OSTERWEIS

FUNDS

January 29, 2025

Dear Shareholder,

During the fourth quarter of 2024, the Osterweis Fund (the Fund) generated a total return of -0.65% compared to 2.41% for the S&P 500 Index. Both security selection and sector weighting drove our underperformance versus the benchmark, which continues to be dominated by a small group of megacap technology companies. The Fund's annualized total returns over the one-year, five-year, ten-year, and twenty-year periods ending December 31, 2024 were 13.38%, 9.80%, 8.27%, and 7.83%, respectively, compared to 25.02%, 14.53%, 13.10%, and 10.35% for the S&P 500 over the same periods.[1]

The fourth quarter was another favorable stretch in the equity markets, with the S&P 500 delivering positive returns for the eighth time in the last nine quarters, including all four quarters in 2024. The index finished the three-month period up 2.4% and gained 25% during the year. The biggest news of the quarter was Trump's victory, which added momentum to the existing bull market, as investors cheered his pro-business agenda. It looked like the rally might continue unabated through the new year, but in late December the Fed reversed course and announced it would be slowing its rate cuts in 2025 due to stubborn inflation data, which triggered a significant selloff.

As we look ahead, we see a more complicated investment landscape than we have experienced recently. The exceptional performance of the Magnificent 7 has created unprecedented levels of market concentration, the extended bull market has stretched valuations beyond historical norms, and both inflation and interest rates are expected to remain elevated for the near term at least. Ordinarily, this combination of factors would be cause for concern. However, as we explain in our latest outlook, we think the situation is more constructive than it seems. Most importantly, the economy is in excellent shape, with robust labor markets and strong consumer confidence. We also generally agree with the market's view that the incoming administration should boost aggregate economic activity. In addition, despite the dominance of the Magnificent 7, the concentration in the market does not appear to be sustainable, and we are expecting it to broaden out substantially.

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[1] *Performance data quoted represent past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be higher or lower than the performance quoted. Performance data current to the most recent month end may be obtained by calling (866) 236-0050. An investment should not be made solely on returns. The Fund's gross expense ratio was 0.96% as of March 31, 2024.*

To thrive in this new environment, our strategy is to play both offense and defense by using a barbell approach. We have mostly rotated out of our higher valuation companies, and we are increasing our defensive holdings, particularly within Health Care and Utilities, and we also hold a small cash cushion. At the same time, we are maintaining exposure to Technology and Industrial companies, including a subset of the Magnificent 7. As always, our quality growth framework helps guide all of our investment decisions.

We thank you for your continued confidence in our management.

Sincerely,

John Osterweis   Greg Hermanski   Nael Fakhry

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Mutual Fund investing involves risk. Principal loss is possible. The Fund may invest in medium and smaller sized companies, which involve additional risks such as limited liquidity and greater volatility. The Fund may invest in foreign and emerging market securities, which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks may increase for emerging markets. The Fund may invest in Master Limited Partnerships, which involve risk related to energy prices, demand and changes in tax code. The Fund may invest in debt securities that are un-rated or rated below investment grade. Lower-rated securities may present an increased possibility of default, price volatility or illiquidity compared to higher-rated securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.

The S&P 500 Index is widely regarded as the standard for measuring large-cap U.S. stock market performance. This index does not incur expenses and is not available for investment. The index includes reinvestment of dividends and/or interest income.

The Osterweis Funds are available by prospectus only. The Funds' investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectuses contain this and other important information about the Funds. You may obtain a summary or statutory prospectus by calling toll free at (866) 236-0050, or by visiting osterweis.com. *Please read the prospectus carefully before investing to ensure the Fund is appropriate for your goals and risk tolerance.*

Earnings growth is not representative of the fund's future performance.

Osterweis Capital Management is the adviser to the Osterweis Funds, which are distributed by Quasar Distributors, LLC. [OCMI-676388-2025-01-27]