

# Penn Capital Opportunistic High Income Fund

(formerly, Penn Capital Multi-Credit High Income Fund)

## Investment Strategy

### The Fund

The Fund focuses on corporate bonds and loans with speculative grade credit ratings. The consolidation of high yield bonds and floating rate loans into one category ("high yield credit") effectively doubles the universe for crossover investors, improving the potential to capture underpriced issues and allowing for tactical asset class exposure.

### The Approach

The Fund seeks to capture relative value opportunities with fundamental, bottom-up research and tactical asset class exposure. The Fund also seeks to avoid common credit market pitfalls. Our research has observed a trend of high holdings count, high fee, and/or capacity unconstrained high yield funds which we believe detracts from an optimal risk-return profile.

### The Features

By utilizing a high conviction, capacity constrained approach to target quality high yield credit opportunities, the Fund has historically provided a complementary and differentiated return profile to peer strategies.

## Fund Facts

Ticker	PHYNX
Fund Size \$	20,134,104
Inception Date	11/30/2015
# of Holdings	211
Expense Ratio % (net)	0.72
Expense Ratio % (gross)	2.19
Modified Duration	3.76
SEC Yield with Waivers %	4.14
SEC Yield w/o Waivers %	2.74
Distribution Frequency	Monthly

## Portfolio Managers

### David H. Jackson, CFA

Sr. Portfolio Manager, Chair of the Credit Risk Committee, Senior Partner

### Richard A. Hocker

CEO, Director

## Trailing Returns (%)

	QTD	YTD	1 Yr	3 Yrs	5 Yrs	Inception (11/30/2015)
PHYNX	3.02	4.79	19.08	5.86	6.90	6.66
ICE BofA HY Const.	2.77	3.70	15.60	7.12	7.28	7.70
50-50 HY Cons, S&P BB Loan	1.79	2.64	11.33	5.11	5.44	5.75

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](http://www.penncapitalfunds.com). The total annual operating expenses of the Fund are 2.19% and net expenses are 0.72% 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 0.72% for Institutional Class shares. This agreement is in effect until October 30, 2021. 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 (%)

	2020	2019	2018	2017	2016
PHYNX	3.82	11.36	-1.04	6.88	15.23
ICE BofA HY Const.	6.07	14.41	-2.27	7.48	17.49
50-50 HY Cons, S&P BB Loan	3.41	11.85	-1.34	5.45	12.33

## Modern Portfolio Statistics (Last 3 Years %)

Calculation Benchmark: ICE BofA US HY Constnd TR USD

	Return	Standard Deviation	Sharpe Ratio	R2
PHYNX	5.86	10.00	0.50	96.84
ICE BofA HY Const.	7.12	9.46	0.65	100.00
50-50 HY Cons, S&P BB Loan	5.11	8.25	0.50	97.83

## Credit Quality (%)

	PHYNX	Peer Group
<i>Portfolio Date</i>	<i>5/31/2021</i>	<i>3/31/2021</i>
BBB Rated	4.62	4.22
BB Rated	31.40	37.77
B Rated	51.03	37.26
CCC & Below Rated	10.81	15.32
Not Rated	2.14	2.72

## Asset Type (%)

	PHYNX	Peer Group
<i>Portfolio Date</i>	<i>5/31/2021</i>	<i>5/31/2021</i>
Corporate Bond	90.32	82.13
Bank Loan	2.64	3.11
Cash & Equiv	3.89	6.92
Convertible	2.35	1.76
Government	—	0.58
Derivative Swap	—	2.04

# Penn Capital Opportunistic High Income Fund

(formerly, Penn Capital Multi-Credit High 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 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

Portfolio Date: 5/31/2021

Hess Corporation 7.3%	1.47
Bausch Health Companies Inc 9.25%	1.30
Nmg Holding Company Incorporated 7.13%	1.19
Altice France S.A 8.13%	1.09
Northern Oil And Gas, Inc. 8.13%	1.08
Jaguar Land Rover Automotive PLC 5.88%	1.02
Kraft Heinz Foods Company 5.5%	1.00
Altice France S.A 5.13%	0.99
NMG Finco plc (McLaren) 5.75%	0.99
Shutterfly, Inc. 8.5%	0.99

## Portfolio Construction

Maximum # of Issuers	175
Maximum Issuer Weighting at Cost	3%
Maximum Industry Weighting	15%**
Maximum Cash	10%
Maximum Bank Loans	75%
Maximum Bonds	100%

## Correlation Matrix (Last 3 Years %)

	1	2	3	4
1 PHYNX	1.00			
2 ICE BofA HY Const.	0.98	1.00		
3 50-50 HY Cons, S&P BB Loan	0.98	0.99	1.00	
4 BBgBarc Agg Bond Index	0.14	0.21	0.18	1.00

**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 ICE BofA High Yield Constrained Index is a market value-weighted index designed to measure the performance of the US high yield bond market but caps issuer exposure at 2%. 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 or BB-. Standard & Poor's Rating Services is used to determine membership within this sub-index. The BbgBarc Aggregate Bond Index is a market-value weighted index designed to measure the performance of the aggregate investment grade US bond market. 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.

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. R-squared measures the relationship between a portfolio and its benchmark. Modified duration measures bond price sensitivity to a change in interest rates, specifically the effect that a 1% interest rate change will have on the price of the bond. \*\*Or 3x the ICE BofA High Yield Constrained Index, not to exceed 25%. Allocations and holdings are subject to change at any time. Top 10 positions are based on the most recent holdings data available. Past performance is no guarantee of future results.

Foreside Fund Services, LLC, Distributor. PC\_PHYNX\_FS\_08212020 © 2021 Penn Capital. All rights reserved.

Navy Yard Corporate Center, 1200 Intrepid Avenue, Suite 400, Philadelphia, PA 19112 [www.penncapital.com](http://www.penncapital.com)