

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 1

Rev. 11/2010

3/31/2011 3:51:47 PM

**ADV Part 1A, Page 1**

**WARNING:** Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 3.

**Item 1 Identifying Information**

Responses to this Item tell us who you are, where you are doing business, and how we can contact you.

- A. Your full legal name (if you are a sole proprietor, your last, first, and middle names):  
PENN CAPITAL MANAGEMENT COMPANY, INC.
- B. Name under which you primarily conduct your advisory business, if different from Item 1.A.  
PENN CAPITAL MANAGEMENT COMPANY, INC.  
*List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.*
- C. If this filing is reporting a change in your legal name (Item 1.A.) or primary business name (Item 1.B.), enter the new name and specify whether the name change is of  
 your legal name or  your primary business name:
- D. If you are registered with the SEC as an investment adviser, your SEC file number: 801- 31452
- E. If you have a number ("CRD Number") assigned by FINRA's CRD system or by the IARD system, your CRD number: 105081  
*If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.*

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 2

Rev. 11/2010

3/31/2011 3:51:47 PM

**Item 1 Identifying Information (Continued)**

F. *Principal Office and Place of Business*

(1) Address (do not use a P.O. Box):

Number and Street 1:

THREE CRESCENT DRIVE

City:

PHILADELPHIA

State:

PA

Number and Street 2:

SUITE 400

Country:

UNITED STATES

ZIP+4/Postal Code:

19112

If this address is a private residence, check this box:

*List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for registration, or are registered,*

with one or more state securities authorities, you must list all of your offices in the state or states to which you are applying for registration or with whom you are registered. If you are applying for registration, or are registered only, with the SEC, list the largest five offices in terms of numbers of employees.

(2) Days of week that you normally conduct business at your *principal office and place of business*:

Monday-Friday  Other:

Normal business hours at this location:

8:00 AM TO 5:00 PM

(3) Telephone number at this location:

215-302-1500

(4) Facsimile number at this location:

215-468-1873

G. Mailing address, if different from your *principal office and place of business* address:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

If this address is a private residence, check this box:

H. If you are a sole proprietor, state your full residence address, if different from your *principal office and place of business* address in Item 1.F.:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 3

Rev. 11/2010

3/31/2011 3:51:47 PM

### Item 1 Identifying Information (Continued)

YES NO

I. Do you have World Wide Web site addresses?

*If "yes," list these addresses on Section 1.I. of Schedule D. If a web address serves as a portal through which to access other information you have published on the World Wide Web, you may list the portal without listing addresses for all of the other information. Some advisers may need to list more than one portal address. Do not provide individual electronic mail addresses in response to this Item.*

J. Contact *Employee*:

Name:

JOHN G LIVEWELL

Title:

CHIEF COMPLIANCE OFFICER

Telephone Number:

215-302-1500

Facsimile Number:

215-468-1873

Number and Street 1:

3 CRESCENT DRIVE

Number and Street 2:

SUITE 400

City:

PHILADELPHIA

State:

PA

Country:

UNITED STATES

ZIP+4/Postal Code:

19112

Electronic mail (e-mail) address, if contact *employee* has one:

JOHN.LIVEWELL@PENNCAPITAL.COM

*The contact employee should be an employee whom you have authorized to receive information and respond to questions about this Form ADV.*

YES NO

- K. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your *principal office and place of business*?

*If "yes," complete Section 1.K. of Schedule D.*

YES NO

- L. Are you registered with a *foreign financial regulatory authority*?

*Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes", complete Section 1.L. of Schedule D.*

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 4

Rev. 11/2010

3/31/2011 3:51:47 PM

### Item 2 SEC Registration

Responses to this Item help us (and you) determine whether you are eligible to register with the SEC. Complete this Item 2 only if you are applying for SEC registration or submitting an *annual updating amendment* to your SEC registration.

- A. To register (or remain registered) with the SEC, you must check at least one of the Items 2.A(1) through 2.A(11), below. If you are submitting an *annual updating amendment* to your SEC registration and you are no longer eligible to register with the SEC, check Item 2.A(12). You:

- (1) have *assets under management* of \$25 million (in U.S. dollars) or more;

*See Part 1A Instruction 2.a. to determine whether you should check this box.*

- (2) have your *principal office and place of business* in Wyoming;

- (3) have your *principal office and place of business* outside the United States;

- (4) are an investment adviser (or sub-adviser) to an investment company registered under the Investment Company Act of 1940;

*See Part 1A Instruction 2.b. to determine whether you should check this box.*

- (5) have been designated as a nationally recognized statistical rating organization;

*See Part 1A Instruction 2.c. to determine whether you should check this box.*

- (6) are a pension consultant that qualifies for the exemption in rule 203A-2(b);

*See Part 1A Instruction 2.d. to determine whether you should check this box.*

- (7) are relying on rule 203A-2(c) because you are an investment adviser that *controls*, is *controlled* by, or is under common *control* with, an investment adviser that is registered with the SEC, and your *principal office and place of business* is the same as the registered adviser;

*See Part 1A Instruction 2.e. to determine whether you should check this box. If you check this box, complete Section 2.A(7) of Schedule D.*

- (8) are a newly formed adviser relying on rule 203A-2(d) because you expect to be eligible for SEC registration within 120 days;

*See Part 1A Instruction 2.f. to determine whether you should check this box. If you check this box, complete Section 2.A(8) of Schedule D.*

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 5

Rev. 11/2010

3/31/2011 3:51:47 PM

### Item 2 SEC Registration (Continued)

- (9) are a multi-state adviser relying on rule 203A-2(e);

*See Part 1A Instruction 2.g. to determine whether you should check this box. If you check this box, complete Section 2.A(9) of Schedule D.*

- (10) are an Internet investment adviser relying on rule 203A-2(f);

*See Part 1A Instructions 2.h. to determine whether you should check this box.*

- (11) have received an SEC *order* exempting you from the prohibition against registration with the SEC;

*If you checked this box, complete Section 2.A(11) of Schedule D.*

- (12) are no longer eligible to remain registered with the SEC.

*See Part 1A Instructions 2.i. to determine whether you should check this box.*

- B. Under state laws, SEC-registered advisers may be required to provide to *state securities authorities* a copy of the Form ADV and any amendments they file with the SEC. These are called *notice filings*. If this is an initial application, check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to direct your *notice filings* to additional state(s), check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to your registration to stop your *notice filings* from going to state(s) that currently receive them, uncheck the box(es) next to those state(s).

<input checked="" type="checkbox"/> AL	<input checked="" type="checkbox"/> ID	<input checked="" type="checkbox"/> MO	<input checked="" type="checkbox"/> PA
<input checked="" type="checkbox"/> AK	<input checked="" type="checkbox"/> IL	<input checked="" type="checkbox"/> MT	<input type="checkbox"/> PR
<input checked="" type="checkbox"/> AZ	<input checked="" type="checkbox"/> IN	<input checked="" type="checkbox"/> NE	<input checked="" type="checkbox"/> RI

<input checked="" type="checkbox"/> AR	<input checked="" type="checkbox"/> IA	<input checked="" type="checkbox"/> NV	<input checked="" type="checkbox"/> SC
<input checked="" type="checkbox"/> CA	<input checked="" type="checkbox"/> KS	<input checked="" type="checkbox"/> NH	<input checked="" type="checkbox"/> SD
<input checked="" type="checkbox"/> CO	<input checked="" type="checkbox"/> KY	<input checked="" type="checkbox"/> NJ	<input checked="" type="checkbox"/> TN
<input checked="" type="checkbox"/> CT	<input checked="" type="checkbox"/> LA	<input checked="" type="checkbox"/> NM	<input checked="" type="checkbox"/> TX
<input checked="" type="checkbox"/> DE	<input checked="" type="checkbox"/> ME	<input checked="" type="checkbox"/> NY	<input checked="" type="checkbox"/> UT
<input checked="" type="checkbox"/> DC	<input checked="" type="checkbox"/> MD	<input checked="" type="checkbox"/> NC	<input checked="" type="checkbox"/> VT
<input checked="" type="checkbox"/> FL	<input checked="" type="checkbox"/> MA	<input checked="" type="checkbox"/> ND	<input type="checkbox"/> VI
<input type="checkbox"/> GU	<input checked="" type="checkbox"/> MI	<input checked="" type="checkbox"/> OH	<input checked="" type="checkbox"/> VA
<input checked="" type="checkbox"/> HI	<input checked="" type="checkbox"/> MN	<input checked="" type="checkbox"/> OK	<input checked="" type="checkbox"/> WA
	<input checked="" type="checkbox"/> MS	<input checked="" type="checkbox"/> OR	<input checked="" type="checkbox"/> WV
			<input checked="" type="checkbox"/> WI

*If you are amending your registration to stop your notice filings from going to a state that currently receives them and you do not want to pay that state's notice filing fee for the coming year, your amendment must be filed before the end of the year (December 31).*

**Item 3 Form Of Organization**

A. How are you organized?

- Corporation   
 Sole Proprietorship   
 Limited Liability Partnership (LLP)  
 Partnership   
 Limited Liability Company (LLC)   
 Other (specify):

*If you are changing your response to this Item, see Part 1A Instruction 4.*

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

**Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.**

**CRD Number: 105081**

**ADV - Annual Amendment, Page 6**

**Rev. 11/2010**

**3/31/2011 3:51:47 PM**

**Item 3 Form Of Organization (Continued)**

- B. In what month does your fiscal year end each year?  
December
- C. Under the laws of what state or country are you organized?  
State:      Country:  
Delaware    UNITED STATES

**Item 4 Successions**

**YES NO**

- A. Are you, at the time of this filing, succeeding to the business of a registered investment adviser?       YES     NO

*If "yes," complete Item 4.B. and Section 4 of Schedule D.*

- B. Date of Succession: (MM/DD/YYYY)

*If you have already reported this succession on a previous Form ADV filing, do not report the*

succession again. Instead, check "No." See Part 1A Instruction 4.

### Item 5 Information About Your Advisory Business

Responses to this Item help us understand your business, assist us in preparing for on-site examinations, and provide us with data we use when making regulatory policy. Part 1A Instruction 5.a. provides additional guidance to newly-formed advisers for completing this Item 5.

#### Employees

A. Approximately how many *employees* do you have? Include full and part-time *employees* but do not include any clerical workers.

- 1- 5                       6-10                       11-50                       51-250                       251-500  
 501-1,000                       More than 1,000                      If more than 1,000, how many?  
(round to the nearest 1,000)

B.

(1) Approximately how many of these *employees* perform investment advisory functions (including research)?

- 0                       1-5                       6-10                       11-50                       51-250  
 251-500                       501-1,000                       More than 1,000                      If more than 1,000, how many?  
(round to the nearest 1,000)

(2) Approximately how many of these *employees* are registered representatives of a broker-dealer?

- 0                       1-5                       6-10                       11-50                       51-250  
 251-500                       501-1,000                       More than 1,000                      If more than 1,000, how many?  
(round to the nearest 1,000)

*If you are organized as a sole proprietorship, include yourself as an employee in your responses to Items 5.A(1) and 5.B(2). If an employee performs more than one function, you should count that employee in each of your responses to Item 5.B(1) and 5.B(2).*

## FORM ADV

## UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 7

Rev. 11/2010

3/31/2011 3:51:47 PM

### Item 5 Information About Your Advisory Business (Continued)

(3) Approximately how many firms or other *persons* solicit advisory *clients* on your behalf?

- 0                       1-5                       6-10                       11-50                       51-250  
 251-500                       501-1,000                       More than 1,000                      If more than 1,000, how many?  
(round to the nearest 1,000)

*In your response to Item 5.B(3), do not count any of your employees and count a firm only once -- do not count each of the firm's employees that solicit on your behalf.*

#### Clients



Assets Under Management

YES NO

F. (1) Do you provide continuous and regular supervisory or management services to securities portfolios?

(2) If yes, what is the amount of your assets under management and total number of accounts?

	U.S. Dollar Amount	Total Number of Accounts
Discretionary:	(a) \$ 5497309671 .00	(d) 4200
Non-Discretionary:	(b) \$ 378039347 .00	(e) 15
Total:	(c) \$ 5875349018 .00	(f) 4215

*Part 1A Instruction 5.b. explains how to calculate your assets under management. You must follow these instructions carefully when completing this Item.*

Advisory Activities

G. What type(s) of advisory services do you provide? Check all that apply.

- (1) Financial planning services
- (2) Portfolio management for individuals and/or small businesses
- (3) Portfolio management for investment companies
- (4) Portfolio management for businesses or institutional *clients* (other than investment companies)
- (5) Pension consulting services
- (6) Selection of other advisers
- (7) Publication of periodicals or newsletters
- (8) Security ratings or pricing services
- (9) Market timing services
- (10) Other (specify):

*Do not check Item 5.G(3) unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940.*

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 9

Rev. 11/2010

3/31/2011 3:51:47 PM

**Item 5 Information About Your Advisory Business (Continued)**

H. If you provide financial planning services, to how many *clients* did you provide these services during your last fiscal year?

- 0       1-10       11-25       26-50       51-100  
 101-250       251-500       More than 500      If more than 500, how many?  
(round to the nearest 500)

I. If you participate in a *wrap fee program*, do you (check all that apply):

- (1) sponsor the wrap fee program ?
- (2) act as a portfolio manager for the wrap fee program?

If you are a portfolio manager for a wrap fee program, list the names of the programs and their sponsors in Section 5.1(2) of Schedule D.

If your involvement in a wrap fee program is limited to recommending wrap fee programs to your clients , or you advise a mutual fund that is offered through a wrap fee program, do not check either Item 5.1(1) or 5.1(2).

**Item 6 Other Business Activities**

In this Item, we request information about your other business activities.

A. You are actively engaged in business as a (check all that apply):

- (1) Broker-dealer
- (2) Registered representative of a broker-dealer
- (3) Futures commission merchant, commodity pool operator, or commodity trading advisor
- (4) Real estate broker, dealer, or agent
- (5) Insurance broker or agent
- (6) Bank (including a separately identifiable department or division of a bank)
- (7) Other financial product salesperson (specify):

**YES NO**

- B. (1) Are you actively engaged in any other business not listed in Item 6.A. (other than giving investment advice)?  YES  NO
- (2) If yes, is this other business your primary business?  YES  NO

If "yes," describe this other business on Section 6.B. of Schedule D.

**YES NO**

- (3) Do you sell products or provide services other than investment advice to your advisory clients?  YES  NO

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 10

Rev. 11/2010

3/31/2011 3:51:47 PM

**Item 7 Financial Industry Affiliations**

In this Item, we request information about your financial industry affiliations and activities. This information identifies areas in which conflicts of interest may occur between you and your clients.

Item 7 requires you to provide information about you and your related persons. Your related persons are all of your advisory affiliates and any related person that is under common control with you.

A. You have a related person that is a (check all that apply):

- (1) broker-dealer, municipal securities dealer, or government securities broker or dealer
- (2) investment company (including mutual funds)
- (3) other investment adviser (including financial planners)
- (4) futures commission merchant, commodity pool operator, or commodity trading advisor

- (5) banking or thrift institution
- (6) accountant or accounting firm
- (7) lawyer or law firm
- (8) insurance company or agency
- (9) pension consultant
- (10) real estate broker or dealer
- (11) sponsor or syndicator of limited partnerships

*If you checked Items 7.A.(1) or (3), you must list on Section 7.A. of Schedule D all your related persons that are investment advisers, broker-dealers, municipal securities dealers, or government securities broker or dealers.*

**Yes No**

B. Are you or any *related person* a general partner in an *investment-related* limited partnership or manager of an *investment-related* limited liability company, or do you advise any other "private fund" as defined under SEC rule 203(b)(3)-1?

*If "yes," for each limited partnership or limited liability company, or (if applicable) private fund, complete Section 7.B. of Schedule D . If, however, you are an SEC-registered adviser and you have related persons that are SEC-registered advisers who are the general partners of limited partnerships or the managers of limited liability companies, you do not have to complete Section 7.B. of Schedule D with respect to those related advisers' limited partnerships or limited liability companies.*

*To use this alternative procedure, you must state in the Miscellaneous Section of Schedule D : (1) that you have related SEC-registered investment advisers that manage limited partnerships or limited liability companies that are not listed in Section 7.B. of Schedule D ; (2) that complete and accurate information about those limited partnerships or limited liability companies is available in Section 7.B. of Schedule D of the Form ADVs of your related SEC-registered advisers; and (3) whether your clients are solicited to invest in any of those limited partnerships or limited liability companies.*

### Item 8 Participation or Interest in *Client* Transactions

In this Item, we request information about your participation and interest in your *clients'* transactions. Like Item 7, this information identifies areas in which conflicts of interest may occur between you and your *clients*.

Like Item 7, Item 8 requires you to provide information about you and your *related persons*.

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 11

Rev. 11/2010

3/31/2011 3:51:47 PM

### Item 8 Participation or Interest in *Client* Transactions (Continued)

#### Proprietary Interest in *Client* Transactions

A. Do you or any *related person*:

**Yes No**

(1) buy securities for yourself from advisory *clients*, or sell securities you own to advisory *clients* (principal transactions)?

- (2) buy or sell for yourself securities (other than shares of mutual funds) that you also recommend to advisory *clients*?
- (3) recommend securities (or other investment products) to advisory *clients* in which you or any *related person* has some other proprietary (ownership) interest (other than those mentioned in Items 8.A(1) or (2))?

Sales Interest in *Client* Transactions

- B. Do you or any *related person*:
- |  | Yes                              | No                               |
|--|----------------------------------|----------------------------------|
| (1) as a broker-dealer or registered representative of a broker-dealer, execute securities trades for brokerage customers in which advisory <i>client</i> securities are sold to or bought from the brokerage customer (agency cross transactions)?        | <input type="radio"/>            | <input checked="" type="radio"/> |
| (2) recommend purchase of securities to advisory <i>clients</i> for which you or any <i>related person</i> serves as underwriter, general or managing partner, or purchaser representative?  | <input checked="" type="radio"/> | <input type="radio"/>            |
| (3) recommend purchase or sale of securities to advisory <i>clients</i> for which you or any <i>related person</i> has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)? | <input type="radio"/>            | <input checked="" type="radio"/> |

Investment or Brokerage Discretion

- C. Do you or any *related person* have *discretionary authority* to determine the:
- |  | Yes                              | No                    |
|--|----------------------------------|-----------------------|
| (1) securities to be bought or sold for a <i>client's</i> account?                                   | <input checked="" type="radio"/> | <input type="radio"/> |
| (2) amount of securities to be bought or sold for a <i>client's</i> account?                         | <input checked="" type="radio"/> | <input type="radio"/> |
| (3) broker or dealer to be used for a purchase or sale of securities for a <i>client's</i> account?  | <input checked="" type="radio"/> | <input type="radio"/> |
| (4) commission rates to be paid to a broker or dealer for a <i>client's</i> securities transactions? | <input checked="" type="radio"/> | <input type="radio"/> |

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 12

Rev. 11/2010

3/31/2011 3:51:47 PM

**Item 8 Participation or Interest in *Client* Transactions (Continued)**

- D. Do you or any *related person* recommend brokers or dealers to *clients*?
- E. Do you or any *related person* receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions?
- F. Do you or any *related person*, directly or indirectly, compensate any *person* for *client* referrals?

*In responding to this Item 8.F., consider in your response all cash and non-cash compensation that you or a related person gave any person in exchange for client referrals, including any bonus that is based, at least in part, on the number or amount of client referrals.*

**Item 9 Custody**

In this Item, we ask you whether you or a *related person* has *custody* of *client* assets and about your custodial practices.

- A. (1) Do you have *custody* of any advisory *clients*':
- |                            | Yes                              | No                    |
|----------------------------|----------------------------------|-----------------------|
| (a) cash or bank accounts? | <input checked="" type="radio"/> | <input type="radio"/> |

(b) securities?



*If you are registering or registered with the SEC, answer "No" to Item 9.A.(1)(a) and (b) if you have custody solely because (i) you deduct your advisory fees directly from your clients' accounts, or (ii) a related person maintains client funds or securities as a qualified custodian but you have overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)(2)-(d)(5)) from the related person.*

(2) If you checked "yes" to Item 9.A(1)(a) or (b), what is the amount of *client* funds and securities and total number of *clients* for which you have *custody*:

U.S. Dollar Amount	Total Number of Clients
(a)\$ 585665000	(b) 14

*If your related person serves as qualified custodian of client assets, do not include the amount of those assets and the number of those clients in your response to Item 9.A.(2). Instead, include that information in your response to Item 9.B.(2).*

- B. (1) Do any of your *related persons* have *custody* of any of your advisory *clients*': **Yes No**
- (a) cash or bank accounts?
- (b) securities?

*You are required to answer this item regardless of how you answered Item 9.A.(1)(a) or (b).*

(2) If you checked "yes" to Item 9.B.(1)(a) or (b), what is the amount of *client* funds and securities and total number of *clients* for which your related persons have *custody*:

U.S. Dollar Amount	Total Number of Clients
(a)\$	(b)

- C. If you or your *related persons* have *custody* of *client* funds or securities, check all the following that apply:
- (1) A qualified custodian(s) sends account statements at least quarterly to the investors in the pooled investment vehicle(s) you manage.
  - (2) An independent public accountant audits annually the pooled investment vehicle(s) that you manage and the audited financial statements are distributed to the investors in the pools.
  - (3) An independent public accountant conducts an annual surprise examination of *client* funds and securities.
  - (4) An independent public accountant prepares an internal control report with respect to custodial services when you or your *related persons* are qualified custodians for *client* funds and securities.
- If you checked Item 9.C.(2), C.(3) or C.(4), list in Section 9.C. of Schedule D the accountants that are engaged to perform the audit or examination or prepare an internal control report.*

- D. Do you or your *related persons* act as qualified custodians for your *clients* in connection with advisory services you provide to *clients*? **Yes No**
- (1) you act as a qualified custodian
- (2) your *related persons* act as qualified custodians

*If you checked "yes" to Item 9.D.(2), list in Section 9.D. of Schedule D all your related persons that act as qualified custodians for your clients in connection with advisory services you provide to clients (you do not have to list broker-dealers already identified as qualified custodians in Section 7.A. of Schedule D).*

E. If you are filing your annual updating amendment and you were subject to a surprise examination by an independent public accountant during your last fiscal year, provide the date (MM/YYYY) the examination commenced:

### Item 10 Control Persons

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you.

If you are submitting an initial application, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application, you must complete Schedule C.

Does any *person* not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, *control* your management or policies?

YES NO

*If yes, complete Section 10 of Schedule D.*

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 13

Rev. 11/2010

3/31/2011 3:51:47 PM

### Item 11 Disclosure Information

In this Item, we ask for information about your disciplinary history and the disciplinary history of all your *advisory affiliates*. We use this information to determine whether to grant your application for registration, to decide whether to revoke your registration or to place limitations on your activities as an investment adviser, and to identify potential problem areas to focus on during our on-site examinations. One event may result in "yes" answers to more than one of the questions below.

Your *advisory affiliates* are: (1) all of your current *employees* (other than *employees* performing only clerical, administrative, support or similar functions); (2) all of your officers, partners, or directors (or any *person* performing similar functions); and (3) all *persons* directly or indirectly *controlling* you or *controlled* by you. If you are a "separately identifiable department or division" (SID) of a bank, see the Glossary of Terms to determine who your *advisory affiliates* are.

*If you are registered or registering with the SEC, you may limit your disclosure of any event listed in Item 11 to ten years following the date of the event. If you are registered or registering with a state, you must respond to the questions as posed; you may, therefore, limit your disclosure to ten years following the date of an event only in responding to Items 11.A(1), 11.A(2), 11.B(1), 11.B(2), 11.D(4), and 11.H(1)(a). For purposes of calculating this ten-year period, the date of an event is the date the final order, judgment, or decree was entered, or the date any rights of appeal from preliminary orders, judgments, or decrees lapsed.*

You must complete the appropriate Disclosure Reporting Page ("DRP") for "yes" answers to the questions in this Item 11.

For "yes" answers to the following questions, complete a Criminal Action DRP:

A. In the past ten years, have you or any *advisory affiliate*:

YES NO

(1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any *felony*?

(2) been *charged* with any *felony*?

If you are registered or registering with the SEC, you may limit your response to Item 11.A(2) to charges that are currently pending.

B. In the past ten years, have you or any *advisory affiliate*:

- (1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a *misdemeanor* involving: investments or an *investment-related* business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?
- (2) been *charged* with a *misdemeanor* listed in 11.B(1)?

If you are registered or registering with the SEC, you may limit your response to Item 11.B(2) to charges that are currently pending.

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 14

Rev. 11/2010

3/31/2011 3:51:47 PM

### Item 11 Disclosure Information (Continued)

For "yes" answers to the following questions, complete a Regulatory Action DRP:

- |   |                       | YES                              | NO |
|---|-----------------------|----------------------------------|----|
| C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever:   |                       |                                  |    |
| (1) <i>found</i> you or any <i>advisory affiliate</i> to have made a false statement or omission?   | <input type="radio"/> | <input checked="" type="radio"/> |    |
| (2) <i>found</i> you or any <i>advisory affiliate</i> to have been <i>involved</i> in a violation of SEC or CFTC regulations or statutes?   | <input type="radio"/> | <input checked="" type="radio"/> |    |
| (3) <i>found</i> you or any <i>advisory affiliate</i> to have been a cause of an <i>investment-related</i> business having its authorization to do business denied, suspended, revoked, or restricted?  | <input type="radio"/> | <input checked="" type="radio"/> |    |
| (4) entered an <i>order</i> against you or any <i>advisory affiliate</i> in connection with <i>investment-related</i> activity?   | <input type="radio"/> | <input checked="" type="radio"/> |    |
| (5) imposed a civil money penalty on you or any <i>advisory affiliate</i> , or <i>ordered</i> you or any <i>advisory affiliate</i> to cease and desist from any activity?   | <input type="radio"/> | <input checked="" type="radio"/> |    |
|   |                       |                                  |    |
| D. Has any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> :   |                       |                                  |    |
| (1) ever <i>found</i> you or any <i>advisory affiliate</i> to have made a false statement or omission, or been dishonest, unfair, or unethical?   | <input type="radio"/> | <input checked="" type="radio"/> |    |
| (2) ever <i>found</i> you or any <i>advisory affiliate</i> to have been <i>involved</i> in a violation of <i>investment-related</i> regulations or statutes?  | <input type="radio"/> | <input checked="" type="radio"/> |    |
| (3) ever <i>found</i> you or any <i>advisory affiliate</i> to have been a cause of an <i>investment-related</i> business having its authorization to do business denied, suspended, revoked, or restricted?   | <input type="radio"/> | <input checked="" type="radio"/> |    |
| (4) in the past ten years, entered an <i>order</i> against you or any <i>advisory affiliate</i> in connection with an <i>investment-related</i> activity?   | <input type="radio"/> | <input checked="" type="radio"/> |    |
| (5) ever denied, suspended, or revoked your or any <i>advisory affiliate's</i> registration or license, or otherwise prevented you or any <i>advisory affiliate</i> , by <i>order</i> , from associating with an <i>investment-related</i> business or restricted your or any <i>advisory affiliate's</i> activity? | <input type="radio"/> | <input checked="" type="radio"/> |    |

- E. Has any *self-regulatory organization* or commodities exchange ever:
- (1) *found* you or any *advisory affiliate* to have made a false statement or omission?
  - (2) *found* you or any *advisory affiliate* to have been *involved* in a violation of its rules (other than a violation designated as a "*minor rule violation*" under a plan approved by the SEC)?
  - (3) *found* you or any *advisory affiliate* to have been the cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?
  - (4) disciplined you or any *advisory affiliate* by expelling or suspending you or the *advisory affiliate* from membership, barring or suspending you or the *advisory affiliate* from association with other members, or otherwise restricting your or the *advisory affiliate's* activities?

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Page 15

Rev. 11/2010

3/31/2011 3:51:47 PM

**Item 11 Disclosure Information (Continued)**

- F. Has an authorization to act as an attorney, accountant, or federal contractor granted to you or any *advisory affiliate* ever been revoked or suspended?

- G. Are you or any *advisory affiliate* now the subject of any regulatory *proceeding* that could result in a "yes" answer to any part of Item 11.C., 11.D., or 11.E.?

For "yes" answers to the following questions, complete a Civil Judicial Action DRP:

- | H. (1) Has any domestic or foreign court:  | YES                   | NO                               |
|--|-----------------------|----------------------------------|
| (a) in the past ten years, <i>enjoined</i> you or any <i>advisory affiliate</i> in connection with any <i>investment-related</i> activity?   | <input type="radio"/> | <input checked="" type="radio"/> |
| (b) ever <i>found</i> that you or any <i>advisory affiliate</i> were <i>involved</i> in a violation of <i>investment-related</i> statutes or regulations?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (c) ever dismissed, pursuant to a settlement agreement, an <i>investment-related</i> civil action brought against you or any <i>advisory affiliate</i> by a state or <i>foreign financial regulatory authority</i> ? | <input type="radio"/> | <input checked="" type="radio"/> |
|  |                       |                                  |
| (2) Are you or any <i>advisory affiliate</i> now the subject of any civil <i>proceeding</i> that could result in a "yes" answer to any part of Item 11.H(1)?   | <input type="radio"/> | <input checked="" type="radio"/> |

**Item 12 Small Businesses**

The SEC is required by the Regulatory Flexibility Act to consider the effect of its regulations on small entities. In order to do this, we need to determine whether you meet the definition of "small business" or "small organization" under rule 0-7.

Answer this Item 12 only if you are registered or registering with the SEC and you indicated in response to Item 5.F(2)(c) that you have assets under management of less than \$25 million. You are not required to answer this Item 12 if you are filing for initial registration as a state adviser, amending a current state registration, or switching from SEC to state registration.

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

3/31/2011 3:51:47 PM

**Item 12 Small Businesses (Continued)**

For purposes of this Item 12 only:

- Total Assets refers to the total assets of a firm, rather than the assets managed on behalf of *clients*. In determining your or another *person's* total assets, you may use the total assets shown on a current balance sheet (but use total assets reported on a consolidated balance sheet with subsidiaries included, if that amount is larger).
- Control means the power to direct or cause the direction of the management or policies of a *person*, whether through ownership of securities, by contract, or otherwise. Any *person* that directly or indirectly has the right to vote 25 percent or more of the voting securities, or is entitled to 25 percent or more of the profits, of another *person* is presumed to control the other *person*.

**YES NO**

- A. Did you have total assets of \$5 million or more on the last day of your most recent fiscal year?  YES  NO  
*If "yes," you do not need to answer Items 12.B. and 12.C.*
- B. Do you:
- (1) *control* another investment adviser that had assets under management of \$25 million or more on the last day of its most recent fiscal year?  YES  NO
- (2) *control* another *person* (other than a natural person) that had total assets of \$5 million or more on the last day of its most recent fiscal year?  YES  NO
- C. Are you:
- (1) *controlled by* or under common *control* with another investment adviser that had assets under management of \$25 million or more on the last day of its most recent fiscal year?  YES  NO
- (2) *controlled by* or under common *control* with another *person* (other than a natural person) that had total assets of \$5 million or more on the last day of its most recent fiscal year?  YES  NO

**FORM ADV  
 UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Part 1B, Page 1

Rev. 11/2010

3/31/2011 3:51:47 PM

**You must complete this Part 1B only if you are applying for registration, or are registered, as an investment adviser with any of the *state securities authorities*.**

**Part 1B Item 1 - State Registration**

Complete this Item 1 if you are submitting an initial application for state registration or requesting additional state registration(s). Check the boxes next to the states to which you are submitting this application. If you are already registered with at least one state and are applying for registration with an additional state or states, check the boxes next to the states in which you are applying for registration. Do not check the boxes next to the states in which you are currently registered or where you have an application for registration pending.

- AL
- AK
- AZ

- ID
- IL
- IN

- MO
- MT
- NE

- PA
- PR
- RI

- AR
- CA
- CO
- CT
- DE
- DC
- FL
- GA
- GU
- HI

- IA
- KS
- KY
- LA
- ME
- MD
- MA
- MI
- MN
- MS

- NV
- NH
- NJ
- NM
- NY
- NC
- ND
- OH
- OK
- OR

- SC
- SD
- TN
- TX
- UT
- VT
- VI
- VA
- WA
- WV
- WI

**Part 1B Item 2 - Additional Information**

A. Person responsible for supervision and compliance:

Name:

Title:

Telephone:

Fax:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

Email address, if available:

If this address is a private residence, check this box:

B. Bond/Capital Information, if required by your *home state*.

(1) Name of Issuing Insurance Company:

(2) Amount of Bond:

\$ .00

(3) Bond Policy Number:

Yes No

(4) If required by your home state, are you in compliance with your home state's minimum capital requirements?

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Part 1B, Page 2

Rev. 11/2010

3/31/2011 3:51:47 PM

**Part 1B Item 2 - Additional Information (Continued)**

Yes No

For "yes" answers to the following question, complete a Bond DRP.

C. Has a bonding company ever denied, paid out on, or revoked a bond for you?

For "yes" answers to the following question, complete a Judgment/Lien DRP:

D. Do you have any unsatisfied judgments or liens against you?

For "yes" answers to the following questions, complete an Arbitration DRP:

E. Are you, any *advisory affiliate*, or any *management person* currently the subject of, or have you, any *advisory affiliate*, or any *management person* been the subject of, an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (1) any investment or an *investment-related* business of activity?
- (2) fraud, false statement, or omission?
- (3) theft, embezzlement, or other wrongful taking of property?
- (4) bribery, forgery, counterfeiting, or extortion?
- (5) dishonest, unfair, or unethical practices?

For "yes" answers to the following questions, complete a Civil Judicial Action DRP:

F. Are you, any *advisory affiliate*, or any *management person* currently subject to, or have you, any *advisory affiliate*, or any *management person* been *found* liable in, a civil, *self-regulatory organization*, or administrative *proceeding* involving any of the following:

- (1) an investment or *investment-related* business or activity?
- (2) fraud, false statement, or omission?
- (3) theft, embezzlement, or other wrongful taking of property?
- (4) bribery, forgery, counterfeiting, or extortion?
- (5) dishonest, unfair, or unethical practices?

G. Other Business Activities

(1) You are actively engaged in business as a(n) (check all that apply):

- Attorney
- Certified Public Accountant
- Tax Preparer

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.  
ADV - Annual Amendment, Part 1B, Page 3  
3/31/2011 3:51:47 PM

CRD Number: 105081  
Rev. 11/2010

### Part 1B Item 2 - Additional Information (Continued)

(2) If you are actively engaged in any business other than those listed in Item 6.A of Part 1A or Item 2.G(1) of Part 1B, describe the business and the approximate amount of time spent on that business:

H. If you provide financial planning services, the investments made based on those services at the end of your last fiscal year totaled:

	Securities Investments	Non-Securities Investments
Under \$100,000	<input type="radio"/>	<input type="radio"/>
\$100,001 to \$500,000	<input type="radio"/>	<input type="radio"/>

- |                            |                       |                       |
|----------------------------|-----------------------|-----------------------|
| \$500,001 to \$1,000,000   | <input type="radio"/> | <input type="radio"/> |
| \$1,000,001 to \$2,500,000 | <input type="radio"/> | <input type="radio"/> |
| \$2,500,001 to \$5,000,000 | <input type="radio"/> | <input type="radio"/> |
| More than \$5,000,000      | <input type="radio"/> | <input type="radio"/> |

If securities investments are over \$5,000,000, how much? (round to the nearest \$1,000,000)

If non-securities investments are over \$5,000,000, how much? (round to the nearest \$1,000,000)

**Yes No**

**I. Custody**

- (1) Do you withdraw advisory fees directly from your *clients'* accounts? If you answered "yes", respond to the following:
- (a) Do you send a copy of your invoice to the custodian or trustee at the same time that you send a copy to the *client*?
- (b) Does the custodian send quarterly statements to your *clients* showing all disbursements for the custodian account, including the amount of the advisory fees?
- (c) Do your *clients* provide written authorization permitting you to be paid directly for their accounts held by the custodian or trustee?
- (2) Do you act as a general partner for any partnership or trustee for any trust in which your advisory *clients* are either partners of the partnership or beneficiaries of the trust? If you answered "yes", respond to the following:
- (a) As the general partner of a partnership, have you engaged an attorney or an independent certified public accountant to provide authority permitting each direct payment or any transfer of funds or securities from the partnership account?
- (3) Do you require the prepayment of fees of more than \$500 per *client* and for six months or more in advance?

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

**Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.**

**CRD Number: 105081**

**ADV - Annual Amendment, Part 1B, Page 4**

**Rev. 11/2010**

**3/31/2011 3:51:47 PM**

**Part 1B Item 2 - Additional Information (Continued)**

**Yes No**

- J. If you are organized as a sole proprietorship, please answer the following:
- (1) (a) Have you passed, on or after January 1, 2000, the Series 65 examination?
- (b) Have you passed, on or after January 1, 2000, the Series 66 examination and also passed, at any time, the Series 7 examination?
- (2) (a) Do you have any investment advisory professional designations?    
*If "no", you do not need to answer Item 2.J(2)(b).*
- (b) I have earned and I am in good standing with the organization that issued the following credential:
- Certified Financial Planner ("CFP")
  - Chartered Financial Analyst ("CFA")
  - Chartered Financial Consultant ("ChFC")
  - Chartered Investment Counselor ("CIC")

Personal Financial Specialist ("PFS")

None of the above

(3) Your Social Security Number:

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV-Annual Amendment, Part 2

Rev. 11/2010

3/31/2011 3:51:47 PM

Amend, retire or file new brochures:

Brochure ID	Brochure Name	Brochure Type(s)
48918	2011 PENN CAPITAL MANAGEMENT COMPANY, INC. ADV PART 2A	Individuals, High net worth individuals, Pension plans/profit sharing plans, Foundations/charities, Government/municipal, Other institutional, Private funds or pools, Wrap program

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, SCHEDULE A

Rev. 11/2010

3/31/2011 3:51:47 PM

### Form ADV, Schedule A

#### Direct Owners and Executive Officers

1. Complete Schedule A only if you are submitting an initial application. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this information.

2. Direct Owners and Executive Officers. List below the names of:

(a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer (Chief Compliance Officer is required and cannot be more than one individual), director, and any other individuals with similar status or functions;

(b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);

Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

(c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;

- (d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and
- (e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.

3. Do you have any indirect owners to be reported on Schedule B?  Yes  No

4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.

5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).

6. Ownership codes are:

NA - less than 5%	B - 10% but less than 25%	D - 50% but less than 75%
A - 5% but less than 10%	C - 25% but less than 50%	E - 75% or more

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.

(b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

(c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Title or Status	Date Title or Status Acquired MM/YYYY	Ownership Code	<i>Control Person</i>	PR	CRD No. If None: S.S. No. and Date of Birth, IRS Tax No., or Employer ID No.
HOCKER, RICHARD, ALAN	I	CHIEF INVESTMENT OFFICER	11/1987	C	Y	N	850185
HOCKER, MARCIA, ANN	I	PRESIDENT & CHIEF OPERATING OFFICER	11/1987	B	Y	N	4345620
HOCKER, KIMBERLEY, ANN	I	TRUSTEE, KIMBERLEY A. HOCKER IRREVOCABLE TRUST	10/1995	A	N	N	2965916
HOCKER, KIRSTEN	I	TRUSTEE, KIRSTEN A. HOCKER IRREVOCABLE TRUST	10/1995	A	N	N	4345640
NOYES, CHRISTIAN, M	I	DIRECTOR OF MARKETING & CLIENT SERVICES/SENIOR MANAGING PARTNER	01/2001	A	Y	N	3070165
GREEN, ERIC	I	DIRECTOR OF RESEARCH & SR. PORTFOLIO MANAGER	01/2001	B	Y	N	5094040
SCHUMACHER, SCOTT, DAVID	I	SENIOR PORTFOLIO MANAGER	01/2001	A	Y	N	5094004
MCBRIDE, GERALD	I	CHIEF FINANCIAL OFFICER	01/2007	NA	Y	N	5484009

LIVEWELL, JOHN, GREGORY	I	CHIEF COMPLIANCE OFFICER	11/2008	NA	N	N	2805942
SILVA, JORGE, PAULO	I	SENIOR PORTFOLIO MANAGER	01/2010	NA	Y	N	5775839

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, SCHEDULE B

Rev. 11/2010

3/31/2011 3:51:47 PM

**Form ADV, Schedule B**

**Indirect Owners**

1. Complete Schedule B only if you are submitting an initial application. Schedule B asks for information about your indirect owners; you must first complete Schedule A, which asks for information about your direct owners. Use Schedule C to amend this information.
2. Indirect Owners. With respect to each owner listed on Schedule A (except individual owners), list below:
  - (a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

- (b) in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;
  - (c) in the case of an owner that is a trust, the trust and each trustee; and
  - (d) in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.
3. Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.
4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.
5. Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are:
 

C - 25% but less than 50%	E - 75% or more
D - 50% but less than 75%	F - Other (general partner, trustee, or elected manager)
7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.

(b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

(c) Complete each column.

No Indirect Owner Information Filed

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, SCHEDULE C

Rev. 11/2010

3/31/2011 3:51:47 PM

### Form ADV, Schedule C

#### Amendments to Schedules A and B

- Use Schedule C only to amend information requested on either Schedule A or Schedule B. Refer to Schedule A and Schedule B for specific instructions for completing this Schedule C. Complete each column.
- In the Type of Amendment column, indicate "A" (addition), "D" (deletion), or "C" (change in information about the same *person*).
- Ownership codes are:
 

NA - less than 5%	C - 25% but less than 50%	G - Other (general partner, trustee, or elected member)
A - 5% but less than 10%	D - 50% but less than 75%	
B - 10% but less than 25%	E - 75% or more	
- List below all changes to Schedule A (Direct Owners and Executive Officers):

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Type of Amendment	Title or Status	Date Title or Status Acquired MM/YYYY	Ownership Code	Control Person	PR	CRD No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.
HOCKER, RICHARD, ALAN	I	C	CHIEF INVESTMENT OFFICER	11/1987	C	Y	N	850185
HOCKER, MARCIA, ANN	I	C	PRESIDENT & CHIEF OPERATING OFFICER	11/1987	B	Y	N	4345620
HOCKER, KIMBERLEY, ANN	I	C	TRUSTEE, KIMBERLEY A. HOCKER IRREVOCABLE TRUST	10/1995	A	N	N	2965916
NOYES, CHRISTIAN, M	I	C	DIRECTOR OF MARKETING & CLIENT SERVICES/SENIOR MANAGING PARTNER	01/2001	A	Y	N	3070165

- List below all changes to Schedule B (Indirect Owners):

No Changes to Indirect Owner Information Filed

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

**Form ADV, Schedule D Page 1**

Certain items in Part 1A of Form ADV require additional information on Schedule D. Use this Schedule D Page 1 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

**Section 1.B. Other Business Names**

List your other business names and the jurisdictions in which you use them. You must complete a separate Schedule D for each business name.

No Information Filed

**Section 1.F. Other Offices**

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Page 1 for each location. If you are applying for registration, or are registered, only with the SEC, list only the largest five (in terms of numbers of *employees*).

No Information Filed

**Section 1.I. World Wide Web Site Addresses**

List your World Wide Web site addresses. You must complete a separate Schedule D for each World Wide Web site address.

World Wide Web Site Address: WWW.PENNCAPITAL.COM

**Section 1.K. Locations of Books and Records**

Complete the following information for each location at which you keep your books and records, other than your *principal office and place of business*. You must complete a separate Schedule D Page 1 for each location.

Name of entity where books and records are kept:

KKS REALTY ASSOCIATES

Number and Street 1:

12 ROUTE 50

Number and Street 2:

City:

SEAVILLE

State:

NJ

Country:

UNITED STATES

ZIP+4/Postal Code:

08210

If this address is a private residence, check this box:

Telephone Number:

2153021500

Facsimile number:

2154681873

This is (check one):

- one of your branch offices or affiliates.
- a third-party unaffiliated recordkeeper.
- other.

Briefly describe the books and records kept at this location.  
BOOKS AND RECORDS FROM PRIOR YEARS ARE MAINTAINED AT THIS SITE.

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, SCHEDULE D, Page 2

Rev. 11/2010

3/31/2011 3:51:47 PM

**Form ADV, Schedule D Page 2**

Use this Schedule D Page 2 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

**Section 1.L. Registration with *Foreign Financial Regulatory Authorities***

List the name, in English, of each *foreign financial regulatory authority* and country with which you are registered. You must complete a separate Schedule D Page 2 for each *foreign financial regulatory authority* with whom you are registered.

No Information Filed

**Section 2.A(7) Affiliated Adviser**

No Information Filed

**Section 2.A(8) Newly Formed Adviser**

If you are relying on rule 203A-2(d), the newly formed adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations. You must make both of these representations:

- I am not registered or required to be registered with the SEC or a *state securities authority* and I have a reasonable expectation that I will be eligible to register with the SEC within 120 days after the date my registration with the SEC becomes effective.
- I undertake to withdraw from SEC registration if, on the 120th day after my registration with the SEC becomes effective, I would be prohibited by Section 203A(a) of the Advisers Act from registering with the SEC.

**Section 2.A(9) Multi-State Adviser**

If you are relying on rule 203A-2(e), the multi-state adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations.

If you are applying for registration as an investment adviser with the SEC, you must make both of these representations:

- I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of 30 or more states to register as an investment adviser with the securities authorities in those states.
- I undertake to withdraw from SEC registration if I file an amendment to this registration indicating that I would be required by the laws of fewer than 25 states to register as an investment adviser with the securities authorities of those states.

If you are submitting your *annual updating amendment*, you must make this representation:

- Within 90 days prior to the date of filing this amendment, I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of at least 25 states to register as an investment adviser with the securities authorities in those states.

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.  
ADV - Annual Amendment, SCHEDULE D, Page 3  
3/31/2011 3:51:47 PM

CRD Number: 105081  
Rev. 11/2010

### Form ADV, Schedule D Page 3

Use this Schedule D Page 3 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

#### Section 2.A(11) SEC Exemptive Order

No Information Filed

#### Section 4 Successions

Complete the following information if you are succeeding to the business of a currently-registered investment adviser. If you acquired more than one firm in the succession you are reporting on this Form ADV, you must complete a separate Schedule D Page 3 for each acquired firm. See Part 1A Instruction 4.

No Information Filed

#### Section 5.I(2) Wrap Fee Programs

If you are a portfolio manager for one or more *wrap fee programs*, list the name of each program and its *sponsor*. You must complete a separate Schedule D Page 3 for each *wrap fee program* for which you are a portfolio manager.

Name of *Wrap Fee Program*  
LOCKWOOD MANAGED ACCOUNT LINK

Name of *Sponsor*  
LOCKWOOD ADVISORS, INC.

Name of *Wrap Fee Program*  
MERRILL LYNCH STRATEGIC PORTFOLIO ADVISORY SERVICE

Name of <i>Sponsor</i> MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.
Name of <i>Wrap Fee Program</i> STRATIS
Name of <i>Sponsor</i> JP MORGAN
Name of <i>Wrap Fee Program</i> FIDUCIARY SERVICES
Name of <i>Sponsor</i> MORGAN STANLEY SMITH BARNEY
Name of <i>Wrap Fee Program</i> CONSULTING EVALUATION SERVICES
Name of <i>Sponsor</i> MORGAN STANLEY SMITH BARNEY
Name of <i>Wrap Fee Program</i> LPL
Name of <i>Sponsor</i> LPL FINANCIAL
Name of <i>Wrap Fee Program</i> MAC
Name of <i>Sponsor</i> UBS FINANCIAL SERVICES
Name of <i>Wrap Fee Program</i> LOCKWOOD ADVISORS, INC. (MODEL)
Name of <i>Sponsor</i> LOCKWOOD ADVISORS, INC.
Name of <i>Wrap Fee Program</i> RELIANCE TRUST (MODEL)
Name of <i>Sponsor</i> RELIANCE TRUST
Name of <i>Wrap Fee Program</i> JP MORGAN (MODEL)
Name of <i>Sponsor</i> JP MORGAN
Name of <i>Wrap Fee Program</i> OPPENHEIMER (MODEL)
Name of <i>Sponsor</i> OPPENHEIMER
Name of <i>Wrap Fee Program</i> UBS FINANCIAL (MODEL)
Name of <i>Sponsor</i> UBS FINANCIAL SERVICES

Name of <i>Wrap Fee Program</i> BRINKER CAPITAL (MODEL)
Name of <i>Sponsor</i> BRINKER CAPITAL
Name of <i>Wrap Fee Program</i> U.S. BANK (MODEL)
Name of <i>Sponsor</i> U.S. BANK
Name of <i>Wrap Fee Program</i> MERRILL LYNCH UMA (MODEL)
Name of <i>Sponsor</i> MERRILL LYNCH
Name of <i>Wrap Fee Program</i> ACCESS
Name of <i>Sponsor</i> UBS FINANCIAL SERVICES
Name of <i>Wrap Fee Program</i> BRINKER CAPITAL
Name of <i>Sponsor</i> BRINKER CAPITAL
Name of <i>Wrap Fee Program</i> STAR
Name of <i>Sponsor</i> OPPENHEIMER & CO., INC.
Name of <i>Wrap Fee Program</i> CHARLES SCHWAB ACCESS
Name of <i>Sponsor</i> CHARLES F. SCHWAB
Name of <i>Wrap Fee Program</i> MORGAN STANLEY SMITH BARNEY (MODEL)
Name of <i>Sponsor</i> MORGAN STANLEY SMITH BARNEY
Name of <i>Wrap Fee Program</i> FIFTH THIRD BANK (MODEL)
Name of <i>Sponsor</i> FIFTH THIRD BANK
Name of <i>Wrap Fee Program</i> FREESTONE CAPITAL (MODEL)
Name of <i>Sponsor</i> FREESTONE CAPITAL
Name of <i>Wrap Fee Program</i> LPL (MODEL)

Name of *Sponsor*

LPL FINANCIAL

Name of *Wrap Fee Program*

OPPENHEIMER IAS

Name of *Sponsor*

OPPENHEIMER

Name of *Wrap Fee Program*

D A DAVIDSON MANAGED ACCOUNTS

Name of *Sponsor*

D A DAVIDSON

Name of *Wrap Fee Program*

CHARLES SCHWAB MARKETPLACE

Name of *Sponsor*

CHARLES F. SCHWAB

Name of *Wrap Fee Program*

PRIVATE ADVISOR NETWORK

Name of *Sponsor*

WELLS FARGO

Name of *Wrap Fee Program*

CONCORD EQUITY

Name of *Sponsor*

CONCORD EQUITY

Name of *Wrap Fee Program*

MANAGED ASSETS PROGRAM

Name of *Sponsor*

STIFEL NICOLAUS

Name of *Wrap Fee Program*

STRATEGIC WEALTH PORTFOLIOS

Name of *Sponsor*

UBS FINANCIAL SERVICES

Name of *Wrap Fee Program*

BAIRD MANAGED ACCOUNTS

Name of *Sponsor*

ROBERT W. BAIRD & CO. INC.

Name of *Wrap Fee Program*

PRUDENTIAL (RBC) MANAGED ACCOUNTS

Name of *Sponsor*

PRUDENTIAL INVESTMENTS LLC

**Section 6.B. Description of Primary Business**

No Information Filed

**Section 7.A. Affiliated Investment Advisers and Broker-Dealers**

No Information Filed

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, SCHEDULE D, Page 4

Rev. 11/2010

3/31/2011 3:51:47 PM

**Form ADV, Schedule D Page 4**

Use this Schedule D Page 4 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

**Section 7.B. Limited Partnership Participation or Other Private Fund Participation**

You must complete a separate Schedule D Page 4 for each limited partnership in which you or a *related person* is a general partner, each limited liability company for which you or a *related person* is a manager, and each other private fund that you advise.

Name of Limited Partnership, Limited Liability Company, or other Private Fund:  
CAPITAL STRUCTURE OPPORTUNITIES FUND, L.P.

Name of General Partner or Manager:  
PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?  Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?  
1 %

Minimum investment commitment required of a limited partner, member, or other investor:  
\$ 100000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:  
\$ 24960449

Name of Limited Partnership, Limited Liability Company, or other Private Fund:  
PENN SMALL TO MID CAP EQUITY FUND, L.P.

Name of General Partner or Manager:  
PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?  Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?  
1 %

Minimum investment commitment required of a limited partner, member, or other investor:  
\$ 100000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:  
\$ 50542307

Name of Limited Partnership, Limited Liability Company, or other Private Fund:  
PENN SMALL CAPITALIZATION FUND, L.P.

Name of General Partner or Manager:  
PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?  Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?  
1 %

Minimum investment commitment required of a limited partner, member, or other investor:  
\$ 100000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:  
\$ 26227910

Name of Limited Partnership, Limited Liability Company, or other Private Fund:  
PENN CORE HIGH YIELD BOND FUND, L.P.

Name of General Partner or Manager:  
PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?  Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability

company, or other private fund?

1 %

Minimum investment commitment required of a limited partner, member, or other investor:

\$ 100000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:

\$ 51906033

Name of Limited Partnership, Limited Liability Company, or other Private Fund:

PENN DISTRESSED FUND, L.P.

Name of General Partner or Manager:

PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-

1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?

Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?

0 %

Minimum investment commitment required of a limited partner, member, or other investor:

\$ 100000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:

\$ 36185490

Name of Limited Partnership, Limited Liability Company, or other Private Fund:

PENN CONVERTIBLE BOND, L.P.

Name of General Partner or Manager:

PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-

1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?

Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?

1 %

Minimum investment commitment required of a limited partner, member, or other investor:

\$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:

\$ 5152179

Name of Limited Partnership, Limited Liability Company, or other Private Fund:

PENN CORE OPPORTUNISTIC HIGH YIELD BOND FUND, LP

Name of General Partner or Manager:

PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?

Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?

2 %

Minimum investment commitment required of a limited partner, member, or other investor:

\$ 250000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:

\$ 94710386

Name of Limited Partnership, Limited Liability Company, or other Private Fund:

PENN CORE HIGH YIELD BOND FUND II, LP

Name of General Partner or Manager:

PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?

Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?

5 %

Minimum investment commitment required of a limited partner, member, or other investor:

\$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:

\$ 271144145

Name of Limited Partnership, Limited Liability Company, or other Private Fund:

PENN MID CAP EQUITY FUND, L.P.

Name of General Partner or Manager:

PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?

Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?

1 %

Minimum investment commitment required of a limited partner, member, or other investor:

\$ 100000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:

\$ 8459194

Name of Limited Partnership, Limited Liability Company, or other Private Fund:

PENN FINANCIAL SERVICES FUND, L.P.

Name of General Partner or Manager:

PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-

1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?

Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?

1 %

Minimum investment commitment required of a limited partner, member, or other investor:

\$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:

\$ 3768742

Name of Limited Partnership, Limited Liability Company, or other Private Fund:

PENN DIVERSIFIED MICRO CAP FUND, L.P.

Name of General Partner or Manager:

PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-

1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?

Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?

1 %

Minimum investment commitment required of a limited partner, member, or other investor:  
\$ 500000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:  
\$ 4591358

Name of Limited Partnership, Limited Liability Company, or other Private Fund:  
PENN FOCUSED MID CAP EQUITY FUND L.P.

Name of General Partner or Manager:  
PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?  Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?  
1 %

Minimum investment commitment required of a limited partner, member, or other investor:  
\$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:  
\$ 543116

Name of Limited Partnership, Limited Liability Company, or other Private Fund:  
CAPITAL STRUCTURE OPPORTUNITIES OFFSHORE FUND, L.P.

Name of General Partner or Manager:  
PENN CAPITAL MANAGEMENT COMPANY, INC.

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?  Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?  
1 %

Minimum investment commitment required of a limited partner, member, or other investor:  
\$ 100000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:  
\$ 4473691

Name of Limited Partnership, Limited Liability Company, or other Private Fund:  
PENN SHORT DURATION HIGH YIELD FUND, L.P.

Name of General Partner or Manager:

PENN CAPITAL FUNDS, LLC

If you are registered or registering with the SEC, is this a "private fund" as defined under SEC rule 203(b)(3)-1?  Yes  No

Are your *clients* solicited to invest in the limited partnership, limited liability company, or other private fund?

Yes  No

Approximately what percentage of your *clients* have invested in this limited partnership, limited liability company, or other private fund?

1 %

Minimum investment commitment required of a limited partner, member, or other investor:

\$ 1000000

Current value of the total assets of the limited partnership, limited liability company, or other private fund:

\$ 3000000

### Section 9.C. Independent Public Accountant

You must complete the following information for each independent public accountant engaged to perform a surprise examination, perform an audit of a pooled investment vehicle that you manage, or prepare an internal control report. You must complete a separate Schedule D Page 4 for each independent public accountant.

(1) Name of the independent public accountant:

EISNERAMPER LLP

(2) The location of the independent public accountant's office responsible for the services provided:

Number and Street 1:

101 WEST AVENUE

City:

JENKINTOWN

Country:

UNITED STATES

Number and Street 2:

PO BOX 458

State:

Pennsylvania

ZIP+4 / Postal Code:

19046

If this address is a private residence, check this box:

Yes No

(3) Is the independent public accountant registered with the Public Company Accounting Oversight Board?  Yes  No

(4) If yes to (3) above, is the independent public accountant subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?  Yes  No

(5) The independent public accountant is engaged to:

A.  audit a pooled investment vehicle

B.  perform a surprise examination of *clients* assets

C.  prepare an internal control report

Yes No

(6) Does the report prepared by the independent public accountant that audited the pooled investment vehicle or that examined internal controls contain an unqualified opinion?

**Section 9.D. Related Person Qualified Custodian**

No Information Filed

**Section 10 Control Persons**

You must complete a separate Schedule D Page 4 for each *control person* not named in Item 1.A. or Schedules A, B, or C that directly or indirectly *controls* your management or policies.

No Information Filed

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, SCHEDULE D, Page 5

Rev. 11/2010

3/31/2011 3:51:47 PM

**Form ADV, Schedule D Page 5**

Use this Schedule D Page 5 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

**Schedule D - Miscellaneous**

You may use the space below to explain a response to an Item or to provide any other information.

No Information Filed

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, DRP Pages

Rev. 11/2010

3/31/2011 3:51:47 PM

**CRIMINAL DISCLOSURE REPORTING PAGE (ADV)**

No Information Filed

**REGULATORY ACTION DISCLOSURE REPORTING PAGE (ADV)**

No Information Filed

**CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (ADV)**

No Information Filed

**Bond DRPs**

No Information Filed

**Judgment/Lien DRPs**

No Information Filed

**Arbitration DRPs**

No Information Filed

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: PENN CAPITAL MANAGEMENT COMPANY, INC.

CRD Number: 105081

ADV - Annual Amendment, Execution Pages

Rev. 11/2010

3/31/2011 3:51:47 PM

**DOMESTIC INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

**Appointment of Agent for Service of Process**

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

**Signature**

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:	Date: MM/DD/YYYY
JOHN G. LIVEWELL	03/31/2011
Printed Name:	Title:
JOHN G. LIVEWELL	CHIEF COMPLIANCE OFFICER
Adviser CRD Number:	
105081	

**NON-RESIDENT INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

### 1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint each of the Secretary of the SEC, and the Secretary of State or other legally designated officer, of any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of any state in which you are submitting a *notice filing*.

### 2. Appointment and Consent: Effect on Partnerships

If you are organized as a partnership, this irrevocable power of attorney and consent to service of process will continue in effect if any partner withdraws from or is admitted to the partnership, provided that the admission or withdrawal does not create a new partnership. If the partnership dissolves, this irrevocable power of attorney and consent shall be in effect for any action brought against you or any of your former partners.

### 3. *Non-Resident* Investment Adviser Undertaking Regarding Books and Records

By signing this Form ADV, you also agree to provide, at your own expense, to the U.S. Securities and Exchange Commission at its principal office in Washington D.C., at any Regional or District Office of the Commission, or at any one of its offices in the United States, as specified by the Commission, correct, current, and complete copies of any or all records that you are required to maintain under Rule 204-2 under the Investment Advisers Act of 1940. This undertaking shall be binding upon you, your heirs, successors and assigns, and any *person* subject to your written irrevocable consents or powers of attorney or any of your general partners and *managing agents*.

### Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the *non-resident* investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:

Date: MM/DD/YYYY

Printed Name:

Title:

Adviser *CRD* Number:

105081

**State Registered Investment Adviser Execution Page**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for state registration and all amendments to registration.

### 1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the legally designated officers and their successors, of the state in which you maintain your *principal office and place of business* and any other state in which you are applying for registration or amending your registration, as your agents to receive service, and agree that such persons may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are applying for registration or amending your registration.

### 2. State-Registered Investment Adviser Affidavit

If you are subject to state regulation, by signing this Form ADV, you represent that, you are in compliance with the registration requirements of the state in which you maintain your principal place of business and are in compliance with the bonding, capital, and recordkeeping requirements of that state.

#### Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature	Date MM/DD/YYYY
CRD Number 105081	
Printed Name	Title

[Privacy](#) | [Legal](#) | Use of Web CRD<sup>®</sup> or IARD<sup>™</sup> is governed by the [Terms & Conditions](#).

©2011 FINRA. All rights reserved. FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc.

**Item 1- Cover Page**

The following brochure prepared as of **March 31, 2011** is offered by:

**Penn Capital Management Company, Inc.**  
**Navy Yard Corporate Center**  
**Three Crescent Drive, Suite 400**  
**Philadelphia, PA 19112**  
**215-302-1500**  
**[www.penncapital.com](http://www.penncapital.com)**

This brochure provides information about the qualifications and business practices of PENN Capital Management Company, Inc. If you have any questions about the contents of this brochure, please contact us at (215) 302-1500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional Information about PENN Capital Management Company, Inc. is also available at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

**Item 2- Material Changes**

There are no material changes to disclose.

**Item 3- Table of Contents**

Item 1-	Cover Page.....	1
Item 2-	Material Changes.....	2
Item 3-	Table of Contents.....	2
Item 4-	Advisory Business.....	3
Item 5-	Fees and Compensation.....	5
Item 6-	Performance Fees & Side-by-Side Management.....	6
Item 7-	Types of Clients.....	7
Item 8-	Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9-	Disciplinary Information.....	10
Item 10-	Other Financial Industry Activities and Affiliations.....	11
Item 11-	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12-	Brokerage Practices.....	11
Item 13-	Review of Accounts.....	13
Item 14-	Client Referrals and Other Compensation.....	13
Item 15-	Custody.....	14
Item 16-	Investment Discretion.....	14
Item 17-	Voting Client Securities.....	14
Item 18-	Financial Information.....	15

#### **Item 4- Advisory Business**

PENN Capital Management Company, Inc. (“PENN” or “we”), is an independent, 100% employee owned investment management firm founded in 1987. Our principal owners are Richard A. Hocker, Founder and Chief Investment Officer and Marcia A. Hocker, President and Chief Operating Officer. During the first quarter of 2011, PENN’s formed PENN Capital Funds, LLC, which may act as General Partner for certain private investment funds.

As of December 31, 2010, we managed approximately \$5.5 billion on a discretionary basis and \$337 million on a non-discretionary basis.

We provide advice regarding primarily equity and fixed income securities. PENN evaluates its product offerings on a regular basis and makes changes based on market conditions. We describe our primary product offerings as follows:

- Micro Cap Equity
- Small Cap Equity
- Small to Mid Cap Equity
- Mid Cap Equity
- Defensive High Yield Fixed Income
- Opportunistic High Yield Fixed Income
- Short Duration High Yield Fixed Income
- Double B High Yield Fixed Income
- Distressed Total Return Fixed Income
- Convertible Securities
- Capital Structure Opportunities
- Financial Services

Our products are marketed through the following product channels: separately managed accounts, private investment funds, and as sub-advisor to various advisory programs and mutual funds.

Separately managed accounts are primarily marketed to high net-worth individuals, foundations, endowments, insurance companies, corporate and union pension funds, as well as, public pension plans. The minimum account size is \$1 million for equity portfolios and \$10 million for bond portfolios. However, we reserve the right to waive the account size minimum. Separately managed account management is modified to the individual clients’ needs. Clients may impose restrictions or limits to certain individual securities or types of securities by written notice at any time.

We are the general partner and investment advisor for thirteen private investment funds which are organized as limited partnerships of which six primarily invest in high yield bonds, one primarily invests in small cap equities, two primarily invest in mid cap equities, one primarily invests in small to mid-cap equity securities, one primarily invests in convertible securities, one primarily invests in micro-cap equities and one primarily invests in the financial services industry. These limited partnerships are available to accredited or qualified investors, and other persons as allowable by SEC Rule. The minimum size of a limited partnership interest varies as noted in the below chart, PENN reserves the right to waive these minimums:

PENN Capital Management Company, Inc.  
Uniform Application for Investment Advisor Regulation  
Form ADV Part 2A

---

Capital Structure Opportunities Fund, L.P.	\$ 100,000
Capital Structure Opportunities Fund Offshore, L.P.	\$ 100,000
PENN Convertible Fund, L.P.	\$ 1,000,000
PENN Core High Yield Bond Fund, L.P.	\$ 100,000
PENN Core High Yield Bond Fund II, L.P.	\$ 1,000,000
PENN Core Opportunistic High Yield Bond Fund, L.P.	\$ 250,000
PENN Distressed Fund, L.P.	\$ 100,000
PENN Diversified Micro Cap Equity Fund, L.P.	\$ 500,000
PENN Financial Services Fund, L.P.	\$ 1,000,000
PENN Focused Mid Cap Equity Fund, L.P.	\$ 1,000,000
PENN Mid Cap Equity Fund, L.P.	\$ 100,000
PENN Small Capitalization Fund, L.P.	\$ 100,000
PENN Small to Mid Cap Equity Fund, L.P.	\$ 100,000

We are the investment advisor for the following private investment fund, organized as a limited partnership, in which our subsidiary acts as general partner:

PENN Short Duration High Yield Fund, L.P.	\$ 1,000,000
---	--------------

We are the investment advisor, but not the general partner, for the Oppenheimer Capital Structure Opportunities Fund, L.P, a private investment funds organized as a limited partnership.

We serve as an investment sub-advisor to several broker/dealer-sponsored advisory programs, including WRAP or unified management accounts (“UMA”) through either a contract with the sponsor or contracts with both the sponsor and client. The broker-dealer sponsors of these programs are as follows: Brinker Capital, Charles Schwab, Concord Wealth, DA Davidson, J.P. Morgan Securities, Inc. (formerly Bear Stearns & Co.), Lockwood Advisors, Inc., LPL Financial, Merrill Lynch, MorganStanley SmithBarney, Oppenheimer & Co., Robert W. Baird & Co., Stifel Nicolaus, UBS Financial Services, and Wells Fargo.

We manage WRAP accounts in a similar manner to other separately managed accounts in the same investment strategy. We receive a portion of the WRAP sponsor’s fee for managing the WRAP account assets. We make no determination of the suitability of the sponsor’s WRAP product for such sponsor’s clients. We are responsible for managing the WRAP accounts in the specified investment strategy. On a limited basis, we allow WRAP clients to impose restrictions or limits on certain individual securities or types of securities.

We provide UMA sponsors with a model portfolio for each applicable investment strategy. PENN does not assume responsibility for executing trades or managing any aspect of the sponsors’ platform. The sponsor may or may not elect to execute the purchase or sale transactions suggested by our revision in the model portfolio. We do not enter trades, perform recordkeeping, or have access to performance data or any client reporting for such accounts. Our role in relation to UMA programs is to provide the sponsor with a regularly up-to-date model portfolio for each selected investment strategy.

We also act as sub-advisor to the Dunham High Yield Fund (DNHYX) and the Consulting Group High Yield Fund (THYUX). We do not perform any sales, custodial, or administrative functions on behalf of the mutual funds. Our role is to manage the assets held by the Funds in the investment strategy stated in the prospectus.

## Item 5- Fees and Compensation

Generally, separately managed account fees are calculated and paid quarterly in arrears and are prorated, if necessary, based on the period the assets were under management, including adjustments for significant additions or partial withdraws. We typically invoice clients on a quarterly basis and do not require pre-payment of fees.

Generally, fees are based upon the market value of the account at the end of each calendar quarter, calculated on a 360-day year; although clients may request other arrangements. If the account uses margin (borrowed assets), the fee is charged on the total assets.

The below fee schedules are the maximum charged for the stated investment strategy. Separately managed account fees are negotiable based upon the size of the account and other factors:

### Equity Strategies

Micro Cap Equity	1.10% of Account Assets
Small Cap Equity	1.00% of Account Assets
Small to Mid Cap Equity	0.95% of Account Assets
Mid Cap Equity	0.90% of Account Assets

### High Yield Fixed Income Strategies

#### Defensive

- 0.75%- Up to \$10 million, and
- 0.60%- \$10 million to \$50 million, and
- 0.50%- \$50 million and above

#### Opportunistic

- 0.85%- Up to \$10 million, and
- 0.70%- \$10 million to \$50 million, and
- 0.55%- \$50 million and above

#### Short Duration

- 0.55%- Up to \$10 million
- 0.45%- \$10 million and above

#### Double B Rated

- 0.65%- Up to \$10 million
- 0.55%- \$10 million and above

#### Distressed Total Return

- 1.25% of Account Assets

#### Convertible Securities Portfolios

- 0.85% of Account Assets

Fees are deducted from private investment funds on a monthly basis. The fee is based upon the market value of the private investment fund at the end of each month. We do not require the prepayment of fees.

The below fee schedule is the maximum annual fee for our private investment funds which do not charge a performance based fee. For private investment funds for which we charge a performance based fee, please refer to Item 6 below. Private investment fund fees are negotiable based upon size of investment and other factors:

PENN Small to Mid Cap Equity Fund, L.P.	1.60% of the gross market value
PENN Small Capitalization Fund, L.P.	1.50% of the gross market value
PENN Core High Yield Bond Fund, L.P.	1.25% of the gross market value
PENN Core High Yield Bond Fund II, L.P.	1.25% of the gross market value
PENN Core Opportunistic High Yield Bond Fund, L.P.	1.50% of the gross market value
PENN Mid Cap Equity Fund, L.P.	1.25% of the gross market value
PENN Convertible Fund, L.P.	1.50% of the gross market value
PENN Financial Services Fund, L.P.	1.25% of the gross market value
PENN Diversified Micro Cap Equity Fund, L.P.	2.00% of the gross market value
PENN Focused Mid Cap Equity Fund, L.P.	1.25% of the gross market value
PENN Short Duration High Yield Fund, L.P.	1.50% of the gross market value

We do not determine the fee which investors pay to WRAP program sponsors or mutual funds. We negotiate a fee with the WRAP program sponsors or investment adviser for our sub-advisory services. We generally receive a portion of the fees charged by the program sponsor or investment adviser.

In the normal course of having assets managed, our clients incur costs, including custodian, administrative and brokerage or transaction fees for the services provided by providers other than us. For more information regarding our brokerage practices and related costs, please refer to Item 12 below.

On a limited basis, PENN may invest in exchange traded funds or closed-end investment companies on behalf of clients. Our management fee does not include internal management, operating, or distribution fees or other expenses incurred by these products.

#### **Item 6- Performance Fees & Side-by-Side Management**

We have entered into performance fee arrangements with certain private investment funds and qualified clients. Performance fees are subject to individualized negotiation with each affected client. We will structure a performance or incentive fee arrangement in accordance with applicable laws and related exemptions.

The base fee is based upon the market value of the account at the end of each month, while the incentive fees are paid annually, or upon a client's liquidation. The fee schedule below is the maximum annual fee for accounts in our private investment funds that charge a performance based fee. Our account fees are negotiable:

**Capital Structure Opportunities Fund, L.P.** - 1.50% of the total market value; plus 20% of the Fund's total profit subject to high watermark.

**Capital Structure Opportunities Fund Offshore, L.P.** - 1.50% of the total market value; plus 20% of the Fund's total profit subject to high watermark.

**PENN Distressed Fund, L.P.** - 1.00% of the total market value; plus 20% of the Fund's total profit subject to high watermark.

Performance based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Performance based fee arrangements may also create an incentive to favor accounts paying higher fees over other accounts in the allocation of investment opportunities. We have implemented portfolio management policies and procedures that are designed to assure that each client is treated fairly and equitably, as well as assure that the conflict of interest does not influence the allocation of investment opportunities among clients. We will not consider an account's fee structure in the investment process at any time. Investment opportunities are allocated on either a pro rata basis or rotation across the clients in each respective trading strategy.

#### **Item 7- Types of Clients**

We provide portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, insurance companies, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, foreign funds, and other U.S. and international institutions.

#### **Item 8- Methods of Analysis, Investment Strategies and Risk of Loss**

##### **Equity Analysis Process**

Our goal is to find companies with price growth potential over a particular period. We also look for companies creating equity value through traditional and non-traditional sources. We follow a multi-step process to approve an equity security which is considered for purchase. Steps may include:

**Fundamental Financial Analysis** - Primary and secondary Analysts screen for companies with improving financial metrics to determine relative value.

**Qualitative Research** - Primary and secondary analysts perform qualitative research to confirm relative value.

**Liquidity Outlook and Covenant Analysis** - Primary and secondary Analysts screen for liquidity issues and performs covenant analysis, bank loan availability and asset value analysis.

**Recommendation** - Primary and secondary analysts present their best new equity issuer to the investment team for evaluation and consideration.

**Decision** - Approval by the Lead Risk Manager, Director of Research and Chief Investment Officer is required for a security to be approved.

**Portfolio Construction** - Lead Risk Manager determines the initial size of the approved security in the investment portfolio.

**Weekly Strategy Committee Meetings** - The Lead Risk Managers of each equity investment strategy meet to discuss Macro-Economic factors that determine Sector allocations.

As members of the investment team, the primary and secondary analysts have a high level of influence in the final purchase decision. Approval by the Lead Risk Manager, Director of Research and Chief Investment Officer is required for a final acceptance.

Individual security weightings are determined as part of daily investment team meetings. As members of the investment team, the primary and secondary analysts have a high level of influence in the positions size at initial purchase and throughout the holding period. The analysts recommend any adjustments to the current weighting based on discussions with company management, underlying fundamentals, and relative value. The lead risk manager takes into consideration the analyst recommendations and directs trades within the portfolio.

We do not manage our investment strategies to mirror indices and we may overweight, underweight, or choose to strategically avoid a sector or a security, at any time. Sector weightings are residual to the security selection process and are typically determined by relative value.

#### **Fixed Income Analysis Process**

We generally look for U.S. dollar-denominated, non-investment grade corporate debt securities in which we identify relative value. We follow a multi-step process to approve a fixed income security for purchase. Steps may include:

**Economic Outlook** – the Investment team determines industries with potential relative value, based on the economic cycle, business environment, industry analysis, sector analysis, and interest rates.

**Quantitative Screen** – Analysts or Portfolio Managers screens industries for companies with a higher spread to US Treasury debt relative to comparable companies, industry averages and historical averages.

**Other Proprietary Sources** – Analysts or Portfolio Managers identify prospective investments from leveraging our equity market exposure and relationships (Equity conferences, IPO intelligence, management meetings and road shows, industry experts and ex-Government officials).

**Improving Fundamentals** – Analysts or Portfolio Managers further screens the identified companies with improving financial metrics. This process includes an analysis of the financial health of the company throughout the market cycle and the relative strength of the bonds.

**Liquidity Outlook** – Analysts or Portfolio Managers screen for liquidity issues and performs covenant analysis, bank loan availability and asset value analysis. This process determines the degree of flexibility the company has to achieve its goals and our internal projections.

**Qualitative Research** – Analysts or Portfolio Managers perform qualitative research on company management (strong fundamentals, positive catalysts, suppliers, customers, competitors, industry experts). This process assesses the strength of management and the sustainability of the business model.

**PENN Risk Rating** – Analysts and Portfolio Managers assign the proprietary PENN risk rating using a forward looking estimate of credit quality, quantitative factors, qualitative factors, and rating agency analyses based on static and backward looking assessments.

**Team Review** - the Investment team meets daily and is the primary forum for analyst and portfolio manager discussion. A consensus at the investment team is required prior to consideration by the Credit Committee.

**Credit Committee Approval** – the Credit Committee reviews investment prospects approved by the investment team and considers the impact on portfolio construction. After consideration, the Credit Committee confirms PENN’s risk rating and the debt security’s relative value. Thereafter, a prospective investment is approved for portfolio inclusion in the discretion of the portfolio manager.

### **Risks of Investing**

Investing in securities involves risk. Clients are responsible for investing based on their risk tolerance. The following principal risks may pertain to the investment strategies managed by PENN:

High yield bonds are generally considered to have more risk than investment grade bonds. The total return and yield of high yield bonds can be expected to fluctuate more than the total return and yield of higher-quality bonds. High yield bonds are regarded as predominantly speculative with respect to the issuer’s continuing ability to meet principal and interest payments. Successful investment in high yield bonds involves greater investment risk and is highly dependent on the investment adviser’s credit analysis and market analysis. A real or perceived economic downturn or higher interest rates could cause a decline in high yield bond prices by lessening the ability of bond issuers to make principal and interest payments. High yield bonds are often thinly traded and can be more difficult to sell and value accurately than investment grade bonds.

Credit risk relates to the continuing ability of the issuer of a bond to pay the stated interest and ultimately to repay principal upon maturity. Concern over a company’s ability to pay their interest expense can create volatility in a bond’s price. Discontinuation of such payments can adversely affect the market price of the bond.

Interest rate risk relates to the impact that changing interest rates have on the value of an investment. As the general level of interest rates increase, the market price of fixed income securities tends to decline. Changes in interest rates will affect the value of longer-term fixed income securities more than shorter-term securities; in addition, such interest rate changes affect lower quality securities more than higher quality securities.

Market Risk relates to the risk that the market value of an investment will fluctuate as the securities markets fluctuate. Market risk may affect a single issuer, industry or section of the economy or it may affect the securities market as a whole. Securities markets in general are subject to substantial and at times extreme volatility and uncertainty.

Prepayment Risk relates to the risk that issuers will prepay fixed rate obligations when interest rates fall, forcing an investor to re-invest in obligations with lower interest rates than the original obligation.

Short selling risk involves selling securities which may or may not be owned and instead borrowing the same securities for delivery to the counterparty, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such declines exceed the transaction costs, and the costs of borrowing the securities and the cost of replacing the securities sold. A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit.

Leverage risk involves margin buying of securities utilizing borrowed funds. There is a risk that the initial cash portion of the purchase price for investments purchased on margin will be insufficient due to fluctuations in the market price of the investments and that the investor will be required to contribute additional cash to meet margin requirements which may, in turn, require the investor to liquidate part of their portfolio at an inopportune time or to borrow additional cash.

Liquidity risk involves the securities of companies which may prove to be illiquid and difficult to sell on short notice, especially if there are negative developments in the company's fundamentals. The securities of smaller companies are often subject to wider and more abrupt fluctuations in market price and may not trade as readily as securities of large capitalization companies.

Economic risk involves the less certain prospects of smaller companies which are also more sensitive to changing economic conditions than large capitalization companies. Smaller companies may lack the financial resources, product diversification and competitive strengths of large capitalization companies.

#### **Item 9- Disciplinary Information**

We are required to disclose any material facts regarding legal or disciplinary events that would be material to your evaluation of us or our integrity. We have no disciplinary information or events to disclose which are applicable.

**Item 10- Other Financial Industry Activities and Affiliations**

We have no other industry activities or affiliations.

**Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

We have adopted a Code of Ethics pursuant to applicable regulations. The code contains procedures reasonably necessary to prevent our employees from engaging in any conduct prohibited by such rules and regulations. Our Code of Ethics is available upon request.

We may recommend that clients purchase or sell interests in private investment funds (or limited partnerships) described in Item 4, in which we have a financial interest. As with all investments, we select investments for clients primarily based on the aforementioned investment analysis process and agreed upon investment style and client-specific guidelines, if applicable. In addition, our financial interest in each such private investment fund is disclosed in the offering materials of such fund.

Also, we may purchase securities of an issuer which has retained us as its financial advisor. These purchases are solely based on the investment merits of the security and our relationship will have no impact on the investment decision. PENN does not invest in the securities of an issuer for the issuer's account, but may buy it for other accounts.

Our employees must obtain written approval prior to placing a transaction in certain securities for any personal transactions by them or their immediate family members. A transaction in an open-ended investment company does not require pre-authorization. Transactions are approved by an "Authorizing Person" by submission of an authorization form before the transactions occur. The personal transaction will be approved if: 1) A personal trade and a client portfolio trade will not occur within 7 days of each other; and 2) If a security is held in an employee's account and in a client account, the employee may not sell any portion of the position within 60 days of its purchase. If the entire position is sold for all clients, the 60-day rule no longer applies.

Our clients can request a copy of our full "Code of Ethics" by writing to us at:

Director of Client Services  
PENN Capital Management Company, Inc.  
Navy Yard Corporate Center  
Three Crescent Drive, Suite 400  
Philadelphia, PA 19112

**Item 12- Brokerage Practices**

We provide investment advisory services to clients with full discretionary authority, subject to overall review by the client or named fiduciaries of the client. This authority is subject to specific investment restrictions and requirements of the various accounts. While we generally have full discretion to place orders, some clients may direct us to use specific brokers. Client direction requests must be in writing and indicate that the request is properly authorized. We may not be able to obtain best execution when clients direct their account's brokerage.

In certain separately managed accounts, we are directed to place trades with specified brokers. When we combine orders for several accounts with the directed broker, only the portion of the commission generated for the client-directed account is credited.

In many instances, we may step out orders to selected brokers. The cost of step-out trades are netted into the trade, so that large blocks of shares may be traded at what we believe will be the lowest possible cost, while seeking best execution across multiple product lines. The additional step-out commission is remuneration to the broker for costs incurred in effecting the transaction. A step-out trade commission is in addition to fees or payments made by WRAP program clients or other programs which include a brokerage component.

We select broker/dealers to execute transactions based upon their professional capability to provide the service. Our primary consideration is to seek best execution. Best execution refers to favorable price, commissions, promptness and reliability of execution, confidentiality and placement accorded the trade order. We consider the following factors in reviewing brokers for best execution: the broker's capability to execute the order, the broker's financial responsibility, the broker's responsiveness to us, the value of research provided, the bid/ask spreads, the market price impact, and low transaction opportunity cost. Our determination of what is a reasonable commission rate is based upon our Trading Department's professional knowledge regarding competitive rates paid and charged for similar transactions.

Where possible, multiple orders are combined to achieve lower transactions costs. In some instances, clients may pay a higher transaction cost based upon the degree of difficulty of execution and whether brokers provide either a capital commitment to complete the trade, research or other services. We seek to limit brokerage commissions to no more than six cents per share on equity transactions. Under certain circumstances, an account may pay in excess of six cents per share due to special situations. Fixed income trades are made on a net basis. There is no separate commission charged on a fixed income trade, but there is a bid/asked spread which operates as the equivalent of a commission.

We may place a combined order for multiple accounts for the same security if, in our judgment, the execution is in the best interest of each participant and is expected to result in best execution. Transactions involving combined orders are allocated in a manner deemed equitable to each account.

We may place trades with broker/dealers who provide brokerage and research services to us. We receive an economic benefit because we do not have to produce or pay for the research or other services. The commissions generated by these transactions may be used to acquire research or brokerage services for the benefit of all our clients. These services, which will conform to the safe harbor established under Section 28(e) of the Securities Exchange Act of 1934, as amended, may include, but not be limited to, advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities, furnishing of analysis and reports concerning issuers, securities or industries, providing information on economic factors and trends, and assistance in determining portfolio strategy. Research services used by us in connection with our investment decision-making process are not used exclusively for the account generating the brokerage. Although we send orders to broker/dealers who provide brokerage and research

services, we believe that the commissions (or their equivalent) paid to such broker/dealers are reasonable in relation to the value of the services received.

We may, on occasion, cross bonds from one client account to another, utilizing an unaffiliated broker. "Cross Trade" transactions are usually made for the following reasons: (1) Account liquidation; (2) Account needed to raise funds; (3) Account is overweight the bond due to withdrawal of funds; or (4) Security holding is no longer appropriate for account's strategy. Cross trades where we have discretion on both sides of the transaction are prohibited transactions under ERISA. PENN will not engage in cross transactions with ERISA accounts.

### **Item 13- Review of Accounts**

Investment decisions are discussed at daily meetings attended by portfolio managers, research analysis and the senior investment officers ("Portfolio Team"). The daily meetings provide a format to discuss investment decisions and the reason(s) for such action(s).

Securities owned are reviewed numerous times a month by the Portfolio Team. At these meetings, earnings projections are reviewed, risk/reward parameters are reviewed and revised, if necessary, and recent research information is highlighted.

In addition, the Equity Strategy and Credit Committees meet weekly to review top-down strategy positioning such as sector and industry concentrations in the portfolios, both on an absolute basis and relative to the applicable benchmark.

Account Performance is computed monthly and is reviewed by the Performance Committee.

Written client reports are provided by PENN at least quarterly, and should be reconciled with the records provided by the client's custodian.

### **Item 14- Client Referrals and Other Compensation**

In accordance with applicable law and regulations, we may enter into written arrangements to pay certain persons who introduce client accounts to us. Such arrangements will not be undertaken with any person who is a fiduciary of the client and will be undertaken only after full disclosure of payments in writing to the client. PENN has the following referral arrangements with non-affiliated firms:

- |    |                           |   |
|----|---------------------------|---|
| A. | Name of Solicitor:        | Esprit Communication Corporation  |
|    | Date of Engagement:       | November 15, 2005   |
|    | Compensation Arrangement: | Solicitor shall receive 25% in of the First Year client fee and 15% after |
| B. | Name of Solicitor:        | Christenson Investment Partners   |
|    | Date of Engagement:       | September 26, 2006  |
|    | Compensation Arrangement: | Solicitor shall receive 20% of client fee                                 |

### **Item 15- Custody**

We do not select or recommend custodians for our client's separately managed account holdings. While we may provide performance and transaction information to clients on a monthly or quarterly basis, this information should be cross referenced with the custodian to ensure accuracy. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

As General Partner of the private funds referenced in Item 4 above, PENN is considered to have custody. Limited Partners will receive monthly statements. Each fund is audited on an annual basis. We urge you to carefully review the audited financial reports.

As sub-advisor for unaffiliated broker's investment programs or mutual funds, PENN does not have custody of these client assets. Clients should refer to the prospectus or documentation provided to them by their program sponsor.

### **Item 16- Investment Discretion**

In most instances, we receive full discretionary authority from the client at the beginning of the advisory relationship to select the amount of securities to be bought or sold. However, such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of each client for which we advise. Investment guidelines and restrictions must be provided to us in writing.

We have a limited number of institutional and investment program relationships for which we provide non-discretionary or "model portfolio" services. This service provides the client with a model portfolio and our ongoing changes to the model. We do not execute brokerage transactions on behalf of non-discretionary accounts, nor are we responsible for any non-discretionary account reconciliations.

### **Item 17- Voting Client Securities**

For clients that give us authority to vote proxies, we have the ability to tailor voting. We vote proxies based on a client's instruction or a client's legal structure, such as an ERISA pension plan. Absent legal structure considerations or specific instructions, clients' proxies are voted in accordance with what we believe is the best interest of the shareholders, in consultation with our proxy research provider, as described below. Additionally, some clients contractually reserve the right to vote their own proxies or contractually direct us to vote their proxies in a certain manner.

We contract with the research firm of Glass Lewis & Co. to provide proxy research and voting recommendations. Recommendations are based on objective analysis and voting recommendations of proposals contained in thousands of proxies from companies around the world.

We currently use the services of the Proxy Edge automated voting system provided by Broadridge, a subsidiary of Automated Data Processing to vote ballots electronically. Broadridge also maintains records on proxy votes for each client, or group of clients. The Proxy Edge system is updated nightly.

Additionally, we will manually vote proxies in certain situations.

Our clients can request a copy of our full "Proxy Voting Policy" by writing to us at:

Director of Client Services  
PENN Capital Management Company, Inc.  
Navy Yard Corporate Center  
Three Crescent Drive, Suite 400  
Philadelphia, PA 19112

**Item 18- Financial Information**

We have no financial commitment that impairs our ability to meet the contractual and fiduciary commitments we have made to clients.

# **Form ADV Part 2B Brochure Supplement**

**Penn Capital Management Company, Inc.  
Navy Yard Corporate Center  
Three Crescent Drive, Suite 400  
Philadelphia, PA 19112  
215-302-1500  
[www.penncapital.com](http://www.penncapital.com)**

July 31, 2011

This ADV Part 2B brochure supplement provides information about the qualifications of investment professionals of PENN Capital Management Company, Inc., (“PENN”). If you have any questions about the contents of this brochure supplement, please contact us at (215) 302-1500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional Information about PENN Capital Management Company, Inc. is also available at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

**Richard A. Hocker**  
**Chief Investment Officer**  
Form ADV Part 2B Brochure Supplement

PENN Capital Management Company, Inc.  
Three Crescent Drive, Suite 400, Philadelphia, PA 19112, (215) 302-1500

July 31, 2011

**This Brochure Supplement provides information about Richard A. Hocker that supplements the PENN Capital Management Company, Inc., (“PENN”) brochure. You should have received a copy of that brochure. Please contact PENN if you did not receive the brochure or if you have any questions about the contents of this supplement.**

**Item 2. Educational Background and Business Experience**

Year of Birth:	1946
Formal Education:	American University, B.S. (Accounting) American University, M.B.A. (Finance)
Business Background: (For the last five years)	Chief Investment Officer, PENN Capital Management Company, Inc. (1987 - Present)

**Item 3. Disciplinary Information**

We are required to disclose any material facts regarding legal or disciplinary events that would be material to your evaluation of PENN or our integrity. Mr. Hocker has no disciplinary information or events to disclose.

**Item 4. Other Business Activities**

Mr. Hocker is not actively engaged in any other investment-related business or occupation, nor is he actively engaged in any other business or occupation for compensation.

**Item 5. Additional Compensation**

Mr. Hocker receives no additional compensation for providing investment advisory services to clients.

**Item 6. Supervision**

Mr. Hocker is a member of the Executive Committee and Investment Team and is subject to PENN’s written compliance and supervisory procedures and the related ongoing compliance monitoring and testing. PENN’s compliance program is designed in accordance with the requirements of Rule 206(4)-7 of the Investment Advisers Act of 1940. The Executive Committee is responsible for the day-to-day management of PENN’s business. Mr. Hocker is supervised by the Executive Committee. PENN’s Investment Team is responsible for supervision, formulation and monitoring of investment advice offered to clients. Mr. Hocker can be reached at (215) 302-1500.

**Eric J. Green, CFA\***  
**Director of Research & Senior Portfolio Manager**  
Form ADV Part 2B Brochure Supplement

PENN Capital Management Company, Inc.  
Three Crescent Drive, Suite 400, Philadelphia, PA 19112, (215) 302-1500

July 31, 2011

**This Brochure Supplement provides information about Eric J. Green that supplements the PENN Capital Management Company, Inc., (“PENN”) brochure. You should have received a copy of that brochure. Please contact PENN if you did not receive the brochure or if you have any questions about the contents of this supplement.**

**Item 2. Educational Background and Business Experience**

Year of Birth:	1970
Formal Education:	American University, B.S.B.A., Minor in Psychology Yale School of Management, M.B.A. (Investments)
Business Background: (For the last five years)	Director of Research & Senior Portfolio Manager, PENN Capital Management Company, Inc., (1997 - Present)

**Item 3. Disciplinary Information**

We are required to disclose any material facts regarding legal or disciplinary events that would be material to your evaluation of PENN or our integrity. Mr. Green has no disciplinary information or events to disclose.

**Item 4. Other Business Activities**

Mr. Green is not actively engaged in any other investment-related business or occupation, nor is he actively engaged in any other business or occupation for compensation.

**Item 5. Additional Compensation**

Mr. Green receives no additional compensation for providing investment advisory services to clients.

**Item 6. Supervision**

Mr. Green is a member of the Executive Committee and Investment Team and is subject to PENN's written compliance and supervisory procedures and the related ongoing compliance monitoring and testing. PENN's compliance program is designed in accordance with the requirements of Rule 206(4)-7 of the Investment Advisers Act of 1940. The Executive Committee is responsible for the day-to-day management of PENN's business. Mr. Green is supervised by the Executive Committee. PENN's Investment Team is responsible for supervision, formulation and monitoring of investment advice offered to clients. Mr. Green can be reached at (215) 302-1500.

---

\*The Chartered Financial Analyst (CFA) designation is an international professional certification offered by the CFA Institute to financial analysts who complete a series of three examinations. A Charterholder must pass each of three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA Institute) and have 48 months of qualified, professional work experience. Charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

**Scott D. Schumacher**  
**Senior Portfolio Manager**  
Form ADV Part 2B Brochure Supplement

PENN Capital Management Company, Inc.  
Three Crescent Drive, Suite 400, Philadelphia, PA 19112, (215) 302-1500

July 31, 2011

**This Brochure Supplement provides information about Scott D. Schumacher that supplements the PENN Capital Management Company, Inc., (“PENN”) brochure. You should have received a copy of that brochure. Please contact PENN if you did not receive the brochure or if you have any questions about the contents of this supplement.**

**Item 2. Educational Background and Business Experience**

Year of Birth:	1965
Formal Education:	Rutgers University, B.A. (Accounting)
Business Background: (For the last five years)	Senior Portfolio Manager, PENN Capital Management Company, Inc., (1999 - Present)

**Item 3. Disciplinary Information**

We are required to disclose any material facts regarding legal or disciplinary events that would be material to your evaluation of PENN or our integrity. Mr. Schumacher has no disciplinary information or events to disclose.

**Item 4. Other Business Activities**

Mr. Schumacher is not actively engaged in any other investment-related business or occupation, nor is he actively engaged in any other business or occupation for compensation.

**Item 5. Additional Compensation**

Mr. Schumacher receives no additional compensation for providing investment advisory services to clients.

**Item 6. Supervision**

Mr. Schumacher is a member of the Executive Committee and Investment Team and is subject to PENN's written compliance and supervisory procedures and the related ongoing compliance monitoring and testing. PENN's compliance program is designed in accordance with the requirements of Rule 206(4)-7 of the Investment Advisers Act of 1940. The Executive Committee is responsible for the day-to-day management of PENN's business. Mr. Schumacher is supervised by the Executive Committee. PENN's Investment Team is responsible for supervision, formulation and monitoring of investment advice offered to clients. Mr. Schumacher can be reached at (215) 302-1500.

**Martin A. Smith**  
**Senior Portfolio Manager**  
Form ADV Part 2B Brochure Supplement

PENN Capital Management Company, Inc.  
Three Crescent Drive, Suite 400, Philadelphia, PA 19112, (215) 302-1500

July 31, 2011

**This Brochure Supplement provides information about Martin A. Smith that supplements the PENN Capital Management Company, Inc., (“PENN”) brochure. You should have received a copy of that brochure. Please contact PENN if you did not receive the brochure or if you have any questions about the contents of this supplement.**

**Item 2. Educational Background and Business Experience**

Year of Birth:	1970
Formal Education:	Pace University, B.B.A. (Finance) Rutgers University, M.B.A. (Finance)
Business Background: (For the last five years)	Senior Portfolio Manager, PENN Capital Management Company, Inc., (1999 - Present)

**Item 3. Disciplinary Information**

We are required to disclose any material facts regarding legal or disciplinary events that would be material to your evaluation of PENN or our integrity. Mr. Smith has no disciplinary information or events to disclose.

**Item 4. Other Business Activities**

Mr. Smith is not actively engaged in any other investment-related business or occupation, nor is he actively engaged in any other business or occupation for compensation.

**Item 5. Additional Compensation**

Mr. Smith receives no additional compensation for providing investment advisory services to clients.

**Item 6. Supervision**

Mr. Smith is a member of the Investment Team and is subject to PENN’s written compliance and supervisory procedures and the related ongoing compliance monitoring and testing. PENN’s compliance program is designed in accordance with the requirements of the Investment Advisers Act of 1940, Rule 206(4)-7. The Executive Committee is responsible for the day-to-day management of PENN’s business. PENN’s Investment Team is responsible for supervision, formulation and monitoring of investment advice offered to clients. Mr. Eric J. Green, Director of Research, is responsible for Mr. Smith’s supervision. Mr. Green can be reached at (215) 302-1500.

**Kevin C. Roche**  
**Senior Portfolio Manager**  
Form ADV Part 2B Brochure Supplement

PENN Capital Management Company, Inc.  
Three Crescent Drive, Suite 400, Philadelphia, PA 19112, (215) 302-1500

July 31, 2011

**This Brochure Supplement provides information about Kevin C. Roche that supplements the PENN Capital Management Company, Inc., (“PENN”) brochure. You should have received a copy of that brochure. Please contact PENN if you did not receive the brochure or if you have any questions about the contents of this supplement.**

**Item 2. Educational Background and Business Experience**

Year of Birth:	1971
Formal Education:	The Catholic University of America, B.A. (English) F.W. Olin Graduate School of Business at Babson College, M.B.A. (Finance)
Business Background: (For the last five years)	Senior Portfolio Manager, PENN Capital Management Company, Inc., (2002 - Present)

**Item 3. Disciplinary Information**

We are required to disclose any material facts regarding legal or disciplinary events that would be material to your evaluation of PENN or our integrity. Mr. Roche has no disciplinary information or events to disclose.

**Item 4. Other Business Activities**

Mr. Roche is not actively engaged in any other investment-related business or occupation, nor is he actively engaged in any other business or occupation for compensation.

**Item 5. Additional Compensation**

Mr. Roche receives no additional compensation for providing investment advisory services to clients.

**Item 6. Supervision**

Mr. Roche is a member of the Investment Team and is subject to PENN’s written compliance and supervisory procedures and the related ongoing compliance monitoring and testing. PENN’s compliance program is designed in accordance with the requirements of the Investment Advisers Act of 1940, Rule 206(4)-7. The Executive Committee is responsible for the day-to-day management of PENN’s business. PENN’s Investment Team is responsible for supervision, formulation and monitoring of investment advice offered to clients. Mr. Eric J. Green, Director of Research, is responsible for Mr. Roche’s supervision. Mr. Green can be reached at (215) 302-1500.

**J. Paulo Silva, CFA\***  
**Senior Portfolio Manager**  
Form ADV Part 2B Brochure Supplement

PENN Capital Management Company, Inc.  
Three Crescent Drive, Suite 400, Philadelphia, PA 19112, (215) 302-1500

July 31, 2011

**This Brochure Supplement provides information about J. Paulo Silva that supplements the PENN Capital Management Company, Inc., (“PENN”) brochure. You should have received a copy of that brochure. Please contact PENN if you did not receive the brochure or if you have any questions about the contents of this supplement.**

**Item 2. Educational Background and Business Experience**

Year of Birth:	1975
Formal Education:	Tufts University, B.S. (Civil Engineering) Yale School of Management, M.B.A.
Business Background: (For the last five years)	Senior Portfolio Manager, PENN Capital Management Company, Inc., (2002 - Present)

**Item 3. Disciplinary Information**

We are required to disclose any material facts regarding legal or disciplinary events that would be material to your evaluation of PENN or our integrity. Mr. Silva has no disciplinary information or events to disclose.

**Item 4. Other Business Activities**

Mr. Silva is not actively engaged in any other investment-related business or occupation, nor is he actively engaged in any other business or occupation for compensation.

**Item 5. Additional Compensation**

Mr. Silva receives no additional compensation from third parties for providing investment advisory services to its clients.

**Item 6. Supervision**

Mr. Silva is a member of the Executive Committee and Investment Team and is subject to PENN's written compliance and supervisory procedures and the related ongoing compliance monitoring and testing. PENN's compliance program is designed in accordance with the requirements of the Investment Advisers Act of 1940, Rule 206(4)-7. The Executive Committee is responsible for the day-to-day management of PENN's business. Mr. Silva is supervised by the Executive Committee. PENN's Investment Team is responsible for supervision, formulation and monitoring of investment advice offered to clients. Mr. Silva can be reached at (215) 302-1500.

---

\*The Chartered Financial Analyst (CFA) designation is an international professional certification offered by the CFA Institute to financial analysts who complete a series of three examinations. A Charterholder must pass each of three six-hour exams, possess a bachelor's degree (or equivalent, as assessed by CFA Institute) and have 48 months of qualified, professional work experience. Charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

**Peter R. Duffy, CFA \***  
**Senior Portfolio Manager**  
Form ADV Part 2B Brochure Supplement

PENN Capital Management Company, Inc.  
Three Crescent Drive, Suite 400, Philadelphia, PA 19112, (215) 302-1500

July 31, 2011

**This Brochure Supplement provides information about Peter R. Duffy that supplements the PENN Capital Management Company, Inc., (“PENN”) brochure. You should have received a copy of that brochure. Please contact PENN if you did not receive the brochure or if you have any questions about the contents of this supplement.**

**Item 2. Educational Background and Business Experience**

Year of Birth:	1972
Formal Education:	Villanova University, B.S. (Finance) The Wharton School, University of Pennsylvania, M.B.A. (Finance)
Business Background: (For the last five years)	Senior Portfolio Manager, PENN Capital Management Company, Inc., (2006 - Present)

**Item 3. Disciplinary Information**

We are required to disclose any material facts regarding legal or disciplinary events that would be material to your evaluation of PENN or our integrity. Mr. Duffy has no disciplinary information or events to disclose.

**Item 4. Other Business Activities**

Mr. Duffy is not actively engaged in any other investment-related business or occupation, nor is he actively engaged in any other business or occupation for compensation.

**Item 5. Additional Compensation**

Mr. Duffy receives no additional compensation for providing investment advisory services to clients.

**Item 6. Supervision**

Mr. Duffy is a member of the Investment Team and is subject to PENN’s written compliance and supervisory procedures and the related ongoing compliance monitoring and testing. PENN’s compliance program is designed in accordance with the requirements of the Investment Advisers Act of 1940, Rule 206(4)-7. The Executive Committee is responsible for the day-to-day management of PENN’s business. PENN’s Investment Team is responsible for supervision, formulation and monitoring of investment advice offered to clients. Mr. Eric J. Green, Director of Research, is responsible for Mr. Duffy’s supervision. Mr. Green can be reached at (215) 302-1500.

---

\*The Chartered Financial Analyst (CFA) designation is an international professional certification offered by the CFA Institute to financial analysts who complete a series of three examinations. A Charterholder must pass each of three six-hour exams, possess a bachelor’s degree (or equivalent, as assessed by CFA Institute) and have 48 months of qualified, professional work experience. Charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

**Joseph C. Maguire, CFA\***  
**Portfolio Manager**  
Form ADV Part 2B Brochure Supplement

PENN Capital Management Company, Inc.  
Three Crescent Drive, Suite 400, Philadelphia, PA 19112, (215) 302-1500

July 31, 2011

**This Brochure Supplement provides information about Joseph C. Maguire that supplements the PENN Capital Management Company, Inc., (“PENN”) brochure. You should have received a copy of that brochure. Please contact PENN if you did not receive the brochure or if you have any questions about the contents of this supplement.**

**Item 2. Educational Background and Business Experience**

Year of Birth:	1975
Formal Education:	The College of William & Mary, B.B.A. (Accounting) Kenan-Flagler Business School at the University of North Carolina at Chapel Hill, M.B.A.
Business Background: (For the last five years)	Portfolio Manager, PENN Capital Management Company, Inc., (2005 - Present)

**Item 3. Disciplinary Information**

We are required to disclose any material facts regarding legal or disciplinary events that would be material to your evaluation of PENN or our integrity. Mr. Maguire has no disciplinary information or events to disclose.

**Item 4. Other Business Activities**

Mr. Maguire is not actively engaged in any other investment-related business or occupation, nor is he actively engaged in any other business or occupation for compensation.

**Item 5. Additional Compensation**

Mr. Maguire receives no additional compensation for providing investment advisory services to clients.

**Item 6. Supervision**

Mr. Maguire is a member of the Investment Team and is subject to PENN’s written compliance and supervisory procedures and the related ongoing compliance monitoring and testing. PENN’s compliance program is designed in accordance with the requirements of the Investment Advisers Act of 1940, Rule 206(4)-7. The Executive Committee is responsible for the day-to-day management of PENN’s business. PENN’s Investment Team is responsible for supervision, formulation and monitoring of investment advice offered to clients. Mr. Eric J. Green, Director of Research, is responsible for Mr. Maguire’s supervision. Mr. Green can be reached at (215) 302-1500.

---

\*The Chartered Financial Analyst (CFA) designation is an international professional certification offered by the CFA Institute to financial analysts who complete a series of three examinations. A Charterholder must pass each of three six-hour exams, possess a bachelor’s degree (or equivalent, as assessed by CFA Institute) and have 48 months of qualified, professional work experience. Charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.