partnership uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy. Fair value pricing may be used where: (i) a security is illiquid (restricted securities); (ii) the market or exchange for a security is closed on an ordinary trading day and no other market prices are available; (iii) the security is so thinly traded that there have been no transactions in the stock over an extended period; or (iv) the validity of a market quotation received is questionable. In addition, fair value pricing will be used if emergency or unusual situations have occurred, such as when trading of a security on an exchange is suspended; or when an event occurs after the close of the exchange on which the security is principally traded that is likely to have changed the value of the security.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

The use of valuation techniques and the availability of observable inputs can vary from security to security and is affected by a wide variety of factors and other characteristics particular to the transaction. As a general principle, the current fair value of an issue of securities being valued by the General Partner would be the amount which the owner might reasonably expect to receive for them upon their current sale. Good faith pricing is permitted if, in the General Partner's opinion, the validity of market quotations appears to be questionable based on factors such as evidence of a thin market in the security based on a small number of quotations, a significant event occurs after the close of a market but before a Fund's NAV calculation that may affect a security's value, or the General Partner is aware of any other data that calls into question the reliability of market quotations. Good faith pricing may also be used in instances when the securities the Partnership invests in may default or otherwise cease to have market quotations readily available.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed, and the differences could be material. Accordingly, the degree of judgment exercised by the Partnership in determining fair value is greatest for securities categorized in Level 3. In certain cases, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The valuation techniques used to measure fair value for the year ended December 31, 2014 maximized the use of observable inputs and minimized the use of unobservable inputs.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following are the classes of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2014, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

Description	Level 1	Level 2	Level 3	Total
Assets:				
Deposits with and receivables from broker, net –Money market fund	\$ 9,266,145	\$ --	\$ --	\$ 9,266,145
Investment in securities – Common Stocks ^(a)	<u>57,686,848</u>	<u>--</u>	<u>--</u>	<u>57,686,848</u>
Total Assets	<u>\$ 66,952,993</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 66,952,993</u>

^(a) Additional information regarding the industry classification and/or geographical location of these investments is disclosed in the schedule of investments.

During the year ended December 31, 2014, the Partnership did not have any transfers in or out of Level 3. The Partnership's policy is to recognize transfers in and transfers out as of the end of the period.

A description of the valuation techniques applied to the Partnership's major classes of assets measured at fair value on a recurring basis follows.

VALUATION TECHNIQUES AND INPUTS

Equity Securities

Portfolio securities that are traded on any stock exchange are generally valued by pricing service at the last quoted sale price. When using the market quotations or close prices provided by the pricing service and when the market is considered active, the security will be classified as a Level 1 security. Sometimes, an equity security owned by a Partnership will be valued by the pricing service with factors other than market quotations or when the market is considered inactive or valued by reference to similar instruments. When this happens, the security will be classified as a Level 2 security. When market quotations are not readily available, when the General Partner determines that the market quotation or the price provided by the pricing service does not accurately reflect the current fair value, or when certain restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the General Partner. These securities will be categorized as Level 3 securities.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Investments in mutual funds, including money market mutual funds, are generally priced at the ending net asset value (NAV) provided by the service agent of the funds. These securities will be categorized as Level 1 securities.

There were no non-marketable securities fair valued by the General Partner as of or for the year ended December 31, 2014.

NOTE 4 - PARTNERSHIP TERMS AND RELATED PARTY TRANSACTIONS

MANAGEMENT FEES

The Partnership has entered into an agreement with the General Partner (which is also the Investment Manager) to provide certain investment management services to the Partnership. In exchange for services provided, the Investment Manager receives a quarterly management fee from each Limited Partner equal to approximately 0.25 % (1.00 % annually) of its capital account, payable quarterly in advance and calculated on the first day of each quarter. The Investment Manager may reduce or waive the management fee with respect to one or more Limited Partners for any period of time or agree to apply a different management fee for that Limited Partner. The General Partner has waived the first quarter management fees of \$67,640 for one affiliate of the General Partner. For the year ended December 31, 2014, the Partnership incurred management fees of \$694,065.

CONCENTRATION OF PARTNERS

At December 31, 2014, approximately \$33,802,000, or 49% of outstanding limited partners' capital at December 31, 2014 was from 2 limited partners affiliated with the General Partner. Three limited partners account for 82% of outstanding limited partners' capital at December 31, 2014.

ADMINISTRATOR

Conifer Asset Solutions LLC, formerly known as Conifer Fund Securities, LLC, (the "Administrator") serves as the Partnership's administrator and performs certain administrative and clerical services on behalf of the Partnership. The Administrator is also affiliated with a broker (Conifer Securities, LLC) through which the Partnership transacts operations.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - CONTRIBUTIONS, WITHDRAWALS AND ALLOCATIONS

CONTRIBUTIONS

Capital contributions of cash and/or marketable securities (upon the discretion of the General Partner) may be made on the first day of each month and at any other time at the discretion of the General Partner. The minimum initial investment of a Limited Partner is \$1,000,000, although, the General Partner has the discretion to accept lesser amounts.

WITHDRAWALS

A Limited Partner may withdraw, in whole or in part, the amount in its capital account as of the last business day of any month by providing 14 days prior written notice to the General Partner.

Withdrawals may be in cash or in kind, upon the discretion of the General Partner. Partial withdrawals must be in minimum increments of \$100,000 and may not reduce a Limited Partner's capital account below \$1,000,000 except by the consent of the General Partner.

If the General Partner ceases to be involved as a portfolio manager of the Partnership, the General Partner will promptly notify the Limited Partners of such occurrence. Each Limited Partner will have a special right of withdrawal, which may be exercised in whole or in part by written notice to the General Partner at any time within 45 days after delivery of the notice referred to in the preceding sentence.

The Partnership may limit or suspend withdrawals or redemptions by investors.

ALLOCATION OF NET PROFITS AND LOSS

Net profit or loss (which include unrealized and realized gains and losses) for each fiscal period is allocated and charged in proportion to each partner's capital account in proportion to their respective ownership percentage as of the beginning of such fiscal period. Profits and losses from new issues (if any) are allocated among the partners at the discretion that the Investment Adviser determines is appropriate. When allocating new issues, the Investment Adviser takes into consideration among other things, the rules of the Financial Industry Regulatory Authority (FINRA), and any restrictions or limitations imposed by the broker-dealer from which the Partnership is purchasing new issue.

DISTRIBUTIONS

The Partnership does not distribute its net investment income and net realized gains.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 6 - OFF-BALANCE SHEET AND OTHER RISKS

CONCENTRATION OF CREDIT RISK

The Partnership maintains its cash at one major financial institution, which is insured by the Securities Investor Protection Corporation (“SIPC”). The cash and securities held at the broker are in excess of the maximum amount insured by the SIPC at December 31, 2014. Credit risk represents the potential loss that the Partnership would incur if the broker or a counterparty failed to perform pursuant to the terms of its agreement with the Partnership. The Partnership is exposed to credit risk in connection with its prime brokerage positions and transactions.

FINANCIAL INSTRUMENTS

In the normal course of its business, the Partnership enters into various financial transactions with off-balance sheet risk where the risk of potential loss due to changes in the market (market risk) or failure of the other party to the transaction to perform (credit risk) or changes in foreign exchange rates (currency risk) exceeds the related amounts recorded. These transactions give rise to varying degrees of market, credit and currency risk depending on the counterparties used, trading strategies employed and fluctuations in the values of the underlying financial instruments or currencies. The Partnership is also exposed to interest rate risk when there is an unfavorable change in the value of investments as a result of adverse movements in the market interest rates.

LIQUIDITY RISK

Liquidity risk arises in the general funding of the Partnership’s trading activities. It includes the risks of not being able to fund trading activities at settlement dates and liquidate positions in a timely manner at a reasonable price. Generally, the financial instruments can be closed out at the discretion of the General Partner. An illiquid or closed market, however, could prevent the close out of positions.

FOREIGN SECURITIES/EMERGING MARKET RISK

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities. Investing in emerging markets may accentuate these risks.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 6 - OFF-BALANCE SHEET AND OTHER RISKS (CONTINUED)

BUSINESS AND REGULATORY RISKS OF NON-REGISTERED FUNDS

Legal, tax and regulatory changes could occur during the term of the Partnership that may adversely affect the Partnership. The regulatory environment for non-registered funds is evolving, and changes in the regulation of non-registered funds may adversely affect the value of investments held by the Partnership and the ability of the Partnership to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on the Partnership could be substantial and adverse.

NOTE 7 - GUARANTEES

In the normal course of its operations, the Partnership enters into contracts and agreements that contain indemnifications and warranties. The Partnership's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Partnership that have not yet occurred. However, the Partnership has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

NOTE 8 - FINANCIAL HIGHLIGHTS

Financial highlights for the year ended December 31, 2014 are as follows:

Total Return:

Total return	<u>2.18</u>	%
--------------	-------------	---

Ratio to Average Limited Partners' Capital:

Operating expenses	<u>1.12</u>	%
Net Investment Loss	<u>(0.93)</u>	%

Financial highlights are calculated for the Limited Partner class taken as a whole. An individual Limited Partner's return and ratios may vary based on different management fee and incentive arrangements and the timing of capital transactions.

EMERGING GROWTH PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 8 - FINANCIAL HIGHLIGHTS (CONTINUED)

Total return is computed using a time-weighted methodology whereby the returns for individual accounting periods are geometrically linked and pro-forma allocations are taken into account. The ratios are computed using a weighted-average of the Limited Partners' capital for the year ended December 31, 2014.

NOTE 9 - SUBSEQUENT EVENTS

- (a) From January 1, 2015 through April 23, 2015, the Partnership accepted additional capital contributions of approximately \$200,000 and had a capital withdrawal of approximately \$590,000.
- (b) Subsequent to April 22, 2016, the General Partner and Investment Manager have further developed plans to convert the Partnership into a registered mutual fund, subject to the requisite approval of the limited partners and satisfaction of various regulatory requirements such as the registration of the new mutual fund into which the Partnership would convert. During August 2016 in connection with the potential conversion of the Partnership into a registered mutual fund, management revised its previously presented condensed schedule of investments to provide a detailed schedule of investments as of December 31, 2014. The detailed schedule of investments is prepared in accordance with the reporting requirements for a registered mutual fund. The revisions to the previously presented condensed schedule of investments did not change the amounts of previously reported partners' capital or net loss resulting from operations and did not change the amounts of investments reported in total or by type, industry or geographical location.