

Penn Capital Defensive Floating Rate Income Fund

Investment Strategy

The Fund

A quality, high conviction, and capacity constrained approach to investing in floating rate senior secured loans and floating rate senior corporate debt.

The Approach

The Fund seeks to identify relative value opportunities with fundamental, bottom-up research while seeking to avoid common loan market pitfalls. The Fund seeks to pursue a conservative (defensive) investment strategy within the high yield debt market by generally avoiding the lowest rated (i.e., riskiest) debt instruments in the high yield market.

Our research has observed a market trend of high holdings count, high fee, capacity unconstrained loan funds with outsized exposure to CCC rated, largest 100, second lien, and/or distressed loans which we believe detracts from an optimal risk-return profile.

The Features

By utilizing a capacity constrained approach to target quality opportunities with high conviction, the Fund has historically provided competitive returns compared to the S&P/LSTA BB Loan Index and broader market.

Fund Facts

Ticker	PFRNX
Fund Size \$	33,677,376
Inception Date	11/30/2015
# of Holdings	155
Expense Ratio % (net)	0.64
Expense Ratio % (gross)	1.43
SEC Yield with Waivers %	3.96
SEC Yield w/o Waivers %	2.92
Distribution Frequency	Monthly
Morningstar Overall Rating	★★★★

Portfolio Managers

David H. Jackson, CFA
Senior Portfolio Manager, Senior Partner

Richard A. Hocker
CEO, CIO

Trailing Returns (%)

	QTD	YTD	1 Yr	3 Yrs	Inception (11/30/2015)
PFRNX	7.18	-5.03	-2.57	1.68	2.76
S&P/LSTA BB Loan Index	7.16	-4.50	-1.72	2.00	3.08
Peer Group	7.97	-5.47	-3.30	1.04	2.75

Performance is annualized for multi-year periods. Past performance is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. All returns assume reinvestment of all dividend and capital gain distributions. To obtain performance current to the most recent month-end please call 844-302-PENN (7366) or visit www.penncapitalfunds.com. The total annual operating expenses of the Fund are 1.43% and net expenses are 0.64% for the Institutional share class. The Fund's advisor has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund 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 0.64% for Institutional Class shares. This agreement is in effect until October 30, 2020. The Fund's advisor is permitted to seek reimbursement from the Fund of fees waived for a period of three years from the date of the waiver or payment to the extent it does not exceed expense limits. Performance would have been lower without fee waivers in effect.

Calendar Year Returns (%)

	2019	2018	2017	2016
PFRNX	8.25	0.17	3.75	6.90
S&P/LSTA BB Loan Index	9.31	-0.42	3.44	7.33
Peer Group	7.42	-0.25	3.47	9.22

Modern Portfolio Statistics (Last 3 Years %)

Calculation Benchmark: S&P/LSTA U.S. BB Ratings Loan TR USD

	Standard Deviation	Up Capture	Down Capture	R2
PFRNX	7.22	95.68	100.04	99.05
S&P/LSTA BB Loan Index	7.15	100.00	100.00	100.00
Peer Group	7.84	98.22	115.25	97.89

Credit Quality (%)

	PFRNX	Peer Group
BBB	10.46	6.34
BB	40.59	24.22
B	48.95	53.78
CCC & Below	—	7.53
Not Rated	—	5.55

Asset Type (%)

	PFRNX	Peer Group
Bank Loan	82.14	81.94
Corporate Bond	12.21	8.00
Cash & Equiv	5.65	7.41
Government	—	—
Asset-Backed	—	2.07

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Capital Structure Specialists

Penn Capital has specialized in the leveraged finance market – the credit and equity of non-investment grade US companies – for over 30 years.

We pair fundamental, bottom-up research with quantitative risk management in an effort to target relative value opportunities with high conviction.

Penn Capital distinctly integrates credit and equity research with a Complete Capital Structure Analysis®. Our experienced research analysts are corporate asset class generalists and industry specialists. We believe this holistic approach offers an advantage in the identification of mispriced securities, capital structure catalysts, and risk mitigation.

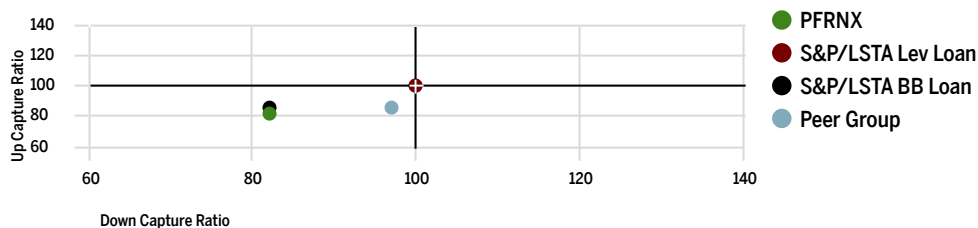
Top 10 Positions (%)

RUSSELL INVESTMENT MANAGEMENT T/L B	1.32
IRIDIUM COMMUNICATIONS T/L	1.29
Rackspace T/L B (11/17)	1.23
CINCINNATI BELL T/L	1.22
RCN CABLE T/L	1.18
LIFE TIME FITNESS T/L B (01/17)	1.07
ALTICE FRANCE S.A 4.39%	1.04
Playtika Holding T/L B (11/19)	1.03
QUIKRETE HOLDINGS INC T/L B	1.03
Calceus Acquisition T/L B (Cole Haan)	1.02

Portfolio Construction

Maximum # of Issuers	175
Maximum Issuer Weighting at Cost	4%
Maximum Industry Weighting	15%*
Maximum Cash	10%
Minimum Bank Loans	80%
Minimum Issuer Credit Quality	Split-B

Upside-Downside Capture (Last 3 Years %)



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.

Description of Indices and Terms: The S&P/LSTA Leveraged Loan Index is a market value-weighted index designed to measure the performance of the US leveraged loan market. The S&P/LSTA BB Loan Index is comprised of loans within the S&P/LSTA Leveraged Loan Index whose ratings are BB+, BB, BB-. Standard & Poor's Rating Services is used to determine membership within this sub-index. An investor cannot directly invest in an index.

Fund Risks: The Fund is subject to the following risks, among others: ETF risk, which is the risk that the fund is 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; foreign securities and ADRs, which involve certain risks such as currency volatility, political and social instability and reduced market liquidity. Investments in REITs may be more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. 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. High-yield bonds have a higher risk of default or other adverse credit events. Bank loans may 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 day to day administration of the loan. There is the possibility that the Fund may lose money or be prevented from realizing capital gains if it cannot sell a security at a particular time and price. Liquidity risk can be more pronounced in periods of market turmoil. *Or 3x the S&P/LSTA BB Loan Index, not to exceed 25%. Allocations and holdings are subject to change at any time.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Each share class is counted as a fraction of one fund within the scale and rated separately, which may cause slight variations in the distribution percentages. The Overall Morningstar Rating for a fund is derived from a weighted average of performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics. In the U.S.-domiciled Bank Loan category, Penn Capital Defensive Floating Rate Income Fund (Institutional Class) was rated 4 stars out of 225 funds overall. Past performance is no guarantee of future results. ©2020 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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