

Small Cap Equity

(Period Ending December 31, 2011)

Strategy:

- Well-diversified portfolio of small companies
- Conducting in-depth fundamental bottom up research
- Seeking value metrics with growth catalysts
- Credit markets provide early identification

Investment Culture:

- Complete capital structure analysis®
- Fully integrated credit & equity research process
- Independent, intensive research & proprietary database
- Over 1,000 company management meetings a year
- Compensation tied to performance

Portfolio Facts:

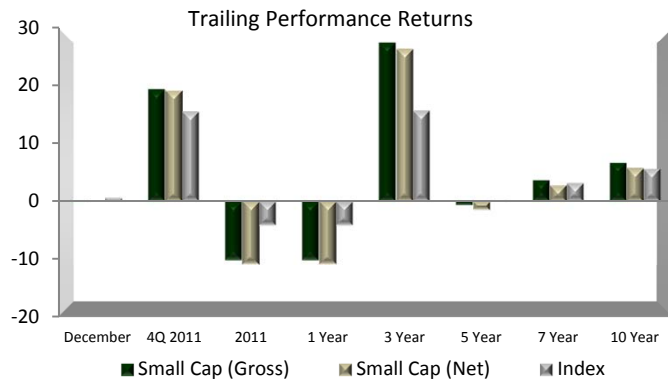
- Strategy inception date: 12/31/1992
- Index: Russell 2000 Index
- Style assets: \$699.75 million
- Market Cap Purchase Range: \$100 million or the minimum market capitalization of the Russell 2000 Index, whichever is smaller to \$2.5 billion or the maximum market capitalization of the Russell 2000 Index, whichever is greater

Characteristics:

Characteristics (As of 12/31)	Small Cap	Russell 2000
Number of Companies	76	1,996
Weighted Avg. Market Cap (\$m)	\$1,630	\$1,240
Weighted Median Market Cap (\$m)	\$1,556	\$1,113
Average Credit Quality	B-	B
Debt/Equity	0.91	0.79
Debt/Capital	43.38	37.20
Debt Coverage	4.46	5.23
Top 10 Holdings (%)	20.65	-

Index Characteristics Source: The Bank of New York Mellon Corporation

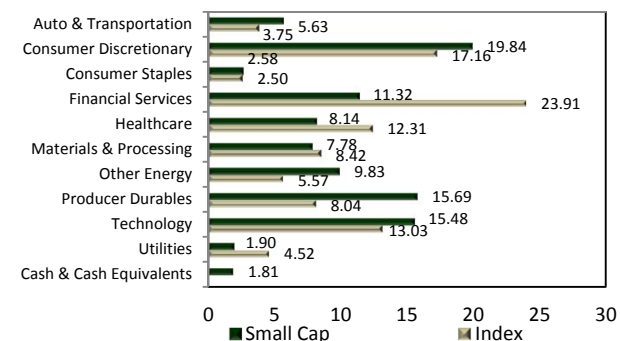
Performance:



	Small Cap (Gross)	Small Cap (Net)	Index
December	0.16	-0.01	0.66
4Q 2011	19.26	19.04	15.47
2011	-10.13	-10.83	-4.18
1 Year	-10.13	-10.83	-4.18
3 Year	27.30	26.26	15.63
5 Year	-0.68	-1.51	0.15
7 Year	3.66	2.78	3.20
10 Year	6.66	5.68	5.62

	Small Cap (Gross)	Small Cap (Net)	Index
1994	2.63	1.42	-1.82
1995	37.15	35.61	28.45
1996	26.76	25.16	16.49
1997	44.35	43.52	22.36
1998	-15.04	-15.65	-2.55
1999	83.57	82.18	21.26
2000	22.54	20.96	-3.02
2001	6.76	4.78	2.49
2002	-26.02	-27.17	-20.48
2003	61.45	60.02	47.25
2004	24.07	23.07	18.33
2005	12.74	11.66	4.55
2006	18.06	17.07	18.37
2007	-2.83	-3.65	-1.57
2008	-51.80	-52.22	-33.79
2009	60.04	58.67	27.17
2010	43.44	42.27	26.85
2011	-10.13	-10.83	-4.18

Sector Weights:



Small Cap (Gross): Composite Gross & Small Cap (Net): Composite Net
 Small Cap: Strategy Model Account
 Index: Russell 2000 Index
 Performance is annualized for multi-year periods

Top 10 Holdings:

Sinclair Broadcast Group Inc.
Trinity Industries Inc.
Brocade Communications Systems Inc.
Triumph Group Inc.
Key Energy Services Inc.
Chart Industries Inc.
Catalyst Health Solutions Inc.
Pinnacle Entertainment Inc.
Woodward Inc.
Spirit AeroSystems Holdings Inc.

Holdings are considered supplemental information. Please refer to the fully compliant presentation which is available upon request.

History:

- Founded in 1987
- 100% employee owned
- Strong operational infrastructure
- All portfolio managers are owners
- 57 total employees; 16 partners

Assets:

Firm Assets:	\$5.7 billion
• Equity:	\$2.6 billion
• High Yield Fixed Income	\$3.0 billion
• Alternatives	\$0.1 billion

Disclosures:

Firm Information: PENN Capital Management Company, Inc. is a Pennsylvania based investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. PENN is a 100% employee owned sub-chapter-S corporation. The firm specializes in managing equity and fixed income portfolios for institutional and high net worth clients. PENN's fully integrated process allows for strong crossover ideas between fixed income and equity, enabling PENN's investment team to become experts in analyzing a company's entire capital structure. PENN's Institutional Services is defined for GIPS® purposes to include all separately managed accounts with the exclusion of wrap relationships. This is due to wrap relationships being considered separate from public perceptions. The firm's fee schedule varies based upon the style the account is invested in. Standard fee schedule for all separate Small Cap Equity accounts are 1.00% of assets under management.

Composite Characteristics: The Composite is defined to include separately managed accounts with assets of over \$1,000,000.00. These accounts solely invest in equities of U.S. companies at initial purchase with market capitalizations less than \$2.5 billion or the maximum market capitalization of the Russell 2000 Index, whichever is greater. The Small Cap Equity strategy seeks superior investment returns that are attainable on a consistent basis by applying a disciplined value-driven investment approach, which capitalizes on fundamental and technical opportunities in the market. Effective March 31, 2009, PENN changed the name of the composite from the Small Cap Opportunistic Equity Composite to the Small Cap Equity Composite. The Small Cap Equity Composite was created on December 31, 1992. Effective January 1, 2010, accounts which have a significant cash flow (20% or more on the transaction date) will be removed from their respective composite immediately. The account will be reevaluated monthly and if eligible, will enter their appropriate composite the next calendar quarter's opening. To receive a copy of PENN's proxy voting policies, complete list and description of PENN Capital Management's composites, information regarding the treatment of significant cash flows, and/or a presentation that adheres to the GIPS® standards, contact Christian M. Noyes, Senior Managing Partner, 215-302-1501, e-mail cnoyes@penncapital.com or write PENN Capital Management, Navy Yard Corporate Center, Three Crescent Drive, Suite 400, Philadelphia, PA 19112. The Composite is comprised of all separately managed accounts that have been managed by PENN for one full calendar quarter. As of December 31, 2011, the Composite consists of 19 accounts with assets totaling \$415.08 million, which represents 8.59% of the firm's total assets and 83.72% of style assets, excluding wrap accounts.

Calculation Methodology: The Small Cap Equity composite is shown as total returns, which assumes reinvestment of dividends, capital gains, as well as no reductions for taxes, presented before the deduction of actual investment advisory fees, are calculated in U.S. dollars, and are computed on a dollar-weighted-rate-of-return-basis. Performance results have been presented both prior to the deduction of investment advisory fees ("gross of fees") and after the deduction of actual investment advisory fees. Performance results of PENN clients will be reduced by PENN's actual investment advisory fees. (For example, an account with a compounded annual total return of 10% would have increased by 159% over ten years. Assuming an annual advisory fee of 1.0%, this increase would be 137%). Internal dispersion is calculated using the asset-weighted standard deviation of all portfolio that were included in the composite for the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. All returns are calculated net of transaction costs and gross of custodial fees and taxes on dividends and interest.

Other Disclosures: To receive a copy of PENN's proxy voting policies, please contact Christian M. Noyes, Senior Managing Partner, 215-302-1501, e-mail cnoyes@penncapital.com or write PENN Capital Management, Navy Yard Corporate Center, Three Crescent Drive, Suite 400, Philadelphia, PA 19112. PENN Capital Management's investment advisory fees are described in Part 2A of its Form ADV. PENN Capital Management Company, Inc. claims compliance with the Global Investment Performance Standards (GIPS®). The Russell 2000 Index is comprised of the 2,000 smallest companies in the Russell 3000 Index, representing approximately 11% of the Russell 3000 total market capitalization. For comparison purposes, the Russell 2000 is a fully invested index, which includes reinvestment of income, and its performance has been linked in the same manner as the Small Cap Composite. The returns for this unmanaged index do not include any transaction costs, management fees or other costs. The information contained herein reflects historical performance; no assurances can be given and no inferences should be drawn with respect to any future results that may be achieved by clients of PENN.

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