



December 31, 2010

Dear Fellow Shareholder,

I am pleased to announce that we have begun formal implementation of a long range management succession plan that has been developed over the past several years and is designed to perpetuate Osterweis Capital Management's successful operation. Effective January 1, 2011, I will become Chairman of the firm and will continue to function as Chief Investment Officer. At the same time Matt Berler, in recognition of the leadership role he has been filling for some time, will become President and CEO.

For the past three years, Matt and I have effectively operated as co-equals jointly leading the firm. We, therefore, do not anticipate any significant change in the way the firm or investment teams operate. Given the growth in assets under management, the sharing of administrative responsibilities has become increasingly important. While I expect to remain fully active in the business for many more years, I strongly believe in the need to develop the next generation both as investors and as managers. In addition to Matt, who has more than 20 years of experience in the investment business, we have a very strong team of highly talented, dedicated and energetic professionals.


I look forward to continuing as Chief Investment Officer. Functioning as Chairman and sharing administrative duties with Matt will allow me to continue to devote considerable attention to the investment side of the business as our assets under management continue to grow.

In addition to these management changes we are also continuing to implement a long-term transition in the ownership of the firm. Over time my equity will gradually transfer to the next generation. Both the management and ownership transitions are designed to assure continuity of our staff, procedures and ultimately our investment performance.

We have come a long way from our humble beginning in 1983. Osterweis Capital Management is now an established firm. We want to take whatever steps are necessary to perpetuate our success and ability to serve clients' investment needs.

Thank you all for your loyalty and support over the years. Please call us if have questions about the transition. Meanwhile, know how much we appreciate and value the confidence you have placed in us.

With best regards,



John Osterweis

Please see reverse side for important disclosures.

THE OSTERWEIS FUNDS

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) 236-0500 or visiting www.osterweis.com. Please read the prospectus carefully before investing to ensure the Funds are appropriate for your goals and risk tolerance.

Mutual Fund investing involves risk. Principal loss is possible.

Osterweis Capital Management is the adviser to the Osterweis Funds. The Osterweis Fund are distributed by Quasar Distributors, LLC. [12/10]