

Penn Capital Defensive Floating Rate Income Fund

Investment Strategy

The Fund

A quality, high conviction, and capacity constrained approach to investing in floating rate loans, the Fund focuses on first lien, BBB-B rated, and non-distressed loans.

The Approach

The Fund seeks to identify relative value opportunities with fundamental, bottom-up research while avoiding common loan market pitfalls. 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 with less volatility than the S&P/LSTA BB Loan Index and broader market.

Fund Facts

	PFRNX	Peer
Fund Size \$	32,786,357	
Inception Date	11/30/2015	
# of Holdings	159	510
Expense Ratio %	0.64	1.08
SEC Yield with Waivers %	3.35	3.33
SEC Yield w/o Waivers %	2.42	
Distribution Frequency	Monthly	
Morningstar Risk Rating	Below Avg	
Morningstar Ret Rating	Average	

Manager Biography

David H. Jackson, CFA
Senior Partner
At firm since: 2008
BS in Finance: Rutgers University

Trailing Returns and Percentile Rank (%)

Peer Group: Open End Funds - U.S. - Bank Loan

	QTD	Rank	1 Yr	Rank	3 Yrs	Rank	Incept	Rank
PFRNX	2.78	95	0.62	69	2.94	46	3.66	59
Peer Group	3.37		1.09		2.70		3.84	
S&P/LSTA Lev Loan	3.81		3.12		4.01		4.93	

Calendar Year Returns and Percentile Rank (%)

Peer Group: Open End Funds - U.S. - Bank Loan

	YTD	Rank	2020	Rank	2019	Rank	2018	Rank
PFRNX	0.62	69	0.62	69	8.25	34	0.17	25
Peer Group	1.09		1.09		7.42		-0.25	
S&P/LSTA Lev Loan	3.12		3.12		8.64		0.44	

Last 3 Year Modern Portfolio Statistics (%)

Peer Group: Open End Funds - U.S. - Bank Loan

	Return	Std Dev	Up Capt	Down Capt	R2
PFRNX	2.94	7.34	78.68	82.03	98.87
Peer Group	2.70	8.02	85.28	96.27	99.74
S&P/LSTA Lev Loan	4.01	8.79	100.00	100.00	100.00

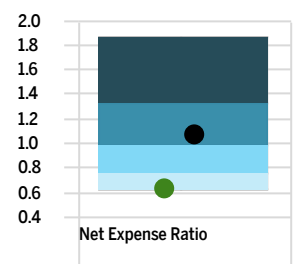
Credit Quality (%)

	PFRNX	Peer
BBB	7.51	3.83
BB	36.36	21.14
B	56.13	66.96
CCC & Below	—	6.35
Not Rated	—	0.65

Asset Type (%)

	PFRNX	Peer
Bank Loan	82.69	
Corporate Bon	6.94	
Cash & Equiv	8.02	
Government	0.00	
Asset-Backed	1.93	

Fee and Rank (%)



Mutual Fund Peer Group: Morningstar Bank Loan ● PFRNX ● Peer Group ■ Peer Group Quartiles

Source: Morningstar Direct. Morningstar Return and Risk Ratings measure and rank a fund's excess return relative to a 90-day treasury bill and downside volatility, respectively. Performance data quoted represents past performance and 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. Ratings provided by Standard & Poor's and Moody's. Where the rating agencies rate a security differently, Penn Capital uses the high credit rating. Ratings range from AAA (highest) to D (lowest). Bonds rated BBB or above are considered investment grade. Credit ratings BB and below are lower-rated securities (junk bonds). High-yielding, non investment grade bonds (junk bonds) involve higher risks than investment grade bonds. Adverse conditions may affect the issuer's ability to pay interest and principal on these securities. A portion of the portfolio's securities may not be rated. Breakdown is not an S&P credit rating or an opinion of S&P as to the creditworthiness of such portfolio. Ratings apply to the creditworthiness of the issuers of the underlying securities and not the fund or its shares. Ratings may be subject to change. 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.

Penn Capital Defensive Floating Rate Income Fund

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 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.

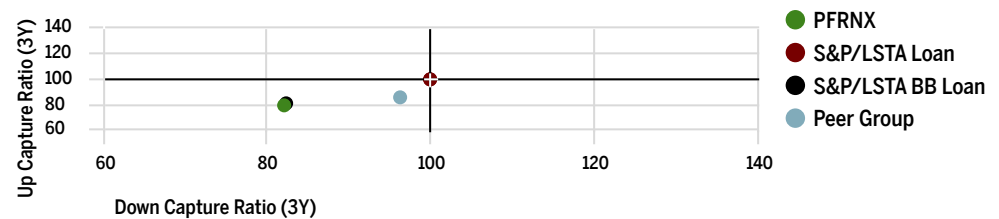
Top 10 Positions

Russell Investments T/L (10/20)	1.41
Rackspace T/L B (11/17)	1.34
Cincinnati Bell T/L	1.28
Quikrete Holdings Inc T/L B	1.10
Calceus Acquisition T/L B (Cole Haan)	1.08
Playtika Holding T/L B (11/19)	1.05
Talen Energy Supply Llc 7.25%	1.00
Hub International T/L B (04/18)	0.97
Allegiant Travel T/L 2/20	0.96
Omnitracs T/L (3/18)	0.96

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 Scatterplot



Source: Morningstar Direct. Mutual Fund Peer Group: Morningstar Bank Loan. Allocations and holdings are subject to change at any time.

*Or 3x the S&P/LSTA BB Rated Loan Index, not to exceed 25%.

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.

Alpha is the excess return of an investment to its benchmark, adjusted for systematic (beta) risk. Beta gauges the volatility of an investment's returns relative to a market index or benchmark, which is considered to represent the market's volatility as a whole. Standard deviation is a measure of the dispersion of a set of data from its mean. Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. Upside capture ratio measures a fund's performance in up markets relative to its benchmark, calculated by dividing the fund's upside return by the benchmark's upside return. Downside capture ratio measures a fund's performance in down markets relative to its benchmark, calculated by dividing the fund's downside return by the benchmark's downside return. R-squared measures the relationship between a portfolio and its benchmark.

Foreside Fund Services, LLC, Distributor.

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