



ANNUAL REPORT

June 30, 2020

PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
PENN CAPITAL DEFENSIVE SHORT DURATION HIGH INCOME FUND
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
PENN CAPITAL SPECIAL SITUATIONS SMALL CAP EQUITY FUND
PENN CAPITAL MANAGED ALPHA SMID CAP EQUITY FUND

Beginning on January 1, 2021, as permitted by regulations adopted by the SEC, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund (defined herein) or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on the Fund's website (www.penncapitalfunds.com), and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by calling 1-844-302-7366.

You may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with the Fund, you can call 1-844-302-7366 to let the Fund know you wish to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held in your account if you invest through your financial intermediary.

TABLE OF CONTENTS

President's Letter to Shareholders	1
Fund Summaries	7
Disclosure of Fund Expenses	12
Fund	Schedules of Investments
Penn Capital Defensive Floating Rate Income Fund	14
Penn Capital Defensive Short Duration High Income Fund	19
Penn Capital Multi-Credit High Income Fund	23
Penn Capital Special Situations Small Cap Equity Fund	28
Penn Capital Managed Alpha SMID Cap Equity Fund	31
Statements of Assets and Liabilities	33
Statements of Operations	34
Statements of Changes in Net Assets	35
Financial Highlights	36
Notes to the Financial Statements	37
Additional Information	47
Report of Independent Registered Public Accounting Firm	48
Trustees and Officers	49
Privacy Policy	51

[THIS PAGE INTENTIONALLY LEFT BLANK]

**PENN CAPITAL FUNDS TRUST
PRESIDENT'S LETTER TO SHAREHOLDERS (UNAUDITED)**

Dear Penn Capital Funds Shareholder:

The world unexpectedly changed in March 2020. Suddenly, a recession appeared to be looming as a novel coronavirus (COVID-19) swept around the globe while yet another oil price war started to emerge. Businesses began to weigh the potential implications and severity of what became the COVID-19 global pandemic. As a result, many states issued stay-at-home orders and businesses temporarily closed while for many telecommuting became the new normal. Unemployment claims surged, rising to a high of 14.7% in April. During these uncertain times, investors also felt economic pressures as markets swung widely in the first and second quarter and many were unsure of how to digest the potential short and long-term effects of the pandemic's impact.

Despite these challenges, we also witnessed resilience in our economy and workforce. Credit markets awakened from their lows during the end of March due in large part from the Federal Reserve's ("Fed") announcement of extraordinary liquidity measures, as well as from the passage of the CARES Act that provided over \$2 trillion of economic relief to American families, workers, and healthcare providers. This combination of governmental stimulus and the promise of direct purchases by the Fed in numerous credit markets helped stave off investors' worst fears, and provided the base for a spread-tightening rally that lasted throughout most of the second quarter in the high yield markets.

Particularly in light of these recent events, we would like to take this opportunity to thank our shareholders for entrusting their investments with our firm. We do not take your faith in us for granted. Our team remains committed to focusing our efforts on behalf of our shareholders and we value your continued confidence in our vision. We believe the Penn Capital Funds offer a product line-up that embodies our investment philosophy and dedicated research-driven process.

Our investment strategies incorporate Penn Capital's Complete Capital Structure Analysis®, an in-depth high yield and equity research philosophy used to identify a company's optimal capital structure. Our investment professionals are capital structure generalists, meaning they are responsible for understanding the entire capital structure of the companies they follow. By following this philosophy, we believe that integrating credit and equity research allows us to construct a more comprehensive investment mosaic. Participating in both credit and equity markets, along with this integrated research process, provides Penn Capital's investment team with what we believe is an informational advantage. Finding inefficiencies in the market can be challenging, but we remain committed to the pursuit of strong investment returns on behalf of our shareholders.

Finally, we are excited to celebrate Penn Capital's ongoing philanthropic endeavors and our support for diversity and inclusion in the financial services industry. Penn Capital's PRIME program sponsors a three-year financial literacy and investing curriculum for female high school students in Philadelphia. The PRIME Internship provides a six-month hands-on and practical skills internship to a collegiate female majoring in business or finance. We are excited about these PRIME endeavors, which reflect a commitment to promoting a future with gender and racial diversity in our industry.

The following pages review the current market environment and provide additional insight into our funds and their performance over the past fiscal year. Once again, I would like to thank you for your confidence in investing with us.

Overview

As recessionary fears increased during the first quarter of 2020, the Fed took extraordinary steps in March to backstop the investment grade market, including backstopping the commercial paper market and authorizing the direct purchase of investment grade bonds inside of five years to maturity. That action was an important step for the high yield market, which opened \$10 billion of issuance during the last week of March and first week of April. As if the Fed's actions in March were not enough, on April 9, 2020 the Fed announced their ability to purchase "fallen angels" (investment grade bonds downgraded to high yield status) that were downgraded after March 22, 2020, as well as certain high yield ETFs. Equity markets also felt the impact of social distancing as measures intended to "flatten the curve" significantly impacted travel, leisure, retail, and restaurant industries. As the reality of COVID-19 pandemic-related concerns materialized, global economies swiftly began to price in potential long-term and negative impacts.

In April, green shoots emerged and consumer spending in many areas improved sequentially for the remainder of the second quarter. New home sales quickly recovered amid low mortgage rates, limited re-sale inventory, and renewed interest in suburban living. Low mortgage rates spurred a refinancing boom with consumers reinvesting monthly savings in home improvement projects. Restaurants with proven off-premise models took market share (e.g. pizza delivery, fast food drive-through) while dine-in centric concepts pivoted to carry-out to lessen sales declines and cash burn. E-commerce, already a secular market share gainer compared to brick and mortar stores, notched higher as consumers almost exclusively began shopping online. While traditional travel and leisure spending remains severely depressed (e.g. cruises, hotels, airlines), boat and RV sales have grown as consumers see them as viable socially distant alternatives.

New issuance in the high yield market reached a record of nearly \$145 billion in the second quarter following Fed actions that effectively thawed the freeze in primary market activity. A significant amount of money raised in the second quarter aided general corporate strength as companies used COVID-19-related earnings uncertainty to take advantage of reopened markets and shore up liquidity. Companies also took the opportunity during the second quarter to refinance short dated debt to assuage investor concerns over balance sheet risks.

Looking ahead, we have been encouraged by the pace of the economic rebound while fully acknowledging the mounting degree of difficulty given the recent rise in, and concerns about, COVID-19 cases and hospitalizations. The spending surge experienced during May and June may not be sustainable as it potentially benefitted from a number of factors including pent-up demand, extra income via an IRS stimulus check, and temporarily increased unemployment benefits. We believe corporations will remain conservative in terms of re-hiring as they right-size cost structures for lower demand levels. Similarly, capital spending likely will be restrained for at least the balance of 2020. On the positive side, we believe the swift rebound in high yield market levels and strong demand for new debt issues (no doubt aided by the Fed's purchase of high yield ETFs and individual bonds) has significantly lessened the probability of a corporate liquidity crunch and widespread bankruptcies, which is clearly also positive for small cap equity valuations.

Although the market has recovered from recent lows, and primary markets are reopening, we are by no means out of the woods. Certain government stimulus programs are expected to expire in the upcoming months, and rising political uncertainty will combine to set the stage for a potentially volatile finish for calendar year 2020. With spreads remaining at historically elevated levels, we are cautiously optimistic there is room for the market to slowly move higher over the remainder of year. That positive path, however, is unlikely to be linear, and instead will be punctuated with periods of substantial volatility in the wake of ongoing COVID-19 news, election politics, and potential further governmental support.

The following paragraphs provide more detailed information on the performance of our funds, as well as selected holdings.

Penn Capital Defensive Floating Rate Income Fund

For the fiscal year ended June 30, 2020, the Penn Capital Defensive Floating Rate Income Fund (the "Floating Rate Income Fund") generated a -2.57% return versus -1.72% for its benchmark, the S&P/LSTA BB Ratings Loan Index. The 12-month period was a tale of two halves with 2019 closing on a relatively optimistic note before the dual punch of the 2020 oil/COVID-19 global pandemic shock laid waste to the global economy. The Fed's aggressive policy response to cut interest rates to zero, and LIBOR in sympathy, impacted the bank loan market particularly hard as three-month LIBOR fell 200 basis points during the fiscal year. In response to the decline in LIBOR, retail investors withdrew \$34 billion overall from loan funds, resulting in 12 consecutive months of outflows. Loan funds have not experienced a positive monthly inflow since September 2018 when the market first grew concerned the Fed hiked interest rates too high and too fast. Leveraged loans were excluded from the list of assets eligible for purchase by the Fed, as part of their emergency lending program, placing the loan asset class at a marginal disadvantage versus bonds.

The Floating Rate Income Fund is managed with a conservative bias, prioritizing potential safety of principal as opposed to reaching for yield. To meet that objective, the Floating Rate Income Fund does not invest in triple C-rated or 2nd lien loans, as both areas of the market are susceptible to higher default risk, lower recoveries, and greater volatility. With bonds modestly outperforming loans over the last fiscal year, the Floating Rate Income Fund's allocation to high yield bonds, nearly 12% of net assets, modestly aided performance. The Floating Rate Income Fund holds conservative high yield bonds with maturities typically four years or less to enhance liquidity as opposed to increasing yield or risk.

The Floating Rate Income Fund's investments in Software, Cable, and Wireless Telecom sectors provided the largest industry contributions whereas Midstream/Energy Infrastructure and Media investments lagged. Top single name contributors to performance were Rackspace and Vistra Energy. The private equity sponsor behind Rackspace announced plans to go public; a credit positive for the loan. The Vistra Energy loan received investment grade ratings by both Moody's and S&P.

Top single name detractors included Tallgrass and Urban One term loans. Both names were exited as part of the Floating Rate Income Fund's shift to become more conservative during COVID-19 related volatility. The Floating Rate Income Fund continues a bias towards higher credit quality loans in defensive sectors like Healthcare, Technology, and Telecom because we believe that many companies likely will emerge from the recession with weaker balance sheets as companies take on borrowings to bridge through the crisis. We believe this could result in a delayed wave of defaults and lower recoveries from over-encumbered companies that cannot grow into their balance sheets.

Penn Capital Defensive Short Duration High Income Fund

For the fiscal year ended June 30, 2020, the Penn Capital Defensive Short Duration High Income Fund (the “Short Duration Fund”) generated a -2.33% return, underperforming its benchmark, the ICE BofA 1-3 Year BB-Rated US Cash Pay High Yield Index, which returned 1.88%. However, the Short Duration Fund outperformed the broad short duration high yield market, the ICE BofA 1-3 Year US Cash Pay High Yield Index, which returned -4.13%. The Short Duration Fund maintains an average portfolio maturity of three years or less and excludes triple C-rated bonds.

Most of the Short Duration Fund’s underperformance occurred during the last six months of the fiscal year, especially during the second quarter of 2020 when the Short Duration Fund lagged a sharp commodity-led rally while energy “fallen angel” bonds, worth billions of dollars, were downgraded into high yield indices. Additionally, the Short Duration Fund lagged on its structural underweight to Ford Motor Company within Autos since the issuer limit within the Short Duration Fund is 5% and the company represents almost 14% of the ICE BofA 1-3 Year BB-Rated US Cash Pay High Yield Index. Defensive industries, such as Broadcasting, Gaming, Healthcare, Aerospace, and Aircraft Lessors, all detracted value during the COVID-19 pandemic as live sports, surgeries, airline travel, and consumer leisure activities were severely curtailed.

The Short Duration Fund benefited from strong security selection within Consumer Products, underweights to Metals & Mining and Transports, and an overweight to Telecommunications. The Short Duration Fund avoided significant drawdowns in issuers like American Airlines and Tupperware, and benefitted from significant exposure to Sprint, which finally merged with higher-rated T-Mobile.

During the fiscal year, the Short Duration Fund held an average weighting of nearly 4% in cash and 8% (based on total net assets) in bank loan securities via exposure from a combination of individual bank loan holdings and an allocation in the Penn Capital Defensive Floating Rate Income Fund. Our loan positions detracted from performance as LIBOR collapsed with Fed actions and the COVID-19 onset. As with fiscal year 2019, the Short Duration Fund continued to gradually decrease its overall loan weighting during the 12-month period from an average loan weighting of approximately 15% of total net assets to a weighting of approximately 7% of total net assets as of June 30, 2020.

Penn Capital Multi-Credit High Income Fund

For the fiscal year ended June 30, 2020, the Penn Capital Multi-Credit High Income Fund (the “High Income Fund”) generated a -5.86% return underperforming the -1.17% return of its benchmark, the ICE BofA US High Yield Constrained Index, and also underperforming the -1.43% return of the blended 50% ICE BofAML High Yield Constrained Index -50% S&P/LSTA BB Loan Index. After a relatively quiet start to the fiscal year, the ramifications of the COVID-19 global pandemic forcefully struck the global economy. Although the High Income Fund was positioned for late cycle conditions by being underweight both triple C-rated bonds and commodities, while maintaining an overweight to first lien loans, the High Income Fund experienced the effects of low exposure to BB-rated issuers that would have cushioned the flash depression that ensued.

The High Income Fund actively repositioned during the onset of the COVID-19 global pandemic through the end of the fiscal year. Given the collapse in LIBOR, which reduces future loan coupons, and the substantial widening of high yield credit spreads, we believed bonds offered better risk/reward scenarios than loans. In response, the High Income Fund reduced its loan weighting from a peak of 45% of total net assets in January 2020 to just 16% of total net assets at fiscal year-end with all proceeds deployed into high yield bonds. The High Income Fund also increased its exposure to investment grade issuers and fallen angels, such as Ford Motor Company, as those issuers became eligible for a Fed backstop. For the first time since 2017, the High Income Fund increased its allocation to triple C-rated bonds from an underweight back to market weight. Looking ahead, we believe the Homebuilders, Energy, Leisure, and Transportation sectors may benefit from an upcoming economic recovery. Given the economic dependency on a potential COVID-19 vaccine, rather than speculate on the timing of a breakthrough, we seek to identify companies that have adequate liquidity to bridge the COVID-19 pandemic.

The largest positive contributors during the fiscal year were via security selection in the Energy E&P, Energy Services, Restaurants, and Retail sectors. Investment in these sectors outperformed as a result of strong credit selection and favorable sector weightings, particularly Hilcorp Energy as a result of an accretive acquisition and Yum Brands as a result of better than feared operating results through the crisis. Healthcare, Media, and the Service sectors contributed the greatest share of negative performance during the 12-month period, particularly Hertz and Intelsat as a result of both declaring bankruptcy on the heels of COVID-19.

Penn Capital Managed Alpha SMID Cap Equity Fund

For the fiscal year ended June 30, 2020, the Penn Capital Managed Alpha SMID Cap Equity Fund (the “Managed Alpha SMID Fund”) generated a -5.23% return underperforming the -4.70% return of its benchmark, the Russell 2500™ Index.

Positive performance resulted from selections in the Information Technology, Real Estate, and Industrials sectors, which were driven by favorable bottom-up stock selection. In the Information Technology sector, the Managed Alpha SMID Fund benefited as Teradyne and Skyworks served increased content demand with handset companies for new protocols like 5G mobile networking and the next generation Wi-Fi 6. Additionally, Five9, Inc. and NICE Ltd. transitioned from on-premise technology to two cloud software investments. In the Real Estate sector, CyrusOne, a data center REIT, executed a successful expansion into the European market. In the Industrials sector, Masco Corp. successfully restructured their home furnishings business to focus on their two most profitable businesses – Behr paint and Delta faucets.

Certain sectors including Healthcare, Energy, and Consumer Staples hindered overall relative performance. In the Healthcare sector, ICU Medical suffered market share losses due to price competition in their IV solutions business. Additionally, Amarin Corp. received a surprising adverse court ruling invalidating key patents on their drug Vascepa that allowed generic competition sooner than the market was expecting. In the Energy sector, oil prices plunged in March 2020 as OPEC oil producers could not agree on production targets, which weighed on Diamondback Energy, a Permian basin supplier. Regional banks struggled as interest rates had peaked back at the end of 2018, placing intermediate term pressure on net interest margins. In Consumer Staples, Elanco Animal Health struggled to execute their plan to focus on higher margin companion products as pet owners shifted drug purchasing from the veterinary office to online e-commerce sites.

Penn Capital Special Situations Small Cap Equity Fund

For the fiscal year ended June 30, 2020 the Penn Capital Special Situations Small Cap Equity Fund (the “Special Situations Fund”) generated a -12.39% return, underperforming the -6.63% return of its benchmark, the Russell 2000® Index. High yield credit spreads were low during the last six months of 2019 and into early 2020. In the wake of the COVID-19 pandemic, however, spreads exploded to their highest levels since the 2008-09 global financial crisis, which resulted in a significant performance headwind for the Special Situations Fund’s small capitalization, levered equities. Although the Special Situations Fund’s performance rebounded significantly in the second quarter of 2020 as credit conditions normalized, the positive momentum was not enough to fully offset the declines from the first quarter.

The Healthcare, Consumer Discretionary, and Energy sectors led the performance detractors. Amarin Corporation, a maker of biopharmaceutical therapeutics, underperformed and the position was sold following a surprising adverse court ruling invalidating key patents on their drug Vascepa that allowed generic competition sooner than the market was expecting. Within Consumer Discretionary, casino operator Golden Entertainment, and gaming equipment and services supplier Everi Holdings, both were negatively impacted by facility closures due to the COVID-19 pandemic, which drove a temporary loss of revenue, cash burn, and deteriorating credit metrics. Energy underperformed as the sector endured a one-two punch from both supply shock (the Russia-Saudi price war), and demand shock as more Americans telecommuted and eschewed non-essential travel.

The Information Technology, Financials, and Industrials sectors contributed positively reflecting favorable sector allocation as well as positive stock selection. Information Technology companies broadly outperformed on the premise that many of these businesses have growth drivers that are largely intact post COVID-19, and may actually accelerate due to more consumer time spent on devices, increased at-home data consumption, and the transition to more virtual work and learning environments. Five9 Inc., a leading provider of cloud software for contact centers, outperformed on expectations that it will benefit from “work from home” demand and a ramp up of hotlines across various verticals. Within the Financials sector, data center REIT QTS Realty continued to report robust leasing trends and record backlog amid enterprise migration to the cloud. Within Industrials, water treatment equipment and services provider Evoqua Water Technologies outperformed resulting from the recurring nature of a significant amount of the company’s revenue and its ability to continue to de-lever the balance sheet through positive free cash flow generation.

Looking Forward

This report contains performance data and financial information. Please keep in mind that all securities markets, as well as mutual fund prices, fluctuate in value. If you would like more frequent updates, <http://www.penncapitalfunds.com> provides daily NAV, monthly performance figures, portfolio holdings, and other valuable information. We encourage you to visit penncapitalfunds.com, through which you may access your account, buy and sell shares, and find other helpful tools.

At Penn Capital Funds, we believe that active management continues to serve as a critical element of investing in high yield debt securities and equity securities of smaller and mid-sized companies. Although challenges remain, and markets may continue to be uneven, we are confident that investors with a well-diversified portfolio and a patient, long-term outlook should be well positioned for the years ahead.

We thank you for investing with us and look forward to continuing to serve your investment needs.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Hocker", with a long horizontal flourish extending to the right.

Richard A. Hocker
Chairman & President
PENN Capital Funds Trust

This letter reflects Penn Capital's analysis and opinions as of the most recent fiscal year-end. The information is not a complete analysis of any market, country, industry, security, or fund and should not be considered as a recommendation to buy, sell or hold any specific security or securities.

All investments involve risk, including possible loss of principal, and there is no guarantee the Funds will achieve their investment objectives. Investments made in small and mid-capitalization companies may be more volatile and less liquid due to limited resources or product lines and more sensitive to economic factors. Investments in ETFs are subject to the same risks as the underlying securities in which the ETF invests as well as entails higher expenses than if invested into the underlying ETF directly. Investments in foreign securities and ADRs involve certain risks such as currency volatility, political and social instability and reduced market liquidity. As interest rates rise the value of bond prices will decline. Credit risk refers to the loss in the value of a security based on a default in the payment of principle and/or interest of the security, or the perception of the market of such default. High-yield bonds have a higher risk of default or other adverse credit events, but have the potential to pay higher earnings over investment grade bonds. The value of convertible securities tends to decline as interest rates rise and, because of the conversion feature, tends to vary with fluctuations in the market value of the underlying securities. Bank loans in which the Fund may invest have similar risks to below investment grade fixed income securities. In the event of the insolvency of an agent bank, a loan could be subject to settlement risk as well as the risk of interruptions in the administrative duties performed in the day to day administration of the loan.

Index Definitions

The ICE BofA US High Yield Constrained Index contains all securities in the ICE BofA US High Yield Index but caps issuer exposure at 2%.

The ICE BofA 1-3 Year BB-Rated US Cash Pay High Yield Index is a subset of the ICE BofA US Cash Pay High Yield Index, which tracks the performance of non-investment-grade corporate bonds with a remaining term to final maturity less than three years and rated BB.

The ICE BofA 1-3 Year US Cash Pay High Yield Index is a subset of The Bank of America US Cash Pay High Yield Index, which tracks the performance of corporate bonds with a remaining term to final maturity less than three years.

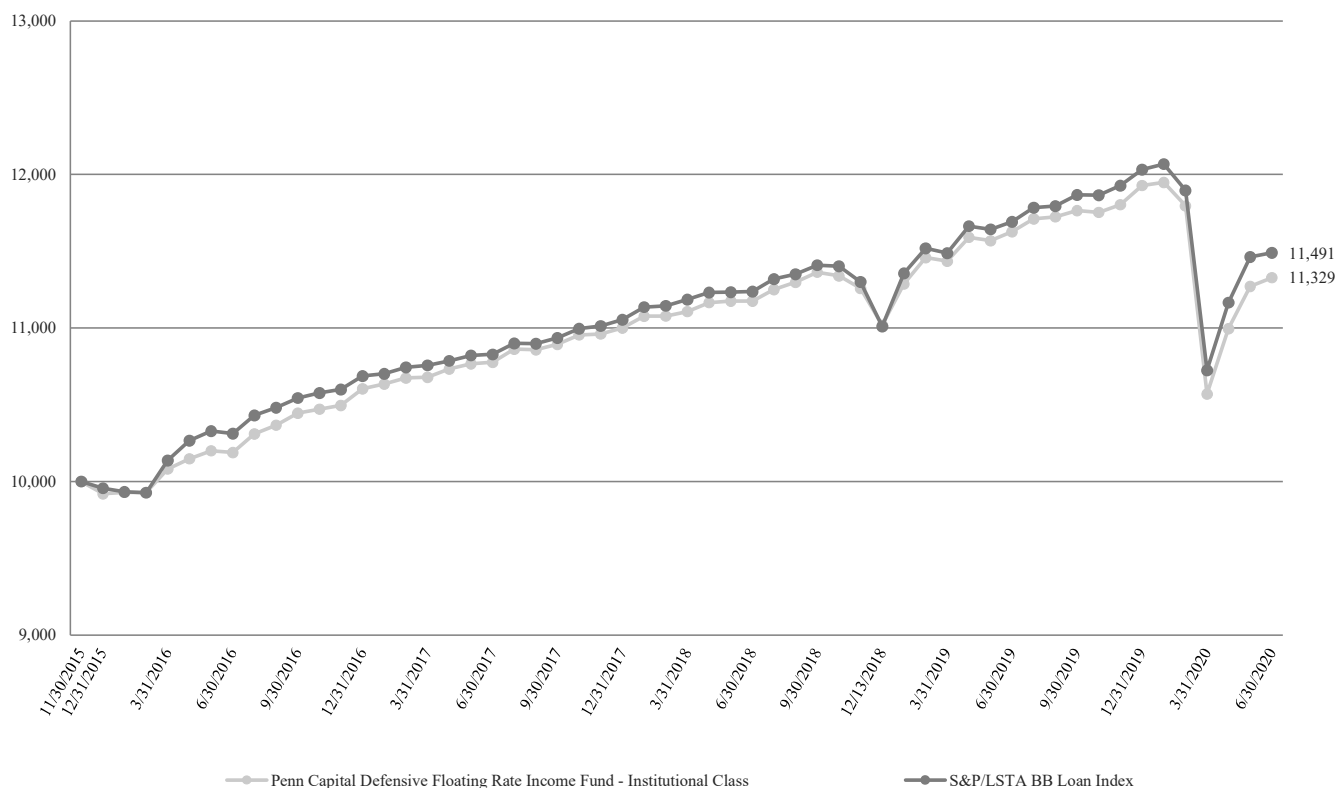
The S&P/LSTA BB Ratings Loan Index is a market value-weighted index designed to measure the performance of the US leveraged loan market and is comprised of loans whose rating is BB+, BB, BB-.

The S&P/LSTA Leveraged BB/B Ratings Loan Index is a market value-weighted index designed to measure the performance of the US leveraged loan market and is comprised of loans whose rating is BB+, BB, BB-, B+, B or B-. Standard & Poor's Rating Services is used to determine membership within this sub-index.

The Russell 2000[®] Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000[®] Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Index is constructed to provide a comprehensive and unbiased small-cap opportunity barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The Russell 2500[™] Index is composed of the bottom 500 stocks in the Russell 1000[®] Index and all the stocks in the Russell 2000[®] Index. The Russell 2500[™] Index return reflect adjustments for income dividends and capital gains distributions reinvested as of the ex-dividend dates.

**PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
FUND SUMMARY (UNAUDITED)**



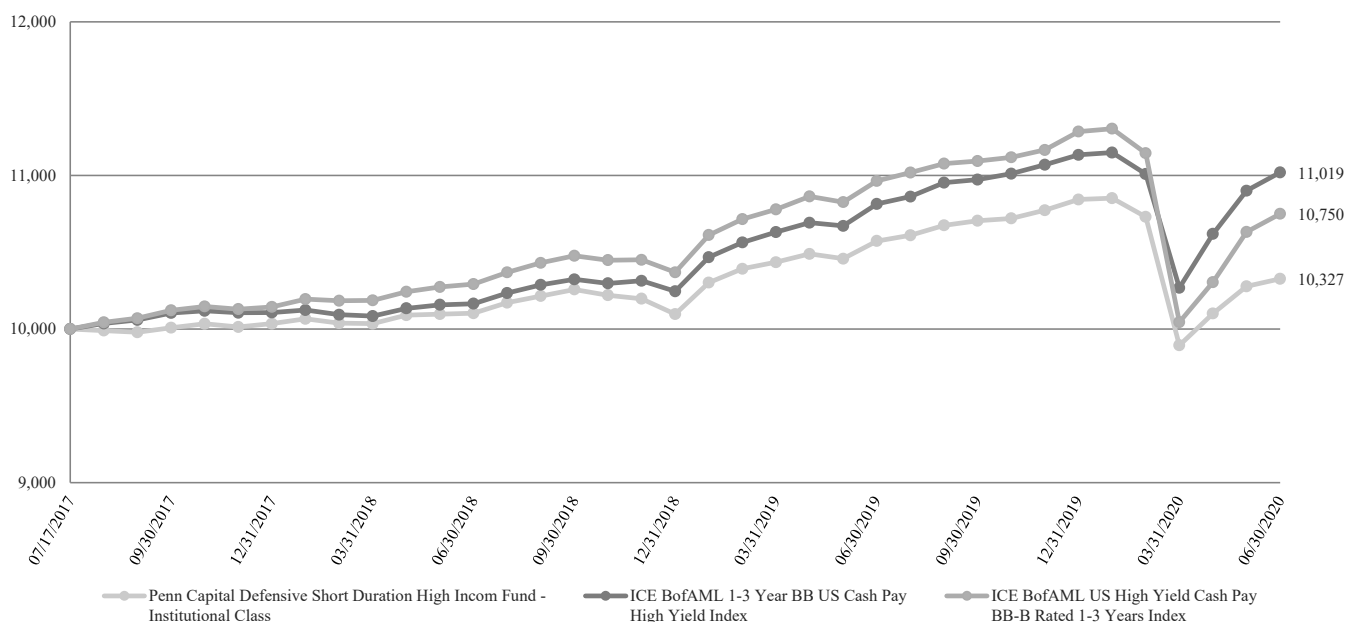
This chart assumes an initial gross investment of \$10,000 made on November 30, 2015, inception of the Institutional Class shares. Returns shown in the chart and table include the reinvestment of all dividends, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. In the absence of fee waivers and reimbursements, when they are necessary to keep expenses at the expense cap, total return would be reduced. Past performance is not predictive of future performance. Investment return and principal value will fluctuate so that your shares, when redeemed, may be worth more or less than the original cost. Index returns do not reflect the effects of fees, transaction costs or expenses. It is not possible to invest directly in an index. No information is provided for Investor Class shares because shares of that class had not yet been issued as of June 30, 2020.

<u>Average Annual Total Returns for the Period Ended June 30, 2020</u>	<u>One Year</u>	<u>Three Years</u>	<u>Since Inception⁽¹⁾</u>
Penn Capital Defensive Floating Rate Income Fund			
Institutional Class Shares	-2.57%	1.68%	2.76%
S&P/LSTA BB Loan Index	-1.72%	2.00%	3.08% ⁽²⁾

(1) Inception date is 11/30/15.

(2) The return shown for the S&P/LSTA BB Loan Index is from the inception date of the Institutional Class shares.

**PENN CAPITAL DEFENSIVE SHORT DURATION HIGH INCOME FUND
FUND SUMMARY (UNAUDITED)**



This chart assumes an initial gross investment of \$10,000 made on July 17, 2017, inception of the Institutional Class shares. Returns shown in the chart and table include the reinvestment of all dividends, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. In the absence of fee waivers and reimbursements, when they are necessary to keep expenses at the expense cap, total return would be reduced. Past performance is not predictive of future performance. Investment return and principal value will fluctuate so that your shares, when redeemed, may be worth more or less than the original cost. Index returns do not reflect the effects of fees, transaction costs or expenses. It is not possible to invest directly in an index.

Average Annual Total Returns for the Period Ended June 30, 2020

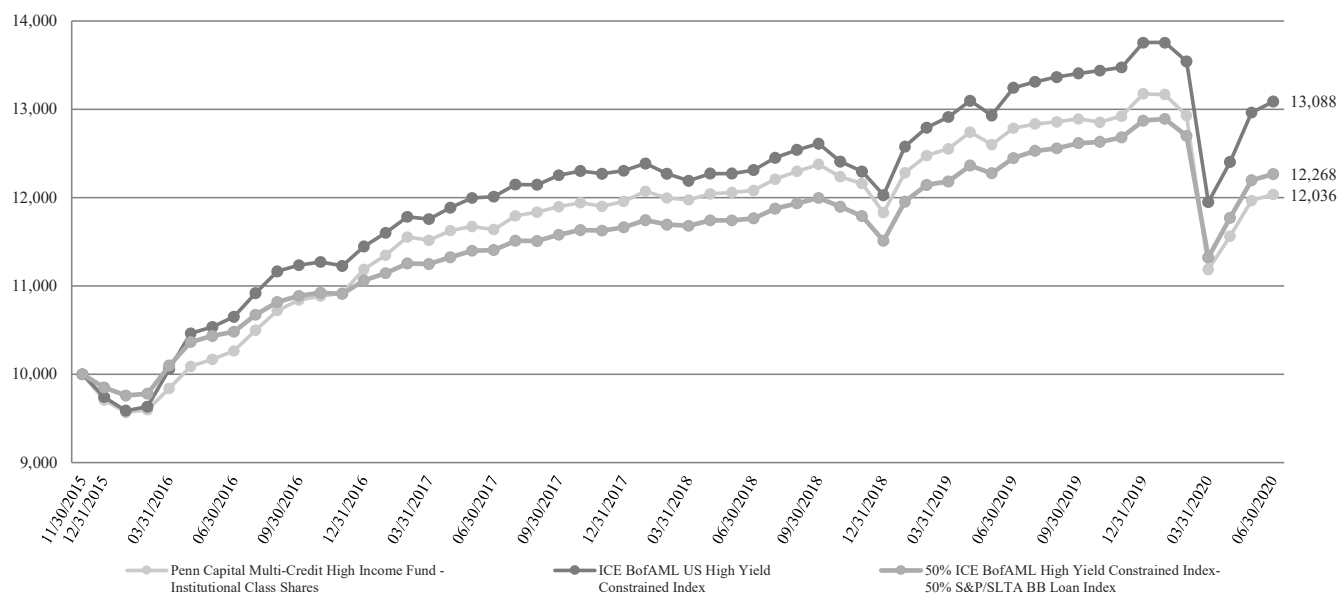
	One Year	Since Inception⁽¹⁾
Penn Capital Defensive Short Duration High Income Fund Institutional Class Shares	-2.33%	1.09%
ICE BofAML 1-3 Year BB-Rated US Cash Pay High Yield Index	1.88%	3.31% ⁽²⁾
ICE BofAML US High Yield Cash Pay BB-B Rated 1-3 Years Index	-1.99%	2.43% ⁽³⁾

(1) Inception date is 7/17/17.

(2) The return shown for the ICE BofAML 1-3 Year BB-Rated US Cash Pay High Yield Index is from the inception date of the Institutional Class shares.

(3) The return shown for the ICE BofAML US High Yield Cash Pay BB-B Rated 1-3 Years Index is from the inception date of the Institutional Class shares.

**PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
FUND SUMMARY (UNAUDITED)**



This chart assumes an initial gross investment of \$10,000 made on November 30, 2015, inception of the Institutional Class shares. Returns shown in the chart and table include the reinvestment of all dividends, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. In the absence of fee waivers and reimbursements, when they are necessary to keep expenses at the expense cap, total return would be reduced. Past performance is not predictive of future performance. Investment return and principal value will fluctuate so that your shares, when redeemed, may be worth more or less than the original cost. Index returns do not reflect the effects of fees, transaction costs or expenses. It is not possible to invest directly in an index. No information is provided for Investor Class shares because shares of that class had not yet been issued as of June 30, 2020.

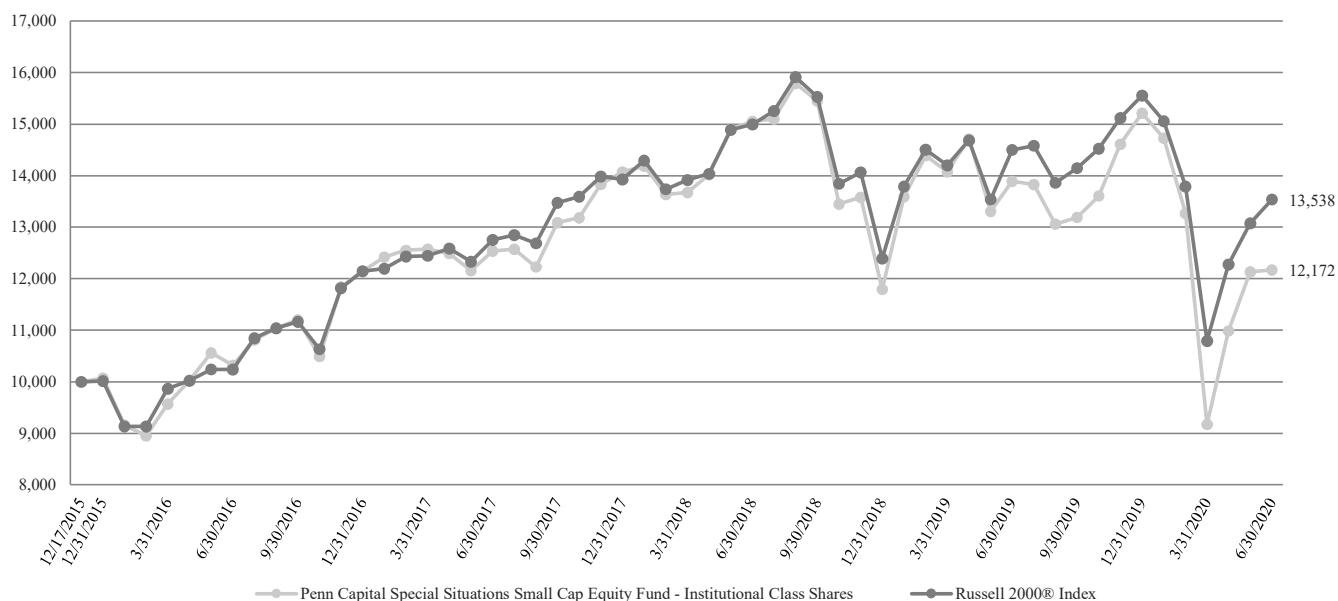
Average Annual Total Returns for the Period Ended June 30, 2020	One Year	Three Years	Since Inception ⁽¹⁾
Penn Capital Multi-Credit High Income Fund			
Institutional Class Shares	-5.86%	1.13%	4.13%
ICE BofAML US High Yield Constrained Index	-1.17%	2.92%	6.05% ⁽²⁾
50% ICE BofAML High Yield Constrained Index -50% S&P/LSTA BB Loan Index . . .	-1.43%	2.47%	4.57% ⁽³⁾

(1) Inception date is 11/30/15.

(2) The return shown for the ICE BofAML US High Yield Constrained Index is from the inception date of the Institutional Class shares.

(3) The return for the 50% ICE BofAML High Yield Constrained Index -50% S&P/LSTA BB Loan Index is from the inception date of the Institutional Class shares.

**PENN CAPITAL SPECIAL SITUATIONS SMALL CAP EQUITY FUND
FUND SUMMARY (UNAUDITED)**



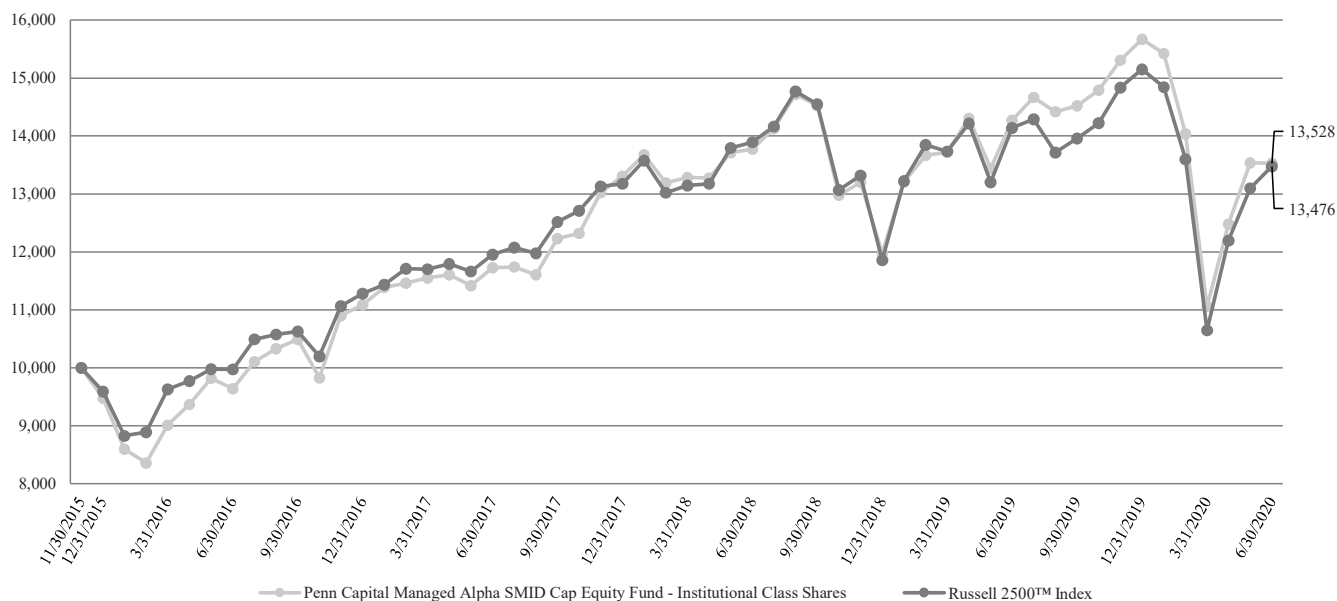
This chart assumes an initial gross investment of \$10,000 made on December 17, 2015, inception of the Institutional Class shares. Returns shown in the chart and table include the reinvestment of all dividends, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. In the absence of fee waivers and reimbursements, when they are necessary to keep expenses at the expense cap, total return would be reduced. Past performance is not predictive of future performance. Investment return and principal value will fluctuate so that your shares, when redeemed, may be worth more or less than the original cost. Index returns do not reflect the effects of fees, transaction costs or expenses. It is not possible to invest directly in an index. No information is provided for Investor Class shares because shares of that class had not yet been issued as of June 30, 2020.

<u>Average Annual Total Returns for the Period Ended June 30, 2020</u>	<u>One Year</u>	<u>Three Years</u>	<u>Since Inception⁽¹⁾</u>
Penn Capital Special Situations Small Cap Equity Fund Institutional Class Shares	-12.56%	-0.99%	4.43%
Russell 2000® Index	-6.63%	2.01%	6.90% ⁽²⁾

(1) Inception date is 12/17/15.

(2) The return shown for the Russell 2000® Index is from the inception date of the Institutional Class shares.

**PENN CAPITAL MANAGED ALPHA SMID CAP EQUITY FUND
FUND SUMMARY (UNAUDITED)**



This chart assumes an initial gross investment of \$10,000 made on November 30, 2015, inception of the Institutional Class shares. Returns shown in the chart and table include the reinvestment of all dividends, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. In the absence of fee waivers and reimbursements, when they are necessary to keep expenses at the expense cap, total return would be reduced. Past performance is not predictive of future performance. Investment return and principal value will fluctuate so that your shares, when redeemed, may be worth more or less than the original cost. Index returns do not reflect the effects of fees, transaction costs or expenses. It is not possible to invest directly in an index. No information is provided for Investor Class shares because shares of that class had not yet been issued as of June 30, 2020.

<u>Average Annual Total Returns for the Period Ended June 30, 2020</u>	<u>One Year</u>	<u>Three Years</u>	<u>Since Inception⁽¹⁾</u>
Penn Capital Managed Alpha SMID Cap Equity Fund			
Institutional Class Shares	-5.23%	4.87%	6.82%
Russell 2500™ Index	-4.70%	4.08%	6.73% ⁽²⁾

(1) Inception date is 11/30/15.

(2) The return shown for the Russell 2500® Index is from the inception date of the Institutional Class shares.

**PENN CAPITAL FUNDS TRUST
DISCLOSURE OF FUND EXPENSES (UNAUDITED)
FOR THE PERIOD FROM JANUARY 1, 2020 TO JUNE 30, 2020**

Cost in Dollars of a \$1,000 Investment

The example below is intended to describe the fees and expenses borne by shareholders during the six-month period from January 1, 2020 to June 30, 2020, and the impact of those costs on your investment.

Example

As a shareholder of a Fund, you incur two types of costs: (1) transaction costs, including redemption fees on sales (as applicable) and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees, and other Fund expenses (as applicable). This example is intended to help you understand your ongoing costs (in dollars) of investing in a Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 made at the beginning of the six-month period and held for the entire period from January 1, 2020 to June 30, 2020.

This example illustrates your Fund's ongoing costs in two ways:

Actual Expenses

The second and third data columns in the table below provide information about actual account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid during the period ended June 30, 2020. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number under the heading entitled Expenses Paid During Period to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The fourth and fifth data columns in the table below provide information about hypothetical account values and hypothetical expenses based on each Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not a Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balances or expenses you paid for the six-month period shown. You may use this information to compare the ongoing costs of investing in a Fund with the ongoing costs of investing in other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees. Therefore, the fourth and fifth data columns of the table are useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

Penn Capital Defensive Floating Rate Income Fund	Actual		Hypothetical		
Share Class⁽¹⁾	Beginning Account Value 1/1/20	Ending Account Value (Based on Actual Returns and Expenses) 6/30/20	Expenses Paid During Period⁽²⁾	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 6/30/20	Expenses Paid During Period⁽²⁾
Institutional Class Shares	\$1,000.00	\$949.70	\$3.10	\$1,021.68	\$3.22

(1) No information is provided for Investor Class shares because shares of that class had not yet been issued as of June 30, 2020.
(2) Expenses are equal to the Fund's annualized expense ratio, net of waivers and excluding acquired fund fees and expenses, if any (0.64% for the Institutional Class), multiplied by the average account value over the period, divided by 366 and multiplied by 182 for the Institutional Class (to reflect the six-month period). The table above represents the actual expenses incurred during the six-month period.

**Penn Capital Defensive Short Duration
High Income Fund**

Share Class ⁽¹⁾	Beginning Account Value 1/1/20	Actual		Hypothetical	
		Ending Account Value (Based on Actual Returns and Expenses) 6/30/20	Expenses Paid During Period ⁽²⁾	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 6/30/20	Expenses Paid During Period ⁽²⁾
Institutional Class Shares	\$1,000.00	\$952.40	\$2.62	\$1,022.18	\$2.72

(1) No information is provided for Investor Class shares because shares of that class had not yet been issued as of June 30, 2020.

(2) Expenses are equal to the Fund's annualized expense ratio, net of waivers and excluding acquired fund fees and expenses, if any (0.54% for the Institutional Class), multiplied by the average account value over the period, divided by 366 and multiplied by 182 for the Institutional Class (to reflect the six-month period). The table above represents the actual expenses incurred during the six-month period.

**Penn Capital Multi-Credit
High Income Fund**

Share Class ⁽¹⁾	Beginning Account Value 1/1/20	Actual		Hypothetical	
		Ending Account Value (Based on Actual Returns and Expenses) 6/30/20	Expenses Paid During Period ⁽²⁾	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 6/30/20	Expenses Paid During Period ⁽²⁾
Institutional Class Shares	\$1,000.00	\$913.50	\$3.43	\$1,021.28	\$3.62

(1) No information is provided for Investor Class shares because shares of that class had not yet been issued as of June 30, 2020.

(2) Expenses are equal to the Fund's annualized expense ratio, net of waivers and excluding acquired fund fees and expenses, if any (0.72% for the Institutional Class), multiplied by the average account value over the period, divided by 366 and multiplied by 182 for the Institutional Class (to reflect the six-month period). The table above represents the actual expenses incurred during the six-month period.

**Penn Capital Special Situations Small
Cap Equity Fund**

Share Class ⁽¹⁾	Beginning Account Value 1/1/20	Actual		Hypothetical	
		Ending Account Value (Based on Actual Returns and Expenses) 6/30/20	Expenses Paid During Period ⁽²⁾	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 6/30/20	Expenses Paid During Period ⁽²⁾
Institutional Class Shares	\$1,000.00	\$800.20	\$4.88	\$1,019.44	\$5.47

(1) No information is provided for Investor Class shares because shares of that class had not yet been issued as of June 30, 2020.

(2) Expenses are equal to the Fund's annualized expense ratio, net of waivers and excluding acquired fund fees and expenses, if any (1.09% for the Institutional Class), multiplied by the average account value over the period, divided by 366 and multiplied by 182 for the Institutional Class (to reflect the six-month period). The table above represents the actual expenses incurred during the six-month period.

**Penn Capital Managed Alpha SMID
Cap Equity Fund**

Share Class ⁽¹⁾	Beginning Account Value 1/1/20	Actual		Hypothetical	
		Ending Account Value (Based on Actual Returns and Expenses) 6/30/20	Expenses Paid During Period ⁽²⁾	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 6/30/20	Expenses Paid During Period ⁽²⁾
Institutional Class Shares	\$1,000.00	\$863.30	\$4.91	\$1,019.59	\$5.32

(1) No information is provided for Investor Class shares because shares of that class had not yet been issued as of June 30, 2020.

(2) Expenses are equal to the Fund's annualized expense ratio, net of waivers and excluding acquired fund fees and expenses, if any (1.06% for the Institutional Class), multiplied by the average account value over the period, divided by 366 and multiplied by 182 for the Institutional Class (to reflect the six-month period). The table above represents the actual expenses incurred during the six-month period.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	Principal	Value		Principal	Value
Bank Loans: 84.2%(a)(b)					
Aerospace: 0.4%					
Ducommun, Inc., 4.186%, 11/21/25					
(1 Month US LIBOR + 4.000%)	\$124,977	\$ 115,188			
(1 Month US LIBOR + 4.000%)	31,377	28,919			
		144,107			
Airline Companies: 2.0%					
Allegiant Travel Co., 3.433% (3 Month US LIBOR + 3.000%), 2/5/24	346,867	308,064			
Delta Air Lines, Inc., 5.510% (3 Month US LIBOR + 4.750%), 5/31/23	275,000	269,329			
United Airlines, Inc., 1.928% (1 Month US LIBOR + 1.750%), 4/1/24	147,335	133,799			
		711,192			
Auto Parts & Equipment: 0.3%					
Dealer Tire LLC, 4.428%, 2/5/27					
(1 Month US LIBOR + 4.250%)	79,173	75,478			
(1 Month US LIBOR + 4.250%)	45,202	43,092			
		118,570			
Brokerage: 0.6%					
Victory Capital Holdings, Inc., 3.936% (3 Month US LIBOR + 2.500%), 7/1/26	211,126	204,397			
Building & Construction: 0.3%					
Janus International Group LLC, 4.822% (6 Month US LIBOR + 3.750%), 2/15/25	122,500	115,150			
Building Materials: 2.1%					
Beacon Roofing Supply, Inc., 2.428% (1 Month US LIBOR + 2.250%), 1/2/25	246,349	233,899			
Foundation Building Materials Holding Co. LLC, 3.178% (1 Month US LIBOR + 3.000%), 8/13/25	147,750	142,025			
Quikrete Holdings, Inc., 2.678% (1 Month US LIBOR + 2.500%), 1/31/27	385,572	369,910			
		745,834			
Building Products: 0.9%					
Atkore International, Inc., 3.750% (3 Month US LIBOR + 2.750%), 12/22/23	329,234	321,250			
Chemical Companies: 3.0%					
Axalta Coating Systems US Holdings, Inc., 2.058% (3 Month US LIBOR + 1.750%), 6/1/24	178,952	171,012			
HB Fuller Co., 2.190% (1 Month US LIBOR + 2.000%), 10/20/24	187,957	181,091			
Hexion, Inc., 4.940% (3 Month US LIBOR + 3.500%), 7/1/26	247,500	240,694			
Illuminate Buyer LLC, 4.308% (1 Month US LIBOR + 4.000%), 6/16/27	200,000	196,700			
Univar USA, Inc., 2.428% (1 Month US LIBOR + 2.250%), 7/1/24	144,655	138,960			
Univar USA, Inc., 2.178% (1 Month US LIBOR + 2.000%), 11/22/26	149,250	141,881			
		1,070,338			
Computer Hardware: 3.4%					
CommScope, Inc., 3.428% (1 Month US LIBOR + 3.250%), 4/4/26	\$297,750	\$ 281,374			
Dell International LLC, 1.930% (1 Month US LIBOR + 1.750%), 3/13/24	225,678	219,754			
GLOBALFOUNDRIES, Inc., 5.062% (3 Month US LIBOR + 4.750%), 6/5/26	346,997	333,118			
Plantronics, Inc., 2.795%, 7/2/25					
(1 Month US LIBOR + 2.500%)	173,841	157,905			
(1 Month US LIBOR + 2.500%)	26,159	23,761			
Xperi Holding Corp., 4.173% (1 Month US LIBOR + 4.000%), 6/1/25	200,000	189,500			
		1,205,412			
Consumer-Products: 1.8%					
BDF Acquisition Corp., 6.250% (3 Month US LIBOR + 5.250%), 8/8/23	294,272	229,041			
Froneri US, Inc., 2.428%, 1/31/27					
(1 Month US LIBOR + 2.250%)	62,547	58,677			
(1 Month US LIBOR + 2.250%)	137,453	128,949			
HLF Financing Sarl LLC, 2.928% (1 Month US LIBOR + 2.750%), 8/16/25	245,625	236,721			
		653,388			
Diversified Capital Goods: 1.2%					
EWT Holdings III Corp., 2.928% (1 Month US LIBOR + 2.750%), 12/20/24	225,119	217,898			
Gardner Denver, Inc., 1.928% (1 Month US LIBOR + 1.750%), 2/28/27	199,500	189,401			
		407,299			
Diversified Financial Services: 0.6%					
Pivotal Payments Direct Corp., 6.000%, 9/28/25					
(1 Month US LIBOR + 5.000%)	173,450	170,848			
(1 Month US LIBOR + 5.000%)	35,046	34,520			
(1 Month US LIBOR + 5.000%)	25,409	25,028			
		230,396			
Electric Utilities: 0.3%					
Compass Power Generation LLC, 4.500% (1 Month US LIBOR + 3.500%), 12/20/24	115,588	110,387			
Electric-Distribution/Transportation: 0.4%					
Pike Corp., 4.250% (1 Month US LIBOR + 3.250%), 7/24/26	141,029	136,645			
Electric-Generation: 0.5%					
Vistra Operations Co LLC, 1.944% (1 Month US LIBOR + 1.750%), 12/31/25	191,538	184,560			
Electronics: 0.8%					
Cohu, Inc., 3.178% (1 Month US LIBOR + 3.000%), 10/1/25	320,801	298,345			

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	Principal	Value		Principal	Value
Entertainment: 2.8%					
Alterra Mountain Co., 2.928% (1 Month US LIBOR + 2.750%), 7/31/24	\$243,750	\$ 229,125	Option Care Health, Inc., 4.678% (1 Month US LIBOR + 4.500%), 8/6/26	\$323,375	\$ 313,674
Life Time, Inc., 3.750%, 6/5/22 (6 Month US LIBOR + 2.750%)	436,475	385,463	Select Medical Corp., 2.680% (1 Month US LIBOR + 2.500%), 3/6/25	212,163	201,113
(6 Month US LIBOR + 2.750%)	1,125	994			1,287,825
Playtika Holding Corp., 7.072% (3 Month US LIBOR + 6.000%), 12/10/24	366,859	365,942	Hotels: 0.5%		
		981,524	Marriott Ownership Resorts, Inc., 1.928% (1 Month US LIBOR + 1.750%), 8/31/25	198,254	185,615
Environmental & Waste: 0.7%					
GFL Environmental, Inc., 4.000%, 5/31/25 (3 Month US LIBOR + 3.000%)	201,022	195,034	Industrial Conglomerates: 0.9%		
(3 Month US LIBOR + 3.000%)	35,970	34,898	Deliver Buyer, Inc., 6.000% (3 Month US LIBOR + 5.000%), 5/1/24	246,202	229,995
		229,932	MTS Systems Corp., 4.000% (1 Month US LIBOR + 3.250%), 7/5/23	93,223	89,028
Food-Wholesale: 2.2%					
American Seafoods Group LLC, 4.118%, 8/21/23 (3 Month US LIBOR + 2.750%)	216,002	208,441	Internet & Direct Marketing Retail: 0.8%		
(3 Month US LIBOR + 2.750%)	6,857	6,617	Shutterfly LLC, 6.308% (3 Month US LIBOR + 6.000%), 10/1/26	318,194	290,126
Bellring Brands LLC, 6.000% (1 Month US LIBOR + 5.000%), 10/21/24	268,125	266,283	Investments & Miscellaneous Financial Services: 6.7%		
JBS USA LUX SA, 3.072% (6 Month US LIBOR + 2.000%), 5/1/26	297,366	283,366	Cardtronics USA, Inc., 5.000% (1 Month US LIBOR + 4.000%), 6/25/27	200,000	196,000
		764,707	FinCo I LLC, 2.178% (1 Month US LIBOR + 2.000%), 12/27/22	194,775	187,471
Forestry/Paper: 0.5%					
Sabert Corp., 5.500% (1 Month US LIBOR + 4.500%), 12/10/26	199,500	193,848	LPL Holdings, Inc., 1.929% (1 Month US LIBOR + 1.750%), 11/12/26	176,998	169,033
Gaming: 1.8%					
Caesars Resort Collection, LLC, 4.690% (1 Month US LIBOR + 4.500%), 6/19/25	200,000	187,626	Nexus Buyer LLC, 3.935% (1 Month US LIBOR + 3.750%), 11/8/26	248,750	243,153
Scientific Games International, Inc., 3.476%, 8/14/24 (6 Month US LIBOR + 2.750%)	215,824	190,357	Refinitiv US Holdings, Inc., 3.428% (1 Month US LIBOR + 3.250%), 10/1/25	199,494	194,656
(1 Month US LIBOR + 2.750%)	52,798	46,568	Russell Investments US Institutional Holdco, Inc., 3.822% (6 Month US LIBOR + 2.750%), 6/1/23	492,202	475,590
(3 Month US LIBOR + 2.750%)	689	608	The Edelman Financial Center LLC, 3.179% (1 Month US LIBOR + 3.000%), 7/19/25	296,244	282,173
Stars Group Holdings BV, 3.808% (3 Month US LIBOR + 3.500%), 7/10/25	209,117	207,644	TransUnion LLC, 1.928% (1 Month US LIBOR + 1.750%), 11/13/26	368,035	351,359
		632,803	VeriFone Systems, Inc., 4.377% (3 Month US LIBOR + 4.000%), 8/20/25	345,992	287,298
Gas Distribution: 0.8%					
Stonepeak Lonestar Holdings LLC, 5.635% (3 Month US LIBOR + 4.500%), 10/19/26	278,813	266,475	2,386,733		
Health Care Providers & Services: 0.8%					
Emerald TopCo, Inc., 4.259% (3 Month US LIBOR + 3.500%), 7/26/26	297,750	288,073	IT Services: 1.6%		
Health Services: 3.6%					
American Renal Holdings, Inc., 5.178% (1 Month US LIBOR + 5.000%), 6/22/24	169,831	159,217	NAB Holdings LLC, 4.000% (3 Month US LIBOR + 3.000%), 6/30/24	243,153	234,035
DaVita, Inc., 1.928% (1 Month US LIBOR + 1.750%), 8/12/26	199,000	192,208	Paysafe Holdings US Corp., 4.500% (3 Month US LIBOR + 3.500%), 1/1/25	343,614	327,580
FC Compassus LLC, 6.072% (3 Month US LIBOR + 5.000%), 12/31/26	199,000	189,050	561,615		
Gentiva Health Services, Inc., 3.437% (1 Month US LIBOR + 3.250%), 7/2/25	240,686	232,563	Machinery Companies: 0.9%		
			Gates Global LLC, 3.750% (1 Month US LIBOR + 2.750%), 3/31/24	345,819	332,273

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	Principal	Value		Principal	Value
Media: 0.6%			Non-Food & Drug Retailers: 2.2%		
Nexstar Broadcasting, Inc., 1.923% (1 Month US LIBOR + 1.750%), 10/26/23	\$229,100	\$ 216,500		Calceus Acquisition, Inc., 5.743% (2 Month US LIBOR + 5.500%), 2/12/25	\$396,157 \$ 368,426
WXXA-TV LLC, 1.923%, 10/24/23				PetSmart, Inc., 5.000% (3 Month US LIBOR + 4.000%), 3/11/22	243,352 239,784
(1 Month US LIBOR + 1.750%)	4,446	4,201		Staples, Inc., 5.516% (3 Month US LIBOR + 4.500%), 9/12/24	212,922 187,016
(1 Month US LIBOR + 1.750%)	2,021	1,910			795,226
		222,611			
Media-Broadcast: 2.0%			Packaging: 1.2%		
CSC Holdings LLC, 2.435% (1 Month US LIBOR + 2.250%), 7/17/25	243,108	229,433		Reynolds Consumer Products LLC, 1.928% (1 Month US LIBOR + 1.750%), 2/4/27	199,500 191,911
ION Media Networks, Inc., 3.812% (3 Month US LIBOR + 3.000%), 12/18/24	248,125	233,734		Reynolds Group Holdings, Inc., 2.928%, 2/5/23 (1 Month US LIBOR + 2.750%)	154,475 147,199
The E.W. Scripps Co., 2.678% (1 Month US LIBOR + 2.500%), 5/1/26	247,132	232,768		(1 Month US LIBOR + 2.750%)	57,015 54,330
		695,935		(1 Month US LIBOR + 2.750%)	34,808 33,168
					426,608
Media-Cable: 4.8%			Pharmaceuticals: 0.8%		
Altice France SA, 4.185% (1 Month US LIBOR + 4.000%), 8/14/26	390,899	375,052		Aldevron LLC, 5.250% (1 Month US LIBOR + 4.250%), 10/11/26	299,250 294,387
Charter Communications Operating LLC, 1.930% (1 Month US LIBOR + 1.750%), 4/30/25	371,579	357,437		Pharmaceuticals & Devices: 3.4%	
Cogeco Communications USA II LP, 2.178% (1 Month US LIBOR + 2.000%), 1/4/25	246,204	234,911		Agiliti Health, Inc., 3.187% (1 Month US LIBOR + 3.000%), 1/4/26	248,741 240,035
Radiate Holdco LLC, 3.750% (1 Month US LIBOR + 3.000%), 2/1/24	446,039	424,852		Bausch Health Americas, Inc., 3.190% (1 Month US LIBOR + 3.000%), 6/1/25	377,318 366,141
WideOpenWest Finance LLC, 4.250% (1 Month US LIBOR + 3.250%), 8/19/23	342,614	325,627		Cambrex Corp., 6.000% (1 Month US LIBOR + 5.000%), 12/4/26	248,750 243,775
		1,717,879		Endo International PLC, 5.000% (1 Month US LIBOR + 4.250%), 4/27/24	124,359 117,208
Media-Services: 1.8%				Greatbatch Ltd., 3.500% (1 Month US LIBOR + 2.500%), 10/27/22	231,557 227,621
Clear Channel Outdoor Holdings, Inc., 4.260% (3 Month US LIBOR + 3.500%), 8/21/26	248,125	224,305			1,194,780
Terrier Media Buyer, Inc., 4.428% (3 Month US LIBOR + 4.250%), 12/17/26	199,000	189,383		Printing & Publishing: 1.3%	
Ziggo Financing Partnership, 2.685% (1 Month US LIBOR + 2.500%), 4/30/28	250,000	235,365		Meredith Corp., 3.260% (3 Month US LIBOR + 2.500%), 1/31/25	228,738 210,725
		649,053		Nielsen Finance LLC, 2.180% (1 Month US LIBOR + 2.000%), 10/4/23	248,718 239,453
Metals & Mining: 0.5%					450,178
Zekelman Industries, Inc., 2.429% (1 Month US LIBOR + 2.250%), 1/24/27	169,575	162,156		Real Estate Investment Trusts (REITs): 1.0%	
Metals/Mining Excluding Steel: 0.8%				CoreCivic, Inc., 5.500% (1 Month US LIBOR + 4.500%), 12/12/24	188,829 185,996
American Rock Salt Co. LLC, 4.500% (1 Month US LIBOR + 3.500%), 3/21/25	288,523	280,349		The GEO Group, Inc., 2.750% (1 Month US LIBOR + 2.000%), 3/23/24	198,972 181,976
Multi-Line Insurance: 1.7%					367,972
Asurion LLC, 3.178% (1 Month US LIBOR + 3.000%), 8/4/22	265,540	258,017		Restaurants: 1.3%	
HUB International Ltd., 4.020% (3 Month US LIBOR + 3.000%), 4/25/25	344,492	326,982		IRB Holding Corp., 3.750% (6 Month US LIBOR + 2.750%), 2/5/25	246,349 226,905
		584,999		Whatabrands LLC, 2.925% (1 Month US LIBOR + 2.750%), 8/3/26	248,128 237,118
					464,023

The Accompanying Footnotes are an Integral Part of these Financial Statements

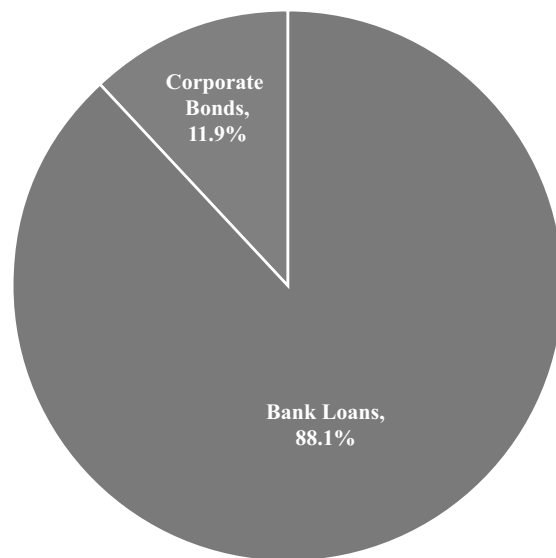
PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	Principal	Value		Principal	Value
Software: 1.3%				Telecom-Integrated/Services: 3.7%	
Omnitracs LLC, 3.047% (3 Month US LIBOR + 2.750%), 4/30/25	\$342,161	\$ 320,862		CenturyLink, Inc., 2.428% (1 Month US LIBOR + 2.250%), 3/15/27	\$248,750 \$ 233,964
SCS Holdings I, Inc., 3.678% (1 Month US LIBOR + 3.500%), 7/1/26	148,504	143,677		Cincinnati Bell, Inc., 4.250% (1 Month US LIBOR + 3.250%), 10/2/24	444,361 438,567
		464,539		Consolidated Communications, Inc., 4.000% (1 Month US LIBOR + 3.000%), 10/5/23	367,149 347,621
Software/Services: 6.7%				Telesat Canada, 2.930% (3 Month US LIBOR + 2.750%), 12/6/26	298,500 286,312
Avaya, Inc., 4.435% (1 Month US LIBOR + 4.250%), 12/15/24	324,878	299,050			1,306,464
Castle US Holding Corp., 4.058% (3 Month US LIBOR + 3.750%), 1/31/27	199,583	181,621		Telecom-Wireless: 0.6%	
Cornerstone OnDemand, Inc., 5.348% (3 Month US LIBOR + 4.250%), 4/22/27	180,000	176,963		T-Mobile USA, Inc., 3.178% (1 Month US LIBOR + 3.000%), 4/1/27	200,000 199,568
Fiserv Investment Solutions, Inc., 5.136% (3 Month US LIBOR + 4.750%), 2/18/27	200,000	196,500		Wireless Telecommunication Services: 1.3%	
Go Daddy Operating Co. LLC, 1.928%, 2/15/24 (1 Month US LIBOR + 1.750%)	165,499	159,016		Iridium Satellite LLC, 4.750% (1 Month US LIBOR + 3.750%), 11/4/26	473,813 463,862
(1 Month US LIBOR + 1.750%)	52,400	50,348		Total Bank Loans (cost \$31,022,623)	29,932,869
Match Group, Inc., 2.183% (3 Month US LIBOR + 1.750%), 2/13/27	200,000	189,000		Corporate Bonds: 11.3%	
Rackspace Hosting, Inc., 4.000% (3 Month US LIBOR + 3.000%), 11/3/23	465,522	442,828		Aerospace: 0.3%	
SS&C Technologies Holdings Europe Sarl, 1.928% (1 Month US LIBOR + 1.750%), 4/16/25	96,326	92,022		Spirit AeroSystems, Inc., 7.500%, 4/15/25 (c)	100,000 98,625
SS&C Technologies, Inc., 1.928% (1 Month US LIBOR + 1.750%), 4/16/25	121,621	116,186		Airline Companies: 0.3%	
Ultimate Software Group, Inc., 4.750% (1 Month US LIBOR + 3.750%), 5/3/26	200,000	197,282		Delta Air Lines, Inc., 7.000%, 5/1/25 (c)	90,000 92,904
Web.com Group, Inc., 3.940% (1 Month US LIBOR + 3.750%), 10/11/25	311,301	293,660		Auto Parts & Equipment: 0.5%	
		2,394,476		Adient Global Holdings Ltd., 4.875%, 8/15/26 (c)	200,000 165,000
Specialty Retail: 0.5%				Automotive: 0.9%	
BJ's Wholesale Club, Inc., 3.765% (1 Month US LIBOR + 2.250%), 2/3/24	199,499	192,658		Ford Motor Co., 8.500%, 4/21/23	120,000 126,900
Support-Services: 3.5%				Ford Motor Credit Co LLC, 3.096%, 5/4/23	200,000 189,540
Buzz Merger Sub Ltd., 2.928% (1 Month US LIBOR + 2.750%), 1/22/27	250,000	240,313			316,440
Custom Truck One Source, LLC., 4.440% (1 Month US LIBOR + 4.250%), 4/18/25	218,401	214,033		Brokerage: 0.4%	
PetVet Care, LLC. 2.928% (1 Month US LIBOR + 2.750%), 2/14/25	319,466	303,228		Oppenheimer Holdings, Inc., 6.750%, 7/1/22	138,000 140,329
Prime Security Services Borrower LLC, 4.250%, 9/14/26	110,369	105,886		Chemical Companies: 0.8%	
(1 Month US LIBOR + 3.250%)	101,565	97,440		Blue Cube Spinco LLC, 9.750%, 10/15/23	95,000 97,850
(12 Month US LIBOR + 3.250%)	50,783	48,720		Tronox, Inc., 6.500%, 5/1/25 (c)	180,000 180,900
(6 Month US LIBOR + 3.250%)	50,783	48,720			278,750
(9 Month US LIBOR + 3.250%)				Consumer/Commercial/Lease Financing: 0.6%	
ServiceMaster Co. LLC, 1.928% (1 Month US LIBOR + 1.750%), 11/5/26	174,125	168,964		Air Lease Corp., 3.875%, 4/1/21	200,000 201,151
		1,227,304		Electric-Generation: 1.5%	
				Calpine Corp., 4.500%, 2/15/28 (c)	225,000 220,500
				Talen Energy Supply LLC, 7.250%, 5/15/27 (c)	330,000 328,350
					548,850
				Food & Drug Retailers: 0.5%	
				Ingles Markets, Inc., 5.750%, 6/15/23	183,000 183,915
				Food-Wholesale: 1.7%	
				KeHE Distributors LLC, 8.625%, 10/15/26 (c)	135,000 143,775
				Simmons Foods, Inc., 7.750%, 1/15/24 (c)	190,000 198,208
				TreeHouse Foods, Inc., 6.000%, 2/15/24 (c)	250,000 255,000
					596,983

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	<u>Principal</u>	<u>Value</u>	<u>Country Exposure</u> (as a percentage of total investments) (Unaudited)
Investments & Miscellaneous Financial Services: 0.3%			United States 98.8%
Icahn Enterprises LP, 6.250%, 2/1/22	\$100,000	\$ 100,250	Curacao 0.7%
Media-Cable: 0.2%			Jersey 0.5%
DISH DBS Corp., 6.750%, 6/1/21	90,000	91,687	
Media-Diversified: 0.3%			Asset Type (as a percentage of total investments) (Unaudited)
Netflix, Inc., 5.500%, 2/15/22	110,000	114,703	
Media-Services: 0.4%			
Nielsen Finance LLC, 5.000%, 4/15/22 (c)	150,000	149,580	
Non-Food & Drug Retailers: 0.3%			
QVC, Inc., 4.375%, 3/15/23	95,000	94,991	
Packaging: 0.4%			
Reynolds Group Issuer, Inc., 4.719% (3 Month US LIBOR + 3.500%), 7/15/21 (c)	150,000	148,875	
Pharmaceuticals & Devices: 0.6%			
Teva Pharmaceutical Finance IV BV, 3.650%, 11/10/21	225,000	224,764	
Real Estate Development & Management: 0.4%			
Cushman & Wakefield US Borrower LLC, 6.750%, 5/15/28 (c)	130,000	135,525	
Support-Services: 0.4%			
CoreCivic, Inc., 5.000%, 10/15/22	160,000	156,800	
Telecom-Integrated/Services: 0.5%			
Hughes Satellite Systems Corp., 5.250%, 8/1/26	85,000	87,907	
Level 3 Financing, Inc., 5.375%, 1/15/24	100,000	100,750	
		<u>188,657</u>	
Total Corporate Bonds (cost \$3,985,958)		<u>4,028,779</u>	
Total Investments - 95.5% (cost \$35,008,581)		33,961,648	
Other Assets & Liabilities 4.5%		<u>1,589,076</u>	
Net Assets: 100.0%		<u>\$35,550,724</u>	



Percentages are stated as a percent of net assets.

- (a) Bank Loans typically have rates of interest which are redetermined either daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium. These base lending rates are primarily the London Interbank Offered Rate ("LIBOR") and secondarily, the prime rate offered by one or more major United States banks (the "Prime Rate") and the certificate of deposit ("CD") rate or other base lending rates used by commercial lenders.
- (b) Senior floating-rate loans (Senior Loans) often require prepayments from excess cash flows or permit the borrowers to repay at their election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual remaining maturity may be substantially less than the stated maturities shown. However, Senior Loans will typically have an expected average life of approximately two to four years.
- (c) Securities purchased pursuant to Rule 144A of the Securities Act of 1933, as amended, and may be sold only to dealers in that program or other "qualified institutional buyers." As of June 30, 2020, the value of these investments was \$2,117,242, or 6.0% of total net assets.

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE SHORT DURATION HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Convertible Bond: 0.5%			Chemical Companies: 0.9%		
Pharmaceuticals & Devices: 0.5%			Blue Cube Spinco LLC, 9.750%, 10/15/23	\$145,000	\$ 149,350
Teva Pharmaceutical Finance Co. LLC, 0.250%, 2/1/26	\$ 220,000	\$ 213,049	OCI NV, 6.625%, 4/15/23 (a)	255,000	256,275
Total Convertible Bond (cost \$215,167).		<u>213,049</u>			<u>405,625</u>
			Computer Hardware: 2.5%		
Corporate Bonds: 89.1%			CommScope, Inc., 5.000%, 6/15/21 (a)	29,000	29,000
Aerospace: 0.5%			CommScope, Inc., 5.500%, 3/1/24 (a)	240,000	242,400
Spirit AeroSystems, Inc., 1.113% (3 Month US LIBOR + 0.800%), 6/15/21	230,000	214,207	NCR Corp., 5.000%, 7/15/22.	177,000	176,779
			NCR Corp., 6.375%, 12/15/23	85,000	86,381
Airline Companies: 1.7%			Xerox Corp., 4.500%, 5/15/21	480,000	483,730
Delta Air Lines, Inc., 3.625%, 3/15/22.	357,000	338,151	Xerox Corp., 4.125%, 3/15/23	100,000	99,850
Delta Air Lines, Inc., 3.400%, 4/19/21.	340,000	330,646			<u>1,118,140</u>
Delta Air Lines, Inc., 7.000%, 5/1/25 (a)	105,000	108,388	Consumer/Commercial/Lease Financing: 5.2%		
		<u>777,185</u>	AerCap Ireland Capital DAC, 4.500%, 9/15/23 . . .	225,000	225,027
Auto Parts & Equipment: 0.9%			International Lease Finance Corp., 8.250%, 12/15/20	226,000	231,301
The Goodyear Tire & Rubber Co., 8.750%, 8/15/20	225,000	226,305	Navient Corp., 5.000%, 10/26/20	255,000	253,947
The Goodyear Tire & Rubber Co., 5.125%, 11/15/23	180,000	172,800	Navient Corp., 7.250%, 1/25/22	662,000	663,655
		<u>399,105</u>	SLM Corp., 5.125%, 4/5/22	85,000	84,150
Automotive: 5.9%			Springleaf Finance Corp., 7.750%, 10/1/21	285,000	296,528
Ford Motor Co., 8.500%, 4/21/23.	245,000	259,087	Springleaf Finance Corp., 8.250%, 12/15/20	530,000	547,490
Ford Motor Credit Co. LLC, 5.875%, 8/2/21	200,000	201,940			<u>2,302,098</u>
Ford Motor Credit Co. LLC, 1.114% (3 Month US LIBOR + 0.810%), 4/5/21	200,000	191,953	Consumer-Products: 2.1%		
Ford Motor Credit Co. LLC, 5.750%, 2/1/21	300,000	301,404	Avon International Capital PLC, 6.500%, 8/15/22 (a)	230,000	225,400
Ford Motor Credit Co. LLC, 3.087%, 1/9/23	1,270,000	1,207,287	Edgewell Personal Care Co., 4.700%, 5/24/22.	190,000	196,175
General Motors Financial Co., Inc., 3.200%, 7/13/20	213,000	213,100	Mattel, Inc., 3.150%, 3/15/23	435,000	409,700
General Motors Financial Co., Inc., 4.150%, 6/19/23	231,000	241,449	Spectrum Brands, Inc., 6.125%, 12/15/24.	113,000	116,108
		<u>2,616,220</u>			<u>947,383</u>
Banking: 1.4%			Diversified Capital Goods: 0.5%		
Ally Financial, Inc., 4.125%, 2/13/22	60,000	61,694	Anixter, Inc., 5.125%, 10/1/21	200,000	210,520
Barclays Bank PLC, 7.625%, 11/21/22	300,000	326,646			
CIT Group, Inc., 4.125%, 3/9/21	220,000	220,378	Electric-Generation: 1.1%		
		<u>608,718</u>	Calpine Corp., 5.500%, 2/1/24.	120,000	120,000
Brokerage: 0.4%			DPL, Inc., 4.125%, 7/1/25 (a)	185,000	185,052
Oppenheimer Holdings, Inc., 6.750%, 7/1/22	183,000	186,089	NextEra Energy Operating Partners LP, 4.250%, 7/15/24 (a)	165,000	166,856
					<u>471,908</u>
Building & Construction: 3.9%			Electronics: 1.7%		
KB Home, 7.500%, 9/15/22	485,000	528,650	Advanced Micro Devices, Inc., 7.500%, 8/15/22 . .	460,000	508,300
KB Home, 7.000%, 12/15/21.	170,000	177,744	MagnaChip Semiconductor Corp., 6.625%, 7/15/21	243,000	240,570
Lennar Corp., 8.375%, 1/15/21	320,000	330,342			<u>748,870</u>
Meritage Homes Corp., 7.000%, 4/1/22.	150,000	157,875			
Taylor Morrison Communities, Inc., 6.000%, 9/1/23 (a)	295,000	301,638			
WESCO Distribution, Inc., 7.125%, 6/15/25 (a) . .	225,000	237,308			
		<u>1,733,557</u>			

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE SHORT DURATION HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	Principal	Value		Principal	Value
Energy-Exploration & Production: 6.4%				Investments & Miscellaneous Financial	
Continental Resources, Inc., 5.000%, 9/15/22	\$ 642,000	\$ 631,850		Services: 1.6%	
EQT Corp., 4.875%, 11/15/21	215,000	210,635		Icahn Enterprises LP, 6.250%, 2/1/22	\$ 618,000
EQT Corp., 3.000%, 10/1/22	210,000	195,300		Icahn Enterprises LP, 6.750%, 2/1/24	92,000
Occidental Petroleum Corp., 2.700%, 8/15/22	495,000	460,820			92,000
Occidental Petroleum Corp., 1.398% (3 Month US LIBOR + 0.950%), 2/8/21	345,000	339,892			712,235
Occidental Petroleum Corp., 2.600%, 8/13/21	1,030,000	1,006,609		Media-Broadcast: 2.3%	
		2,845,106		Sirius XM Radio, Inc., 4.625%, 5/15/23 (a)	320,000
				Townsquare Media, Inc., 6.500%, 4/1/23 (a)	240,000
Environmental & Waste: 0.4%				Univision Communications, Inc., 5.125%, 5/15/23 (a)	480,000
Stericycle, Inc., 5.375%, 7/15/24 (a)	185,000	189,625			484,349
					1,012,509
				Media-Cable: 4.5%	
Food-Wholesale: 1.3%				AMC Networks, Inc., 4.750%, 12/15/22	210,000
Simmons Foods, Inc., 7.750%, 1/15/24 (a)	240,000	250,368		AMC Networks, Inc., 5.000%, 4/1/24	215,000
TreeHouse Foods, Inc., 4.875%, 3/15/22	315,000	315,000		CSC Holdings LLC, 6.750%, 11/15/21	193,000
		565,368		DISH DBS Corp., 6.750%, 6/1/21	280,000
Forestry/Paper: 1.0%				DISH DBS Corp., 5.875%, 7/15/22	625,000
Cascades, Inc., 5.750%, 7/15/23 (a)	150,000	151,125		Videotron Ltd., 5.000%, 7/15/22	426,000
Norbord, Inc., 6.250%, 4/15/23 (a)	280,000	295,400			1,985,919
		446,525		Media-Services: 3.7%	
Gaming: 3.3%				Lamar Media Corp., 5.000%, 5/1/23	315,000
International Game Technology PLC, 6.250%, 2/15/22 (a)	331,000	334,103		Nielsen Finance LLC, 5.000%, 4/15/22 (a)	1,315,000
MGM Resorts International, 7.750%, 3/15/22	1,115,000	1,134,178			1,311,318
		1,468,281		Multi-Line Insurance: 1.2%	
Gas Distribution: 3.9%				MGIC Investment Corp., 5.750%, 8/15/23	250,000
DCP Midstream Operating LP, 4.950%, 4/1/22 . . .	350,000	351,914		Radian Group, Inc., 4.500%, 10/1/24	300,000
Sunoco LP / Sunoco Finance Corp., 4.875%, 1/15/23	440,000	433,400			547,625
Targa Resources Partners LP, 5.250%, 5/1/23	415,000	408,688		Non-Food & Drug Retailers: 4.5%	
Western Midstream Operating LP, 5.375%, 6/1/21 . .	329,000	328,178		Foot Locker, Inc., 8.500%, 1/15/22	645,000
Western Midstream Operating LP, 4.000%, 7/1/22 . .	206,000	205,341		L Brands, Inc., 5.625%, 2/15/22	220,000
		1,727,521		Penske Automotive Group, Inc., 3.750%, 8/15/20 . .	85,000
Health Services: 2.7%				Macy's Retail Holdings, Inc., 3.450%, 1/15/21 . . .	460,000
Centene Corp., 4.750%, 5/15/22	210,000	212,896		QVC, Inc., 5.125%, 7/2/22	329,000
DaVita, Inc., 5.125%, 7/15/24	200,000	203,500		QVC, Inc., 4.375%, 3/15/23	250,000
Encompass Health Corp., 5.125%, 3/15/23	359,000	360,795			1,987,723
MEDNAX, Inc., 5.250%, 12/1/23 (a)	445,000	442,775		Packaging: 2.2%	
		1,219,966		Berry Global, Inc., 6.000%, 10/15/22	56,000
Hotels, Leisure & Restaurants: 3.2%				OI European Group BV, 4.000%, 3/15/23 (a)	210,000
Carnival Corp., 3.950%, 10/15/20	114,000	112,697		Owens-Brockway Glass Container, Inc., 5.875%, 8/15/23 (a)	100,000
Carnival Corp., 11.500%, 4/1/23 (a)	205,000	221,387		Reynolds Group Issuer, Inc., 3.775% (3 Month US LIBOR + 3.500%), 7/15/21 (a)	120,000
RHP Hotel Properties LP / RHP Finance Corp., 5.000%, 4/15/23	115,000	108,658		Reynolds Group Issuer, Inc., 5.125%, 7/15/23 (a)	500,000
Royal Caribbean Cruises Ltd., 5.250%, 11/15/22 . .	370,000	287,864			505,885
Royal Caribbean Cruises Ltd., 10.875%, 6/1/23 (a)	110,000	113,032			991,210
Wyndham Destinations, Inc., 5.625%, 3/1/21	305,000	301,950			
Wyndham Destinations, Inc., 4.250%, 3/1/22	280,000	275,156			
		1,420,744			

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE SHORT DURATION HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	Principal	Value		Principal	Value
Pharmaceuticals & Devices: 1.0%				Bank Loans: 4.2% (b)(c)	
Bausch Health Cos, Inc., 5.875%, 5/15/23 (a)	\$140,000	\$ 139,650		Auto Parts & Equipment: 0.2%	
Teva Pharmaceutical Finance, 2.200%, 7/21/21	164,000	160,661		Aptiv Corp., 2.062%, 8/17/21	
Teva Pharmaceutical Finance, 2.950%, 12/18/22	145,000	139,925		(1 Month US LIBOR + 1.250%).	\$108,526
		440,236		(1 Month US LIBOR + 1.250%).	1,864
					99,351
Real Estate Development & Management: 0.5%				Investments & Miscellaneous Financial Services: 0.5%	
Kennedy-Wilson, Inc., 5.875%, 4/1/24.	230,000	228,850		Russell Investments US Institutional Holdco, Inc.,	
Real Estate Investment Trusts (REITs): 3.4%				3.822% (6 Month US LIBOR + 2.750%),	
HAT Holdings I LLC, 5.250%, 7/15/24 (a).	365,000	372,300		6/1/23	222,539
iStar, Inc., 5.250%, 9/15/22.	211,000	204,670			215,028
MPT Operating Partnership LP, 6.375%, 3/1/24.	115,000	118,450		Media: 0.5%	
Service Properties Trust, 5.000%, 8/15/22	175,000	171,861		Nexstar Broadcasting, Inc., 1.923% (1 Month US	
Service Properties Trust, 4.500%, 6/15/23	465,000	445,205		LIBOR + 1.750%), 10/26/23	229,100
Starwood Property Trust, Inc., 5.000%, 12/15/21	68,000	65,960		WXXA-TV LLC, 1.923%, 10/24/23	
Starwood Property Trust, Inc., 3.625%, 2/1/21	140,000	137,550		(1 Month US LIBOR + 1.750%).	4,446
		1,515,996		(1 Month US LIBOR + 1.750%).	2,021
Software/Services: 0.4%					222,695
Rackspace Hosting, Inc., 8.625%, 11/15/24 (a)	170,000	173,060		Media-Cable: 0.7%	
				WideOpenWest Finance LLC, 4.250% (1 Month	
Support-Services: 3.3%				US LIBOR + 3.250%), 8/19/23	323,338
CoreCivic, Inc., 5.000%, 10/15/22	645,000	632,100			307,306
Mobile Mini, Inc., 5.875%, 7/1/24	145,000	149,248		Non-Food & Drug Retailers: 0.5%	
The ADT Security Corp., 6.250%, 10/15/21	445,000	458,350		PetSmart, Inc., 5.000% (3 Month US LIBOR +	
The GEO Group, Inc., 5.875%, 1/15/22.	245,000	229,075		4.000%), 3/10/22	201,205
		1,468,773			198,255
Telecom-Integrated/Services: 3.2%				Pharmaceuticals: 0.9%	
CenturyLink, Inc., 6.450%, 6/15/21	150,000	153,405		Jaguar Holding Co. II, 3.500% (1 Month US	
Hughes Satellite Systems Corp., 7.625%, 6/15/21	630,000	648,900		LIBOR + 2.500%), 8/18/22	393,916
Level 3 Financing, Inc., 5.375%, 8/15/22.	445,000	445,213			388,621
Qwest Corp., 6.750%, 12/1/21	172,000	181,771		Software/Services: 0.5%	
		1,429,289		Rackspace Hosting, Inc., 4.000% (3 Month US	
Telecom-Wireless: 4.6%				LIBOR + 3.000%), 11/3/23	248,082
Sprint Communications, Inc., 11.500%, 11/15/21	100,000	110,750			235,988
Sprint Communications, Inc., 7.000%, 8/15/20	480,000	482,059		Telecom-Integrated/Services: 0.4%	
Sprint Communications, Inc., 6.000%, 11/15/22. . . .	619,000	652,878		Consolidated Communications, Inc., 4.000%	
Sprint Corp., 7.250%, 9/15/21	515,000	539,900		(1 Month US LIBOR + 3.000%), 10/5/23	198,211
Sprint Corp., 7.125%, 6/15/24	235,000	265,348			187,668
		2,050,935		Total Bank Loans (cost \$1,913,183)	1,854,912
Transportation Excluding Air/Rail: 1.8%				U.S. Government Note: 0.9%	
Great Lakes Dredge & Dock Corp., 8.000%,				United States Treasury Note, 1.375%, 1/31/22.	400,000
5/15/22	213,000	218,325		Total U.S. Government Note (cost \$400,651)	407,594
Global Ship Lease, Inc., 9.875%, 11/15/22 (a).	150,000	140,508			407,594
Teekay Corp., 9.250%, 11/15/22 (a)	255,000	244,800			
XPO Logistics, Inc., 6.125%, 9/1/23 (a).	215,000	217,688			
		821,321			
Total Corporate Bonds (cost \$39,711,100)		39,616,335			

The Accompanying Footnotes are an Integral Part of these Financial Statements

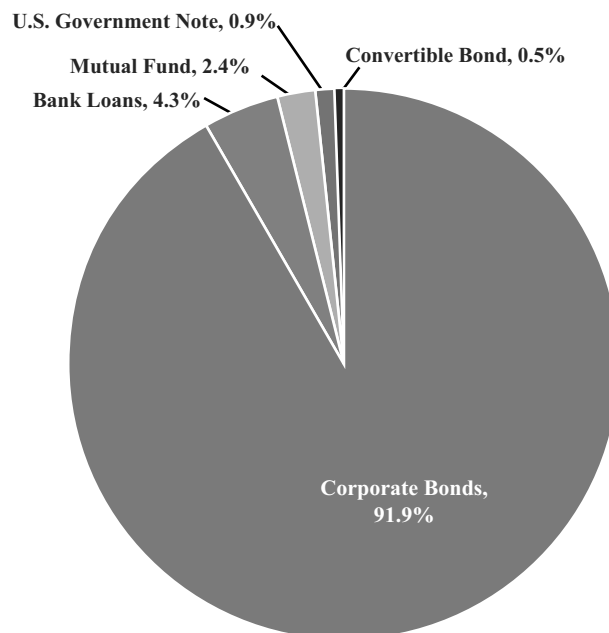
PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE SHORT DURATION HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	Shares	Value	Country Exposure (as a percentage of total investments) (Unaudited)
Mutual Fund: 2.3%			United States 90.7%
Bank Loan Related: 2.3%			Canada 2.4%
Penn Capital Defensive Floating Rate Income Fund - Institutional Class (d)	111,025	\$ 1,032,529	United Kingdom 2.1%
Total Mutual Fund (cost \$1,111,036)			Netherlands 1.4%
			Liberia 0.9%
			Marshall Islands 0.9%
Total Investments - 97.0% (cost \$43,351,137)		43,124,419	Panama 0.8%
Other Assets and Liabilities 3.0%		1,337,112	Ireland 0.5%
Net Assets: 100.0%		<u>\$44,461,531</u>	Curacao 0.3%

Asset Type (as a percentage of total investments) (Unaudited)

Percentages are stated as a percent of net assets.

- (a) Securities purchased pursuant to Rule 144A of the Securities Act of 1933, as amended, and may be sold only to dealers in that program or other "qualified institutional buyers." As of June 30, 2020, the value of these investments was \$8,297,035, or 18.7% of total net assets.
- (b) Bank Loans typically have rates of interest which are redetermined either daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium. These base lending rates are primarily the London Interbank Offered Rate ("LIBOR") and secondarily, the prime rate offered by one or more major United States banks (the "Prime Rate") and the certificate of deposit ("CD") rate or other base lending rates used by commercial lenders.
- (c) Senior floating-rate loans (Senior Loans) often require prepayments from excess cash flows or permit the borrowers to repay at their election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual remaining maturity may be substantially less than the stated maturities shown. However, Senior Loans will typically have an expected average life of approximately two to four years.
- (d) Affiliated company. See Note 7.



The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	Principal	Value		Principal	Value
Corporate Bonds: 72.7%					
Aerospace: 1.8%			Building Materials: 1.0%		
Bombardier, Inc., 8.750%, 12/1/21 (a)	\$ 75,000	\$ 60,937	Builders FirstSource, Inc., 5.000%, 3/1/30 (a)	\$ 95,000	\$ 89,300
Spirit AeroSystems, Inc., 1.113% (3 Month LIBOR USD + 0.800%), 6/15/21	80,000	74,507	Installed Building Products, Inc., 5.750%, 2/1/28 (a)	90,000	90,000
Spirit AeroSystems, Inc., 4.600%, 6/15/28	65,000	52,163			179,300
Spirit AeroSystems, Inc., 7.500%, 4/15/25 (a)	60,000	59,175	Chemical Companies: 1.1%		
TransDigm, Inc., 6.250%, 3/15/26 (a)	40,000	39,975	Blue Cube Spinco LLC, 9.750%, 10/15/23	40,000	41,200
TransDigm, Inc., 8.000%, 12/15/25 (a)	25,000	26,275	CF Industries, Inc., 4.950%, 6/1/43	75,000	80,835
		313,032	Tronox, Inc., 6.500%, 5/1/25 (a)	40,000	40,200
			Venator Finance Sarl, 5.750%, 7/15/25 (a)	60,000	42,668
Airline Companies: 2.9%					204,903
American Airlines Group, Inc., 5.000%, 6/1/22 (a)	60,000	34,800	Computer Hardware: 2.0%		
Delta Air Lines, Inc., 3.625%, 3/15/22	50,000	47,360	CommScope, Inc., 7.125%, 7/1/28 (a)	65,000	64,844
Delta Air Lines, Inc., 2.900%, 10/28/24	50,000	40,551	CommScope, Inc., 5.500%, 3/1/24 (a)	45,000	45,450
Delta Air Lines, Inc., 7.000%, 5/1/25 (a)	35,000	36,129	CommScope Technologies LLC, 6.000%, 6/15/25 (a)	60,000	57,942
Delta Air Lines, Inc., 7.375%, 1/15/26	70,000	67,718	Dell International LLC, 8.100%, 7/15/36 (a)	55,000	71,648
Mileage Plus Holdings LLC, 6.500%, 6/20/27 (a)	40,000	40,100	NCR Corp., 8.125%, 4/15/25 (a)	30,000	31,800
United Airlines Holdings, Inc., 4.875%, 1/15/25 . .	85,000	67,883	NCR Corp., 6.375%, 12/15/23	85,000	86,381
United Airlines Holdings, Inc., 4.250%, 10/1/22 . .	95,000	80,750			358,065
VistaJet Malta Finance PLC, 10.500%, 6/1/24 (a)	120,000	108,000	Consumer/Commercial/Lease Financing: 2.0%		
		523,291	Avolon Holdings Ltd., 4.375%, 5/1/26 (a)	40,000	33,676
Auto Components: 0.2%			International Lease Finance Corp., 4.625%, 4/15/21	80,000	80,857
The Goodyear Tire & Rubber Co., 5.125%, 11/15/23	45,000	43,200	Navient Corp., 7.250%, 9/25/23	130,000	127,061
			Park Aerospace Holdings Ltd., 5.250%, 8/15/22 (a)	60,000	56,322
Automotive: 1.6%			Springleaf Finance Corp., 6.125%, 3/15/24	60,000	60,975
Ford Motor Co., 8.500%, 4/21/23	85,000	89,888			358,891
Ford Motor Credit Co. LLC, 1.227% (3 Month US LIBOR + 0.930%), 9/24/20	95,000	94,240	Consumer-Products: 1.1%		
General Motors Co., 6.125%, 10/1/25	65,000	73,047	CD&R Smokey Buyer, Inc., 6.750%, 7/15/25 (a)	90,000	93,591
General Motors Financial Co., Inc., 2.861% (3 Month US LIBOR + 1.550%), 1/14/22	20,000	19,868	Mattel, Inc., 3.150%, 3/15/23	50,000	47,092
		277,043	Mattel, Inc., 5.875%, 12/15/27 (a)	50,000	51,875
					192,558
Banking: 0.5%			Electric-Generation: 2.1%		
Ally Financial, Inc., 8.000%, 11/1/31	70,000	90,302	Talen Energy Supply LLC, 6.500%, 6/1/25	160,000	107,731
Building & Construction: 2.9%			Talen Energy Supply LLC, 6.625%, 1/15/28 (a) . .	75,000	73,406
Ashton Woods USA LLC, 6.750%, 8/1/25 (a)	40,000	39,300	Vistra Operations Co. LLC, 5.500%, 9/1/26 (a) . .	130,000	133,008
Ashton Woods USA LLC, 9.875%, 4/1/27 (a)	85,000	90,312	Vistra Operations Co. LLC, 5.625%, 2/15/27 (a) . .	60,000	61,619
Beazer Homes USA, Inc., 6.750%, 3/15/25	100,000	98,187			375,764
Century Communities, Inc., 5.875%, 7/15/25	85,000	84,575	Electronics: 0.3%		
MDC Holdings, Inc., 3.850%, 1/15/30	50,000	47,750	MagnaChip Semiconductor Corp., 6.625%, 7/15/21	45,000	44,550
Taylor Morrison Communities, Inc., 5.875%, 1/31/25 (a)	95,000	96,425			
TRI Pointe Group, Inc., 5.700%, 6/15/28	60,000	60,900			
		517,449			

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Energy-Exploration & Production: 7.1%			Gaming: 3.1%		
Antero Resources Corp., 5.625%, 6/1/23	\$ 60,000	\$ 38,400	Colt Merger Sub, Inc., 8.125%, 7/1/27 (a)	\$ 70,000	\$ 68,075
Antero Resources Corp., 5.000%, 3/1/25	155,000	91,450	Golden Entertainment, Inc., 7.625%, 4/15/26 (a) . .	70,000	64,400
CNX Resources Corp., 7.250%, 3/14/27 (a)	55,000	50,600	Jacobs Entertainment, Inc., 7.875%, 2/1/24 (a) . . .	70,000	61,670
Comstock Resources, Inc., 9.750%, 8/15/26	50,000	46,769	MGM Resorts International, 6.750%, 5/1/25	85,000	84,157
Devon Energy Corp., 5.600%, 7/15/41	60,000	58,557	Scientific Games International, Inc., 8.625%, 7/1/25 (a)	135,000	126,185
EQT Corp., 6.125%, 2/1/25	90,000	89,687	Stars Group Holdings BV, 7.000%, 7/15/26 (a) . . .	110,000	115,953
Hilcorp Energy I LP, 5.750%, 10/1/25 (a)	85,000	72,250	Wynn Las Vegas LLC, 5.250%, 5/15/27 (a)	45,000	38,903
Hilcorp Energy I LP, 6.250%, 11/1/28 (a)	50,000	40,125			<u>559,343</u>
Jagged Peak Energy LLC, 5.875%, 5/1/26	50,000	48,500	Gas Distribution: 5.0%		
Matador Resources Co., 5.875%, 9/15/26	130,000	96,200	Blue Racer Midstream LLC, 6.125%, 11/15/22 (a)	100,000	99,500
Montage Resources Corp., 8.875%, 7/15/23	50,000	39,500	Crestwood Midstream Partners LP, 5.750%, 4/1/25	45,000	38,870
Murphy Oil Corp., 6.875%, 8/15/24	45,000	42,075	DCP Midstream Operating LP, 5.125%, 5/15/29 . .	30,000	28,650
Northern Oil and Gas, Inc., 8.500% Cash or 0.000% PIK, 5/15/23 (b)	110,000	94,017	DCP Midstream Operating LP, 6.750%, 9/15/37 (a)	22,000	19,740
Occidental Petroleum Corp., 2.600%, 8/13/21	45,000	43,978	DCP Midstream Operating LP, 5.625%, 7/15/27 . .	20,000	20,150
Occidental Petroleum Corp., 2.900%, 8/15/24	91,000	77,805	DCP Midstream Operating LP, 6.450%, 11/3/36 (a)	40,000	36,000
Occidental Petroleum Corp., 5.550%, 3/15/26	140,000	127,779	Enable Midstream Partners LP, 4.950%, 5/15/28 . .	60,000	55,674
PDC Energy, Inc., 5.750%, 5/15/26	25,000	22,750	Energy Transfer Operating LP, 5.150%, 3/15/45 . .	35,000	33,191
PDC Energy, Inc., 6.125%, 9/15/24	60,000	55,800	Energy Transfer Operating LP, 5.000%, 5/15/50 . .	25,000	23,620
QEP Resources, Inc., 5.375%, 10/1/22	35,000	26,600	EnLink Midstream Partners LP, 4.150%, 6/1/25 . . .	55,000	42,350
QEP Resources, Inc., 5.250%, 5/1/23	25,000	16,500	EQM Midstream Partners LP, 6.500%, 7/15/48 . . .	43,000	39,251
WPX Energy, Inc., 4.500%, 1/15/30	100,000	88,361	Hess Midstream Operations LP, 5.625%, 2/15/26 (a)	45,000	44,527
		<u>1,267,703</u>	NGPL PipeCo LLC, 7.768%, 12/15/37 (a)	45,000	54,909
Entertainment: 2.1%			Targa Resources Partners LP, 5.875%, 4/15/26	75,000	74,250
Carnival Corp., 3.950%, 10/15/20	20,000	19,771	Targa Resources Partners LP, 5.500%, 3/1/30 (a)	50,000	48,281
Carnival Corp., 11.500%, 4/1/23 (a)	40,000	43,198	Western Midstream Operating LP, 5.450%, 4/1/44	55,000	45,804
LTF Merger Sub, Inc., 8.500%, 6/15/23 (a)	70,000	57,925	Western Midstream Operating LP, 3.950%, 6/1/25	120,000	112,406
Royal Caribbean Cruises Ltd., 5.250%, 11/15/22 . .	50,000	38,900	Western Midstream Operating LP, 5.300%, 3/1/48	100,000	81,125
Royal Caribbean Cruises Ltd., 11.500%, 6/1/25 (a)	80,000	83,394			<u>898,298</u>
SeaWorld Parks & Entertainment, Inc., 8.750%, 5/1/25 (a)	85,000	85,850	Health Care Providers & Services: 0.5%		
Viking Cruises Ltd., 5.875%, 9/15/27 (a)	80,000	47,630	Centene Corp., 5.250%, 4/1/25 (a)	85,000	87,524
		<u>376,668</u>	Hospitals: 0.3%		
Food & Drug Retailers: 1.2%			HCA, Inc., 5.500%, 6/15/47	40,000	48,694
Albertsons Cos, Inc., 5.875%, 2/15/28 (a)	85,000	87,700	Hotels: 0.8%		
The Fresh Market, Inc., 9.750%, 5/1/23 (a)	155,000	133,688	Hilton Grand Vacations Borrower LLC, 6.125%, 12/1/24	90,000	90,450
		<u>221,388</u>	Marriott Ownership Resorts, Inc., 4.750%, 1/15/28 (a)	50,000	45,394
Food-Wholesale: 4.1%					<u>135,844</u>
Dole Food Co., Inc., 7.250%, 6/15/25 (a)	125,000	119,688			
Herbalife Nutrition Ltd., 7.875%, 9/1/25 (a)	45,000	46,463			
HLF Financing Sarl LLC, 7.250%, 8/15/26 (a)	55,000	55,275			
JBS USA LUX SA, 6.750%, 2/15/28 (a)	40,000	42,250			
KeHE Distributors LLC, 8.625%, 10/15/26 (a)	120,000	127,800			
Kraft Heinz Foods Co., 4.375%, 6/1/46	165,000	162,151			
Kraft Heinz Foods Co., 5.500%, 6/1/50 (a)	120,000	127,869			
US Foods, Inc., 5.875%, 6/15/24 (a)	45,000	42,750			
		<u>724,246</u>			

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Investments & Miscellaneous Financial Services: 0.6%			Non-Food & Drug Retailers: 2.4%		
Icahn Enterprises LP, 6.250%, 5/15/26	\$105,000	\$ 105,145	Abercrombie & Fitch Management Co., 8.750%, 7/15/25 (a)	\$ 90,000	\$ 88,650
Machinery Companies: 0.3%			Burlington Coat Factory Warehouse Corp., 6.250%, 4/15/25 (a)	110,000	114,950
Welbilt, Inc., 9.500%, 2/15/24	50,000	47,750	Lithia Motors, Inc., 4.625%, 12/15/27 (a)	50,000	49,500
Media-Broadcast: 3.4%			Macy's Retail Holdings, Inc., 3.875%, 1/15/22	40,000	35,312
Diamond Sports Group LLC, 5.375%, 8/15/26 (a)	90,000	65,235	Macy's Retail Holdings, Inc., 3.450%, 1/15/21	70,000	66,150
Diamond Sports Group LLC, 6.625%, 8/15/27 (a)	80,000	42,880	Staples, Inc., 7.500%, 4/15/26 (a)	100,000	78,575
Diamond Sports Group LLC, 12.750%, 12/1/26 (a)	28,000	27,440	Oil Field Equipment & Services: 0.2%		<u>433,137</u>
Entercom Media Corp., 7.250%, 11/1/24 (a)	110,000	95,700	Nine Energy Service, Inc., 8.750%, 11/1/23 (a)	90,000	43,875
Scripps Escrow, Inc., 5.875%, 7/15/27 (a)	50,000	47,375	Packaging: 1.3%		
Sinclair Television Group, Inc., 5.625%, 8/1/24 (a)	35,000	33,600	LABL Escrow Issuer LLC, 10.500%, 7/15/27 (a)	65,000	69,063
Sirius XM Radio, Inc., 5.000%, 8/1/27 (a)	40,000	41,033	Pactiv LLC, 7.950%, 12/15/25	60,000	63,900
The E.W. Scripps Co., 5.125%, 5/15/25 (a)	55,000	52,399	Reynolds Group Issuer, Inc., 7.000%, 7/15/24 (a)	55,000	55,155
Townsquare Media, Inc., 6.500%, 4/1/23 (a)	140,000	120,400	Reynolds Group Issuer, Inc., 4.719% (3 Month LIBOR USD + 3.500%), 7/15/21 (a)	40,000	39,700
Univision Communications, Inc., 6.625%, 6/1/27 (a)	90,000	85,950	Pharmaceuticals & Devices: 1.4%		<u>227,818</u>
		<u>612,012</u>	Bausch Health Americas, Inc., 9.250%, 4/1/26 (a)	90,000	97,641
Media-Cable: 3.9%			Bausch Health Cos, Inc., 5.000%, 1/30/28 (a)	45,000	42,367
Altice France Holding SA, 10.500%, 5/15/27 (a)	200,000	220,310	Bausch Health Cos, Inc., 6.250%, 2/15/29 (a)	40,000	40,200
Altice France SA, 8.125%, 2/1/27 (a)	200,000	219,000	Par Pharmaceutical, Inc., 7.500%, 4/1/27 (a)	65,000	66,703
AMC Networks, Inc., 4.750%, 12/15/22	80,000	79,800	Printing & Publishing: 0.5%		<u>246,911</u>
CCO Holdings LLC, 4.500%, 8/15/30 (a)	90,000	91,845	Meredith Corp., 6.875%, 2/1/26	100,000	82,901
DISH DBS Corp., 5.875%, 7/15/22	40,000	40,672	Real Estate Development & Management: 1.0%		
DISH DBS Corp., 5.875%, 11/15/24	45,000	44,733	Kennedy-Wilson, Inc., 5.875%, 4/1/24	85,000	84,575
		<u>696,360</u>	Realogy Group LLC, 9.375%, 4/1/27 (a)	50,000	46,630
Media-Diversified: 0.4%			Realogy Group LLC, 7.625%, 6/15/25 (a)	45,000	44,888
Netflix, Inc., 5.875%, 11/15/28	65,000	73,925	Real Estate Investment Trusts (REITs): 0.7%		<u>176,093</u>
Media-Services 0.5%			HAT Holdings I LLC / HAT Holdings II LLC, 6.000%, 4/15/25 (a)	75,000	78,563
Clear Channel Worldwide Holdings, Inc., 9.250%, 2/15/24	95,000	88,125	Service Properties Trust, 4.350%, 10/1/24	50,000	45,065
Metals/Mining Excluding Steel: 3.8%			Restaurants: 0.6%		<u>123,628</u>
Arconic Corp., 6.000%, 5/15/25 (a)	60,000	61,725	Yum! Brands, Inc., 6.875%, 11/15/37	45,000	48,375
Cleveland-Cliffs, Inc., 6.750%, 3/15/26 (a)	45,000	43,425	Yum! Brands, Inc., 5.350%, 11/1/43	55,000	52,800
Cleveland-Cliffs, Inc., 5.750%, 3/1/25	160,000	136,208			<u>101,175</u>
Compass Minerals International, Inc., 6.750%, 12/1/27 (a)	90,000	94,500			
Eldorado Gold Corp., 9.500%, 6/1/24 (a)	60,000	63,900			
First Quantum Minerals Ltd., 7.250%, 5/15/22 (a)	200,000	195,800			
SunCoke Energy Partners LP, 7.500%, 6/15/25 (a)	104,000	87,901			
		<u>683,459</u>			

The Accompanying Footnotes are an Integral Part of these Financial Statements

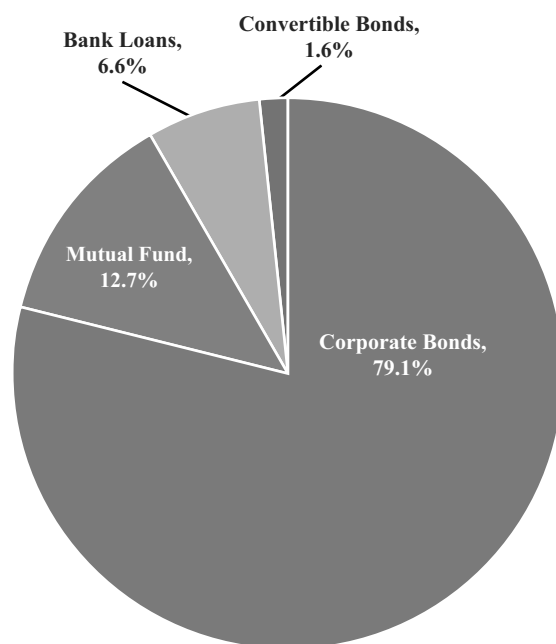
PENN CAPITAL FUNDS TRUST
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	Principal	Value		Principal	Value
Software/Services: 1.7%			Bank Loans: 6.0% (c)(d)		
Expedia Group, Inc., 6.250%, 5/1/25 (a)	\$ 60,000	\$ 64,067	Aerospace: 0.2%		
Rackspace Hosting, Inc., 8.625%, 11/15/24 (a)	65,000	66,170	Ducommun, Inc., 4.186%, 11/21/25		
Photo Holdings Merger Sub, Inc., 8.500%, 10/1/26 (a)	180,000	169,875	(1 Month US LIBOR + 4.000%)	\$ 28,634	\$ 26,391
		300,112	(1 Month US LIBOR + 4.000%)	7,189	6,626
					33,017
Steel Producers/Products: 0.3%			Airline Companies: 0.3%		
Big River Steel LLC, 7.250%, 9/1/25 (a)	55,000	52,525	Allegiant Travel Co., 3.433% (3 Month US LIBOR + 3.000%), 2/5/24	49,874	44,294
Support-Services: 2.1%			Auto Parts & Equipment: 0.7%		
Avis Budget Car Rental LLC / Avis Budget Finance, Inc., 5.750%, 7/15/27 (a)	70,000	53,586	Dealer Tire LLC, 4.428%, 2/5/27		
CoreCivic, Inc., 5.000%, 10/15/22	95,000	93,100	(1 Month US LIBOR + 4.250%)	79,173	75,478
Iron Mountain, Inc., 5.250%, 7/15/30 (a)	15,000	14,688	(1 Month US LIBOR + 4.250%)	45,202	43,093
Prime Security Services Borrower LLC, 6.250%, 1/15/28 (a)	45,000	42,386			118,571
The ADT Security Corp., 4.875%, 7/15/32 (a)	60,000	54,600	Consumer-Products: 0.4%		
The GEO Group, Inc., 5.875%, 1/15/22	80,000	74,800	BDF Acquisition Corp., 6.250% (3 Month US LIBOR + 5.250%), 8/8/23	98,175	76,413
The GEO Group, Inc., 5.875%, 10/15/24	50,000	39,285			
		372,445	Entertainment: 0.8%		
Telecom-Integrated/Services: 2.1%			Playtika Holding Corp., 7.072% (6 Month US LIBOR + 6.000%), 12/10/24	146,250	145,884
CenturyLink, Inc., 5.125%, 12/15/26 (a)	30,000	29,925	Food-Wholesale: 0.5%		
Cincinnati Bell, Inc., 8.000%, 10/15/25 (a)	100,000	104,375	Belling Brands LLC, 6.000% (1 Month US LIBOR + 5.000%), 10/21/24	97,500	96,830
Cincinnati Bell, Inc., 7.000%, 7/15/24 (a)	85,000	86,700	Gaming: 0.1%		
Embarq Corp., 7.995%, 6/1/36	55,000	61,765	Stars Group Holdings BV, 3.808% (3 Month US LIBOR + 3.500%), 7/10/25	24,702	24,528
Gogo Intermediate Holdings LLC, 9.875%, 5/1/24 (a)	110,000	92,950	Health Services: 0.4%		
		375,715	American Renal Holdings, Inc., 5.178% (1 Month US LIBOR + 5.000%), 6/22/24	73,106	68,537
Telecom-Wireless: 1.5%			Industrial: 0.3%		
Sprint Capital Corp., 8.750%, 3/15/32	70,000	100,064	Deliver Buyer, Inc. 6.000% (3 Month US LIBOR + 5.000%), 5/1/2024	48,990	45,765
Sprint Corp., 7.125%, 6/15/24	60,000	67,749	Investments & Miscellaneous Financial Services: 0.7%		
United States Cellular Corp., 6.700%, 12/15/33	80,000	93,001	Russell Investments US Institutional Holdco, Inc. 3.822% (6 Month US LIBOR + 2.750%), 6/1/23	43,828	42,349
		260,814	Verifone Systems, Inc. 4.377% (3 Month US LIBOR + 4.000%), 8/20/25	98,997	82,204
Transportation Excluding Air/Rail: 0.3%					124,553
Teekay Corp., 9.250%, 11/15/22 (a)	50,000	48,000	Convertible Bonds: 1.5%		
		48,000	Media-Broadcast: 0.8%		
Total Corporate Bonds (cost \$12,948,006)		12,949,981	DISH Network Corp., 2.375%, 3/15/24	150,000	134,227
Convertible Bonds: 1.5%			Telecom-Integrated/Services 0.4%		
		261,843	Gogo, Inc., 6.000%, 5/15/22	95,000	66,107
Media-Broadcast: 0.8%			Transportation Excluding Air/Rail: 0.3%		
DISH Network Corp., 2.375%, 3/15/24	150,000	134,227	Teekay Corp., 5.000%, 1/15/23	75,000	61,509
Telecom-Integrated/Services 0.4%					261,843
Gogo, Inc., 6.000%, 5/15/22	95,000	66,107	Total Convertible Bonds (cost \$255,914)		
Transportation Excluding Air/Rail: 0.3%					
Teekay Corp., 5.000%, 1/15/23	75,000	61,509			
Total Convertible Bonds (cost \$255,914)		261,843			

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	<u>Principal</u>	<u>Value</u>	
Media-Services: 0.5%			Country Exposure (as a percentage of total investments) (Unaudited)
Terrier Media Buyer, Inc., 4.428% (3 Month US LIBOR + 4.250%), 12/17/26	\$ 99,500	\$ 94,691	United States 90.0%
			Canada 2.5%
			Luxembourg 1.9%
			France 1.3%
			Cayman Islands 0.8%
Non-Food & Drug Retailers: 0.6%			Liberia 0.7%
Calceus Acquisition, Inc., 5.743% (2 Month US LIBOR + 5.500%), 2/12/25	117,049	108,856	Netherlands 0.7%
			Marshall Islands 0.7%
			Malta 0.7%
Software/Services: 0.5%			Panama 0.4%
Avaya, Inc., 4.435% (1 Month US LIBOR + 4.250%), 12/15/24	100,000	92,050	Bermuda 0.3%
Total Bank Loans (cost \$1,144,701)		<u>1,073,989</u>	Asset Type (as a percentage of total investments) (Unaudited)
	<u>Shares</u>		
Mutual Fund: 11.6%			
Bank Loan Related - 11.6%			
Penn Capital Defensive Floating Rate Income Fund - Institutional Class (d)	223,346	2,077,114	
Total Mutual Fund (cost \$2,246,658)		<u>2,077,114</u>	
Total Investments - 91.8% (cost \$16,595,279)		16,362,927	
Other Assets and Liabilities 8.2%		1,456,324	
Net Assets: 100.0%		<u>\$17,819,251</u>	



Percentages are stated as a percent of net assets.

- (a) Securities purchased pursuant to Rule 144A of the Securities Act of 1933, as amended, and may be sold only to dealers in that program or other "qualified institutional buyers." As of June 30, 2020, the value of these investments was \$7,371,018, or 41.4% of total net assets.
- (b) Bank Loans typically have rates of interest which are redetermined either daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium. These base lending rates are primarily the London Interbank Offered Rate ("LIBOR") and secondarily, the prime rate offered by one or more major United States banks (the "Prime Rate") and the certificate of deposit ("CD") rate or other base lending rates used by commercial lenders.
- (c) Senior floating-rate loans ("Senior Loans") often require prepayments from excess cash flows or permit the borrowers to repay at their election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual remaining maturity may be substantially less than the stated maturities shown. However, Senior Loans will typically have an expected average life of approximately two to four years.
- (d) Affiliated company. See Note 7.

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL SPECIAL SITUATIONS SMALL CAP EQUITY FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	<u>Shares</u>	<u>Value</u>		<u>Shares</u>	<u>Value</u>
Common Stocks: 92.6%			Food & Staples Retailing: 1.6%		
Aerospace & Defense: 3.9%			BJ's Wholesale Club Holdings, Inc. (a)		
Aerojet Rocketdyne Holdings, Inc. (a)	2,170	\$ 86,019		3,074	\$ 114,568
BWX Technologies, Inc.	1,566	88,698	Gas Utilities: 0.8%		
Spirit AeroSystems Holdings, Inc. - Class A	4,515	108,089	National Fuel Gas Co.		
		<u>282,806</u>		1,353	<u>56,731</u>
Air Freight & Logistics: 1.8%			Health Care Equipment & Supplies: 7.9%		
XPO Logistics, Inc. (a)	1,655	<u>127,849</u>	Alphatec Holdings, Inc. (a)		
			CONMED Corp.		
Auto Components: 0.8%			Envista Holdings Corp. (a)		
American Axle & Manufacturing Holdings, Inc. (a)	7,462	<u>56,711</u>	GenMark Diagnostics, Inc. (a)		
			ICU Medical, Inc. (a)		
			Oxford Immunotec Global PLC (a)		
				7,654	<u>99,502</u>
					<u>569,261</u>
Banks: 6.2%			Health Care Providers & Services: 3.2%		
Ameris Bancorp.	5,402	127,433	Option Care Health, Inc. (a)		
BankUnited, Inc.	1,756	35,559	R1 RCM, Inc. (a)		
FB Financial Corp.	4,829	119,614		6,749	93,676
South State Corp.	993	47,326		12,192	<u>135,941</u>
Western Alliance Bancorp	3,060	<u>115,882</u>			<u>229,617</u>
		<u>445,814</u>	Hotels, Restaurants & Leisure: 8.8%		
Biotechnology: 2.6%			Boyd Gaming Corp.		
Exelixis, Inc. (a)	3,367	79,932	Full House Resorts, Inc. (a)		
Halozyne Therapeutics, Inc. (a)	4,060	108,849	Golden Entertainment, Inc. (a)		
		<u>188,781</u>	Marriott Vacations Worldwide Corp.		
			Papa John's International, Inc.		
Chemicals: 4.0%			Planet Fitness, Inc. - Class A (a)		
Axalta Coating Systems Ltd. (a)	3,868	87,223	Red Rock Resorts, Inc. - Class A		
Huntsman Corp.	5,630	101,171	SeaWorld Entertainment, Inc. (a)		
WR Grace & Co.	2,032	103,246		7,612	<u>112,734</u>
		<u>291,640</u>			<u>638,160</u>
Consumer Finance: 1.0%			Household Durables: 2.7%		
LendingTree, Inc. (a)	254	<u>73,541</u>	Installed Building Products, Inc. (a)		
			Meritage Homes Corp. (a)		
				1,445	99,387
				1,256	<u>95,607</u>
					<u>194,994</u>
Containers & Packaging: 1.3%			Insurance: 2.8%		
O-I Glass, Inc.	10,606	<u>95,242</u>	Primerica, Inc.		
			Stewart Information Services Corp.		
				570	66,462
				4,110	<u>133,616</u>
					<u>200,078</u>
Diversified Consumer Services: 0.9%			IT Services: 1.0%		
Chegg, Inc. (a)	936	<u>62,955</u>	CACI International, Inc. - Class A (a)		
				327	<u>70,920</u>
Diversified Telecommunication Services: 1.0%			Life Sciences Tools & Services: 3.1%		
Bandwidth, Inc. - Class A (a)	597	<u>75,819</u>	Avantor, Inc. (a)		
			Syneos Health, Inc. (a)		
				5,454	92,718
				2,308	<u>134,441</u>
					<u>227,159</u>
Electronic Equipment, Instruments & Components: 2.2%					
Itron, Inc. (a)	1,379	91,359			
MTS Systems Corp.	4,035	<u>70,975</u>			
		<u>162,334</u>			
Energy Equipment & Services: 1.2%					
ChampionX Corp. (a)	8,679	<u>84,707</u>			

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL SPECIAL SITUATIONS SMALL CAP EQUITY FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	Shares	Value		Shares	Value
Machinery: 6.4%			Wireless Telecommunication Services: 1.5%		
Alamo Group, Inc.	847	\$ 86,936	Boingo Wireless, Inc. (a)	8,371	\$ 111,502
Allison Transmission Holdings, Inc.	2,328	85,624			
Evoqua Water Technologies Corp. (a)	3,126	58,144	Total Common Stocks (cost \$6,277,431)		<u>6,705,232</u>
Gates Industrial Corp. PLC (a)	12,966	133,290			
Helios Technologies, Inc.	1,011	37,660	Contingent Value Right: 0.0%		
Pentair PLC	1,600	60,784	Media - 0.0%		
		462,438	Media General, Inc. (a)	1,867	19
Media: 6.6%			Total Contingent Value Right (cost \$0)		<u>19</u>
Cardlytics, Inc. (a)	1,028	71,939			
EW Scripps Co. - Class A	15,043	131,626	Real Estate Investment Trusts (REITs): 6.3%		
Gray Television, Inc. (a)	10,050	140,198	Easterly Government Properties, Inc.	4,192	96,919
Nexstar Media Group, Inc. - Class A	1,574	131,728	Gaming & Leisure Properties, Inc.	2,934	101,530
		475,491	Physicians Realty Trust	7,625	133,590
Metals & Mining: 0.9%			QTS Realty Trust, Inc. - Class A	1,949	124,912
SSR Mining, Inc. (a)	3,120	66,550	Total REITs (cost \$383,757)		<u>456,951</u>
Professional Services: 0.7%			Total Investments - 98.9% (cost \$6,661,188)		7,162,202
Upwork, Inc. (a)	3,709	53,558	Other Assets and Liabilities 1.1%		83,002
			Net Assets: 100.0%		<u>\$7,245,204</u>
Semiconductors & Semiconductor Equipment:					
6.1%					
Diodes, Inc. (a)	1,591	80,664	Percentages are stated as a percent of net assets.		
Rambus, Inc. (a)	6,707	101,946	ADR - American Depository Receipt		
Semtech Corp. (a)	1,473	76,920	(a) No distribution or dividend was made during the period ending June 30,		
Silicon Motion Technology Corp. - ADR	2,404	117,243	2020. As such, it is classified as a non-income producing security as of		
SiTime Corp. (a)	1,421	67,370	June 30, 2020.		
		444,143			
Software: 5.4%					
Five9, Inc. (a)	557	61,643			
New Relic, Inc. (a)	1,098	75,652			
Q2 Holdings, Inc. (a)	806	69,147			
Rapid7, Inc. (a)	1,905	97,193			
Workiva, Inc. (a)	1,691	90,452			
		394,087			
Specialty Retail: 3.8%					
Five Below, Inc. (a)	684	73,126			
Floor & Decor Holdings, Inc. - Class A (a)	1,268	73,100			
National Vision Holdings, Inc. (a)	4,267	130,229			
		276,455			
Technology Hardware, Storage & Peripherals:					
1.5%					
Pure Storage, Inc. - Class A (a)	6,100	105,713			
Thrifts & Mortgage Finance: 0.9%					
WSFS Financial Corp.	2,286	65,608			

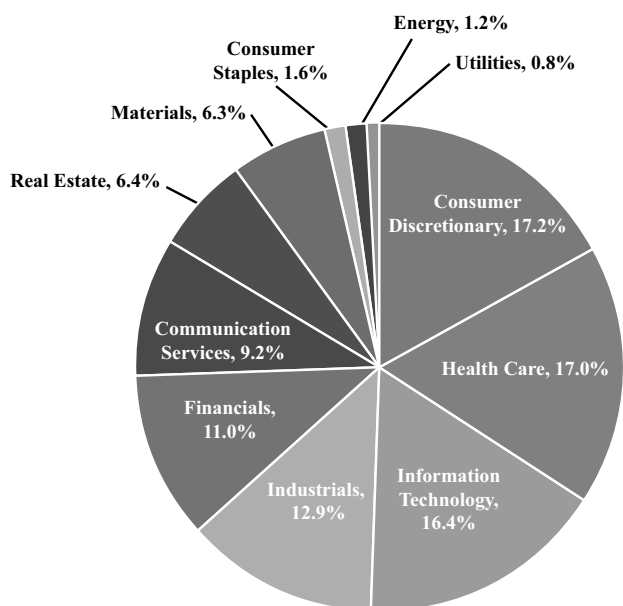
The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL SPECIAL SITUATIONS SMALL CAP EQUITY FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

Country Exposure (as a percentage of total investments) (Unaudited)

United States	92.1%
United Kingdom	3.3%
Cayman Islands	1.6%
Bermuda	1.2%
Canada	0.9%
Ireland	0.9%

Sector Allocation (as a percentage of total investments) (Unaudited)



The industry classifications presented in this report, present the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC (“S&P”). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bank Global Fund Services.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MANAGED ALPHA SMID CAP EQUITY FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

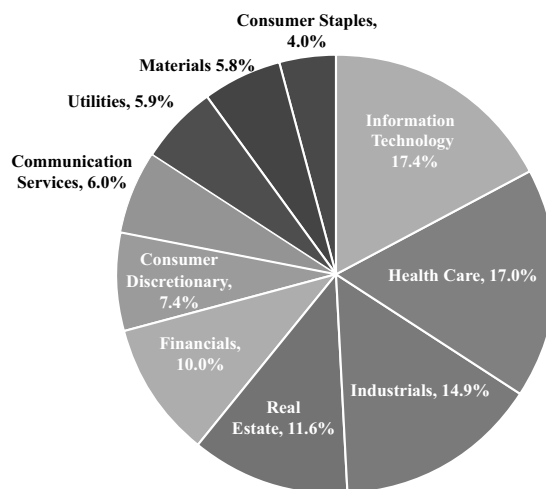
	<u>Shares</u>	<u>Value</u>		<u>Shares</u>	<u>Value</u>
Common Stocks: 86.6%			Hotels, Restaurants & Leisure: 2.6%		
Aerospace & Defense: 2.0%			MGM Resorts International	7,409	\$ 124,471
Mercury Systems, Inc. (a)	4,145	<u>\$ 326,046</u>	Vail Resorts, Inc.	1,596	<u>290,712</u>
					<u>415,183</u>
Banks: 1.9%			Household Durables: 2.0%		
Pinnacle Financial Partners, Inc.	5,007	210,244	DR Horton, Inc.	5,695	<u>315,788</u>
Western Alliance Bancorp	2,351	<u>89,032</u>			
		<u>299,276</u>	Independent Power and Renewable Electricity		
Biotechnology: 4.6%			Producers: 1.1%		
Exelixis, Inc. (a)	14,126	335,351	Ormat Technologies, Inc.	2,852	<u>181,073</u>
Halozyme Therapeutics, Inc. (a)	7,998	214,427			
Neurocrine Biosciences, Inc. (a)	1,491	<u>181,902</u>	Insurance: 5.5%		
		<u>731,680</u>	Arch Capital Group Ltd. (a)	5,957	170,668
Building Products: 6.0%			Fidelity National Financial, Inc.	9,767	299,456
Allegion PLC	2,591	264,852	Lincoln National Corp.	3,897	143,371
Lennox International, Inc.	1,269	295,664	Primerica, Inc.	2,285	<u>266,431</u>
Masco Corp.	7,815	<u>392,391</u>			<u>879,926</u>
		<u>952,907</u>	Interactive Media & Services: 2.3%		
Chemicals: 1.1%			IAC/InterActiveCorp (a)	1,144	<u>369,970</u>
Axalta Coating Systems Ltd. (a)	7,854	<u>177,108</u>			
Commercial Services & Supplies: 1.0%			IT Services: 3.8%		
IAA, Inc. (a)	4,240	<u>163,537</u>	Black Knight, Inc. (a)	2,795	202,805
			GoDaddy, Inc. - Class A (a)	5,487	<u>402,362</u>
Construction Materials: 1.8%					<u>605,167</u>
Martin Marietta Materials, Inc.	1,373	<u>283,621</u>	Life Sciences Tools & Services: 3.8%		
			Avantor, Inc. (a)	11,730	199,410
Diversified Financial Services: 2.4%			PPD, Inc. (a)	8,199	219,733
Voya Financial, Inc.	8,253	<u>385,002</u>	PRA Health Sciences, Inc. (a)	1,852	<u>180,181</u>
					<u>599,324</u>
Electric Utilities: 2.3%			Machinery: 0.9%		
Pinnacle West Capital Corp.	5,024	<u>368,209</u>	Allison Transmission Holdings, Inc.	4,002	<u>147,194</u>
Food & Staples Retailing: 1.9%			Media: 3.6%		
BJ's Wholesale Club Holdings, Inc. (a)	8,007	<u>298,421</u>	Fox Corp. - Class B	11,231	301,440
			Liberty Media Corp. - Liberty SiriusXM -		
Food Products: 2.0%			Class A (a)	7,974	<u>275,262</u>
Lamb Weston Holdings, Inc.	5,060	<u>323,486</u>			<u>576,702</u>
			Metals & Mining: 2.8%		
Health Care Equipment & Supplies: 4.4%			Commercial Metals Co.	9,127	186,191
CONMED Corp.	1,652	118,928	Kirkland Lake Gold Ltd.	6,216	<u>256,348</u>
ICU Medical, Inc. (a)	1,140	210,113			<u>442,539</u>
Teleflex, Inc.	1,039	<u>378,175</u>	Pharmaceuticals: 2.4%		
		<u>707,216</u>	Catalent, Inc. (a)	5,230	<u>383,359</u>
Health Care Providers & Services: 1.5%					
Quest Diagnostics, Inc.	2,046	<u>233,162</u>	Professional Services: 2.4%		
			TransUnion	4,480	<u>389,939</u>

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MANAGED ALPHA SMID CAP EQUITY FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2020

	Shares	Value	Country Exposure (as a percentage of total investments)
Road & Rail: 1.5%			United States 90.4%
Schneider National, Inc. - Class B	9,559	\$ 235,821	Bermuda 4.1%
			Israel 2.2%
			Ireland 1.7%
			Canada 1.6%
Semiconductors & Semiconductor Equipment: 6.4%			
Marvell Technology Group Ltd.	8,237	288,789	
Skyworks Solutions, Inc.	2,611	333,842	
Teradyne, Inc.	4,668	394,493	
		<u>1,017,124</u>	
Software: 5.8%			
Five9, Inc. (a)	2,402	265,829	
Nice Ltd. - ADR (a)	1,859	351,797	
Tyler Technologies, Inc. (a)	872	302,480	
		<u>920,106</u>	
Specialty Retail: 2.7%			
Burlington Stores, Inc. (a)	1,333	262,507	
Floor & Decor Holdings, Inc. - Class A (a)	2,978	171,682	
		<u>434,189</u>	
Technology Hardware, Storage & Peripherals: 1.1%			
Western Digital Corp.	4,028	177,836	
Trading Companies & Distributors: 0.7%			
United Rentals, Inc. (a)	777	115,804	
Water Utilities: 2.3%			
Essential Utilities, Inc.	8,867	374,542	
Total Common Stocks (Cost \$11,170,798)		<u>13,831,257</u>	
Real Estate Investment Trusts (REITs): 11.4%			
Americold Realty Trust	7,523	273,085	
Camden Property Trust	3,043	277,582	
CyrusOne, Inc.	4,934	358,948	
Healthcare Trust of America, Inc. - Class A	13,504	358,126	
MGM Growth Properties LLC - Class A	5,609	152,621	
Sun Communities, Inc.	2,914	395,372	
Total REITs (cost \$1,724,624)		<u>1,815,734</u>	
Total Investments - 98.0% (cost \$12,895,422)		15,646,991	
Other Assets and Liabilities 2.0%		319,078	
Net Assets: 100.0%		<u>\$15,966,069</u>	

Sector Allocation (as a percentage of total investments) (Unaudited)



The industry classifications presented in this report, present the Global Industry Classification Standard (GICS®). GICS® was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC (“S&P”). GICS® is a service mark of MSCI and S&P and has been licensed for use by U.S. Bank Global Fund Services.

Percentages are stated as a percent of net assets.

ADR - American Depositary Receipt

(a) No distribution or dividend was made during the period ending June 30, 2020. As such, it is classified as a non-income producing security as of June 30, 2020.

The Accompanying Footnotes are an Integral Part of these Financial Statements

PENN Capital Funds Trust
Statements of Assets and Liabilities
June 30, 2020

	Penn Capital Defensive Floating Rate Income Fund	Penn Capital Defensive Short Duration High Income Fund	Penn Capital Multi-Credit High Income Fund	Penn Capital Special Situations Small Cap Equity Fund	Penn Capital Managed Alpha SMID Cap Equity Fund
Assets					
Investments, at fair value ⁽¹⁾					
Unaffiliated issuers	\$33,961,648	\$42,091,890	\$14,285,813	\$7,162,202	\$15,646,991
Affiliated mutual fund (see Note 7)	—	1,032,529	2,077,114	—	—
Receivables:					
Advisor reimbursement due	51,837	27,375	31,569	14,848	6,352
Dividends and interest	136,916	606,757	219,348	2,745	13,887
Investments sold	403,316	2,507	1,005,517	43,610	—
Fund shares sold	158,283	5,000	14,500	—	—
Cash	2,170,078	1,091,793	939,769	115,427	364,509
Other assets	18,957	24,827	9,132	9,985	9,793
Total assets	<u>\$36,901,035</u>	<u>\$44,882,678</u>	<u>\$18,582,762</u>	<u>\$7,348,817</u>	<u>\$16,041,532</u>
Liabilities					
Payables:					
Investments purchased	1,209,216	226,532	673,133	33,761	—
Fund shares redeemed	1,323	78,736	—	—	—
Distribution payable	39,938	20,653	185	—	—
Accrued expenses:					
Professional fees	33,518	33,518	33,518	23,675	23,518
Administration fees	36,106	33,098	37,440	21,539	21,459
Custody fees	2,995	2,328	2,687	3,481	2,775
Transfer agent fees and expenses	8,645	8,267	6,314	5,801	6,227
Trustee fees and expenses	2,634	2,638	1,251	463	1,046
Other accrued expenses	15,936	15,377	8,983	14,893	20,438
Total liabilities	<u>\$1,350,311</u>	<u>\$421,147</u>	<u>\$763,511</u>	<u>\$103,613</u>	<u>\$75,463</u>
Net assets	<u>\$35,550,724</u>	<u>\$44,461,531</u>	<u>\$17,819,251</u>	<u>\$7,245,204</u>	<u>\$15,966,069</u>
Composition of Net Assets					
Paid-in capital	\$39,845,888	\$47,427,400	\$19,935,597	\$7,887,999	\$14,914,131
Total distributable earnings/accumulated loss	(4,295,164)	(2,965,869)	(2,116,346)	(642,795)	1,051,938
Net assets	<u>\$35,550,724</u>	<u>\$44,461,531</u>	<u>\$17,819,251</u>	<u>\$7,245,204</u>	<u>\$15,966,069</u>
Institutional Class					
Net assets applicable to outstanding shares	<u>\$35,550,724</u>	<u>\$44,461,531</u>	<u>\$17,819,251</u>	<u>\$7,245,204</u>	<u>\$15,966,069</u>
Shares of beneficial interest outstanding, no par value, unlimited authorization	<u>3,821,147</u>	<u>4,763,094</u>	<u>2,006,932</u>	<u>776,466</u>	<u>1,390,037</u>
Net asset value per share outstanding	<u>\$ 9.30</u>	<u>\$ 9.33</u>	<u>\$ 8.88</u>	<u>\$ 9.33</u>	<u>\$ 11.49</u>
Investor Class⁽²⁾					
Net assets applicable to outstanding shares	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Shares of beneficial interest outstanding, no par value, unlimited authorization	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net asset value per share outstanding	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

(1) Investment in securities at cost

Unaffiliated issuers	\$35,008,581	\$42,240,101	\$14,348,621	\$6,661,188	\$12,895,422
Affiliated mutual fund (see Note 7)	—	1,111,036	2,246,658	—	—

(2) No information is provided for Investor Share Class shares because shares of that Class had not yet been issued as of June 30, 2020.

The accompanying notes are an integral part of the financial statements.

PENN Capital Funds Trust
Statements of Operations
Year Ended June 30, 2020

	<u>Penn Capital Defensive Floating Rate Income Fund</u>	<u>Penn Capital Defensive Short Duration High Income Fund</u>	<u>Penn Capital Multi-Credit High Income Fund</u>	<u>Penn Capital Special Situations Small Cap Equity Fund</u>	<u>Penn Capital Managed Alpha SMID Cap Equity Fund</u>
Investment Income (Loss)					
Income					
Dividends*					
Unaffiliated dividends	\$ —	\$ —	\$ 1,269	\$ 57,531	\$ 152,369
Dividend distributions from affiliated mutual fund (see Note 7)	—	46,080	135,676	—	—
Interest**	<u>2,095,281</u>	<u>1,828,190</u>	<u>997,748</u>	<u>1,588</u>	<u>8,020</u>
Total income	<u>2,095,281</u>	<u>1,874,270</u>	<u>1,134,693</u>	<u>59,119</u>	<u>160,389</u>
Investment advisory fees	231,851	191,077	122,676	83,616	141,305
Administration and accounting	154,271	102,030	113,771	63,403	63,192
Professional fees	39,188	38,998	39,168	29,469	29,164
Shareholder servicing fees	33,956	42,002	12,709	13,203	12,063
Registration	28,498	25,463	22,972	21,752	22,909
Shareholder communication	22,807	20,592	5,905	4,421	6,733
Transfer agent expense	21,381	25,225	18,985	16,855	18,913
Compliance fees	14,305	14,431	14,137	14,168	14,166
Insurance	11,102	10,073	4,484	2,546	4,032
Custodian	11,047	7,336	10,390	6,905	8,777
Trustees	7,923	8,989	3,063	1,478	2,729
Interest expense (see Note 9)	1,612	—	—	40	—
Miscellaneous	<u>1,587</u>	<u>1,573</u>	<u>1,086</u>	<u>13,749</u>	<u>11,969</u>
Total expenses	<u>579,528</u>	<u>487,789</u>	<u>369,346</u>	<u>271,605</u>	<u>335,952</u>
Expense waiver and reimbursement from Advisor . .	<u>(308,125)</u>	<u>(258,497)</u>	<u>(241,623)</u>	<u>(175,626)</u>	<u>(169,526)</u>
Net expenses	<u>271,403</u>	<u>229,292</u>	<u>127,723</u>	<u>95,979</u>	<u>166,426</u>
Net investment income (loss)	<u>1,823,878</u>	<u>1,644,978</u>	<u>1,006,970</u>	<u>(36,860)</u>	<u>(6,037)</u>
Realized and Unrealized Gain (Loss) on Investments					
Net realized loss on investments					
Unaffiliated issuers	(2,928,732)	(2,625,853)	(1,720,083)	(799,718)	(1,519,717)
Affiliated Mutual Fund (See Note 7)	—	(72,063)	(132,209)	—	—
Net change in unrealized appreciation (depreciation)					
Unaffiliated issuers	(922,311)	(340,064)	(148,556)	(471,563)	466,063
Affiliated Mutual Fund (See Note 7)	—	(70,160)	(107,895)	—	—
Net realized and unrealized loss on investments	<u>(3,851,043)</u>	<u>(3,108,140)</u>	<u>(2,108,743)</u>	<u>(1,271,281)</u>	<u>(1,053,654)</u>
Net decrease in net assets resulting from operations	<u>\$(2,027,165)</u>	<u>\$(1,463,162)</u>	<u>\$(1,101,773)</u>	<u>\$(1,308,141)</u>	<u>\$(1,059,691)</u>
* Net of foreign taxes withheld	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 571</u>	<u>\$ 270</u>
** Net of foreign taxes withheld	<u>\$ 1,089</u>	<u>\$ 2,139</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of the financial statements.

PENN Capital Funds Trust
Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	Penn Capital Defensive Floating Rate Income Fund		Penn Capital Defensive Short Duration High Income Fund		Penn Capital Multi-Credit High Income Fund		Penn Capital Special Situations Small Cap Equity Fund		Penn Capital Managed Alpha SMID Cap Equity Fund	
	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2019
Operations										
Net investment income (loss)	\$ 1,823,878	\$ 1,792,841	\$ 1,644,978	\$ 837,408	\$ 1,006,970	\$ 841,513	\$ (36,860)	\$ (51,603)	\$ (6,037)	\$ (15,532)
Net realized gain (loss) on investments:	(2,928,732)	(273,197)	(2,697,916)	(42,322)	(1,852,292)	3,151	(799,718)	(214,421)	(1,519,717)	570,842
Net change in unrealized appreciation (depreciation)	(922,311)	(119,403)	(410,224)	323,119	(256,451)	(9,252)	(471,563)	(1,835,597)	466,063	(72,523)
Net increase (decrease) in net assets resulting from operations	(2,027,165)	1,400,241	(1,463,162)	1,118,205	(1,101,773)	835,412	(1,308,141)	(2,101,621)	(1,059,691)	482,787
Dividends and distributions to shareholders										
Net dividends and distributions from net investment income and realized gain - Institutional Class	(1,836,175)	(1,892,386)	(1,650,678)	(856,770)	(1,019,814)	(902,124)	—	(1,194,500)	(768,746)	(1,274,995)
Total dividends and distributions to shareholders	(1,836,175)	(1,892,386)	(1,650,678)	(856,770)	(1,019,814)	(902,124)	—	(1,194,500)	(768,746)	(1,274,995)
Capital share transactions										
Net proceeds from sale of shares	18,491,650	10,672,029	16,771,927	22,772,480	4,414,934	1,638,773	729,876	1,418,042	3,456,834	224,305
Dividends and distributions reinvested	1,226,820	1,380,000	1,505,063	853,180	1,017,853	895,794	—	1,167,457	763,333	1,251,646
Cost of shares redeemed**	(17,788,929)	(5,804,117)	(5,625,205)	(1,399,351)	(727,739)	(1,045,925)	(2,374,092)	(10,380,725)	(788,975)	(1,230,612)
Net increase (decrease) in net assets resulting from capital share transactions	1,929,541	6,247,912	12,651,785	22,226,309	4,705,048	1,488,642	(1,644,216)	(7,795,226)	3,431,192	245,339
Net increase (decrease) in net assets	(1,933,799)	5,755,767	9,537,945	22,487,744	2,583,461	1,421,930	(2,952,357)	(11,091,347)	1,602,755	(546,869)
Net Assets										
Beginning of year	37,484,523	31,728,756	34,923,586	12,435,842	15,235,790	13,813,860	10,197,561	21,288,908	14,363,314	14,910,183
End of year	\$ 35,550,724	\$ 37,484,523	\$ 44,461,531	\$ 34,923,586	\$ 17,819,251	\$ 15,235,790	\$ 7,245,204	\$ 10,197,561	\$ 15,966,069	\$ 14,363,314
** Net of redemption fees of:	\$ 670	\$ 485	\$ —	\$ 2,584	\$ 929	\$ 511	\$ —	\$ 1,063	\$ —	\$ 297

The accompanying notes are an integral part of the financial statements.

PENN Capital Funds Trust
Financial Highlights

	Per Common Share Data ^(a)									Supplemental data and ratios					
	Income from investment operations			Distributions to shareholders			Net asset value, end of period	Total return	Net assets, end of period (in 000's)	Ratio of expenses to average net assets, including waivers and reimbursement ^(b)	Ratio of expenses to average net assets, excluding waivers and reimbursement ^(b)	Ratio of net investment income (loss) to average net assets, including waivers and reimbursement ^(b)	Ratio of net investment income (loss) to average net assets, excluding waivers and reimbursement ^(b)	Portfolio turnover rate ^(c)	
	Net asset value, beginning of period	Net investment income (loss)	Net realized and unrealized gains (losses)	Total from investment operations	Dividends from net investment income	Distributions from capital gains									Total distributions
Penn Capital Defensive Floating Rate Income Fund															
Institutional Class															
7/1/19 to 6/30/20	\$ 9.97	0.42	(0.67)	(0.25) ^(f)	(0.42)	—	(0.42)	\$ 9.30	(2.57)%	\$35,551	0.64%	1.37%	4.33%	3.60%	93%
7/1/18 to 6/30/19	\$10.09	0.48	(0.09)	0.39 ^(f)	(0.51)	—	(0.51)	\$ 9.97	4.04%	\$37,485	0.64%	1.43%	4.89%	4.10%	57%
7/1/17 to 6/30/18	\$10.21	0.43	(0.06)	0.37	(0.43)	(0.06)	(0.49)	\$10.09	3.71%	\$31,729	0.65% ^(g)	1.64%	4.31% ^(g)	3.32%	65%
7/1/16 to 6/30/17	\$10.09	0.40	0.17	0.57	(0.40)	(0.05)	(0.45)	\$10.21	5.66%	\$25,031	0.74%	1.95%	3.90%	2.69%	108%
11/30/15 ^(e) to 6/30/16	\$10.00	0.14	0.06	0.20	(0.11)	—	(0.11)	\$10.09	1.99% ^(d)	\$18,625	0.74%	2.77%	2.56%	0.53%	43% ^(d)
Penn Capital Defensive Short Duration High Income Fund															
Institutional Class															
7/1/19 to 6/30/20	\$ 9.93	0.37	(0.59)	(0.22)	(0.38)	—	(0.38)	\$ 9.33	(2.33)%	\$44,462	0.54%	1.15%	3.87%	3.26%	113%
7/1/18 to 6/30/19	\$ 9.85	0.35	0.10	0.45 ^(f)	(0.37)	—	(0.37)	\$ 9.93	4.65%	\$34,924	0.54%	1.44%	3.75%	2.85%	48%
7/17/17 ^(e) to 6/30/18	\$10.00	0.27	(0.17)	0.10	(0.25)	—	(0.25)	\$ 9.85	1.03% ^(d)	\$12,436	0.54%	2.70%	3.08%	0.92%	39% ^(d)
Penn Capital Multi-Credit High Income Fund															
Institutional Class															
7/1/19 to 6/30/20	\$ 9.99	0.53	(1.10)	(0.57) ^(f)	(0.54)	—	(0.54)	\$ 8.88	(5.86)%	\$17,819	0.72%	2.08%	5.66%	4.30%	149%
7/1/18 to 6/30/19	\$10.06	0.59	(0.02)	0.57 ^(f)	(0.61)	(0.03)	(0.64)	\$ 9.99	5.83%	\$15,236	0.72%	2.26%	5.90%	4.36%	85%
7/1/17 to 6/30/18	\$10.52	0.61	(0.22)	0.39 ^(f)	(0.63)	(0.22)	(0.85)	\$10.06	3.81%	\$13,814	0.72%	2.80%	5.89%	3.81%	66%
7/1/16 to 6/30/17	\$ 9.95	0.73	0.56	1.29	(0.72)	—	(0.72)	\$10.52	13.36%	\$ 8,772	0.72%	3.25%	7.01%	4.48%	79%
11/30/15 ^(e) to 6/30/16	\$10.00	0.35	(0.10)	0.25	(0.30)	—	(0.30)	\$ 9.95	2.66% ^(d)	\$ 7,843	0.72%	5.14%	6.34%	1.92%	62% ^(d)
Penn Capital Special Situations Small Cap Equity Fund															
Institutional Class															
7/1/19 to 6/30/20	\$10.67	(0.03)	(1.31)	(1.34)	—	—	—	\$ 9.33	(12.56)%	\$ 7,245	1.09%	3.09%	(0.42)%	(2.42)%	115%
7/1/18 to 6/30/19	\$12.59	(0.05)	(0.98)	(1.03) ^(f)	—	(0.89)	(0.89)	\$10.67	(7.91)%	\$10,198	1.09%	2.38%	(0.35)%	(1.64)%	97%
7/1/17 to 6/30/18	\$11.71	(0.08)	2.36	2.28 ^(f)	—	(1.40)	(1.40)	\$12.59	20.31%	\$21,289	1.09%	2.09%	(0.64)%	(1.64)%	105%
7/1/16 to 6/30/17	\$10.32	(0.04)	2.24	2.20 ^(f)	—	(0.81)	(0.81)	\$11.71	21.52%	\$21,867	1.09%	2.19%	(0.54)%	(1.64)%	101%
12/17/15 ^(e) to 6/30/16	\$10.00	(0.02)	0.34	0.32	—	—	—	\$10.32	3.20% ^(d)	\$ 8,554	1.09%	5.63%	(0.48)%	(5.02)%	102% ^(d)
Penn Capital Managed Alpha SMID Cap Equity Fund															
Institutional Class															
7/1/19 to 6/30/20	\$12.68	— ^(h)	(0.60)	(0.60)	—	(0.59)	(0.59)	\$11.49	(5.23)%	\$15,966	1.06%	2.14%	(0.04)%	(1.12)%	57%
7/1/18 to 6/30/19	\$13.55	(0.01)	0.37	0.36 ^(f)	—	(1.23)	(1.23)	\$12.68	3.64%	\$14,363	1.06%	2.20%	(0.11)%	(1.25)%	40%
7/1/17 to 6/30/18	\$11.73	(0.04)	2.07	2.03	—	(0.21)	(0.21)	\$13.55	17.41%	\$14,910	1.06%	2.38%	(0.34)%	(1.66)%	64%
7/1/16 to 6/30/17	\$ 9.65	(0.02)	2.10	2.08	—	—	—	\$11.73	21.55%	\$11,027	1.06%	2.63%	(0.29)%	(1.86)%	91%
11/30/15 ^(e) to 6/30/16	\$10.00	(0.03)	(0.32)	(0.35)	—	—	—	\$ 9.65	(3.50)% ^(d)	\$ 9,462	1.06%	3.74%	(0.53)%	(3.21)%	70% ^(d)

* No information is provided for Investor Class shares because shares of that class had not yet been issued as of June 30, 2020.

- (a) Information presented related to a share outstanding for the entire period.
- (b) Annualized for periods less than one full year.
- (c) Portfolio turnover is calculated on the basis of the Fund as a whole without distinguishing between the classes of shares issued.
- (d) Not annualized.
- (e) Commencement of operations.
- (f) Total from investment operations per share includes redemption fees of less than \$0.01 per share.
- (g) Expense waiver of 0.64% was implemented on August 1, 2017.
- (h) Amount is less than \$0.005 per share.

The accompanying notes are an integral part of the financial statements.

PENN CAPITAL FUNDS TRUST
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

1. Organization

PENN Capital Funds Trust (the “Trust”) was organized as a Delaware statutory trust on August 29, 2014, and is registered under the Investment Company Act of 1940 (the “1940 Act”), as amended, as an open-end management investment company. The Trust consists of five series that are available for investment: the Penn Capital Defensive Floating Rate Income Fund, the Penn Capital Defensive Short Duration High Income Fund, the Penn Capital Multi-Credit High Income Fund, the Penn Capital Special Situations Small Cap Equity Fund and the Penn Capital Managed Alpha SMID Cap Equity Fund (collectively referred to as the “Funds” and each individually referred to as a “Fund”). Two other series: the Penn Capital Micro Cap Equity Fund and the Penn Capital Enterprise Value Small Cap Equity Fund are not currently offered. The Funds follow the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 946 “Financial Services - Investment Companies”.

The Penn Capital Defensive Floating Rate Income Fund’s investment objective is to seek to provide current income. The Penn Capital Defensive Floating Rate Income Fund commenced operations on November 30, 2015.

The Penn Capital Defensive Short Duration High Income Fund’s investment objective is to seek to provide a high level of current income. The Penn Capital Defensive Short Duration High Income Fund commenced operations on July 17, 2017.

The Penn Capital Multi-Credit High Income Fund’s investment objective is to seek to provide total return through interest income and capital appreciation. The Penn Capital Multi-Credit High Income Fund commenced operations on November 30, 2015.

The Penn Capital Managed Alpha SMID Cap Equity Fund and the Penn Capital Special Situations Small Cap Equity Fund’s investment objective is to seek to provide capital appreciation. The Penn Capital Managed Alpha SMID Cap Equity Fund commenced operations on November 30, 2015. The Penn Capital Special Situations Small Cap Equity Fund commenced operations on December 17, 2015.

Each Fund’s investment objective is non-fundamental, and may be changed by the Trust’s Board of Trustees (the “Board” or “Trustees”) without shareholder approval. Unless otherwise noted, all of the other investment policies and strategies described in the Prospectus or hereafter are nonfundamental. The Penn Capital Management Company, Inc. (the “Advisor”) serves as the investment advisor to the Funds.

The Trust offers two classes of shares for the Penn Capital Defensive Floating Rate Income Fund, the Penn Capital Multi-Credit High Income Fund, the Penn Capital Special Situations Small Cap Equity Fund and the Penn Capital Managed Alpha SMID Cap Equity Fund: Institutional and Investor Class. The Trust offers Institutional Class shares for the Penn Capital Defensive Short Duration High Income Fund. The Trust has also registered two other series, each with one class: the Penn Capital Micro Cap Equity Fund and the Penn Capital Enterprise Value Small Cap Equity Fund: Institutional Class. No information is provided in this report for Investor Class shares because shares of that class had not yet been issued as of June 30, 2020. Neither class has a front-end or back-end sales charge. The Penn Capital Micro Cap Equity Fund and Penn Capital Enterprise Value Small Cap Fund have not commenced operations as of June 30, 2020.

2. Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

A. Investment Valuation

The Funds use the following valuation methods to determine fair value as either fair value for investments for which market quotations are available, or if not available, the fair value, as determined in good faith pursuant to such policies and procedures as may be approved by the Trust’s Board from time to time. The valuation of the portfolio investments of the Funds currently includes the following processes:

Portfolio securities listed on a national or foreign securities exchange, except those listed on the NASDAQ[®] Stock Market and Small CapSM exchanges (“NASDAQ[®]”), for which market quotations are available, are valued at the official closing price of such exchange on each business day (defined as days on which the Funds are open for business (“Business Day”). Portfolio securities traded on the NASDAQ[®] will be valued at the NASDAQ[®] Official Closing Price on each Business Day. If there is no such reported sale on an exchange or NASDAQ[®], the portfolio security will be valued at the most recent quoted bid price. Price information on listed securities is taken from the exchange where the security is primarily traded.

PENN CAPITAL FUNDS TRUST
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Other assets and securities for which no quotations are readily available (such as for certain restricted or unlisted securities and private placements) or that may not be reliably priced (such as in the case of trade suspensions or halts, price movement limits set by certain foreign markets, and thinly traded or illiquid securities) will be valued in good faith at fair value using procedures and methods approved by the Board. Under the procedures adopted by the Board, the Board has delegated day-to-day responsibility for fair value determinations to a Valuation Committee comprised of representatives from the Advisor.

A Fund's portfolio holdings may also consist of shares of other investment companies in which the Fund invests. The value of each such investment company will be its net asset value ("NAV") at the time the Fund's shares are priced. Each investment company calculates its NAV based on the current market value for its portfolio holdings. Each investment company values securities and other instruments in a manner as described in that investment company's prospectus. The investment company's prospectus explains the circumstances under which the company will use fair value pricing and the effects of using fair value pricing.

Because a Fund may invest in foreign securities, the Fund's NAV may change on days when a shareholder will not be able to purchase or redeem Fund shares because foreign markets are open at times and on days when U.S. markets are not. Investments quoted in foreign currencies will be valued daily in U.S. dollars on the basis of the foreign currency exchange rates prevailing at the time such valuation is determined. Foreign currency exchange rates are generally determined as of the close of the New York Stock Exchange ("NYSE") (generally 4:00 p.m. Eastern time). If an event that could materially affect the value of the Fund's foreign securities has occurred between the time the securities were last traded and the time that the Fund calculates its NAV, the closing price of the Fund's securities may no longer reflect their market value at the time the Fund calculates its NAV. In such a case, the Fund may use fair value methods to value such securities.

Fixed income securities shall be valued at the evaluated bid price supplied by the Fund's pricing agent based on broker-dealer supplied valuations and other criteria, or directly by independent brokers when the pricing agent does not provide a price or the Valuation Committee does not believe that the pricing agent price reflects the current market value. If a price of a position is sought using independent brokers, the Advisor shall seek to obtain an evaluation bid price from at least two independent brokers who are knowledgeable about the position. The price of the position would be deemed to be an average of such bid prices. In the absence of sufficient broker dealer quotes, securities shall be valued at fair value pursuant to procedures adopted by the Board.

Bank loans are not listed on any securities exchange or board of trade. They are typically bought and sold by institutional investors in individually negotiated private transactions that function in many respects like an over-the-counter secondary market. This market generally has fewer trades and less liquidity than the secondary market for other types of securities. Some bank loans have few or no trades, or trade infrequently, and information regarding a specific bank loan may not be widely available or may be incomplete. Except as otherwise specified, bank loan securities shall be valued at the evaluated bid prices supplied by the Fund's pricing agent based on broker-dealer supplied valuations and other criteria, such as, issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar assets, or directly by independent brokers when the pricing agent does not provide a price or the Valuation Committee does not believe that the pricing agent price reflects the current market value. If a price of a position is sought using independent brokers, the Advisor shall seek to obtain a bid price from at least two independent brokers who are knowledgeable about the position. The price of the position would be deemed to be an average of such bid prices. In the absence of sufficient broker dealer quotes, securities shall be valued at fair value pursuant to procedures adopted by the Board.

Occasionally, reliable market quotations are not readily available (such as for certain restricted or unlisted securities and private placements) or securities and other assets may not be reliably priced (such as in the case of trade suspensions or halts, price movement limits set by certain foreign markets, and thinly traded or illiquid securities), or there may be events affecting the value of foreign securities or other securities held by the Funds that occur when regular trading on foreign or other exchanges is closed, but before trading on the NYSE is closed. Fair value determinations are then made in good faith in accordance with procedures adopted by the Board. Under the procedures adopted by the Board, the Board has delegated the responsibility for making fair value determinations to a Valuation Committee, subject to the Board's oversight. Generally, the fair value of a portfolio security or other asset shall be the amount that the owner of the security or asset might reasonably expect to receive upon its current sale. A three-tier hierarchy is utilized to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability and are developed based

PENN CAPITAL FUNDS TRUST
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability and are developed based on the best information available under the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 — unadjusted quoted prices in active markets for identical securities that the Funds have the ability to access

Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 — significant unobservable inputs (including a Fund's own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table summarizes the inputs used as of June 30, 2020, in valuing each Fund's investments:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Penn Capital Defensive Floating Rate Income Fund</u>				
Investments in Securities^(a)				
Bank Loans	\$ —	\$29,932,869	\$ —	\$29,932,869
Corporate Bonds	—	4,028,779	—	4,028,779
Total Investments in Securities	<u>\$ —</u>	<u>\$33,961,648</u>	<u>\$ —</u>	<u>\$33,961,648</u>
<u>Penn Capital Defensive Short Duration High Income Fund</u>				
Investments in Securities^(a)				
Convertible Bond	\$ —	\$ 213,049	\$ —	\$ 213,049
Corporate Bonds	—	39,616,335	—	39,616,335
Bank Loans	—	1,854,912	—	1,854,912
U.S. Government Note	—	407,594	—	407,594
Mutual Fund	1,032,529	—	—	1,032,529
Total Investments in Securities	<u>\$1,032,529</u>	<u>\$42,091,890</u>	<u>\$ —</u>	<u>\$43,124,419</u>
<u>Penn Capital Multi-Credit High Income Fund</u>				
Investments in Securities^(a)				
Corporate Bonds	\$ —	\$12,949,981	\$ —	\$12,949,981
Convertible Bonds	—	261,843	—	261,843
Bank Loans	—	1,073,989	—	1,073,989
Mutual Fund	2,077,114	—	—	2,077,114
Total Investments in Securities	<u>\$2,077,114</u>	<u>\$14,285,813</u>	<u>\$ —</u>	<u>\$16,362,927</u>
<u>Penn Capital Special Situations Small Cap Equity Fund</u>				
Investments in Securities^(a)				
Common Stocks	\$6,705,232	\$ —	\$ —	\$6,705,232
Contingent Value Right	—	19	—	19
Real Estate Investment Trusts (REITs)	456,951	—	—	456,951
Total Investments in Securities	<u>\$7,162,183</u>	<u>\$ 19</u>	<u>\$ —</u>	<u>\$7,162,202</u>

PENN CAPITAL FUNDS TRUST
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

<u>Penn Capital Managed Alpha SMID Cap Equity Fund</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in Securities^(a)				
Common Stocks	\$13,831,257	\$ —	\$ —	\$13,831,257
Real Estate Investment Trusts (REITs)	1,815,734	—	—	1,815,734
Total Investments in Securities	<u>\$15,646,991</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$15,646,991</u>

(a) All other industry classifications are identified in the Schedule of Investments for each Fund.

The following table reconciles Level 3 investments based on the inputs used to determine fair value:

<u>Penn Capital Multi-Credit High Income Fund</u>	<u>Balance as of July 1, 2019</u>	<u>Purchases</u>	<u>Sales</u>	<u>Accretion of Discount</u>	<u>Net Realized Gain/Loss</u>	<u>Balance as of June 30, 2020</u>	<u>Change in Unrealized Appreciation from Investments Held as of June 30, 2020</u>
Common Stock							
ACC Claims Holdings LLC	\$ —	\$ —	\$(81)	\$ —	\$(156)	\$ —	\$237
Preferred Stock							
Spanish Broadcasting Systems, Inc.	\$ 40	\$ —	\$ —	\$ —	\$(613)	\$ —	\$573

B. Investment Transactions and Related Investment Income

Investment transactions are accounted for on a trade-date basis. Interest income is recorded on the accrual basis, including the amortization of premiums and accretion of discounts on bonds held using the yield-to-maturity method. Dividend income is recognized on ex-dividend date.

Realized gains and losses on investment transactions and unrealized appreciation and depreciation of investments are reported for financial statement and Federal income tax purposes on the identified cost method.

C. Expenses

The Trust's expenses are allocated to the individual Fund in proportion to the net assets of the respective Fund when the expenses were incurred, except where direct allocations of expenses can be made.

D. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting year. Actual results could differ from those estimates.

E. Dividends and Distributions

Dividends and distributions to Shareholders are recorded on the ex-date. The Penn Capital Defensive Floating Rate Income Fund, the Penn Capital Defensive Short Duration High Income Fund, and the Penn Capital Multi-Credit High Income Fund declare and distribute their net investment income, if any, monthly and make distributions of their net realized capital gains, if any, at least annually, usually in December. The Penn Capital Special Situations Small Cap Equity Fund and the Penn Capital Managed Alpha SMID Cap Equity Fund declare and distribute their net investment income, if any, annually and make distributions of net realized capital gains, if any, at least annually, usually in December.

The character of distributions made during the period from net investment income or net realized gains may differ from its ultimate characterization for federal income tax purposes. In addition, due to the timing of dividend distributions, the fiscal period in which the amounts are distributed may differ from the period that income or realized gains (losses) were recorded by each Fund.

PENN CAPITAL FUNDS TRUST
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

F. Federal Income Taxes

Each Fund intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended. If so qualified, the Funds will not be subject to federal income tax to the extent they distribute all of their net investment income and capital gains to shareholders. Therefore, no federal income tax provision is required.

The Funds evaluate tax positions taken or expected to be taken in the course of preparing their tax returns to determine whether it is more-likely-than-not (i.e., greater than 50%) that each tax position will be sustained upon examination by a taxing authority based on the technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. The Funds did not record any tax provision in the current period and have no provision for taxes in the financial statements. However, management's conclusions regarding tax positions taken may be subject to review and adjustment at a later date based on factors including, but not limited to, examination by tax authorities (i.e., the last three open tax year ends, as applicable) and on-going analysis of and changes to tax laws, regulations and interpretations thereof.

G. Indemnifications

Under the Trust's organizational documents, its officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust and each Fund. In addition, in the normal course of business, the Trust may enter into contracts that provide general indemnification to other parties. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred, and may not occur. However, the Trust has not had prior claims or losses pursuant to these contracts and considers the risk of loss to be remote.

3. Agreements and Related Party Transactions

Investment Advisory Agreement

The Trust has entered into an investment advisory agreement with the Advisor. Under the terms of the agreement, each Fund pays the Advisor a fee, payable at the end of each month, at an annual rate, set forth in the table below, of the respective Fund's average daily net assets.

Penn Capital Defensive Floating Rate Income Fund	0.55%
Penn Capital Defensive Short Duration High Income Fund	0.45%
Penn Capital Multi-Credit High Income Fund	0.69%
Penn Capital Special Situations Small Cap Equity Fund	0.95%
Penn Capital Managed Alpha SMID Cap Equity Fund	0.90%

With respect to each Fund other than the Penn Capital Defensive Short Duration High Income Fund and the Penn Capital Multi-Credit High Income Fund, the Advisor has contractually agreed to waive its fees and/or pay Fund expenses so that the Funds' total annual operating expenses (excluding any acquired fund fees and expenses, taxes, interest, brokerage fees, certain insurance costs, and extraordinary and other non-routine expenses) do not exceed the amounts shown below as a percentage of each Fund's average daily net assets. With respect to the Penn Capital Defensive Short Duration High Income Fund and the Penn Capital Multi-Credit High Income Fund, the Advisor has contractually agreed to waive its fees and/or pay Fund expenses so that the Fund's total annual operating expenses (including any acquired fund fees and expenses incurred by the Fund as a result of its investments in other investment companies managed by the Advisor, but excluding any acquired fund fees and expenses incurred by the Fund as a result of its investments in unaffiliated investment companies, taxes, interest, brokerage fees, certain insurance costs, and extraordinary and other non-routine expenses) do not exceed the amounts shown below as a percentage of each Fund's average daily net assets. The expense limitation agreement will remain in place through October 30, 2020. Thereafter, the expense limitation agreement for the Funds will be reviewed annually by the Advisor and the Board.

	Institutional Class	Investor Class
Penn Capital Defensive Floating Rate Income Fund	0.64%	0.89%
Penn Capital Defensive Short Duration High Income Fund	0.54%	N/A
Penn Capital Multi-Credit High Income Fund	0.72%	0.97%
Penn Capital Special Situations Small Cap Equity Fund	1.09%	1.34%
Penn Capital Managed Alpha SMID Cap Equity Fund	1.06%	1.31%

PENN CAPITAL FUNDS TRUST
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Any waived or reimbursed expenses by the Advisor to the Funds excluding any waivers related to acquired fund fees and expenses incurred by the Funds as a result of its investments in other investment companies managed by the Advisor, are subject to repayment by a Fund in the three years following the date the fees were waived or the expenses were paid, provided that the respective Fund is able to make the repayment without exceeding the Fund's expense limitation in place when the fees were waived or expenses paid. The Advisor's waived fees and paid expenses that are subject to potential recoupment are as follows:

<u>Fiscal Period Incurred</u>	<u>Amount Waived/ Expense Assumed</u>	<u>Amount Recouped</u>	<u>Amount Subject to Potential Recoupment</u>	<u>Year of Expiration</u>
Penn Capital Defensive Floating Rate Income Fund				
June 30, 2018.	\$ 281,780	\$ —	\$ 281,780	2021
June 30, 2019.	291,034	—	291,034	2022
June 30, 2020.	308,125	—	308,125	2023
Total	<u>\$ 880,939</u>	<u>\$ —</u>	<u>\$ 880,939</u>	
Penn Capital Defensive Short Duration High Income Fund				
June 30, 2018.	\$ 164,748	\$ —	\$ 164,748	2021
June 30, 2019.	200,969 ⁽¹⁾	—	198,460	2022
June 30, 2020.	258,497 ⁽¹⁾	—	251,625	2023
Total	<u>\$ 624,214</u>	<u>\$ —</u>	<u>\$ 614,833</u>	
Penn Capital Multi-Credit High Income Fund				
June 30, 2018.	\$ 226,073	\$ —	\$ 226,073	2021
June 30, 2019.	219,408 ⁽¹⁾	—	204,979	2022
June 30, 2020.	241,623 ⁽¹⁾	—	221,552	2023
Total	<u>\$ 687,104</u>	<u>\$ —</u>	<u>\$ 652,604</u>	
Penn Capital Special Situations Small Cap Equity Fund				
June 30, 2018.	\$ 208,947	\$ —	\$ 208,947	2021
June 30, 2019.	187,190	—	187,190	2022
June 30, 2020.	175,626	—	175,626	2023
Total	<u>\$ 571,763</u>	<u>\$ —</u>	<u>\$ 571,763</u>	
Penn Capital Managed Alpha SMID Cap Equity Fund				
June 30, 2018.	\$ 175,125	\$ —	\$ 175,125	2021
June 30, 2019.	160,750	—	160,750	2022
June 30, 2020.	169,526	—	169,526	2023
Total	<u>\$ 505,401</u>	<u>\$ —</u>	<u>\$ 505,401</u>	

(1) Includes fees waived that are not subject to potential recoupment.

Certain Officers and Trustees of the Funds are also Officers of the Advisor.

As of June 30, 2020, greater than 5% of the following PENN Capital Fund was held by another PENN Capital Fund.

<u>Affiliated Fund Held</u>	<u>% Owned</u>	<u>Significant Owner</u>
Penn Capital Defensive Floating Rate Income Fund.	5.84%	Penn Capital Multi-Credit High Income Fund

The Trust has engaged Foreside Fund Officers Services, LLC to provide compliance services including the appointment of the Trust's Chief Compliance Officer and Anti-Money Laundering Officer.

Distribution Agreement

Foreside Fund Services, LLC is the Trust's distributor and principal underwriter (the "Distributor"). The Trust has adopted a plan of distribution under Rule 12b-1 of the 1940 Act applicable to the Investor Class. Under the plan, 12b-1 distribution fees at an annual rate of 0.25% of average daily net assets of Investor Class shares are paid to the Distributor or others for distribution and shareholder services. For the fiscal year ended June 30, 2020, there were no distribution fees paid under the plan because the Investor Class shares had not yet been issued as of June 30, 2020.

PENN CAPITAL FUNDS TRUST
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

The Trust has engaged U.S. Bank Global Fund Services to serve as each Fund’s administrator, fund accountant, and transfer agent. The Trust has engaged U.S. Bank, N.A. to serve as each Fund’s custodian.

Shareholder Servicing Plan

The Trust has adopted a Shareholder Servicing Plan on behalf of each Fund’s Investor Class and Institutional Class. Under the plan, each Class can pay for non-distribution related shareholder support services (“service fees”) in an amount up to 0.15% of its average daily net assets. For the fiscal year ended June 30, 2020, there were no service fees incurred by the Investor Class shares because the Investor Class shares had not yet been issued as of June 30, 2020. The amount actually incurred by the Institutional Class shares for the fiscal year ended June 30, 2020, on an annualized basis was 0.08% for the Penn Capital Defensive Floating Rate Income Fund, 0.10% for the Penn Capital Defensive Short Duration High Income Fund, 0.07% for the Penn Capital Multi-Credit High Income Fund, 0.15% for the Penn Capital Special Situations Small Cap Equity Fund, and 0.08% for the Penn Capital Managed Alpha SMID Cap Equity Fund.

Other Related Party Transactions

The Advisor, affiliates of the Advisor and the officers of the Trust, have made investments in the Funds and accordingly, as shareholders of the Funds, pay a proportionate share of the Funds’ investment advisory fees and other expenses identified in each Fund’s Prospectus.

4. Federal Tax Information

It is each Fund’s intention to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute all of its taxable income. Accordingly, no provision for federal income taxes is required in the financial statements.

The amount and character of income and capital gain distributions to be paid, if any, are determined in accordance with federal income tax regulations, which may differ from GAAP. These differences are primarily due to differences in the timing of recognition of gains or losses on investments. Permanent book and tax basis differences, if any, may result in reclassifications to distributable earnings and additional paid-in capital.

The following information is provided on a tax basis as of June 30, 2020:

	<u>Penn Capital Defensive Floating Rate Income Fund</u>	<u>Penn Capital Defensive Short Duration High Income Fund</u>	<u>Penn Capital Multi-Credit High Income Fund</u>	<u>Penn Capital Special Situations Small Cap Equity Fund</u>	<u>Penn Capital Managed Alpha SMID Cap Equity Fund</u>
Cost of investments.	\$35,015,401	\$43,357,414	\$16,608,415	\$ 6,788,298	\$12,931,849
Gross unrealized appreciation.	216,089	374,117	401,831	1,164,708	3,399,002
Gross unrealized depreciation.	(1,269,842)	(607,112)	(647,319)	(790,804)	(683,860)
Net unrealized appreciation (depreciation).	(1,053,753)	(232,995)	(245,488)	373,904	2,715,142
Undistributed ordinary income.	43,769	28,898	6,863	—	—
Undistributed long-term capital gains.	—	—	—	—	—
Distributable earnings	<u>43,769</u>	<u>28,898</u>	<u>6,863</u>	<u>—</u>	<u>—</u>
Other accumulated losses	(3,285,180)	(2,761,772)	(1,877,721)	(1,016,699)	(1,663,204)
Total accumulated earnings (losses).	<u>\$ (4,295,164)</u>	<u>\$ (2,965,869)</u>	<u>\$ (2,116,346)</u>	<u>\$ (642,795)</u>	<u>\$ 1,051,938</u>

Net investment income and net realized gains and losses for federal income tax purposes may differ from that reported on the financial statements because of permanent book-to-tax differences. GAAP requires that permanent differences between financial reporting and tax reporting be reclassified between various components of net assets.

PENN CAPITAL FUNDS TRUST
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

These differences are primarily due to net operating losses. On the Statement of Assets and Liabilities, the following adjustments were made:

	<u>Distributable Earnings</u>	<u>Paid-In Capital</u>
Penn Capital Multi-Credit High Income Fund	62	(62)
Penn Capital Special Situations Small Cap Equity Fund	15,166	(15,166)
Penn Capital Managed Alpha SMID Cap Equity Fund	6,037	(6,037)

The Funds intend to utilize capital loss carryforwards to offset future realized gains. Capital loss carryforwards available for federal income tax purposes are as follows:

	<u>Capital Loss Available Through</u>	<u>Short-Term Capital Loss Amounts</u>	<u>Long-Term Capital Loss Amounts</u>
Penn Capital Defensive Floating Rate Income Fund	unlimited	\$2,043,577	\$1,201,664
Penn Capital Defensive Short Duration High Income Fund	unlimited	2,599,689	141,430
Penn Capital Multi-Credit High Income Fund	unlimited	1,471,956	405,579
Penn Capital Special Situations Small Cap Equity Fund	unlimited	804,161	190,803

A regulated investment company may elect for any taxable year to treat any portion of the qualifies late year loss as arising on the first day of the next taxable year. Qualified late year losses are certain capital and ordinary losses which occur during the portion of the taxable year subsequent to October 31 and December 31, respectively.

For the fiscal year ended June 30, 2020 the Penn Capital Managed Alpha SMID Cap Equity Fund had post-October losses of \$1,663,203. The Penn Capital Special Situations Small Cap Equity Fund had late year ordinary losses of \$21,737.

The character of distributions for tax purposes paid during the fiscal year ended June 30, 2020, is as follows:

	<u>Ordinary Income Distributions</u>	<u>Long-Term Capital Gain Distributions</u>
Penn Capital Defensive Floating Rate Income Fund	\$1,836,175	\$ —
Penn Capital Defensive Short Duration High Income Fund	1,650,678	—
Penn Capital Multi-Credit High Income Fund	1,019,814	—
Penn Capital Special Situations Small Cap Equity Fund	—	—
Penn Capital Managed Alpha SMID Cap Equity Fund	—	768,746

The character of distributions for tax purposes paid during the fiscal year ended June 30, 2019, is as follows:

	<u>Ordinary Income Distributions</u>	<u>Long-Term Capital Gain Distributions</u>
Penn Capital Defensive Floating Rate Income Fund	\$1,892,386	\$ —
Penn Capital Defensive Short Duration High Income Fund	856,770	—
Penn Capital Multi-Credit High Income Fund	888,097	14,027
Penn Capital Special Situations Small Cap Equity Fund	272,601	921,899
Penn Capital Managed Alpha SMID Cap Equity Fund	385,893	889,102

5. Investment Transactions

The cost of security purchases and the proceeds from security sales, other than short-term investments, for the fiscal year ended June 30, 2020, were as follows:

	<u>Non-U.S. Government</u>		<u>U.S. Government</u>	
	<u>Purchases</u>	<u>Sales</u>	<u>Purchases</u>	<u>Sales</u>
Penn Capital Defensive Floating Rate Income Fund	\$38,550,509	\$36,950,101	\$403,781	\$ —
Penn Capital Defensive Short Duration High Income Fund	55,442,446	44,964,076	801,303	402,438
Penn Capital Multi-Credit High Income Fund	28,523,912	25,101,657	—	288,361
Penn Capital Special Situations Small Cap Equity Fund	10,008,479	11,703,483	—	—
Penn Capital Managed Alpha SMID Cap Equity Fund	11,511,739	8,587,296	—	—

PENN CAPITAL FUNDS TRUST
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

6. Capital Share Transactions

	Penn Capital Defensive Floating Rate Income Fund July 1, 2019 – June 30, 2020	Penn Capital Defensive Short Duration High Income Fund July 1, 2019 – June 30, 2020	Penn Capital Multi-Credit High Income Fund July 1, 2019 – June 30, 2020	Penn Capital Special Situations Small Cap Equity Fund July 1, 2019 – June 30, 2020	Penn Capital Managed Alpha SMID Cap Equity Fund July 1, 2019 – June 30, 2020
Institutional Class Shares					
Shares sold	1,866,942	1,693,122	449,789	68,570	267,062
Shares issued in reinvestment of dividends	126,658	155,644	107,761	—	58,899
Shares redeemed	<u>(1,931,686)</u>	<u>(601,812)</u>	<u>(76,311)</u>	<u>(247,422)</u>	<u>(68,771)</u>
Net increase (decrease)	<u>61,914</u>	<u>1,246,954</u>	<u>481,239</u>	<u>(178,852)</u>	<u>257,190</u>
Institutional Amount					
Shares sold	18,491,650	16,771,927	4,414,934	729,876	3,456,834
Shares issued in reinvestment of dividends	1,226,820	1,505,063	1,017,853	—	763,333
Shares redeemed	<u>(17,788,929)</u>	<u>(5,625,205)</u>	<u>(727,739)</u>	<u>(2,374,092)</u>	<u>(788,975)</u>
Net increase (decrease)	<u>1,929,541</u>	<u>12,651,785</u>	<u>4,705,048</u>	<u>(1,644,216)</u>	<u>3,431,192</u>

7. Transactions with Affiliates

The following issuers are affiliated with the Funds; that is, the Adviser had control of 5% or more of the outstanding voting securities during the fiscal year from July 1, 2019 through June 30, 2020. As defined in Section (2)(a)(3) of the Investment Company Act of 1940; such issuers are:

Issuer Name	July 1, 2019		Additions		Reductions		June 30, 2020		Capital Gain Distribution	Unrealized Depreciation Change	Realized Loss	June 30, 2020	
	Share Balance	Cost	Share Balance	Cost	Share Balance	Cost	Share Balance	Dividend Income				Value	Cost
Penn Capital Multi-Credit High Income Fund													
Penn Capital Defensive Floating Rate Income Fund	374,790	\$3,798,301	65,247	\$650,566	(216,691)	\$(2,202,209)	223,346	\$ 135,676	\$ —	\$ (107,895)	\$ (132,209)	\$2,077,114	\$2,246,658
Penn Capital Defensive Short Duration High Income Fund													
Penn Capital Defensive Floating Rate Income Fund	78,102	\$ 787,019	89,670	\$896,080	(56,747)	\$(572,063)	111,025	\$ 46,080	\$ —	\$ (70,160)	\$ (72,063)	\$1,032,529	\$1,111,036

8. Credit Risk, LIBOR and Asset Concentration

Small- and mid-capitalization companies may not have the size, resources and other assets of large capitalization companies. As a result, the securities of small- and mid-capitalization companies may be subject to greater market risks and fluctuations in value than large capitalization companies or may not correspond to changes in the stock market in general. In addition, small- and mid-capitalization companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans.

High yield securities and unrated securities of similar credit quality have speculative characteristics and involve greater volatility of price and yield, greater of liquidity risk, and generally reflect a greater possibility of an adverse change in financial condition that could affect an issuer's ability to honor its obligations.

There are a number of risks associated with an investment in bank loans, including credit risk, interest rate risk, liquidity risk and prepayment risk. Lack of an active trading market, restrictions on resale, irregular trading activity, wide bid/ask spreads and

PENN CAPITAL FUNDS TRUST
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

extended trade settlement periods may impair the Fund’s ability to sell bank loans within its desired time frame or at an acceptable price and its ability to accurately value existing and prospective investments. Extended trade settlement periods may result in cash not being immediately available to the Fund. As a result of such illiquidity, the Fund may have to sell other investments or engage in borrowing transactions to raise cash to meet its obligations.

A Fund may invest in certain instruments that rely in some fashion upon London Interbank Offered Rate (“LIBOR”). LIBOR is an average interest rate, determined by the ICE Benchmark Administration, that banks charge one another for the use of short-term money. The United Kingdom’s Financial Conduct Authority, which regulates LIBOR, has announced plans to phase out the use of LIBOR by the end of 2021. There remains uncertainty regarding future utilization of LIBOR and the nature of any replacement rate, and any potential effects of the transition away for LIBOR on a Fund or on certain instruments in which a Fund invests are not known.

9. Line of Credit

PENN Capital Funds Trust has a \$10,000,000 uncommitted, unsecured, umbrella 364-day line of credit, for temporary purposes, including to meet redemption requests. The interest rate as of June 30, 2020 was 3.25%. During the fiscal year ended June 30, 2020, the Penn Capital Defensive Short Duration High Income Fund, the Penn Capital Multi-Credit High Income Fund, and the Penn Capital Managed Alpha SMID Cap Equity Fund did not use the credit line.

During the fiscal year ended June 30, 2020, line of credit activity for the Penn Capital Defensive Floating Rate Income Fund and the Penn Capital Special Situations Small Cap Equity Fund was as follows:

Fund	Average Borrowings	Amount Outstanding as of June 30, 2020	Interest Expense	Maximum Borrowing
Penn Capital Defensive Floating Rate Income Fund	\$48,801	\$ —	\$1,612	\$1,629,000
Penn Capital Special Situation Small Cap Equity Fund	\$ 814	\$ —	\$ 40	\$ 139,000

10. Recent Accounting Pronouncement

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”). The primary focus of ASU 2018-13 is to improve the effectiveness of the disclosure requirements for fair value measurements. The changes affect all companies that are required to include fair value measurement disclosures. In general, the amendments in ASU 2018-13 are effective for all entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt the removed or modified disclosures upon the issuance of ASU 2018-13 and may delay adoption of the additional disclosures, which are required for public companies only, until their effective date. Management has chosen to adopt the modified disclosures for the year ended June 30, 2020.

11. Concentration Risks

The Advisor, its owners, and its employees collectively have beneficial ownership, either directly or indirectly, of more than 20% of each of the Funds as of June 30, 2020. In addition to the Advisor, one or more individual investors own more than 10% of the Penn Capital Special Situations Small Cap Equity Fund and the Penn Capital Managed Alpha SMID Cap Equity Fund as of June 30, 2020. To the extent multiple investors in the Funds rely on the advice of a common investment advisor, the Funds may have the risk of a concentrated investor base.

12. COVID-19

The global outbreak of COVID-19 (commonly referred to as “coronavirus”) has disrupted economic markets and the prolonged economic impact is uncertain. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual issuers, are not known. The operational and financial performance of the issuers of securities in which the Funds invest depends on future developments, including the duration and spread of the outbreak, and such uncertainty may in turn adversely affect the value and liquidity of the Funds’ investments, impair the Funds’ ability to satisfy redemption requests, and negatively impact the Funds’ performance.

13. Subsequent Events

Except as disclosed above, as of the date the financial statements were available to be issued, Management has determined that no additional material events or transactions occurred that would require recognition or disclosure in the Funds’ financial statements.

**PENN CAPITAL FUNDS TRUST
ADDITIONAL INFORMATION
JUNE 30, 2020 (UNAUDITED)**

Trustee and Officer Compensation

The Trust does not compensate any of its Trustees who are interested persons nor any of its officers. For the fiscal year ended June 30, 2020, the aggregate compensation paid by the Trust to the independent Trustees was \$32,000. The Trust did not pay any special compensation to any of its Trustees or officers. The Statement of Additional Information includes additional information about the Trustees and is available without charge, upon request, by calling 844-302-7366.

Proxy Voting Policies

A description of the policies and procedures that each Fund uses to determine how to vote proxies relating to portfolio securities owned by that Fund is available: (1) without charge, upon request, by calling 844-302-7366; (2) in the Statement of Additional Information on the Trust's website www.penncapitalfunds.com; and (3) on the SEC's website at www.sec.gov. Information about how the Funds voted proxies relating to portfolio securities during the most recent fiscal year ended June 30, 2020 may be obtained (1) without charge, upon request, by calling 844-302-7366 and (2) on the SEC's website at www.sec.gov.

Form N-PORT

Each Fund will file its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Part F of Form N-PORT. The Funds' Part F of Form N-PORT will be available on the EDGAR database on the SEC's website at www.sec.gov. Copies of these Forms may be obtained, after paying a duplicating fee, by electronic request to publicinfo@sec.gov.

Householding

In an effort to decrease costs, the Funds intend to reduce the number of duplicate prospectuses, annual and semi-annual reports, proxy statements and other similar documents you receive by sending only one copy of each to those addresses shared by two or more accounts and to shareholders that the transfer agent reasonably believes are from the same family or household. Once implemented, if you would like to discontinue householding for your accounts, please call (844) 302-7366 to request individual copies of these documents. The transfer agent will begin sending individual copies thirty days after receiving your request to stop householding. This policy does not apply to account statements.

Report of Independent Registered Public Accounting Firm

To the Shareholders of the Funds and Board of Trustees of
PENN Capital Funds Trust:

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities of Penn Capital Defensive Floating Rate Income Fund, Penn Capital Defensive Short Duration High Income Fund, Penn Capital Multi-Credit High Income Fund, Penn Capital Special Situations Small Cap Equity Fund, and Penn Capital Managed Alpha SMID Cap Equity Fund, each a series of the PENN Capital Funds Trust, (collectively, the “Funds”), including the schedules of investments, as of June 30, 2020, the related statements of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the financial statements) and the financial highlights for each of the years or periods indicated therein. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Funds as of June 30, 2020, the results of their operations for the year then ended, the changes in their net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods indicated therein, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Funds’ management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of June 30, 2020, by correspondence with custodians, agent banks, and brokers or other appropriate auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have served as the auditor of the PENN Capital Funds Trust since 2015.

Philadelphia, Pennsylvania
August 28, 2020

**PENN CAPITAL FUNDS TRUST
TRUSTEES AND OFFICERS (UNAUDITED)**

Name, Address and Year of Birth	Position with the Trust	Term of Office and Length of Time Served	Principal Occupation During the Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorship/ Trusteeship Positions held by Trustee During the Past 5 Years
Independent Trustees					
Dennis S. Hudson, III c/o Penn Capital Management Company, Inc. 1200 Intrepid Avenue, Suite 400 Philadelphia, Pennsylvania 19112 Year of Birth: 1955	Trustee	Since 2015	Chief Executive Officer (since 1998) and Chairman (since 2005), Seacoast Banking Corporation of Florida; Chairman and Chief Executive Officer, Seacoast National Bank (since 1992).	7	Chesapeake Utilities Corporation (since 2006). Martin Health System (medical) (2017-2019).
John R. Schwab c/o Penn Capital Management Company, Inc. 1200 Intrepid Avenue, Suite 400 Philadelphia, Pennsylvania 19112 Year of Birth: 1967	Trustee	Since 2015	Chief Financial Officer, Vertex, Inc. (Since January 2020) Chief Financial Officer, Flagship Credit Corp. (from 2015 to 2019); Executive Vice President and Chief Financial Officer, The J.G. Wentworth Company (from 2013 to 2015);	7	None
Interested Trustee					
Richard A. Hocker* c/o Penn Capital Management Company, Inc. 1200 Intrepid Avenue, Suite 400 Philadelphia, Pennsylvania 19112 Year of Birth: 1946	Trustee, President and Chairman	Since 2014	Founder, Director, and Chief Executive Officer (since 1987) and Chief Investment Officer (until July 2020) of Penn Capital Management Company, Inc.	7	Ethel Mae Hocker Foundation (Charitable) (since 2005)

**PENN CAPITAL FUNDS TRUST
TRUSTEES AND OFFICERS (UNAUDITED)**

Name, Address and Year of Birth	Position with the Trust	Term of Office and Length of Time Served	Principal Occupations During the Past Five Years
Officers of the Trust**			
Gerald McBride c/o Penn Capital Management Company, Inc. 1200 Intrepid Avenue, Suite 400 Philadelphia, Pennsylvania 19112 Year of Birth: 1963	Treasurer	Since 2014	Chief Operating Officer and Chief Financial Officer, Penn Capital Management Company, Inc. (since 2007).
Lisa L.B. Matson c/o Penn Capital Management Company, Inc. 1200 Intrepid Avenue, Suite 400 Philadelphia, Pennsylvania 19112 Year of Birth: 1970	Secretary	Since 2014	General Counsel, Penn Capital Management Company, Inc. (since 2014); Senior Counsel and Assistant Vice President, Lincoln Financial Group, Inc., and Assistant Secretary, Lincoln Investment Advisors, Corp., Lincoln Variable Insurance Products Trust and Lincoln Advisors Trust (from 2012 to 2014).
Jack P. Huntington 10 High Street Suite 302 Boston, MA 02110 Year of Birth: 1970	Chief Compliance Officer	Since 2015	Fund Chief Compliance Officer, Foreside Fund Officer Services, LLC (since 2015); Senior Vice President of Regulatory Administration, Citi Fund Services, Ohio, Inc. (from 2008 to 2015).

* Richard A. Hocker is a Trustee who is an “interested person” of the Trust as defined in the 1940 Act because he is an officer of the Advisor and certain of its affiliates.

** Each Officer serves at the pleasure of the Board.

**PENN CAPITAL FUNDS TRUST
PRIVACY POLICY**

FACTS	WHAT DOES THE PENN CAPITAL FUNDS TRUST DO WITH YOUR PERSONAL INFORMATION?	
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.	
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. The information can include:</p> <ul style="list-style-type: none"> • Social Security number • Account balances and account transactions • Assets and transaction history <p>When you are no longer our client, we continue to share your information as described in this notice.</p>	
How?	All financial companies need to share clients' personal information to run the everyday business. In the section below, we list the reasons financial companies can share their clients' personal information; the reasons PENN chooses to share; and whether you can limit this sharing.	
	Does Penn share?	Can you limit this sharing?
Reasons we can share your personal information		
For everyday business purposes - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For marketing purposes - to offer our products and services to you	No	No
For joint marketing with other financial companies	No	No
For affiliates' everyday business purposes - information about transaction(s) and experiences	Yes	No
For affiliates' everyday business purposes - information about your creditworthiness	No	No
For nonaffiliates to market to you	No	No
Questions?	Call 215-302-1500 or go to www.penncapital.com	

**PENN CAPITAL FUNDS TRUST
PRIVACY POLICY**

Who we are	
Who is providing this notice?	Penn Capital Management Company, Inc. and its affiliates (“Penn”)
What we do	
How does Penn protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer and secured files and buildings.
How does Penn collect my personal information?	We collect your personal information, for example, when you <ul style="list-style-type: none"> • Open an account or deposit money • Provide information on client questionnaires
Why can't I limit all sharing?	Federal law gives you the right to limit only <ul style="list-style-type: none"> • sharing for affiliates everyday business purposes - information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial or nonfinancial companies <ul style="list-style-type: none"> • <i>PENN Capital Funds Group LLC</i> • <i>PENN Capital Funds Trust</i> • <i>Penn Capital Management Company, Inc.</i>
Nonaffiliates	Companies not related by common ownership or control. They can be financial or nonfinancial companies <ul style="list-style-type: none"> • <i>Penn does not share information with nonaffiliates</i>
Joint marketing	A formal agreement between non affiliated companies that together market financial products or services to you <ul style="list-style-type: none"> • <i>Penn does not have joint marketing partners</i>
Other important information	
This notice replaces all previous notices of our consumer privacy policy, and may be amended from time to time. Penn will inform you of updates or changes as required by law.	

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

Board of Trustees
Dennis S. Hudson, III
John R. Schwab
Richard A. Hocker

Investment Advisor
Penn Capital Management Company, Inc.
Navy Yard Corporate Center
1200 Intrepid Avenue, Suite 400
Philadelphia, Pennsylvania 19112

Legal Counsel
Stradley Ronon Stevens & Young, LLP
2005 Market Street, Suite 2600
Philadelphia, Pennsylvania 19103

Custodian
U.S. Bank, N.A.
1555 N. Rivercenter Drive, Suite 302
Milwaukee, WI 53212

Distributor
Forside Fund Services, LLC
Three Canal Plaza
Portland, ME 04101

Administrator, Transfer Agent
and Dividend Disbursing Agent
U.S. Bancorp Fund Services, LLC
doing business as U.S. Bank Global Fund Services
615 East Michigan Street
Milwaukee, WI 53202

Shareholder/Investor Information
1.844.302.PENN (7366)
www.penncapitalfunds.com

BEFORE INVESTING YOU SHOULD CAREFULLY CONSIDER THE FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES. THIS AND OTHER RELEVANT INFORMATION CAN BE FOUND IN THE PROSPECTUS AND STATEMENT OF ADDITIONAL INFORMATION, COPIES OF WHICH MAY BE OBTAINED BY CALLING (844) 302-PENN (7366) OR BY VISITING WWW.PENNCAPITALFUNDS.COM. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE YOU INVEST.