



**PENN CAPITAL MANAGEMENT COMPANY, LLC**

**RELATIONSHIP SUMMARY**

**MARCH 31, 2021**

Penn Capital Management Company, LLC (“Penn Capital”) is an investment adviser registered with the U.S. Securities and Exchange Commission. Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

**WHAT INVESTMENT SERVICES AND ADVICE CAN PENN CAPITAL PROVIDE ME?**

Penn Capital provides ongoing investment advisory services to retail investors primarily through: affiliated and unaffiliated registered mutual funds, proprietary private investment funds, separately managed accounts (“SMAs”), and wrap fee or model portfolio programs sponsored by unaffiliated third-parties. Account monitoring generally is provided only for SMAs and is individually negotiated. Except as to its private investment funds, Penn Capital does not accept custody of client assets, but will work with qualified custodians. Penn Capital typically has discretionary investment authority, which means we determine which securities to buy or sell, and which brokers to use to conduct the investment trading. We typically provide investment advice to retail clients only with respect to our own proprietary products and strategies (e.g., Penn Capital mutual funds and SMA). Minimum account sizes vary depending upon the type of investment (e.g., mutual funds, SMAs, wrap fee programs).

A more detailed explanation of Penn Capital’s advisory services, fees, minimum account size, conflicts, compensation, and product offerings is available in our Form ADV Brochure, which can be found at <https://www.adviserinfo.sec.gov/Firm/105081>.

---

**CONVERSATION STARTERS: KEY QUESTIONS YOU SHOULD ASK PENN CAPITAL**

---

- **Given my financial situation, should I choose an investment advisory service? Why or why not?**
- **How will Penn Capital choose investments to recommend to me?**
- **What is Penn Capital’s relevant experience, including licenses, education and other qualifications? What do those qualifications mean?**
- **Help me understand how fees and costs might affect my investments. If I give Penn Capital \$10,000 to invest, how much will go to fees and costs, and how much will be invested?**
- **How might Penn Capital’s conflicts of interest affect me, and how are they addressed?**
- **As a financial professional, does Penn Capital have any disciplinary history? For what type of conduct?**
- **Who is my primary contact person and are they a representative of Penn Capital?**
- **Who can I talk to if I have concerns about this person’s service?**

## FEES, COSTS, CONFLICTS AND STANDARDS OF CONDUCT

### *1. What fees will I pay?*

Fees typically vary depending on the type, size, complexity of the client account, or the product in which a client invests (e.g., mutual funds, private investment funds, SMAs, wrap fee or model program accounts). Fees for products other than registered mutual funds typically are individually negotiated. Penn Capital's standard investment advisory fees generally range from 0.45% to 1.25% depending upon the specific investment strategy. Asset-based fees associated with wrap fee programs typically include most transaction costs and other fees paid to the third-party broker-dealer or bank that has custody of the assets, and therefore are higher than a typical asset-based advisory fee charged directly by Penn Capital. If you are a retail investor, the more assets there are in your account, the more you will pay in fees, and we therefore have an incentive to encourage you to increase your account assets. In addition, certain investors will pay higher fees than others, which provides an incentive for Penn Capital to favor those investors, but we have policies and procedures reasonably designed to ensure our activities are conducted consistent with our clients' best interests. In addition to advisory fees, SMA investors also will pay custodial fees to a bank, and trading costs such as brokerage or transaction fees. Mutual fund and private fund investors also will pay the fund any additional fees that reflect the fund's ongoing operating and administrative costs, as well as the fund's trading costs.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. **More information about our fees is available in Items 5 and 6 of our Brochure, which can be found at <https://www.adviserinfo.sec.gov/Firm/105081>.**

### *2. What are Penn Capital's legal obligations to me when acting as my investment adviser? How else does the firm make money and what are some of the conflicts of interest?*

When Penn Capital acts as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means. Since we recommend that clients invest in our mutual funds and private funds, we make money through the funds' advisory fees. When you invest in a wrap fee or model delivery program that offers our strategies, we make money through advisory fees paid to us by the sponsor. Also, we permit employees to personally trade in securities we buy for our clients, but we have policies that seek to prevent any competing transactions, trading against, or front-running of our clients' investments. **More information about our fees and conflicts of interest is in our Brochure which can be found at <https://www.adviserinfo.sec.gov/Firm/105081>.**

### *3. How do your financial professionals make money?*

Penn Capital's financial professionals earn a salary and are eligible to receive a discretionary bonus.

## DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

No. When considering hiring a financial professional, you should visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research financial professionals.

## ADDITIONAL INFORMATION

*You can find additional information about Penn Capital's investment advisory services and request a copy of this Relationship Summary and more up-to-date information at [www.penncapital.com](http://www.penncapital.com) or by calling 215-302-1500.*

*EXHIBIT 1 - Material Changes to Client Relationship Summary*

This summary describes the material changes to this Relationship Summary since the filing on June 30, 2020.

In December 2020, Penn Capital Management Company, Inc. became Penn Capital Management Company, LLC (“Penn Capital”) by operation of law and its owner, 525 Holding Company, Inc. (“525 Holding”) is ultimately owned by Penn Capital employees.

On March 31, 2021, Penn Capital will undergo a change in control whereby Spouting Rock Asset Management, LLC (“SRAM”), an SEC registered investment adviser, will acquire a majority membership interest in Penn Capital, and the remaining interest in Penn Capital will be held by 525 Holding. **More information about SRAM and affiliates under common control with Penn Capital can be found in Items 4 and 10 in our Brochure which can be found at <https://www.adviserinfo.sec.gov/Firm/105081>.**