



SEMIANNUAL REPORT

December 31, 2019

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.

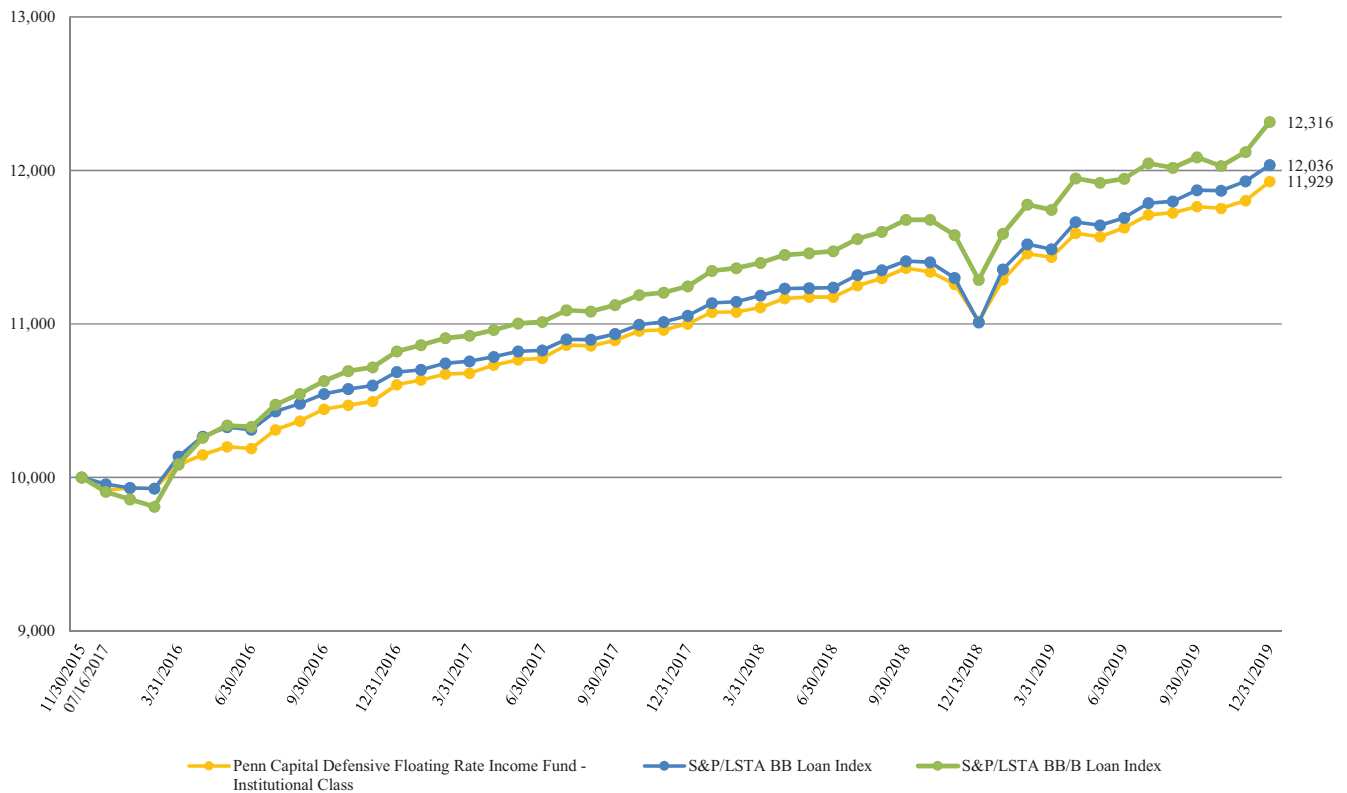
If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund by contacting your financial intermediary (such as a broker-dealer or bank)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

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



This chart assumes an initial gross investment of \$10,000 made on December 1, 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 December 31, 2019.

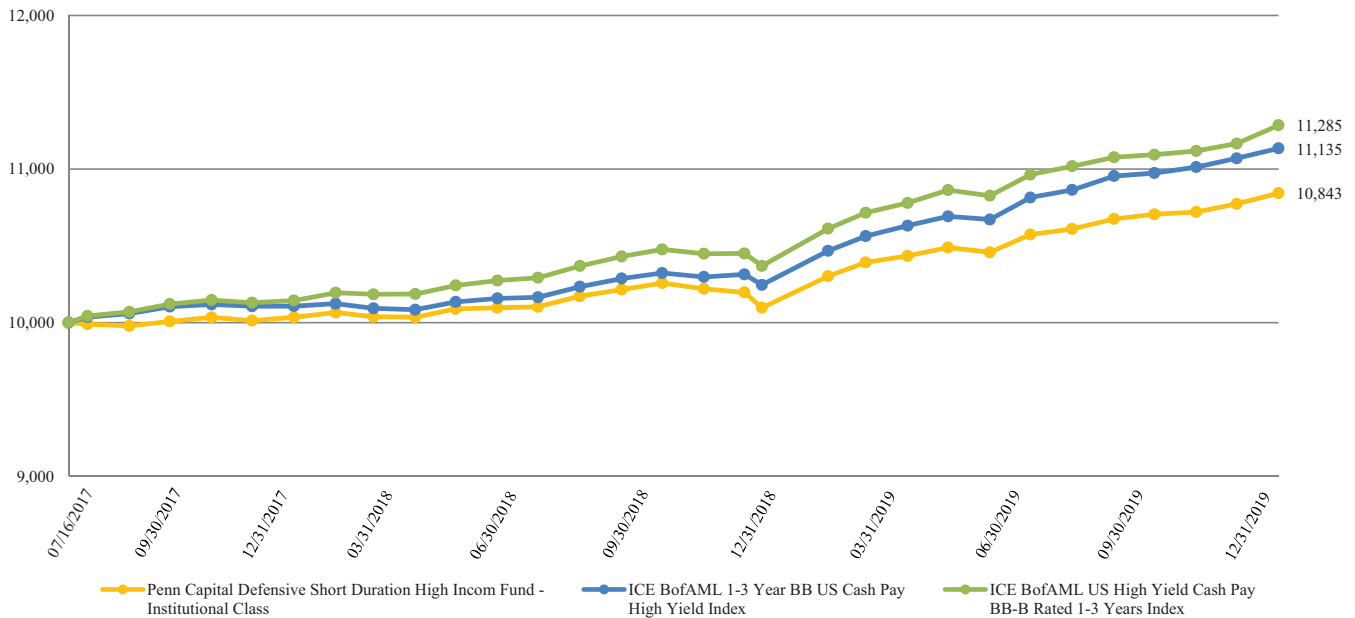
<u>Average Annual Total Returns for the Period Ended December 31, 2019</u>	<u>One Year</u>	<u>Three Years</u>	<u>Since Inception⁽¹⁾</u>
Penn Capital Defensive Floating Rate Income Fund			
Institutional Class Shares	8.25%	4.00%	4.41%
S&P/LSTA BB Loan Index	9.31%	4.04%	4.64% ⁽²⁾
S&P/LSTA BB/B Loan Index	9.12%	4.41%	5.23% ⁽³⁾

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

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

(3) The return shown for the S&P/LSTA BB/B 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.

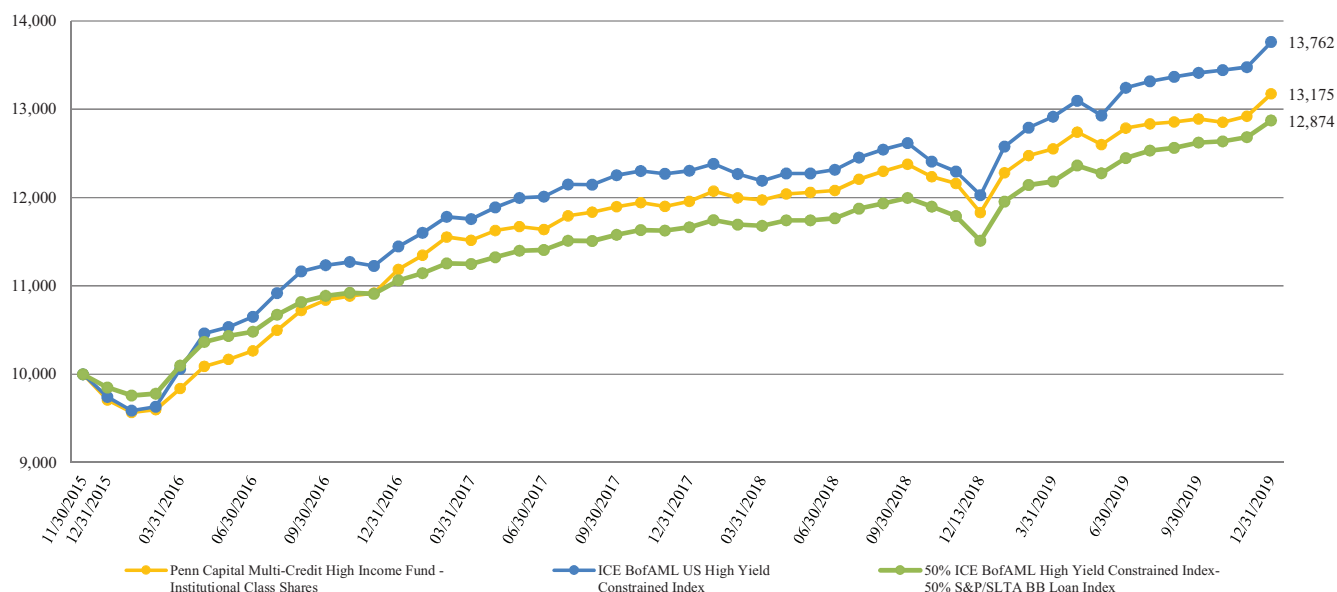
<u>Average Annual Total Returns for the Period Ended December 31, 2019</u>	<u>One Year</u>	<u>Since Inception⁽¹⁾</u>
Penn Capital Defensive Short Duration High Income Fund		
Institutional Class Shares.....	7.29%	3.31%
ICE BofAML 1-3 Year BB-Rated US Cash Pay High Yield Index	8.69%	4.46% ⁽²⁾
ICE BofAML US High Yield Cash Pay BB-B Rated 1-3 Years Index	8.83%	5.03% ⁽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 December 1, 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 December 31, 2019.

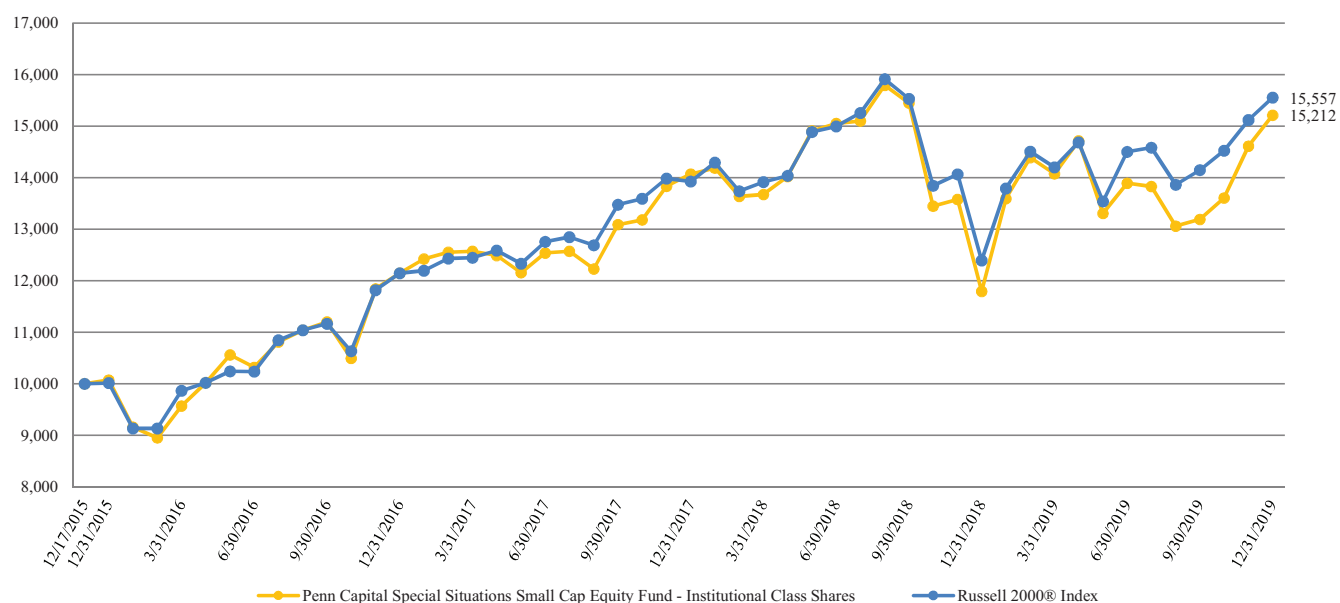
<u>Average Annual Total Returns for the Period Ended December 31, 2019</u>	<u>One Year</u>	<u>Three Years</u>	<u>Since Inception⁽¹⁾</u>
Penn Capital Multi-Credit High Income Fund			
Institutional Class Shares.....	11.36%	5.60%	6.98%
ICE BofAML US High Yield Constrained Index	14.41%	6.32%	8.12% ⁽²⁾
50% ICE BofAML High Yield Constrained Index -50% S&P/LSTA BB Loan Index ...	11.85%	5.18%	6.38% ⁽³⁾

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

(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)**



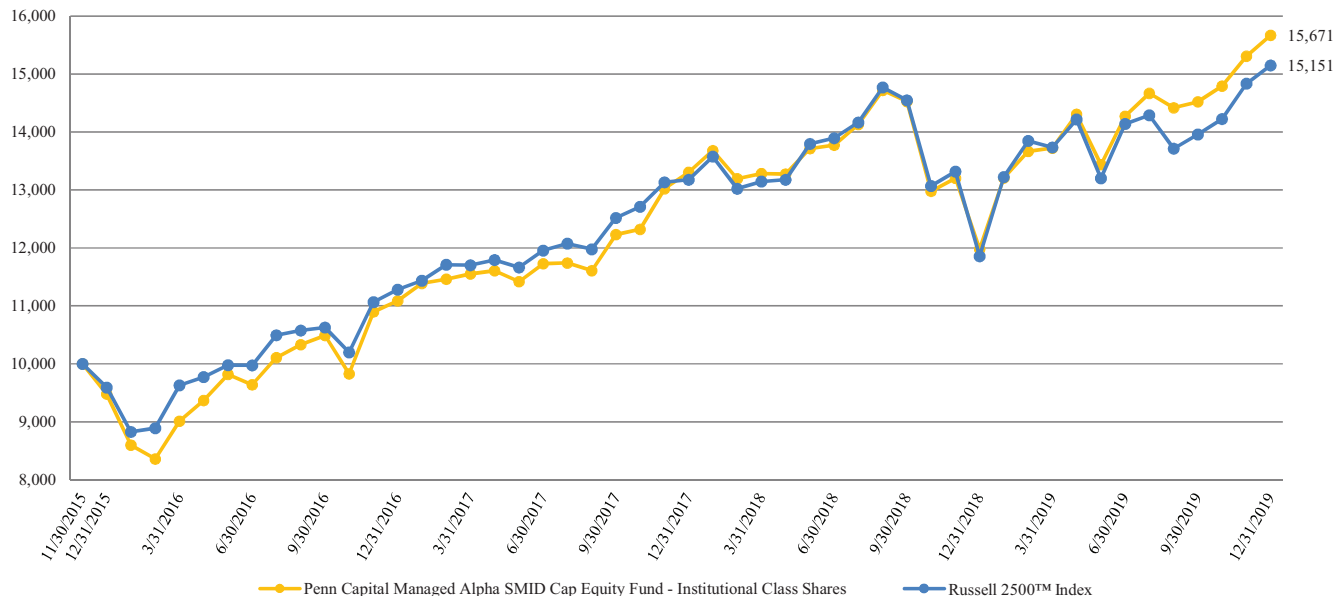
This chart assumes an initial gross investment of \$10,000 made on December 18, 2015, inception of the Institutional Class shares. Returns shown in the chart and table include the reinvestment of all dividends, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions 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 December 31, 2019.

<u>Average Annual Total Returns for the Period Ended December 31, 2019</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	28.98%	7.80%	10.95%
Russell 2000® Index	25.52%	8.59%	11.56% ⁽²⁾

(1) Inception date is 12/18/15.

(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 December 1, 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 December 31, 2019.

<u>Average Annual Total Returns for the Period Ended December 31, 2019</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.....	30.83%	12.22%	11.63%
Russell 2500™ Index.....	27.77%	10.33%	10.71% ⁽²⁾

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

(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 SIX MONTH PERIOD FROM JULY 1, 2019 TO DECEMBER 31, 2019**

Cost in Dollars of a \$1,000 Investment in Penn Capital Defensive Floating Rate Income Fund (Unaudited)

The example below is intended to describe the fees and expenses borne by shareholders during the six-month period from July 1, 2019 to December 31, 2019, and the impact of those costs on your investment.

Example

As a shareholder of the 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 the 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 July 1, 2019 to December 31, 2019.

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 six months ended December 31, 2019. 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 the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the 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 the 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.

Share Class ⁽¹⁾	Beginning Account Value 7/1/19	Actual		Hypothetical	
		Ending Account Value (Based on Actual Returns and Expenses) 12/31/19	Expenses Paid During Period ⁽²⁾	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 12/31/19	Expenses Paid During Period ⁽²⁾
Institutional Class Shares	\$ 1,000.00	\$ 1,025.90	\$ 3.26	\$ 1,021.92	\$ 3.25

(1) No information is provided for Investor Class shares because shares of that class had not yet been issued as of December 31, 2019.
(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 184 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
DISCLOSURE OF FUND EXPENSES (UNAUDITED)
FOR THE PERIOD FROM JULY 1, 2019 TO DECEMBER 31, 2019**

Cost in Dollars of a \$1,000 Investment in Penn Capital Defensive Short Duration High Income Fund (Unaudited)

The example below is intended to describe the fees and expenses borne by shareholders during the six-month period from July 1, 2019 to December 31, 2019, and the impact of those costs on your investment.

Example

As a shareholder of the 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 the 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 July 1, 2019 to December 31, 2019.

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 December 31, 2019. 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 the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the 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 the 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.

Share Class⁽¹⁾	Beginning Account Value 7/1/19	Actual		Hypothetical	
		Ending Account Value (Based on Actual Returns and Expenses) 12/31/19	Expenses Paid During Period⁽²⁾	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 12/31/19	Expenses Paid During Period⁽²⁾
Institutional Class Shares	\$ 1,000.00	\$ 1,024.50	\$ 2.75	\$ 1,022.42	\$ 2.75

(1) No information is provided for Investor Class shares because shares of that class had not yet been issued as of December 31, 2019.
(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 184 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
DISCLOSURE OF FUND EXPENSES (UNAUDITED)
FOR THE SIX MONTH PERIOD FROM JULY 1, 2019 TO DECEMBER 31, 2019**

Cost in Dollars of a \$1,000 Investment in Penn Capital Multi-Credit High Income Fund (Unaudited)

The example below is intended to describe the fees and expenses borne by shareholders during the six-month period from July 1, 2019 to December 31, 2019, and the impact of those costs on your investment.

Example

As a shareholder of the 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 the 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 July 1, 2019 to December 31, 2019.

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 six months ended December 31, 2019. 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 the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the 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 the 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.

Share Class ⁽¹⁾	Beginning Account Value 7/1/19	Actual		Hypothetical	
		Ending Account Value (Based on Actual Returns and Expenses) 12/31/19	Expenses Paid During Period ⁽²⁾	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 12/31/19	Expenses Paid During Period ⁽²⁾
Institutional Class Shares	\$ 1,000.00	\$ 1,030.50	\$ 3.67	\$ 1,021.52	\$ 3.66

(1) No information is provided for Investor Class shares because shares of that class had not yet been issued as of December 31, 2019.
(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 184 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
DISCLOSURE OF FUND EXPENSES (UNAUDITED)
FOR THE SIX MONTH PERIOD FROM JULY 1, 2019 TO DECEMBER 31, 2019**

Cost in Dollars of a \$1,000 Investment in Penn Capital Special Situations Small Cap Equity Fund (Unaudited)

The example below is intended to describe the fees and expenses borne by shareholders during the six-month period from July 1, 2019 to December 31, 2019, and the impact of those costs on your investment.

Example

As a shareholder of the 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 the 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 July 1, 2019 to December 31, 2019.

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 six months ended December 31, 2019. 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 the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the 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 the 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.

Share Class ⁽¹⁾	Beginning Account Value 7/1/19	Actual		Hypothetical	
		Ending Account Value (Based on Actual Returns and Expenses) 12/31/19	Expenses Paid During Period ⁽²⁾	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 12/31/19	Expenses Paid During Period ⁽²⁾
Institutional Class Shares	\$ 1,000.00	\$ 1,094.80	\$ 5.79	\$ 1,019.61	\$ 5.58

(1) No information is provided for Investor Class shares because shares of that class had not yet been issued as of December 31, 2019.
(2) Expenses are equal to the Fund's annualized expense ratio (including interest expense), 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 184 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
DISCLOSURE OF FUND EXPENSES (UNAUDITED)
FOR THE SIX MONTH PERIOD FROM JULY 1, 2019 TO DECEMBER 31, 2019**

Cost in Dollars of a \$1,000 Investment in Penn Capital Managed Alpha SMID Cap Equity Fund (Unaudited)

The example below is intended to describe the fees and expenses borne by shareholders during the six-month period from July 1, 2019 to December 31, 2019, and the impact of those costs on your investment.

Example

As a shareholder of the 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 the 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 July 1, 2019 to December 31, 2019.

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 six months ended December 31, 2019. 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 the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the 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 the 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.

Share Class ⁽¹⁾	Beginning Account Value 7/1/19	Actual		Hypothetical	
		Ending Account Value (Based on Actual Returns and Expenses) 12/31/19	Expenses Paid During Period ⁽²⁾	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 12/31/19	Expenses Paid During Period ⁽²⁾
Institutional Class Shares	\$ 1,000.00	\$ 1,097.90	\$ 5.59	\$ 1,019.81	\$ 5.38

(1) No information is provided for Investor Class shares because shares of that class had not yet been issued as of December 31, 2019.
(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 184 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
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Bank Loans: 78.9% (a)(b)			Chemical Companies: 2.1%		
Aerospace: 0.8%			Encapsys LLC, 5.299% (1 Month US LIBOR + 3.500%), 11/30/24	\$120,538	\$ 121,217
1199169 BC ULC, 5.945% (3 Month US LIBOR + 4.000%), 4/8/26	\$87,194	\$ 87,725	HB Fuller Co., 3.765% (1 Month US LIBOR + 2.000%), 10/20/24	194,843	195,289
Ducommun, Inc., 5.984%, 11/21/25			Hexion, Inc., 5.820% (3 Month US LIBOR + 3.500%), 7/1/26	248,750	249,683
(2 Month US LIBOR + 4.000%)	71,141	71,141	Tronox Finance LLC, 4.609%, 9/22/24		
(3 Month US LIBOR + 4.000%)	92,291	92,291	(3 Month US LIBOR + 2.750%)	126,313	126,471
Dynasty Acquisition Co., Inc., 5.945% (3 Month US LIBOR + 4.000%), 4/4/26	162,181	<u>163,169</u>	(1 Month US LIBOR + 2.750%)	179,013	179,236
		<u>414,326</u>	Univar USA, Inc., 4.049% (1 Month US LIBOR + 2.250%), 7/1/24	164,550	<u>165,126</u>
Airline Companies: 1.7%					<u>1,037,022</u>
Allegiant Travel Co., 6.393% (3 Month US LIBOR + 4.500%), 2/5/24	248,624	250,178	Computer Hardware: 1.0%		
American Airlines, Inc., 3.542% (1 Month US LIBOR + 1.750%), 6/27/25	431,200	431,536	Dell International LLC, 3.540% (1 Month US LIBOR + 1.750%), 3/13/24	241,135	242,040
United Airlines, Inc., 3.549% (1 Month US LIBOR + 1.750%), 4/1/24	148,096	<u>148,745</u>	GLOBALFOUNDRIES, Inc., 6.750% (3 Month US LIBOR + 4.750%), 6/5/26	248,750	<u>240,354</u>
		<u>830,459</u>			<u>482,394</u>
Automotive: 0.7%			Consumer-Products: 1.1%		
Navistar, Inc., 5.240% (1 Month US LIBOR + 3.500%), 11/6/24	345,625	<u>344,184</u>	BDF Acquisition Corp., 7.049% (1 Month US LIBOR + 5.250%), 8/8/23	295,837	284,004
Brokerage: 1.0%			HLF Financing Sarl LLC, 4.549% (1 Month US LIBOR + 2.750%), 8/16/25	246,875	<u>247,423</u>
Blackstone Mortgage Trust, Inc., 4.750% (3 Month US LIBOR + 3.500%), 4/23/26	249,375	250,727			<u>531,427</u>
Victory Capital Holdings, Inc., 5.569% (3 Month US LIBOR + 3.250%), 7/1/26	220,528	<u>221,906</u>	Diversified Capital Goods: 1.2%		
		<u>472,633</u>	DXP Enterprises, Inc., 6.549% (1 Month US LIBOR + 4.750%), 8/29/23	223,668	223,389
Building & Construction: 0.2%			EWT Holdings III Corp., 4.799% (1 Month US LIBOR + 3.000%), 12/20/24	253,816	254,768
Janus International Group LLC, 5.549% (1 Month US LIBOR + 3.750%), 2/15/25	123,125	<u>121,894</u>	Thermon Holding Corp., 5.441% (1 Month US LIBOR + 3.750%), 10/30/24	89,313	<u>89,535</u>
Building Materials: 1.3%					<u>567,692</u>
Beacon Roofing Supply, Inc., 4.055% (1 Month US LIBOR + 2.250%), 10/11/24	247,609	248,538	Diversified Financial Services: 1.0%		
Foundation Building Materials Holding Co. LLC, 4.799% (1 Month US LIBOR + 3.000%), 8/13/25	148,500	148,965	Canyon Valor Cos, Inc., 4.549% (1 Month US LIBOR + 2.750%), 6/16/23	232,298	232,588
Quikrete Holdings, Inc., 4.549% (1 Month US LIBOR + 2.750%), 11/15/23	240,385	<u>241,199</u>	Pivotal Payments Direct Corp., 6.801%, 9/28/25		
		<u>638,702</u>	(1 Month US LIBOR + 5.000%)	173,450	174,317
Building Products: 0.7%			(1 Month US LIBOR + 5.000%)	25,409	25,536
Atkore International, Inc., 4.700% (3 Month US LIBOR + 2.750%), 12/22/23	329,234	<u>330,221</u>	(1 Month US LIBOR + 5.000%)	35,046	<u>35,221</u>
					<u>467,662</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Electric Utilities: 0.2%			Food-Wholesale: 1.6%		
Compass Power Generation LLC, 5.299% (1 Month US LIBOR + 3.500%), 12/20/24 . . .	\$119,568	\$ 119,120	American Seafoods Group LLC, 4.563%, 8/21/23		
Electric-Distribution/Transportation: 0.3%			(1 Month US LIBOR + 2.750%)	\$216,002	\$ 217,082
Pike Corp., 5.050% (1 Month US LIBOR + 3.250%), 7/24/26	146,618	147,302	(Prime Rate + 1.750%)	6,857	6,891
Electric-Generation: 2.1%			Bellring Brands LLC, 6.799% (1 Month US LIBOR + 5.000%), 10/21/24	275,000	277,579
Calpine Corp., 4.200% (3 Month US LIBOR + 2.250%), 4/6/26	248,750	250,006	JBS USA LUX SA, 3.799% (1 Month US LIBOR + 2.000%), 5/1/26	299,248	300,993
Edgewater Generation LLC, 5.549% (1 Month US LIBOR + 3.750%), 12/12/25	290,657	277,578			<u>802,545</u>
Lightstone Holdco LLC, 5.549% (1 Month US LIBOR + 3.750%), 1/30/24	285,444	261,324	Forestry/Paper: 0.4%		
Lightstone Holdco LLC, 5.549% (1 Month US LIBOR + 3.750%), 1/30/24	16,099	14,739	Sabert Corp., 6.250% (1 Month US LIBOR + 4.500%), 11/26/26	200,000	201,584
Talen Energy Supply LLC, 5.549% (1 Month US LIBOR + 3.750%), 7/8/26	249,375	249,270	Gaming: 2.7%		
		<u>1,052,917</u>	Boyd Gaming Corp., 3.853% (1 Week US LIBOR + 2.250%), 9/15/23	157,184	158,122
Electronics: 0.7%			Eldorado Resorts, Inc., 4.062%, 4/17/24 (1 Month US LIBOR + 2.250%)	35,006	34,973
Cohu, Inc., 4.799% (1 Month US LIBOR + 3.000%), 10/1/25	322,813	319,584	(1 Month US LIBOR + 2.250%)	107,230	107,129
Energy Equipment & Services: 0.3%			PCI Gaming Authority, 4.299% (1 Month US LIBOR + 2.500%), 5/31/26	226,298	227,618
Blackstone CQP Holdco LP, 5.408% (3 Month US LIBOR + 3.500%), 9/30/24	149,250	149,833	Scientific Games International, Inc., 4.452%, 8/14/24 (1 Month US LIBOR + 2.750%)	357,600	358,197
Entertainment: 3.5%			(1 Month US LIBOR + 2.750%)	86,651	86,796
Alterra Mountain Co., 4.549% (1 Month US LIBOR + 2.750%), 7/31/24	245,000	246,838	Stars Group Holdings BV, 5.445%, 7/10/25 (3 Month US LIBOR + 3.500%)	335,333	337,975
AMC Entertainment Holdings, Inc., 4.800% (1 Month US LIBOR + 3.000%), 4/22/26 . . .	248,885	250,618	(3 Month US LIBOR + 3.500%)	29,229	29,459
Crown Finance US, Inc., 4.049% (1 Month US LIBOR + 2.250%), 2/28/25	258,820	258,466			<u>1,340,269</u>
Life Time, Inc., 4.658% (3 Month US LIBOR + 2.750%), 6/15/22	339,849	340,488	Gas Distribution: 1.2%		
Nascar Holdings, Inc., 4.495% (1 Month US LIBOR + 2.750%), 10/18/26	141,862	143,334	Prairie ECI Acquiror LP, 6.695% (3 Month US LIBOR + 4.750%), 3/11/26	146,250	144,856
Playtika Holding Corp., 7.736% (1 Month US LIBOR + 6.000%), 12/3/24	200,000	201,900	Stonepeak Lonestar Holdings LLC, 6.299% (1 Month US LIBOR + 4.500%), 10/19/26 . . .	350,000	349,125
SeaWorld Parks & Entertainment, Inc., 4.799% (1 Month US LIBOR + 3.000%), 3/31/24 . . .	245,275	246,297	Woodford Express LLC, 6.700% (1 Month US LIBOR + 5.000%), 1/26/25	122,808	106,475
United PF Holdings LLC, 6.198% (US LIBOR + 4.500%), 6/10/26	33,903	33,691			<u>600,456</u>
		<u>1,721,632</u>	Health Care Providers & Services: 0.6%		
Environmental & Waste: 1.0%			Emerald TopCo, Inc., 5.299% (1 Month US LIBOR + 3.500%), 7/26/26	299,500	300,905
Advanced Drainage Systems, Inc., 4.000% (1 Month US LIBOR + 2.250%), 9/24/26 . . .	185,714	186,953	Health Services: 3.1%		
GFL Environmental, Inc., 4.799% (1 Month US LIBOR + 3.000%), 5/31/25	297,494	297,705	Acadia Healthcare Co., Inc., 4.299% (1 Month US LIBOR + 2.500%), 2/16/23	230,911	231,241
		<u>484,658</u>	American Renal Holdings, Inc., 6.799% (1 Month US LIBOR + 5.000%), 6/22/24 . . .	221,589	209,799
Food & Drug Retailers: 0.5%			FC Compassus LLC, 7.250% (1 Month LIBOR USD + 5.000%), 11/5/26	200,000	198,500
Albertson's LLC, 4.549% (1 Month US LIBOR + 2.750%), 8/17/26	244,530	246,494	Gentiva Health Services, Inc., 5.562% (1 Month US LIBOR + 3.750%), 7/2/25	241,290	242,346
			Option Care Health, Inc., 6.299% (1 Month US LIBOR + 4.500%), 8/6/26	225,000	223,875
			Select Medical Corp., 6.250% (6 Month US LIBOR + 2.500%), 3/6/25	423,440	423,970
					<u>1,529,731</u>

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PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Hotels: 0.2%					
Marriott Ownership Resorts, Inc., 3.549% (1 Month US LIBOR + 1.750%), 8/29/25 . . .	\$99,250	\$ 99,746			
Industrial Conglomerates: 0.7%					
Deliver Buyer, Inc., 6.945% (3 Month US LIBOR + 5.000%), 5/1/24	247,472	248,556			
MTS Systems Corp., 5.050% (1 Month US LIBOR + 3.250%), 7/5/23	94,483	94,719			
		<u>343,275</u>			
Internet & Direct Marketing Retail: 0.3%					
Shutterfly, Inc., 8.104%, 10/1/26 (3 Month US LIBOR + 6.000%)	152,419	142,638			
(1 Month US LIBOR + 6.000%)	22,581	21,132			
		<u>163,770</u>			
Investments & Miscellaneous Financial Services: 4.5%					
FinCo I LLC, 3.799% (1 Month US LIBOR + 2.000%), 12/27/22.	195,112	196,016			
iStar, Inc., 4.484%, 6/8/23 (1 Month US LIBOR + 2.750%)	67,308	67,644			
(1 Month US LIBOR + 2.750%)	121,875	122,485			
LPL Holdings, Inc., 3.542% (1 Month US LIBOR + 1.750%), 11/12/26	177,887	178,555			
Nexus Buyer LLC, 5.460% (1 Month US LIBOR + 3.750%), 10/30/26	250,000	251,485			
Russell Investments US Institutional Holdco, Inc., 5.049% (1 Month US LIBOR + 3.250%), 6/1/23	439,719	439,719			
The Edelman Financial Center LLC, 5.035% (1 Month US LIBOR + 3.250%), 7/19/25 . . .	297,748	299,174			
TransUnion LLC, 3.549% (1 Month US LIBOR + 1.750%), 11/13/26	144,939	145,433			
VeriFone Systems, Inc., 5.898% (3 Month US LIBOR + 4.000%), 8/20/25	247,749	243,988			
WisdomTree International Holdings Ltd., 3.844% (2 Month US LIBOR + 2.000%), 1/31/21	241,892	238,868			
		<u>2,183,367</u>			
IT Services: 1.2%					
NAB Holdings LLC, 4.945% (3 Month US LIBOR + 3.000%), 6/30/24	244,397	244,397			
Paysafe Holdings US Corp., 5.049% (1 Month US LIBOR + 3.250%), 1/1/25	345,371	346,452			
		<u>590,849</u>			
Machinery Companies: 1.4%					
Gates Global LLC, 4.549% (1 Month US LIBOR + 2.750%), 3/31/24	247,597	247,597			
RBS Global, Inc., 3.472% (1 Month US LIBOR + 1.750%), 8/21/24	195,313	196,119			
Welbilt, Inc., 4.299% (1 Month US LIBOR + 2.500%), 10/3/25	237,500	238,094			
		<u>681,810</u>			
Media: 0.5%					
Nexstar Broadcasting, Inc., 3.510% (3 Month US LIBOR + 1.750%), 10/26/23	\$243,267	\$ 241,241			
WXXA-TV LLC, 3.510% (3 Month US LIBOR + 1.750%), 10/24/23	6,644	6,589			
		<u>247,830</u>			
Media-Broadcast: 5.8%					
Beasley Mezzanine Holdings LLC, 5.780% (1 Month US LIBOR + 4.000%), 11/1/23 . . .	228,819	228,533			
CBS Radio, 4.305% (1 Month US LIBOR + 2.500%), 11/17/24	290,199	292,013			
CSC Holdings LLC, 3.990% (1 Month US LIBOR + 2.250%), 7/17/25	244,361	244,498			
Cumulus Media New Holdings, Inc., 5.549% (1 Month US LIBOR + 3.750%), 3/31/26 . . .	199,500	201,361			
Diamond Sports Group LLC, 5.030% (1 Month US LIBOR + 3.250%), 8/24/26	249,375	248,856			
Gray Television, Inc., 3.947% (1 Month US LIBOR + 2.250%), 2/7/24	231,834	232,309			
ION Media Networks, Inc., 4.812% (1 Month US LIBOR + 3.000%), 12/18/24	249,375	250,103			
Sinclair Television Group, Inc., 4.050% (1 Month US LIBOR + 2.250%), 1/3/24	242,500	241,792			
The E.W. Scripps Co., 4.299% (1 Month US LIBOR + 2.500%), 5/1/26	248,377	249,154			
Univision Communications, Inc., 4.549% (1 Month US LIBOR + 2.750%), 3/15/24 . . .	193,738	191,030			
Urban One, Inc., 5.800% (1 Month US LIBOR + 4.000%), 4/18/23	213,423	205,732			
WideOpenWest Finance LLC, 5.030% (1 Month US LIBOR + 3.250%), 8/19/23	244,375	242,339			
		<u>2,827,720</u>			
Media-Cable: 2.3%					
Altice France SA, 5.740% (1 Month US LIBOR + 4.000%), 8/14/26	392,883	393,209			
Charter Communications Operating LLC, 3.550% (1 Month US LIBOR + 1.750%), 4/30/25	148,485	149,437			
Cogeco Communications USA II LP, 4.049% (1 Month US LIBOR + 2.250%), 1/4/25	247,487	248,168			
Radiate Holdco LLC, 4.799% (1 Month US LIBOR + 3.000%), 2/1/24	348,339	349,384			
		<u>1,140,198</u>			
Media-Services: 0.9%					
Clear Channel Outdoor Holdings, Inc., 5.299% (1 Month US LIBOR + 3.500%), 8/21/26 . . .	249,375	250,532			
Terrier Media Buyer, Inc. (1 Month US LIBOR + 4.250%), 6.500%, 12/12/26	200,000	201,876			
		<u>452,408</u>			
Metals & Mining: 1.1%					
Big River Steel LLC, 6.945% (3 Month US LIBOR + 5.000%), 8/23/23	293,744	293,009			
Zekelman Industries, Inc., 4.035% (1 Month US LIBOR + 2.250%), 6/14/21	242,705	242,958			
		<u>535,967</u>			

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PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Metals/Mining Excluding Steel: 1.1%			Printing & Publishing: 0.8%		
Aleris International, Inc., 6.555% (1 Month US LIBOR + 4.750%), 2/27/23	\$247,497	\$247,373	Meredith Corp., 4.549% (1 Month US LIBOR + 2.750%), 1/31/25	\$144,684	\$ 145,327
American Rock Salt Co. LLC, 5.549% (1 Month US LIBOR + 3.750%), 3/21/25	290,025	291,838	Nielsen Finance LLC, 3.710% (1 Month US LIBOR + 2.000%), 10/4/23	250,000	250,652
		<u>539,211</u>			<u>395,979</u>
Mortgage Real Estate Investment Trusts (REITs): 0.3%			Railroads: 0.6%		
GGP Nimbus LLC, 4.299% (1 Month US LIBOR + 2.500%), 8/24/25	148,869	147,784	Genesee & Wyoming, Inc., 4.250% (1 Month LIBOR USD + 2.000%), 11/6/26	275,000	277,357
Multi-Line Insurance: 1.1%			Restaurants: 1.6%		
Asurion LLC, 4.799% (1 Month US LIBOR + 3.000%), 8/4/22	267,555	268,949	Carrols Restaurant Group, Inc., 5.050% (1 Month US LIBOR + 3.250%), 4/30/26	298,625	293,897
HUB International Ltd., 4.940% (3 Month US LIBOR + 2.750%), 4/25/25	246,250	245,925	IRB Holding Corp., 5.216% (3 Month US LIBOR + 3.250%), 2/5/25	247,609	248,917
		<u>514,874</u>	Whatabrands LLC, 4.944% (1 Month US LIBOR + 3.250%), 8/2/26	249,375	250,577
Non-Food & Drug Retailers: 1.4%					<u>793,391</u>
Calceus Acquisition, Inc., 7.305% (1 Month US LIBOR + 5.500%), 2/12/25	281,269	280,332	Semiconductors & Semiconductor Equipment: 0.5%		
Coty, Inc., 3.960% (1 Month US LIBOR + 2.250%), 4/5/25	199,494	195,171	Xperi Corp., 4.299% (1 Month US LIBOR + 2.500%), 12/1/23	230,643	230,571
PetSmart, Inc., 5.740% (1 Month US LIBOR + 4.000%), 3/11/22	225,657	222,954	Software: 0.8%		
		<u>698,457</u>	Omnitracs LLC, 4.678% (3 Month US LIBOR + 2.750%), 3/23/25	246,312	245,312
Oil, Gas & Consumable Fuels: 0.6%			SCS Holdings I, Inc., 6.049% (1 Month US LIBOR + 4.250%), 7/3/26	149,250	149,823
Apergy Corp., 4.608%, 5/9/25 (1 Month US LIBOR + 2.500%)	75,301	75,395			<u>395,135</u>
(Prime Rate + 1.500%)	4,518	4,524	Software/Services: 4.9%		
Centurion Pipeline Co. LLC, 5.049% (1 Month US LIBOR + 3.250%), 9/30/25	198,000	197,753	Avaya, Inc., 5.990% (1 Month US LIBOR + 4.250%), 12/15/24	324,878	318,218
		<u>277,672</u>	Blucora, Inc., 4.799% (1 Month US LIBOR + 3.000%), 5/22/24	176,525	177,628
Packaging: 0.9%			Go Daddy Operating Co. LLC, 3.549%, 2/15/24 (1 Month US LIBOR + 1.750%)	44,955	45,180
Berry Global, Inc., 3.715% (1 Month US LIBOR + 2.000%), 10/3/22	174,680	175,163	(1 Month US LIBOR + 1.750%)	140,991	141,695
Reynolds Group Holdings, Inc., 4.549%, 2/5/23 (1 Month US LIBOR + 2.750%)	57,312	57,446	(1 Month US LIBOR + 1.750%)	200,000	201,000
(1 Month US LIBOR + 2.750%)	34,989	35,072	Infor US, Inc., 4.695% (3 Month US LIBOR + 2.750%), 2/1/22	223,910	224,790
(1 Month US LIBOR + 2.750%)	155,278	155,643	Match Group, Inc., 4.436% (3 Month US LIBOR + 2.500%), 11/16/22	109,375	109,238
		<u>423,324</u>	McAfee LLC, 5.555% (1 Month US LIBOR + 3.750%), 9/29/24	241,669	242,575
Pharmaceuticals: 1.5%			Rackspace Hosting, Inc., 4.902% (3 Month US LIBOR + 3.000%), 11/3/23	467,922	453,430
Aldevron LLC, 6.195% (3 Month US LIBOR + 4.250%), 10/11/26	300,000	303,000	SS&C Technologies Holdings Europe Sarl, 4.049% (1 Month US LIBOR + 2.250%), 4/16/25	50,492	50,818
Jaguar Holding, Inc., 4.299% (1 Month US LIBOR + 2.500%), 8/18/22	467,922	448,590	SS&C Technologies, Inc., 4.049% (1 Month US LIBOR + 2.250%), 4/16/25	72,824	73,293
		<u>751,590</u>	The Ultimate Software Group, Inc., 5.549% (1 Month US LIBOR + 3.750%), 5/3/26	149,625	150,490
Pharmaceuticals & Devices: 1.4%			Web.com Group, Inc., 5.495% (1 Month US LIBOR + 3.750%), 10/11/25	211,301	210,989
Bausch Health Americas, Inc., 4.740% (US LIBOR + 3.000%), 6/1/25	211,908	212,968			<u>2,399,344</u>
Cambrex Corp., 6.704% (1 Month US LIBOR + 5.000%), 11/22/26	250,000	248,750			
Greatbatch Ltd., 4.220% (1 Month US LIBOR + 2.500%), 10/27/22	231,557	232,509			
		<u>694,227</u>			

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PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Specialty Retail: 0.5%			Wireless Telecommunication Services: 0.8%		
Staples, Inc., 6.191% (1 Month US LIBOR + 4.500%), 9/12/24	\$244,274	\$ 240,153	Iridium Satellite LLC, 5.549% (1 Month US LIBOR + 3.750%), 11/4/26	\$375,000	\$ 379,455
Support-Services: 4.3%			Total Bank Loans (cost \$38,566,590)		<u>38,671,231</u>
Aramark Services, Inc., 3.452% (1 Month US LIBOR + 1.750%), 3/11/25	150,000	150,516	Corporate Bonds: 12.2%		
Aramark Services, Inc., 3.549% (1 Month US LIBOR + 1.750%), 12/10/26	215,000	216,008	Airline Companies: 0.2%		
CoreCivic, Inc., 6.250% (1 Month US LIBOR + 4.500%), 12/12/24	200,000	191,500	VistaJet Malta Finance PLC, 10.500%, 6/1/24 (c)	95,000	<u>90,250</u>
KAR Auction Services, Inc., 4.062% (1 Month US LIBOR + 2.250%), 9/19/26	117,781	118,517	Auto Parts & Equipment: 0.7%		
PetVet Care Centers LLC, 4.549% (1 Month US LIBOR + 2.750%), 2/14/25	321,100	316,184	American Axle & Manufacturing, Inc., 6.625%, 10/15/22	125,000	126,719
Prime Security Services Borrower, LLC, 4.944% (1 Month US LIBOR + 3.250%), 9/23/26	315,079	315,710	Meritor, Inc., 6.250%, 2/15/24	200,000	<u>204,940</u>
ServiceMaster Co. LLC, 3.000% (1 Month US LIBOR + 1.750%), 11/5/26	175,000	175,548			<u>331,659</u>
The Hertz Corp., 4.550% (1 Month US LIBOR + 2.750%), 6/30/23	242,288	243,550	Brokerage: 0.3%		
UOS LLC, 7.299% (1 Month US LIBOR + 5.500%), 4/18/23	392,861	<u>394,826</u>	Oppenheimer Holdings, Inc., 6.750%, 7/1/22	138,000	<u>142,140</u>
		<u>2,122,359</u>	Computer Hardware: 0.4%		
Telecom - Integrated/Services: 0.6%			NCR Corp., 5.000%, 7/15/22	195,000	<u>197,072</u>
Telesat Canada LLC, 4.630% (3 Month US LIBOR + 2.750%), 11/22/26	300,000	<u>300,876</u>	Consumer/Commercial/Lease Financing: 0.3%		
Telecom-Integrated/Services: 3.6%			Navient Corp., 7.250%, 9/25/23	150,000	<u>169,505</u>
CenturyLink, Inc., 4.549% (1 Month US LIBOR + 2.750%), 1/31/25	470,746	472,393	Diversified Capital Goods: 0.5%		
CenturyLink, Inc., 4.549% (1 Month US LIBOR + 2.750%), 11/1/22	142,105	142,372	Griffon Corp., 5.250%, 3/1/22	230,000	<u>230,862</u>
Cincinnati Bell, Inc., 5.049% (1 Month US LIBOR + 3.250%), 10/2/24	346,622	348,141	Energy-Exploration & Production: 0.7%		
Consolidated Communications, Inc., 4.800% (1 Month US LIBOR + 3.000%), 10/5/23	244,047	230,522	Northern Oil and Gas, Inc., 8.500% Cash or 1.500% PIK, 5/15/23 (d)	228,905	236,917
Intelsat Jackson Holdings SA, 5.682% (6 Month US LIBOR + 3.750%), 11/27/23	250,000	250,223	QEP Resources, Inc., 6.875%, 3/1/21	110,000	<u>113,850</u>
Sprint Communications, Inc., 4.312% (1 Month US LIBOR + 2.500%), 2/3/24	318,863	<u>315,754</u>			<u>350,767</u>
		<u>1,759,405</u>	Food & Drug Retailers: 0.4%		
Telecom-Wireless: 0.4%			Ingles Markets, Inc., 5.750%, 6/15/23	183,000	<u>186,431</u>
Sable International Finance Ltd., 5.049% (1 Month US LIBOR + 3.250%), 1/31/26	218,667	<u>219,863</u>	Food-Wholesale: 0.7%		
Telecommunications Equipment: 1.0%			KeHE Distributors LLC, 8.625%, 10/15/26 (c)	135,000	141,412
CommScope, Inc., 5.049% (1 Month US LIBOR + 3.250%), 4/4/26	299,250	300,839	Simmons Foods, Inc., 7.750%, 1/15/24 (c)	190,000	<u>204,725</u>
Dawn Acquisition LLC, 5.695% (3 Month US LIBOR + 3.750%), 12/31/25	173,250	<u>164,298</u>			<u>346,137</u>
		<u>465,137</u>	Gas Distribution: 0.9%		
Transportation Excluding Air/Rail: 0.3%			Blue Racer Midstream LLC, 6.125%, 11/15/22 (c)	260,000	254,800
United Road Services, Inc., 7.549% (1 Month US LIBOR + 5.750%), 10/19/24	140,783	<u>122,481</u>	NGL Energy Partners LP, 7.500%, 11/1/23	195,000	<u>195,727</u>
					<u>450,527</u>
			Health Services: 0.3%		
			MEDNAX, Inc., 5.250%, 12/1/23 (c)	150,000	<u>153,375</u>
			Investments & Miscellaneous Financial Services: 0.2%		
			Icahn Enterprises LP, 6.250%, 2/1/22	100,000	<u>101,900</u>
			Media-Broadcast: 1.1%		
			Diamond Sports Group LLC, 5.375%, 8/15/26 (c)	190,000	192,195
			Gray Television, Inc., 5.125%, 10/15/24 (c)	185,000	191,937
			Sirius XM Radio, Inc., 4.625%, 7/15/24 (c)	150,000	<u>157,500</u>
					<u>541,632</u>

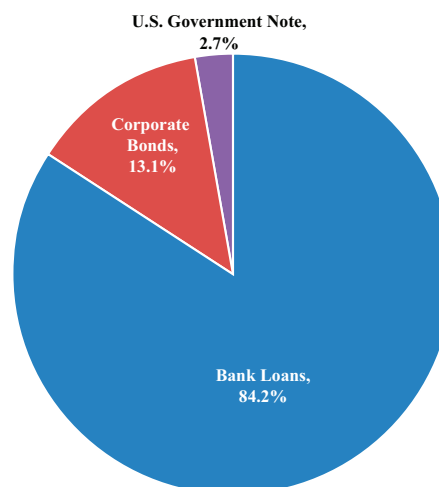
The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE FLOATING RATE INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>
Media-Cable: 0.9%		
CSC Holdings LLC, 5.250%, 6/1/24	\$95,000	\$ 102,362
DISH DBS Corp., 5.875%, 7/15/22	230,000	243,800
DISH DBS Corp., 5.875%, 11/15/24	100,000	102,188
		<u>448,350</u>
Media-Services: 0.3%		
Nielsen Finance LLC, 5.000%, 4/15/22 (c)	150,000	150,563
Metals/Mining Excluding Steel: 0.2%		
Peabody Energy Corp., 6.000%, 3/31/22 (c)	100,000	97,500
Multi-Line Insurance: 0.4%		
Genworth Holdings, Inc., 7.700%, 6/15/20	175,000	178,979
Oil Field Equipment & Services: 0.2%		
Nabors Industries, Inc., 5.000%, 9/15/20	110,000	110,275
Oil Refining & Marketing: 0.4%		
PBF Holding Co. LLC, 7.000%, 11/15/23	180,000	186,750
Pharmaceuticals & Devices: 0.6%		
Bausch Health Cos, Inc., 5.875%, 5/15/23 (c) . .	136,000	137,190
Kinetic Concepts, Inc., 12.500%, 11/1/21 (c) . . .	170,000	174,888
		<u>312,078</u>
Real Estate Development & Management: 0.3%		
Realogy Group LLC, 5.250%, 12/1/21 (c)	170,000	171,700
Real Estate Investment Trusts (REITs): 0.5%		
iStar, Inc., 4.750%, 10/1/24	240,000	248,700
Steel Producers/Products: 0.4%		
AK Steel Corp., 7.625%, 10/1/21	190,000	191,425
Support-Services: 0.7%		
CoreCivic, Inc., 5.000%, 10/15/22	160,000	160,800
The GEO Group, Inc., 5.875%, 1/15/22	165,000	163,762
		<u>324,562</u>
Telecom-Integrated/Services: 0.3%		
Qwest Corp., 6.750%, 12/1/21	125,000	134,485
Telecom-Wireless: 0.3%		
Sprint Corp., 7.875%, 9/15/23	135,000	148,950
Total Corporate Bonds (cost \$5,909,077).		<u>5,996,574</u>
U.S. Government Note: 2.6%		
United States Treasury Fixed Rate Note		
2.875%, 10/31/20	1,240,000	1,252,290
Total U.S. Government Note (cost \$1,247,519). . .		<u>1,252,290</u>
Total Investments - 93.7%		
(cost \$45,723,186)		45,920,095
Other Assets and Liabilities 6.3%		<u>3,072,032</u>
Net Assets: 100.0%		<u>\$48,992,127</u>

- 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 December 31, 2019, the value of these investments was \$2,118,035, or 4.3% of total net assets.
- (d) Payment-in-kind (“PIK”) security which may pay/invest interest in additional par/shares and/or in cash. As of December 31, 2019, the total payment-in-kind was \$0, or 0.0% of total net assets.

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



(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

The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE SHORT DURATION HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Convertible Bonds: 0.9%			Chemical Companies: 1.6%		
Energy-Exploration & Production: 0.4%			Blue Cube Spinco LLC, 9.750%, 10/15/23	\$105,000	\$ 112,909
Whiting Petroleum Corp., 1.250%, 4/1/20	\$ 65,000	\$ 63,446	OCI NV, 6.625%, 4/15/23 (a)	200,000	208,500
PDC Energy, Inc., 1.125%, 9/15/21	125,000	117,367	OCI NV, 5.250%, 11/1/24 (a)	200,000	207,500
		<u>180,813</u>	WR Grace & Co, 5.125%, 10/1/21 (a)	195,000	203,225
Pharmaceuticals & Devices: 0.5%				<u>732,134</u>	
Teva Pharmaceutical Finance Co. LLC, 0.250%, 2/1/26	220,000	208,545	Computer Hardware: 3.4%		
Total Convertible Bonds (cost \$390,702).		<u>389,358</u>	Dell International LLC, 5.875%, 6/15/21 (a) . . .	241,000	244,767
			EMC Corp., 2.650%, 6/1/20	535,000	535,096
Corporate Bonds: 87.7%			NCR Corp., 5.000%, 7/15/22	177,000	178,881
Aerospace: 1.5%			NCR Corp., 6.375%, 12/15/23	85,000	87,125
Bombardier, Inc., 8.750%, 12/1/21 (a)	615,000	673,809	Xerox Corp., 4.500%, 5/15/21	480,000	492,950
Airline Companies: 2.0%				<u>1,538,819</u>	
Air Canada, 7.750%, 4/15/21 (a)	469,000	498,829	Consumer/Commercial/Lease Financing: 6.3%		
American Airlines Group, Inc., 5.000%, 6/1/22 (a)	285,000	298,181	Global Aircraft Leasing Co. Ltd., 6.500% Cash or 0.750% PIK, 9/15/24 (a)(b)	375,000	391,294
Virgin Australia Holdings Ltd., 7.875%, 10/15/21 (a)	118,000	121,771	Navient Corp., 7.250%, 9/25/23	160,000	180,805
		<u>918,781</u>	Navient Corp., 6.500%, 6/15/22	90,000	97,537
Auto Parts & Equipment: 1.2%			Navient Corp., 8.000%, 3/25/20	136,000	137,404
American Axle & Manufacturing, Inc., 6.625%, 10/15/22	450,000	456,188	Navient Corp., 7.250%, 1/25/22	662,000	719,223
The Goodyear Tire & Rubber Co., 8.750%, 8/15/20	75,000	77,906	SLM Corp., 5.125%, 4/5/22	85,000	87,975
		<u>534,094</u>	Springleaf Finance Corp., 7.750%, 10/1/21	285,000	309,581
Automotive: 0.9%			Springleaf Finance Corp., 8.250%, 12/15/20 . . .	530,000	556,103
Ford Motor Credit Co. LLC, 5.875%, 8/2/21 . . .	200,000	209,334	Springleaf Finance Corp., 8.250%, 10/1/23 . . .	240,000	279,600
Jaguar Land Rover Automotive PLC, 3.500%, 3/15/20 (a)	200,000	199,774	Springleaf Finance Corp., 6.125%, 3/15/24	95,000	104,025
		<u>409,108</u>		<u>2,863,547</u>	
Banking: 2.7%			Consumer-Products: 4.3%		
Ally Financial, Inc., 8.000%, 3/15/20	580,000	585,075	Avon International Capital PLC, 6.500%, 8/15/22 (a)	370,000	383,875
Ally Financial, Inc., 7.500%, 9/15/20	190,000	196,650	Edgewell Personal Care Co., 4.700%, 5/19/21 . .	234,000	239,265
Ally Financial, Inc., 4.125%, 2/13/22	60,000	61,950	Edgewell Personal Care Co., 4.700%, 5/24/22 . .	190,000	197,125
Ally Financial, Inc., 3.875%, 5/21/24	85,000	89,037	Mattel, Inc., 3.150%, 3/15/23	435,000	428,475
CIT Group, Inc., 4.125%, 3/9/21	275,000	280,187	Mattel, Inc., 6.750%, 12/31/25 (a)	250,000	268,700
		<u>1,212,899</u>	Tupperware Brands Corp., 4.750%, 6/1/21	425,000	428,255
Brokerage: 0.4%				<u>1,945,695</u>	
Oppenheimer Holdings, Inc., 6.750%, 7/1/22 . . .	183,000	188,490	Diversified Capital Goods: 1.4%		
Building & Construction: 4.1%			Actuant Corp., 5.625%, 6/15/22	150,000	151,500
Brookfield Residential Properties, Inc., 6.125%, 7/1/22 (a)	190,000	192,850	Anixter, Inc., 5.125%, 10/1/21	140,000	145,313
KB Home, 7.500%, 9/15/22	485,000	544,412	Griffon Corp., 5.250%, 3/1/22	359,000	360,346
KB Home, 7.000%, 12/15/21	145,000	155,512		<u>657,159</u>	
Lennar Corp., 8.375%, 1/15/21	320,000	338,400	Electric Utilities: 0.4%		
Meritage Homes Corp., 7.000%, 4/1/22	150,000	163,688	NextEra Energy Operating Partners LP, 4.250%, 7/15/24 (a)	165,000	171,806
TRI Pointe Group, Inc., 4.875%, 7/1/21	135,000	138,375	Electronics: 1.9%		
William Lyon Homes, Inc., 7.000%, 8/15/22 . . .	15,000	15,038	Advanced Micro Devices, Inc., 7.500%, 8/15/22 .	460,000	518,075
William Lyon Homes, Inc., 6.000%, 9/1/23	295,000	307,538	MagnaChip Semiconductor Corp., 6.625%, 7/15/21	323,000	321,385
		<u>1,855,813</u>		<u>839,460</u>	

The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE SHORT DURATION HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Energy-Exploration & Production: 2.5%			Hotels: 1.0%		
Antero Resources Corp., 5.375%, 11/1/21	\$310,000	\$ 295,178	Wyndham Destinations, Inc., 5.625%, 3/1/21 . . .	\$ 175,000	\$ 180,688
Northern Oil and Gas, Inc., 8.500% Cash or 1.000% PIK, 5/15/23 (b)	190,609	197,280	Wyndham Destinations, Inc., 4.250%, 3/1/22 . . .	280,000	285,600
QEP Resources, Inc., 6.875%, 3/1/21	200,000	207,000			<u>466,288</u>
Range Resources Corp., 5.750%, 6/1/21	285,000	284,288	Investments & Miscellaneous Financial		
Whiting Petroleum Corp., 5.750%, 3/15/21	65,000	61,490	Services: 2.7%		
WPX Energy, Inc., 8.250%, 8/1/23	72,000	82,800	Icahn Enterprises LP, 6.250%, 2/1/22	718,000	731,642
		<u>1,128,036</u>	Icahn Enterprises LP, 6.750%, 2/1/24	92,000	95,450
			Icahn Enterprises LP, 4.750%, 9/15/24 (a)	190,000	195,225
			Refinitiv US Holdings, Inc., 6.250%, 5/15/26 (a)	180,000	196,425
					<u>1,218,742</u>
Environmental & Waste: 0.4%			Media-Broadcast: 1.1%		
Stericycle, Inc., 5.375%, 7/15/24 (a)	185,000	194,250	Entercom Media Corp., 7.250%, 11/1/24 (a) . . .	95,000	99,987
Food-Wholesale: 1.5%			Townsquare Media, Inc., 6.500%, 4/1/23 (a) . . .	100,000	101,500
Simmons Foods, Inc., 5.750%, 11/1/24 (a)	175,000	175,875	Univision Communications, Inc., 5.125%, 5/15/23 (a)	305,000	304,238
Simmons Foods, Inc., 7.750%, 1/15/24 (a)	240,000	258,600			<u>505,725</u>
TreeHouse Foods, Inc. 4.875%, 3/15/22	230,000	230,863	Media-Diversified: 0.7%		
		<u>665,338</u>	Netflix, Inc., 5.375%, 2/1/21	95,000	97,969
Food & Drug Retailers: 0.6%			Netflix, Inc., 5.500%, 2/15/22	200,000	211,750
Albertsons Cos, Inc. 5.750%, 3/15/25	125,000	129,375			<u>309,719</u>
Ingles Markets, Inc., 5.750%, 6/15/23	118,000	120,212	Media-Services: 3.9%		
		<u>249,587</u>	Clear Channel Worldwide Holdings, Inc., 9.250%, 2/15/24 (a)	380,000	420,850
Forestry & Paper Products: 0.7%			Nielsen Finance LLC, 5.000%, 4/15/22 (a)	1,315,000	1,319,931
Norbord, Inc., 6.250%, 4/15/23 (a)	280,000	299,600			<u>1,740,781</u>
Gaming: 4.9%			Media-Cable: 2.9%		
GLP Capital LP, 4.375%, 4/15/21	120,000	122,331	CSC Holdings LLC, 6.750%, 11/15/21	330,000	355,162
International Game Technology PLC, 6.250%, 2/15/22 (a)	575,000	606,625	DISH DBS Corp., 6.750%, 6/1/21	280,000	294,367
Jack Ohio Finance LLC, 6.750%, 11/15/21 (a) . . .	19,000	19,380	DISH DBS Corp., 5.875%, 7/15/22	625,000	662,500
Jacobs Entertainment, Inc., 7.875%, 2/1/24 (a) . . .	210,000	222,600			<u>1,312,029</u>
MGM Resorts International, 7.750%, 3/15/22 . . .	765,000	852,975	Metals/Mining Excluding Steel: 3.5%		
Stars Group Holdings BV, 7.000%, 7/15/26 (a) . . .	375,000	406,406	Allegheny Technologies, Inc., 7.875%, 8/15/23 . .	285,000	319,437
		<u>2,230,317</u>	Arconic, Inc., 6.150%, 8/15/20	585,000	598,186
Gas Distribution: 3.9%			Compass Minerals International, Inc., 4.875%, 7/15/24 (a)	200,000	199,250
Blue Racer Midstream LLC, 6.125%, 11/15/22 (a)	430,000	421,400	Freeport-McMoRan, Inc., 3.550%, 3/1/22	248,000	251,100
Crestwood Midstream Partners LP, 6.250%, 4/1/23	688,000	701,760	Peabody Energy Corp., 6.000%, 3/31/22 (a) . . .	220,000	214,500
Energy Transfer Operating LP, 7.500%, 10/15/20	240,000	249,403			<u>1,582,473</u>
NGL Energy Partners LP, 7.500%, 11/1/23	150,000	150,560	Multi-Line Insurance: 0.7%		
Rockies Express Pipeline LLC, 5.625%, 4/15/20 (a)	255,000	257,702	Genworth Holdings, Inc., 7.700%, 6/15/20	120,000	122,728
		<u>1,780,825</u>	Genworth Holdings, Inc., 7.625%, 9/24/21	105,000	110,607
Health Services: 1.3%			Genworth Holdings, Inc., 7.200%, 2/15/21	95,000	97,850
DaVita, Inc., 5.125%, 7/15/24	200,000	205,000			<u>331,185</u>
MEDNAX, Inc., 5.250%, 12/1/23 (a)	365,000	373,212	Non-Food & Drug Retailers: 1.7%		
		<u>578,212</u>	Foot Locker, Inc., 8.500%, 1/15/22	275,000	304,563
Hospitals: 2.7%			L Brands, Inc., 5.625%, 10/15/23	110,000	118,662
HCA Healthcare, Inc., 6.250%, 2/15/21	355,000	370,087	L Brands, Inc., 5.625%, 2/15/22	240,000	252,600
HCA, Inc., 7.500%, 2/15/22	785,000	867,425	Penske Automotive Group, Inc., 3.750%, 8/15/20	85,000	85,850
		<u>1,237,512</u>			<u>761,675</u>

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PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE SHORT DURATION HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Office Equipment: 0.1%					
Avnet, Inc., 3.750%, 12/1/21	\$ 60,000	\$ 61,561			
Oil Field Equipment & Services: 0.4%					
Nabors Industries, Inc., 5.000%, 9/15/20	79,000	79,197			
Nabors Industries, Inc., 4.625%, 9/15/21	105,000	104,344			
		<u>183,541</u>			
Oil Refining & Marketing: 0.5%					
PBF Holding Co. LLC, 7.000%, 11/15/23	215,000	223,063			
Packaging: 2.5%					
Ardagh Packaging Finance PLC, 4.250%, 9/15/22 (a)	200,000	202,420			
Ball Corp., 4.375%, 12/15/20	110,000	112,309			
Berry Global, Inc., 6.000%, 10/15/22	82,000	83,537			
OI European Group BV, 4.000%, 3/15/23 (a)	210,000	211,575			
Owens-Brockway Glass Container, Inc., 5.875%, 8/15/23 (a)	100,000	106,750			
Reynolds Group Issuer, Inc., 5.750%, 10/15/20	130,829	130,993			
Reynolds Group Issuer, Inc., 5.125%, 7/15/23 (a)	295,000	302,006			
		<u>1,149,590</u>			
Pharmaceuticals & Devices: 1.8%					
Bausch Health Cos, Inc., 6.125%, 4/15/25 (a)	220,000	227,311			
Kinetic Concepts, Inc., 12.500%, 11/1/21 (a)	310,000	318,912			
Teva Pharmaceutical Finance IV LLC, 2.250%, 3/18/20	225,000	225,133			
Teva Pharmaceutical Finance Netherlands III BV, 2.200%, 7/21/21	39,000	37,769			
		<u>809,125</u>			
Real Estate Development & Management: 0.6%					
Realogy Group LLC, 5.250%, 12/1/21 (a)	190,000	191,900			
Realogy Group LLC, 4.875%, 6/1/23 (a)	100,000	98,250			
		<u>290,150</u>			
Real Estate Investment Trusts (REITs): 1.8%					
HAT Holdings I LLC, 5.250%, 7/15/24 (a)	365,000	383,706			
iStar, Inc., 4.750%, 10/1/24	285,000	295,331			
Starwood Property Trust, Inc., 3.625%, 2/1/21	140,000	140,875			
		<u>819,912</u>			
Software/Services: 0.2%					
NortonLifeLock, Inc., 4.200%, 9/15/20	75,000	75,886			
Steel Producers/Products: 0.7%					
AK Steel Corp., 7.625%, 10/1/21	300,000	302,250			
Support-Services: 4.3%					
CoreCivic, Inc., 4.125%, 4/1/20	120,000	120,000			
CoreCivic, Inc., 5.000%, 10/15/22	645,000	648,225			
The ADT Security Corp., 6.250%, 10/15/21	445,000	469,475			
The GEO Group, Inc., 5.875%, 1/15/22	395,000	392,037			
The Hertz Corp., 5.500%, 10/15/24 (a)	145,000	148,625			
Mobile Mini, Inc., 5.875%, 7/1/24	145,000	150,800			
		<u>1,929,162</u>			
Telecom-Integrated/Services: 2.9%					
CenturyLink, Inc., 6.450%, 6/15/21	\$150,000	\$ 157,012			
CenturyLink, Inc., 5.625%, 4/1/20	130,000	130,813			
CenturyLink, Inc., 7.500%, 4/1/24	260,000	293,150			
Cogent Communications Group, Inc., 5.375%, 3/1/22 (a)	145,000	151,525			
Hughes Satellite Systems Corp., 7.625%, 6/15/21	385,000	411,353			
Qwest Corp., 6.750%, 12/1/21	172,000	185,052			
		<u>1,328,905</u>			
Telecom-Wireless: 1.5%					
Sprint Communications, Inc., 11.500%, 11/15/21	100,000	114,250			
Sprint Communications, Inc., 7.000%, 8/15/20	180,000	183,825			
Sprint Corp., 7.250%, 9/15/21	350,000	370,125			
		<u>668,200</u>			
Telecommunications Equipment: 0.7%					
CommScope, Inc., 5.000%, 6/15/21 (a)	85,000	85,042			
CommScope, Inc., 5.500%, 6/15/24 (a)	105,000	106,315			
CommScope, Inc., 5.500%, 3/1/24 (a)	100,000	104,250			
		<u>295,607</u>			
Transportation Excluding Air/Rail: 0.9%					
Teekay Corp., 9.250%, 11/15/22 (a)	335,000	352,588			
Total Corporate Bonds (cost \$39,246,344)		<u>39,623,448</u>			
Bank Loans: 5.2% (c)(d)					
Airline Companies: 0.3%					
American Airlines, Inc., 3.805% (1 Month US LIBOR + 2.000%), 4/28/23	123,724	123,963			
Auto Parts & Equipment: 0.3%					
Aptiv Corp., 3.000% (LIBOR (1 month) + 1.250%), 8/17/21	116,883	116,153			
Diversified Telecommunication Services: 0.2%					
Consolidated Communications, Inc., 4.800% (1 Month US LIBOR + 3.000%), 10/5/23	99,235	93,735			
Investments & Miscellaneous Financial Services: 1.3%					
Russell Investments US Institutional Holdco, Inc., 5.049% (1 Month US LIBOR + 3.250%), 6/1/23	249,354	249,354			
WisdomTree International Holdings Ltd., 3.844% (2 Month US LIBOR + 2.000%), 1/29/21	335,625	331,430			
		<u>580,784</u>			
Media: 0.5%					
Nexstar Broadcasting, Inc., 3.441% (3 Month LIBOR USD + 1.750%), 10/26/23	240,066	238,067			
WXXA-TV LLC, 3.441% (3 Month LIBOR USD + 1.750%), 10/20/23	6,644	6,589			
		<u>244,656</u>			
Metals & Mining: 0.3%					
Zekelman Industries, Inc., 4.035% (1 Month US LIBOR + 2.250%), 6/14/21	148,962	149,117			

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PENN CAPITAL FUNDS TRUST
PENN CAPITAL DEFENSIVE SHORT DURATION HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>	<u>Country Exposure (as a percentage of total investments)</u>
Pharmaceuticals: 0.9%			United States. 87.58%
Jaguar Holding Co. II, 4.299% (1 Month US LIBOR + 2.500%), 8/18/22.	\$395,989	\$ 397,834	Canada. 4.36%
			Netherlands. 2.86%
Software/Services: 0.8%			United Kingdom 2.74%
Infor US, Inc., 4.695% (3 Month US LIBOR + 2.750%), 2/1/22	124,252	124,740	Cayman Islands 0.90%
Rackspace Hosting, Inc., 4.902% (3 Month US LIBOR + 3.000%), 11/30/24	249,361	241,638	Marshall Islands. 0.81%
		366,378	Ireland 0.47%
			Australia 0.28%
Telecom-Integrated/Services: 0.6%			Asset Type (as a percentage of total investments) (Unaudited)
CenturyLink, Inc., 4.549% (1 Month US LIBOR + 2.750%), 11/1/22	115,385	115,601	<p style="text-align: center;">Corporate Bonds, 91.3%</p>
Zayo Group LLC, 3.702% (1 Month US LIBOR + 2.000%), 1/19/21	148,852	149,062	
		264,663	
Total Bank Loans (cost \$2,332,138)		2,337,283	
Shares			
Mutual Fund: 2.3%			
Bank Loan Related 2.3%			
Penn Capital Defensive Floating Rate Income Fund - Institutional Class (e)	105,000	1,049,996	
Total Mutual Fund (cost \$1,055,685)		1,049,996	
Total Investments - 96.1% (cost \$43,024,869)		\$43,400,085	
Other Assets and Liabilities 3.9%		1,758,652	
Net Assets: 100.0%		\$45,158,737	

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 December 31, 2019, the value of these investments was \$13,343,612, or 30.0% of total net assets.
- (b) Payment-in-kind (“PIK”) security which may pay interest/dividends in additional par/shares and/or in cash. As of December 31, 2019, the total payment-in-kind was \$0, or 0.0% of total net assets.
- (c) 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.
- (d) 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.
- (e) Affiliated company. See Note 7.

The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Corporate Bonds: 59.7%					
Aerospace: 2.3%					
Bombardier, Inc., 7.500%, 3/15/25 (a)	\$55,000	\$ 56,718			
Bombardier, Inc., 8.750%, 12/1/21 (a)	75,000	82,172			
Moog, Inc., 4.250%, 12/15/27 (a)	70,000	71,232			
TransDigm, Inc., 6.375%, 6/15/26	45,000	47,728			
TransDigm, Inc., 6.250%, 3/15/26 (a)	40,000	43,304			
TransDigm, Inc., 7.500%, 3/15/27	40,000	43,752			
Triumph Group, Inc., 7.750%, 8/15/25	90,000	93,843			
		<u>438,749</u>			
Airline Companies: 0.9%					
Virgin Australia Holdings Ltd., 8.125%, 11/15/24 (a)	70,000	69,570			
VistaJet Malta Finance PLC, 10.500%, 6/1/24 (a)	100,000	95,000			
		<u>164,570</u>			
Auto Parts & Equipment: 1.0%					
American Axle & Manufacturing, Inc., 6.625%, 10/15/22	90,000	91,237			
Gates Global LLC, 6.250%, 1/15/26 (a)	95,000	96,635			
		<u>187,872</u>			
Automotive: 0.5%					
Delphi Technologies PLC, 5.000%, 10/1/25 (a) . .	105,000	97,125			
Banking: 0.9%					
Ally Financial, Inc., 8.000%, 3/15/20	35,000	35,306			
Ally Financial, Inc., 5.750%, 11/20/25	130,000	145,438			
		<u>180,744</u>			
Brokerage: 0.4%					
Oppenheimer Holdings, Inc., 6.750%, 7/1/22 . . .	72,000	74,160			
Building & Construction: 1.3%					
Ashton Woods USA LLC, 9.875%, 4/1/27 (a) . . .	85,000	95,625			
Beazer Homes USA, Inc., 7.250%, 10/15/29 (a) .	90,000	96,075			
William Lyon Homes, Inc., 5.875%, 1/31/25 . . .	50,000	51,437			
		<u>243,137</u>			
Building Materials: 0.5%					
Installed Building Products, Inc., 5.750%, 2/1/28 (a)	90,000	96,188			
Chemical Companies: 1.9%					
CF Industries, Inc., 4.950%, 6/1/43	145,000	151,163			
Hexion, Inc., 7.875%, 7/15/27 (a)	55,000	57,197			
Olin Corp., 5.000%, 2/1/30	40,000	40,600			
Olin Corp., 5.625%, 8/1/29	35,000	36,967			
Tronox, Inc., 6.500%, 4/15/26 (a)	70,000	72,114			
		<u>358,041</u>			
Computer Hardware: 0.6%					
Dell International LLC, 8.100%, 7/15/36 (a) . . .	55,000	72,187			
NCR Corp., 6.125%, 9/1/29 (a)	40,000	43,405			
		<u>115,592</u>			
Consumer/Commercial/Lease Financing: 1.5%					
Global Aircraft Leasing Co. Ltd., 6.500% Cash or 0.750% PIK, 9/15/24 (a)(b)	\$90,000	\$ 93,911			
Navient Corp., 5.875%, 10/25/24	80,000	85,600			
Navient Corp., 7.250%, 9/25/23	40,000	45,201			
Navient Corp., 8.000%, 3/25/20	12,000	12,124			
Springleaf Finance Corp., 5.375%, 11/15/29 . . .	45,000	46,971			
		<u>283,807</u>			
Consumer-Products: 0.8%					
HLF Financing Sarl LLC, 7.250%, 8/15/26 (a) . .	55,000	58,300			
Mattel, Inc., 3.150%, 3/15/23	50,000	49,250			
Mattel, Inc., 5.875%, 12/15/27 (a)	50,000	52,688			
		<u>160,238</u>			
Electric-Generation: 1.6%					
Calpine Corp., 5.125%, 3/15/28 (a)	70,000	71,449			
Talen Energy Supply LLC, 6.500%, 6/1/25	160,000	136,549			
Talen Energy Supply LLC, 6.625%, 1/15/28 (a) .	30,000	30,600			
Vistra Operations Co. LLC, 5.625%, 2/15/27 (a) .	55,000	57,956			
		<u>296,554</u>			
Electronics: 0.5%					
MagnaChip Semiconductor Corp., 6.625%, 7/15/21	90,000	89,550			
Energy-Exploration & Production: 4.4%					
Antero Resources Corp., 5.375%, 11/1/21	50,000	47,609			
Callon Petroleum Co., 6.125%, 10/1/24	50,000	50,947			
Comstock Resources, Inc., 9.750%, 8/15/26	50,000	45,375			
Covey Park Energy LLC, 7.500%, 5/15/25 (a) . .	40,000	34,400			
Jagged Peak Energy LLC, 5.875%, 5/1/26	50,000	51,624			
Matador Resources Co., 5.875%, 9/15/26	60,000	60,150			
Montage Resources Corp., 8.875%, 7/15/23	85,000	78,412			
Northern Oil and Gas, Inc., 8.500% Cash or 1.000% PIK, 5/15/23 (b)	105,632	109,329			
Oasis Petroleum, Inc., 6.250%, 5/1/26 (a)	75,000	62,250			
PDC Energy, Inc., 6.125%, 9/15/24	60,000	60,750			
QEP Resources, Inc., 6.875%, 3/1/21	45,000	46,575			
SM Energy Co., 5.625%, 6/1/25	100,000	94,917			
Whiting Petroleum Corp., 5.750%, 3/15/21	45,000	42,570			
WPX Energy, Inc., 5.250%, 10/15/27	45,000	47,475			
		<u>832,383</u>			
Entertainment: 1.1%					
AMC Entertainment Holdings, Inc., 5.750%, 6/15/25	135,000	124,875			
Lions Gate Capital Holdings LLC, 6.375%, 2/1/24 (a)	20,000	20,900			
National CineMedia LLC, 5.750%, 8/15/26	40,000	39,100			
National CineMedia LLC, 5.875%, 4/15/28 (a) . .	15,000	15,938			
		<u>200,813</u>			

The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Food/Drug Retailers: 0.7%			Investments & Miscellaneous Financial		
Albertsons Cos, Inc., 5.875%, 2/15/28 (a)	\$85,000	\$ 90,312	Services: 1.5%		
Albertsons Cos, Inc., 4.625%, 1/15/27 (a)	40,000	39,952	Icahn Enterprises LP, 6.375%, 12/15/25	\$75,000	\$ 78,656
		<u>130,264</u>	Icahn Enterprises LP, 6.250%, 5/15/26	105,000	111,825
Food-Wholesale: 2.5%			Icahn Enterprises LP, 5.250%, 5/15/27 (a)	55,000	56,245
Dole Food Co., Inc., 7.250%, 6/15/25 (a)	85,000	82,237	MSCI, Inc., 4.000%, 11/15/29 (a)	45,000	45,619
JBS USA LUX SA, 5.500%, 1/15/30 (a)	130,000	139,633			<u>292,345</u>
JBS USA LUX SA, 6.750%, 2/15/28 (a)	85,000	93,926	Machinery Companies: 0.3%		
Pilgrim's Pride Corp., 5.750%, 3/15/25 (a)	50,000	51,682	Cleaver-Brooks, Inc., 7.875%, 3/1/23 (a)	55,000	54,862
Simmons Foods, Inc., 5.750%, 11/1/24 (a)	110,000	110,550	Media-Broadcast: 4.7%		
		<u>478,028</u>	Cumulus Media New Holdings, Inc., 6.750%, 7/1/26 (a)	95,000	101,769
Forestry/Paper: 0.4%			Diamond Sports Group LLC, 5.375%, 8/15/26 (a)	95,000	96,097
Mercer International, Inc., 7.375%, 1/15/25	70,000	75,352	Entercom Media Corp., 7.250%, 11/1/24 (a)	85,000	89,462
Gaming: 1.6%			iHeartCommunications, Inc., 4.750%, 1/15/28 (a)	40,000	41,000
Scientific Games International, Inc., 8.250%, 3/15/26 (a)	60,000	66,150	Salem Media Group, Inc., 6.750%, 6/1/24 (a)	55,000	50,600
Scientific Games International, Inc., 7.000%, 5/15/28 (a)	20,000	21,400	Scripps Escrow, Inc., 5.875%, 7/15/27 (a)	75,000	78,562
Stars Group Holdings BV, 7.000%, 7/15/26 (a)	110,000	119,212	Sinclair Television Group, Inc., 5.625%, 8/1/24 (a)	35,000	36,006
The Enterprise Development Authority, 12.000%, 7/15/24 (a)	85,000	97,325	The E.W. Scripps Co., 5.125%, 5/15/25 (a)	145,000	148,263
		<u>304,087</u>	Townsquare Media, Inc., 6.500%, 4/1/23 (a)	70,000	71,050
Gas Distribution: 2.5%			Univision Communications, Inc., 5.125%, 5/15/23 (a)	125,000	124,688
Blue Racer Midstream LLC, 6.125%, 11/15/22 (a)	115,000	112,700	Urban One, Inc., 7.375%, 4/15/22 (a)	55,000	54,175
Crestwood Midstream Partners LP, 6.250%, 4/1/23	60,000	61,200			<u>891,672</u>
Enterprise Products Operating LLC, 4.875% (3 Month LIBOR USD + 2.986%), 8/16/77 (c)	50,000	49,375	Media-Cable: 1.6%		
NGL Energy Partners LP, 7.500%, 11/1/23	95,000	95,354	Altice Luxembourg SA, 10.500%, 5/15/27 (a)	200,000	228,010
NGPL PipeCo LLC, 7.768%, 12/15/37 (a)	45,000	57,993	DISH DBS Corp., 5.875%, 11/15/24	70,000	71,531
Rockies Express Pipeline LLC, 6.875%, 4/15/40 (a)	40,000	41,700			<u>299,541</u>
Sabine Pass Liquefaction LLC, 4.200%, 3/15/28	60,000	63,528	Media-Services: 1.3%		
		<u>481,850</u>	Clear Channel Worldwide Holdings, Inc., 9.250%, 2/15/24 (a)	115,000	127,362
Health Services: 1.2%			MDC Partners, Inc., 6.500%, 5/1/24 (a)	95,000	85,975
MEDNAX, Inc., 6.250%, 1/15/27 (a)	90,000	92,250	Terrier Media Buyer, Inc., 8.875%, 12/15/27 (a)	40,000	42,300
Select Medical Corp., 6.250%, 8/15/26 (a)	120,000	129,902			<u>255,637</u>
		<u>222,152</u>	Metals/Mining Excluding Steel: 2.0%		
Hospitals: 1.0%			Cleveland-Cliffs, Inc., 5.750%, 3/1/25	70,000	69,081
HCA, Inc., 5.500%, 6/15/47	40,000	45,852	Compass Minerals International, Inc., 6.750%, 12/1/27 (a)	90,000	95,625
Tenet Healthcare Corp., 8.125%, 4/1/22	50,000	55,312	CONSOL Energy, Inc., 11.000%, 11/15/25 (a)	110,000	93,707
Tenet Healthcare Corp., 6.750%, 6/15/23	85,000	93,390	Peabody Energy Corp., 6.000%, 3/31/22 (a)	135,000	131,625
		<u>194,554</u>			<u>390,038</u>
			Multi-Line Insurance: 0.9%		
			Genworth Holdings, Inc., 7.700%, 6/15/20	20,000	20,455
			Genworth Holdings, Inc., 7.625%, 9/24/21	90,000	94,806
			Genworth Holdings, Inc., 4.900%, 8/15/23	60,000	59,400
					<u>174,661</u>

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PENN CAPITAL FUNDS TRUST
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Non-Food & Drug Retailers: 0.5%			Support-Services: 2.8%		
L Brands, Inc., 6.694%, 1/15/27	\$90,000	\$ 90,000	CoreCivic, Inc., 5.000%, 10/15/22	\$95,000	\$ 95,475
Oil Field Equipment & Services: 1.8%			Prime Security Services Borrower LLC, 5.750%, 4/15/26 (a)	90,000	97,819
CSI Compressco LP, 7.500%, 4/1/25 (a)	25,000	24,562	The ADT Security Corp., 4.875%, 7/15/32 (a)	60,000	55,050
CSI Compressco LP, 7.250%, 8/15/22	50,000	46,000	The GEO Group, Inc., 5.875%, 1/15/22	80,000	79,400
Nabors Industries, Inc., 5.000%, 9/15/20	30,000	30,075	The GEO Group, Inc., 5.875%, 10/15/24	50,000	45,375
Nabors Industries, Inc., 4.625%, 9/15/21	95,000	94,406	The Hertz Corp., 5.500%, 10/15/24 (a)	100,000	102,500
Oceaneering International, Inc., 4.650%, 11/15/24	55,000	53,900	The Hertz Corp., 7.125%, 8/1/26 (a)	45,000	48,735
Oceaneering International, Inc., 6.000%, 2/1/28	20,000	19,600			<u>524,354</u>
Transocean, Inc., 6.800%, 3/15/38	55,000	39,050	Telecom-Integrated/Services: 5.0%		
Transocean, Inc., 9.000%, 7/15/23 (a)	35,000	36,969	CenturyLink, Inc., 7.600%, 9/15/39	150,000	156,750
		<u>344,562</u>	CenturyLink, Inc., 7.500%, 4/1/24	95,000	107,113
Oil Refining & Marketing: 0.5%			CenturyLink, Inc., 5.125%, 12/15/26 (a)	30,000	30,529
PBF Holding Co. LLC, 7.000%, 11/15/23	25,000	25,938	Cincinnati Bell, Inc., 8.000%, 10/15/25 (a)	100,000	106,000
PBF Holding Co. LLC, 7.250%, 6/15/25	60,000	64,050	Cincinnati Bell, Inc., 7.000%, 7/15/24 (a)	35,000	36,706
		<u>89,988</u>	Gogo Intermediate Holdings LLC, 9.875%, 5/1/24 (a)	205,000	216,531
Packaging: 0.6%			Intelsat Jackson Holdings SA, 5.500%, 8/1/23	155,000	133,151
Owens-Brockway Glass Container, Inc., 5.875%, 8/15/23 (a)	40,000	42,700	Intelsat Luxembourg SA, 7.750%, 6/1/21	135,000	106,650
Pactiv LLC, 7.950%, 12/15/25	60,000	68,550	Qwest Corp., 6.875%, 9/15/33	55,000	55,248
		<u>111,250</u>			<u>948,678</u>
Pharmaceuticals & Devices: 1.3%			Telecommunications Equipment: 0.2%		
Bausch Health Americas, Inc., 9.250%, 4/1/26 (a)	90,000	103,374	CommScope, Inc., 5.500%, 3/1/24 (a)	45,000	46,912
Bausch Health Cos, Inc., 5.000%, 1/30/28 (a)	45,000	46,188	Telecom-Wireless: 0.6%		
Kinetic Concepts, Inc., 12.500%, 11/1/21 (a)	100,000	102,875	Sprint Capital Corp., 8.750%, 3/15/32	40,000	48,550
		<u>252,437</u>	Sprint Corp., 7.125%, 6/15/24	70,000	75,513
Printing & Publishing: 1.3%					<u>124,063</u>
Lee Enterprises, Inc., 9.500%, 3/15/22 (a)	85,000	79,050	Total Corporate Bonds (cost \$10,980,608)		<u>11,328,943</u>
Meredith Corp., 6.875%, 2/1/26	160,000	166,352	Convertible Bonds: 2.5%		
		<u>245,402</u>	Energy-Exploration & Production: 0.6%		
Real Estate Development & Management: 0.7%			PDC Energy, Inc., 1.125%, 9/15/21	75,000	70,421
Realogy Group LLC, 5.250%, 12/1/21 (a)	75,000	75,750	Whiting Petroleum Corp., 1.250%, 4/1/20	50,000	48,804
Realogy Group LLC, 4.875%, 6/1/23 (a)	50,000	49,125			<u>119,225</u>
		<u>124,875</u>	Media-Broadcast: 0.7%		
Restaurants: 0.6%			DISH Network Corp., 2.375%, 3/15/24	150,000	136,965
Yum! Brands, Inc., 6.875%, 11/15/37	45,000	52,200	Pharmaceuticals & Devices: 0.9%		
Yum! Brands, Inc., 5.350%, 11/1/43	55,000	54,450	Teva Pharmaceutical Finance Co. LLC, 0.250%, 2/1/26	170,000	161,148
		<u>106,650</u>	Transportation Excluding Air/Rail: 0.3%		
Software/Services: 0.7%			Teekay Corp., 5.000%, 1/15/23	75,000	65,794
Photo Holdings Merger Sub, Inc., 8.500%, 10/1/26 (a)	75,000	69,750	Total Convertible Bonds (cost \$479,973)		<u>483,132</u>
Rackspace Hosting, Inc., 8.625%, 11/15/24 (a)	65,000	63,538			
		<u>133,288</u>			
Specialty Retail: 0.3%					
Lithia Motors, Inc., 4.625%, 12/15/27 (a)	50,000	51,393			
Steel Producers/Products: 0.4%					
AK Steel Corp., 7.625%, 10/1/21	70,000	70,525			

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PENN CAPITAL FUNDS TRUST
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Principal</u>	<u>Value</u>		<u>Principal</u>	<u>Value</u>
Bank Loans: 18.1% (d)(e)			Gaming: 0.5%		
Aerospace: 0.5%			PCI Gaming Authority, 4.299% (1 Month US LIBOR + 2.500%), 5/31/26	\$45,260	\$ 45,524
1199169 BC ULC, 5.945% (3 Month US LIBOR + 4.000%), 4/4/26	\$17,439	\$ 17,545	Stars Group Holdings BV, 5.455%, 7/10/25		
Ducommun, Inc., 5.984%, 11/21/25			(3 Month US LIBOR + 3.500%).	39,611	39,923
(2 Month US LIBOR + 4.000%).	16,300	16,300	(3 Month US LIBOR + 3.500%).	3,453	3,480
(3 Month US LIBOR + 4.000%).	21,145	21,145			<u>88,927</u>
Dynasty Acquisition Co., Inc., 5.945% (3 Month US LIBOR + 4.000%), 4/8/26	32,436	32,634	Gas Distribution: 0.9%		
		<u>87,624</u>	Prairie ECI Acquiror LP, 6.695% (3 Month US LIBOR + 4.750%), 3/11/26	48,750	48,285
Consumer-Products: 1.0%			Stonepeak Lonestar Holdings LLC, 6.299% (1 Month US LIBOR + 4.500%), 10/19/26	75,000	74,813
BDF Acquisition Corp., 7.049% (1 Month US LIBOR + 5.250%), 8/8/23	98,697	94,750	Woodford Express LLC, 6.700% (1 Month US LIBOR + 5.000%), 1/26/25	49,123	42,590
HLF Financing Sarl LLC, 4.549% (1 Month US LIBOR + 2.750%), 8/16/25	98,874	99,093			<u>165,688</u>
		<u>193,843</u>	Health Care Providers & Services: 0.3%		
Diversified Capital Goods: 0.4%			Emerald TopCo, Inc., 5.299% (1 Month US LIBOR + 3.500%), 7/26/26	49,875	50,109
DXP Enterprises, Inc., 6.549% (1 Month US LIBOR + 4.750%), 8/29/23	74,809	74,715	Health Services: 0.9%		
Diversified Financial Services: 0.3%			American Renal Holdings, Inc., 6.799% (1 Month US LIBOR + 5.000%), 6/22/24.	73,864	69,934
Pivotal Payments Direct Corp., 6.801%, 9/28/25			Gentiva Health Services, Inc., 5.562% (1 Month US LIBOR + 3.750%), 7/2/25	48,258	48,469
(1 Month US LIBOR + 5.000%).	41,614	41,822	Option Care Health, Inc., 6.299% (1 Month US LIBOR + 4.500%), 8/6/26	50,000	49,750
(1 Month US LIBOR + 5.000%).	6,096	6,127			<u>168,153</u>
(1 Month US LIBOR + 5.000%).	8,408	8,450	Industrial Conglomerates: 0.3%		
		<u>56,399</u>	Deliver Buyer, Inc., 6.945% (3 Month US LIBOR + 5.000%), 5/1/24	49,242	49,458
Electric-Generation: 0.2%			Investments & Miscellaneous Financial Services: 0.8%		
Lightstone Holdco LLC, 5.549% (1 Month US LIBOR + 3.750%), 1/30/24	47,330	43,331	Russell Investments US Institutional Holdco, Inc., 5.049% (1 Month US LIBOR + 3.250%), 6/1/23	49,109	49,109
Lightstone Holdco LLC, 5.549% (1 Month US LIBOR + 3.750%), 1/30/24	2,670	2,444	The Edelman Financial Center LLC, 5.035% (1 Month US LIBOR + 3.250%), 7/19/25	49,500	49,737
		<u>45,775</u>	VeriFone Systems, Inc., 5.898% (3 Month US LIBOR + 4.000%), 8/20/25	49,500	48,749
Electronics: 0.5%					<u>147,595</u>
Cohu, Inc., 4.799% (1 US LIBOR + 3.000%), 9/19/25	100,000	99,000	Media-Broadcast: 1.0%		
Entertainment: 0.3%			Diamond Sports Group LLC, 5.030% (1 Month US LIBOR + 3.250%), 8/24/26	99,750	99,542
Playtika Holding Corp., 7.736% (1 Month US LIBOR + 6.000%), 12/3/24	50,000	50,475	ION Media Networks, Inc., 4.812% (1 Month US LIBOR + 3.000%), 12/18/24.	49,875	50,021
United PF Holdings LLC, 6.198% (US LIBOR + 4.500%), 6/10/26	2,908	2,889	Univision Communications, Inc., 4.549% (1 Month US LIBOR + 2.750%), 3/15/24.	48,497	47,819
		<u>53,364</u>			<u>197,382</u>
Environmental & Waste: 0.5%			Media-Cable: 1.3%		
GFL Environmental, Inc., 4.799% (1 Month US LIBOR + 3.000%), 5/31/25	99,373	99,444	Altice France SA, 5.740% (1 Month US LIBOR + 4.000%), 8/14/26	248,495	248,701
Food-Wholesale: 0.5%					
Belling Brands LLC, 6.799% (1 Month US LIBOR + 5.000%), 10/21/24	100,000	100,938			

The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	Principal	Value		Principal	Value
Media-Services: 0.5%					
Terrier Media Buyer, Inc. 6.500% (1 Month US LIBOR + 4.250%), 12/12/26	\$100,000	\$ 100,938			
Metals & Mining: 0.8%					
Big River Steel LLC, 6.945% (3 Month US LIBOR + 5.000%), 8/23/23	148,235	147,864			
Metals/Mining Excluding Steel: 0.6%					
Aleris International, Inc., 6.555% (1 Month US LIBOR + 4.750%), 2/27/23	74,124	74,087			
American Rock Salt Co. LLC, 5.549% (1 Month US LIBOR + 3.750%), 3/21/25	47,784	48,083			
		122,170			
Multi-Line Insurance: 0.2%					
Asurion LLC, 4.799% (1 Month US LIBOR + 3.000%), 8/4/22.	41,038	41,251			
Non-Food & Drug Retailers: 0.9%					
Calceus Acquisition, Inc., 7.305% (1 Month US LIBOR + 5.500%), 2/12/25	88,559	88,264			
PetSmart, Inc., 5.740% (1 Month US LIBOR + 4.000%), 3/11/22	91,886	90,785			
		179,049			
Pharmaceuticals: 0.7%					
Aldevron LLC, 6.195% (3 Month US LIBOR + 4.250%), 10/11/26	125,000	126,250			
Pharmaceuticals & Devices: 1.0%					
Bausch Health Americas, Inc., 4.740% (1 Month US LIBOR + 3.000%), 6/1/25	42,381	42,593			
Cambrex Corp., 6.704% (1 Month US LIBOR + 5.000%), 11/22/26.	100,000	99,500			
Greatbatch Ltd., 4.220% (1 Month US LIBOR + 2.500%), 10/27/22.	44,148	44,329			
		186,422			
Software/Services: 0.5%					
Rackspace Hosting, Inc., 4.902% (3 Month US LIBOR + 3.000%), 11/3/23	99,490	96,409			
Specialty Retail: 0.3%					
Staples, Inc., 6.191% (1 Month US LIBOR + 4.500%), 9/12/24	49,750	48,911			
Support-Services: 0.8%					
CoreCivic, Inc., 6.250% (1 Month US LIBOR + 4.500%), 12/12/24.	100,000	95,750			
UOS LLC, 7.299% (1 Month US LIBOR + 5.500%), 4/18/23	49,367	49,614			
		145,364			
Telecom-Integrated/Services: 0.5%					
Consolidated Communications, Inc., 4.800% (1 Month US LIBOR + 3.000%), 10/5/23	104,731	98,927			
Telecommunications Equipment: 0.3%					
CommScope, Inc., 5.049% (1 Month US LIBOR + 5.049%), 4/4/26	\$49,875	\$ 50,140			
Transportation Excluding Air/Rail: 0.2%					
United Road Services, Inc., 7.549% (1 Month US LIBOR + 5.750%), 10/19/24.	48,442	42,144			
Wireless Telecommunication Services: 0.6%					
Iridium Satellite LLC, 5.549% (1 Month US LIBOR + 3.750%), 11/4/26	115,000	116,366			
Total Bank Loans (cost \$3,428,407)					3,429,320
				Shares	
Mutual Fund: 17.0%					
Bank Loan Related 17.0%					
Penn Capital Defensive Floating Rate Income Fund - Institutional Class (f)	323,655				3,236,546
Total Mutual Funds (cost \$3,273,568)					3,236,546
Preferred Stock: 0.0%					
Spanish Broadcasting System, Inc. 10.750% Cash or 10.750% PIK (g)(h)	1				47
Total Preferred Stocks (cost \$613)					47
Total Investments - 97.3%					
(cost \$18,163,169)					18,477,988
Other Assets and Liabilities 2.7%					
					511,572
Net Assets: 100.0%					
					\$18,989,560
(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 December 31, 2019, the value of these investments was \$6,328,921, or 33.3% of total net assets.				
(b)	Payment-in-kind ("PIK") security which may pay interest/dividends in additional par/shares and/or in cash. As of December 31, 2019, the total payment-in-kind was \$0, or 0.0% of total net assets.				
(c)	Variable rate security. The rate listed is as of December 31, 2019.				
(d)	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.				
(e)	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.				
(f)	Affiliated company. See Note 7.				
(g)	This security is currently being fair valued in accordance with procedures established by the Board of Trustees and is deemed a Level 3 security as it is valued using significant unobservable inputs.				

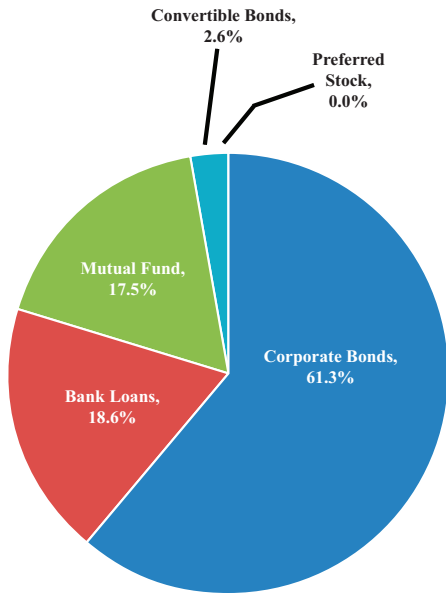
The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MULTI-CREDIT HIGH INCOME FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

(h) Payment-in-kind (“PIK”) security which may pay interest/dividends in additional par/shares and/or in cash. No distribution or dividend was made during the year ended December 31, 2019. As such, it is classified as a non-income producing security as of December 31, 2019.

Country Exposure (as a percentage of total investments)

United States	98.54%
Luxembourg	0.69%
Canada	0.29%
Germany	0.28%
Cayman Islands	0.20%



The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL SPECIAL SITUATIONS SMALL CAP EQUITY FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Shares</u>	<u>Value</u>		<u>Shares</u>	<u>Value</u>
Common Stocks: 93.3%			Health Care Providers & Services: 3.4%		
Aerospace & Defense: 2.4%					
Aerojet Rocketdyne Holdings, Inc. (a)	3,242	\$ 148,030	Option Care Health, Inc. (a)	51,681	\$ 192,770
AeroVironment, Inc. (a)	1,608	99,278	R1 RCM, Inc. (a)	13,059	169,506
		<u>247,308</u>			<u>362,276</u>
Banks: 9.4%			Health Care Technology: 3.0%		
Ameris Bancorp	2,400	102,096	Allscripts Healthcare Solutions, Inc. (a)	17,938	176,061
CenterState Bank Corp.	5,880	146,882	Omnicell, Inc. (a)	1,704	139,251
FB Financial Corp.	5,004	198,108			<u>315,312</u>
First BanCorp	13,229	140,095	Hotels, Restaurants & Leisure: 13.8%		
Veritex Holdings, Inc.	4,922	143,378	Everi Holdings, Inc. (a)	11,667	156,688
Western Alliance Bancorp.	4,432	252,624	Full House Resorts, Inc. (a)	35,740	119,729
		<u>983,183</u>	Golden Entertainment, Inc. (a)	12,662	243,364
Biotechnology: 2.5%			Marriott Vacations Worldwide Corp.	1,093	140,735
Amarin PLC - ADR (a)	6,572	140,904	Papa John's International, Inc.	2,056	129,836
Exelixis, Inc. (a)	6,924	122,001	Penn National Gaming, Inc. (a)	4,796	122,586
		<u>262,905</u>	Planet Fitness, Inc. - Class A (a)	1,238	92,454
Chemicals: 2.5%			Red Rock Resorts, Inc. - Class A	7,386	176,895
Ferro Corp. (a)	4,642	68,841	Scientific Games Corp. (a)	4,312	115,475
Huntsman Corp.	8,003	193,352	SeaWorld Entertainment, Inc. (a)	4,913	155,791
		<u>262,193</u>			<u>1,453,553</u>
Construction & Engineering: 1.6%			Household Durables: 1.9%		
MasTec, Inc. (a)	2,575	165,212	Installed Building Products, Inc. (a)	1,444	99,448
Construction Materials: 1.1%			Meritage Homes Corp. (a)	1,687	103,093
Summit Materials, Inc. - Class A (a)	5,014	119,835			<u>202,541</u>
Diversified Consumer Services: 1.0%			Insurance: 1.6%		
Chegg, Inc. (a)	2,647	100,348	Stewart Information Services Corp.	4,044	164,955
Electrical Equipment: 0.8%			IT Services: 1.3%		
Atkore International Group, Inc. (a)	2,021	81,770	CACI International, Inc. - Class A (a)	551	137,744
Electronic Equipment, Instruments & Components: 0.8%			Life Sciences Tools & Services: 1.8%		
Itron, Inc. (a)	941	78,997	Syneos Health, Inc. (a)	3,106	184,729
Energy Equipment & Services: 1.6%			Machinery: 6.3%		
Core Laboratories NV	1,862	70,142	Alamo Group, Inc.	992	124,546
Transocean Ltd. (a)	14,863	102,257	Chart Industries, Inc. (a)	2,487	167,848
		<u>172,399</u>	Crane Co.	2,075	179,238
Entertainment: 1.4%			Gates Industrial Corp. PLC (a)	13,521	186,049
AMC Entertainment Holdings, Inc. - Class A	10,224	74,022			<u>657,681</u>
Zynga, Inc. - Class A (a)	11,600	70,992	Media: 8.8%		
		<u>145,014</u>	Cardlytics, Inc. (a)	1,860	116,920
Food & Staples Retailing: 1.3%			The EW Scripps Co. - Class A	13,825	217,191
BJ's Wholesale Club Holdings, Inc. (a)	6,022	136,940	Gray Television, Inc. (a)	11,672	250,248
Glass and Glass Product Manufacturing: 0.9%			Nexstar Media Group, Inc. - Class A	1,566	183,613
O-I Glass, Inc.	8,106	96,705	Sinclair Broadcast Group, Inc. - Class A	4,760	158,698
Health Care Equipment & Supplies: 4.2%					<u>926,670</u>
ICU Medical, Inc. (a)	593	110,962	Metals & Mining: 0.7%		
LivaNova PLC (a)	1,151	86,820	SSR Mining, Inc. (a)	3,601	69,355
OraSure Technologies, Inc. (a)	15,202	122,072	Multiline Retail: 0.8%		
Oxford Immunotec Global PLC (a)	7,309	121,329	Ollie's Bargain Outlet Holdings, Inc. (a)	1,274	83,205
		<u>441,183</u>	Oil, Gas & Consumable Fuels: 2.1%		
			Northern Oil and Gas, Inc. (a)	41,955	98,175
			Parsley Energy, Inc. - Class A	6,535	123,577
					<u>221,752</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL SPECIAL SITUATIONS SMALL CAP EQUITY FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

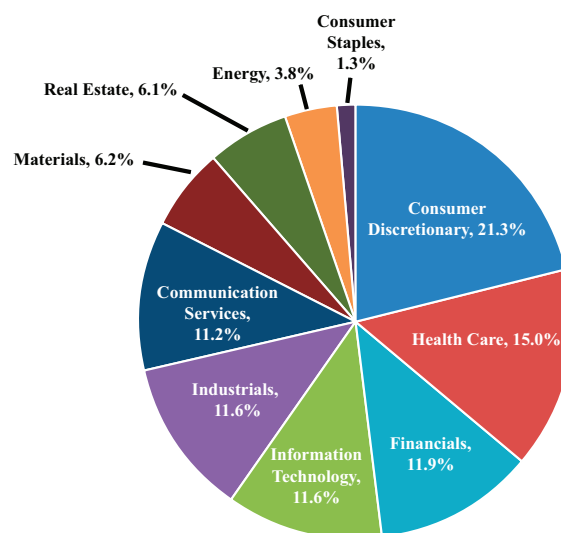
	<u>Shares</u>	<u>Value</u>
Paper & Forest Products: 0.9%		
Norbord, Inc.	3,644	\$ 97,404
Road & Rail: 0.5%		
Marten Transport Ltd.	2,605	55,981
Semiconductors & Semiconductor Equipment: 6.4%		
Diodes, Inc. (a)	2,747	154,848
Rambus, Inc. (a)	8,913	122,777
Semtech Corp. (a)	3,244	171,608
Silicon Motion Technology Corp. - ADR	4,414	223,834
		<u>673,067</u>
Software: 3.1%		
Avaya Holdings Corp. (a)	11,143	150,430
Five9, Inc. (a)	1,983	130,045
Q2 Holdings, Inc. (a)	536	43,459
		<u>323,934</u>
Specialty Retail: 3.6%		
Five Below, Inc. (a)	851	108,809
Floor & Decor Holdings, Inc. - Class A (a)	2,108	107,107
National Vision Holdings, Inc. (a)	5,104	165,523
		<u>381,439</u>
Thriffs & Mortgage Finance: 0.9%		
WSFS Financial Corp.	2,066	90,883
Wireless Telecommunication Services: 0.9%		
Gogo, Inc. (a)	15,115	96,736
Total Common Stocks (cost \$8,266,197)		<u>9,793,209</u>
Contingent Value Right - 0.0%		
Media - 0.0%		
Media General, Inc. (a)	1,867	19
Total Contingent Value Right (cost \$0)		<u>19</u>
Real Estate Investment Trusts (REITs): 6.0%		
Easterly Government Properties, Inc.	5,987	142,071
Essential Properties Realty Trust, Inc.	2,804	69,567
NexPoint Residential Trust, Inc.	4,290	193,050
Physicians Realty Trust	7,583	143,622
QTS Realty Trust, Inc. - Class A	1,607	87,212
Total REITs (cost \$558,281)		<u>635,522</u>
Total Investments - 99.3% (cost \$8,824,478)		<u>10,428,750</u>
Other Assets and Liabilities 0.7%		<u>68,755</u>
Net Assets: 100.0%		<u>\$10,497,505</u>

(a) No distribution or dividend was made during the period ending December 31, 2019. As such, it is classified as a non-income producing security as of December 31, 2019.

Country Exposure (as a percentage of total investments)

United States.	89.11%
United Kingdom	5.13%
Cayman Islands	2.15%
Canada.	1.60%
Puerto Rico.	1.34%
Netherlands.	0.67%

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 Depository Receipt

The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MANAGED ALPHA SMID CAP EQUITY FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	<u>Shares</u>	<u>Value</u>		<u>Shares</u>	<u>Value</u>
Common Stocks: 87.1%			Insurance: 7.1%		
Aerospace & Defense: 3.2%			Arch Capital Group Ltd. (a)		
Huntington Ingalls Industries, Inc.	1,203	\$ 301,809	Fidelity National Financial, Inc.	12,606	\$ 540,671
Mercury Systems, Inc. (a)	4,065	280,932	Reinsurance Group of America, Inc.	9,573	434,136
		<u>582,741</u>		1,933	315,195
					<u>1,290,002</u>
Banks: 6.5%			Interactive Media & Services: 1.5%		
BOK Financial Corp.	2,982	260,627	IAC (a)	1,122	279,501
Pinnacle Financial Partners, Inc.	5,409	346,176	IT Services: 2.8%		
Webster Financial Corp.	4,993	266,426	Black Knight, Inc. (a)	3,018	194,601
Western Alliance Bancorp	5,501	313,557	GoDaddy, Inc. - Class A (a)	4,533	307,881
		<u>1,186,786</u>			<u>502,482</u>
Biotechnology: 3.1%			Life Sciences Tools & Services: 2.6%		
Amarin PLC - ADR (a)	12,212	261,825	Avantor, Inc. (a)	14,763	267,949
Exelixis, Inc. (a)	16,587	292,263	PRA Health Sciences, Inc. (a)	1,803	200,403
		<u>554,088</u>			<u>468,352</u>
Building Products: 3.5%			Machinery: 1.5%		
Allegion PLC	2,540	316,332	Allison Transmission Holdings, Inc.	5,804	280,449
Masco Corp.	6,517	312,751	Media: 2.4%		
		<u>629,083</u>	Nexstar Media Group, Inc. - Class A	2,063	241,887
Chemicals: 0.9%			Live Nation Entertainment, Inc. (a)	2,850	203,690
HB Fuller Co.	3,272	168,737			<u>445,577</u>
Commercial Services & Supplies: 3.2%			Metals & Mining: 3.0%		
IAA, Inc. (a)	7,462	351,162	Alcoa Corp. (a)	11,242	241,815
KAR Auction Services, Inc.	10,184	221,909	Commercial Metals Co.	13,471	299,999
		<u>573,071</u>			<u>541,814</u>
Construction Materials: 1.7%			Oil, Gas & Consumable Fuels: 3.9%		
Martin Marietta Materials, Inc.	1,090	304,808	Arch Coal, Inc. - Class A.	2,238	160,554
Diversified Financial Services: 2.3%			Continental Resources, Inc.	8,483	290,967
Voya Financial, Inc.	6,961	424,482	Diamondback Energy, Inc.	2,701	250,815
Entertainment: 1.7%					<u>702,336</u>
Liberty Media Corp.-Liberty SiriusXM - Class A (a)	6,409	309,811	Pharmaceuticals: 3.8%		
Food Products: 1.8%			Catalent, Inc. (a)	6,824	384,191
Lamb Weston Holdings, Inc.	3,728	320,720	Elanco Animal Health, Inc. (a)	10,496	309,107
Health Care Equipment & Supplier: 1.7%					<u>693,298</u>
Teleflex, Inc.	841	316,586	Professional Services: 2.1%		
Health Care Technology: 1.3%			TransUnion	4,393	376,085
Allscripts Healthcare Solutions, Inc. (a)	23,236	228,061	Road & Rail: 1.4%		
Hotels, Restaurants & Leisure: 3.0%			Schneider National, Inc. - Class B	12,035	262,604
Boyd Gaming Corp.	7,786	233,113	Semiconductors & Semiconductor Equipment: 5.6%		
Vail Resorts, Inc.	1,293	310,100	Marvell Technology Group Ltd.	11,298	300,075
		<u>543,213</u>	Skyworks Solutions, Inc.	2,558	309,211
Household Durables: 2.0%			Teradyne, Inc.	5,865	399,934
Meritage Homes Corp. (a)	4,755	290,578			<u>1,009,220</u>
Roku, Inc. (a)	522	69,896	Software: 4.4%		
		<u>360,474</u>	Five9, Inc. (a)	3,130	205,265
Independent Power and Renewable Electricity Producers: 1.5%			Nice Ltd. - ADR (a)	1,823	282,838
Ormat Technologies, Inc.	3,575	266,409	Tyler Technologies, Inc. (a)	1,061	318,321
					<u>806,424</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

PENN CAPITAL FUNDS TRUST
PENN CAPITAL MANAGED ALPHA SMID CAP EQUITY FUND
SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019 (UNAUDITED)

	Shares	Value
Specialty Retail: 3.8%		
Burlington Stores, Inc. (a)	1,919	\$ 437,590
Floor & Decor Holdings, Inc. - Class A (a)	5,076	257,912
		<u>695,502</u>
Trading Companies & Distributors: 1.9%		
United Rentals, Inc. (a)	2,027	338,043
Water Utilities: 1.9%		
Aqua America, Inc.	7,395	347,121
Total Common Stocks (cost \$12,536,049)		<u>15,807,880</u>
Real Estate Investment Trusts (REITs):		
10.2%		
Camden Property Trust	2,982	316,390
CyrusOne, Inc.	3,755	245,690
Healthcare Trust of America, Inc. - Class A	10,653	322,573
Invitation Homes, Inc.	11,192	335,424
MGM Growth Properties LLC - Class A	11,096	343,643
Sun Communities, Inc.	1,883	282,638
Total REITs (cost \$1,593,787)		<u>1,846,358</u>
Total Investments - 97.3% (cost \$14,129,836)		<u>17,654,238</u>
Other Assets and Liabilities 2.7%		<u>494,884</u>
Net Assets: 100.0%		<u>\$18,149,122</u>

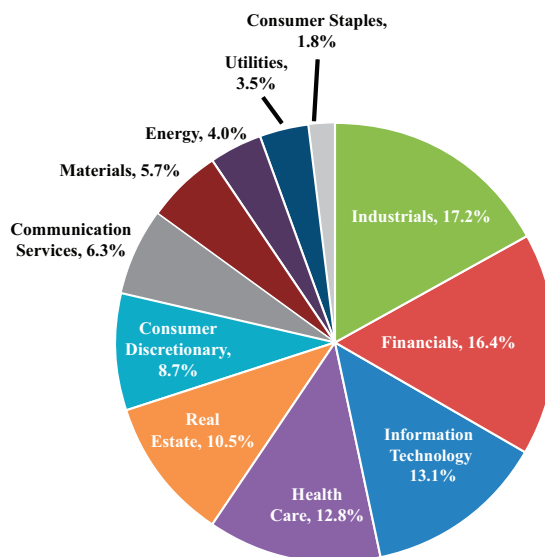
Percentages are stated as a percent of net assets.

ADR - American Depository Receipt

(a) No distribution or dividend was made during the period ending December 31, 2019. As such, it is classified as a non-income producing security as of December 31, 2019.

Country Exposure (as a percentage of total investments)	
United States	90.37%
Bermuda	4.76%
Ireland	1.79%
Israel	1.60%
United Kingdom	1.48%

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.

The Accompanying Notes are an Integral Part of these Financial Statements.

PENN Capital Funds Trust
Statements of Assets and Liabilities
December 31, 2019 (Unaudited)

	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	\$45,920,095	\$42,350,088	\$15,241,442	\$10,428,750	\$17,654,238
Affiliated mutual fund (see Note 7)	—	1,049,996	3,236,546	—	—
Receivables:					
Advisor reimbursement due	5,145	6,439	12,315	6,799	353
Dividends and interest	210,726	652,641	202,911	2,617	21,179
Investments sold	424,998	—	46,884	—	—
Fund shares sold	70,000	5,000	—	—	100,000
Cash	5,858,149	5,248,169	884,235	116,654	412,015
Other assets	28,130	14,090	14,887	17,100	16,100
Total assets	<u>\$2,517,243</u>	<u>\$49,326,395</u>	<u>\$19,639,220</u>	<u>\$10,571,920</u>	<u>\$18,203,885</u>
Liabilities					
Payables:					
Investments purchased	3,437,735	4,106,550	587,724	16,052	—
Fund shares redeemed	108	—	—	—	—
Accrued expenses:					
Professional fees	16,658	16,787	16,672	11,562	11,647
Administration fees	42,694	30,854	33,084	22,574	22,356
Custody fees	3,488	2,895	675	4,613	524
Transfer agent fees and expenses	11,390	6,225	6,349	7,005	6,643
Trustee fees and expenses	2,539	1,603	1,454	817	1,190
Other accrued expenses	10,504	2,744	3,702	11,792	12,403
Total liabilities	<u>\$3,525,116</u>	<u>\$4,167,658</u>	<u>\$649,660</u>	<u>\$74,415</u>	<u>\$54,763</u>
Net assets	<u>\$48,992,127</u>	<u>\$45,158,737</u>	<u>\$18,989,560</u>	<u>\$10,497,505</u>	<u>\$18,149,122</u>
Composition of Net Assets					
Paid-in capital	\$49,306,712	\$44,806,294	\$18,956,322	\$ 9,003,800	\$14,534,865
Total distributable earnings	(314,585)	352,443	33,238	1,493,705	3,614,257
Net assets	<u>\$48,992,127</u>	<u>\$45,158,737</u>	<u>\$18,989,560</u>	<u>\$10,497,505</u>	<u>\$18,149,122</u>
Institutional Class					
Net assets applicable to outstanding shares	<u>\$48,992,127</u>	<u>\$45,158,737</u>	<u>\$18,989,560</u>	<u>\$10,497,505</u>	<u>\$18,149,122</u>
Shares of beneficial interest outstanding, no par value, unlimited authorization	<u>4,900,682</u>	<u>4,522,878</u>	<u>1,899,510</u>	<u>900,501</u>	<u>1,364,031</u>
Net asset value per share outstanding	<u>\$ 10.00</u>	<u>\$ 9.98</u>	<u>\$ 10.00</u>	<u>\$ 11.66</u>	<u>\$ 13.31</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 | \$45,723,186 | \$41,969,184 | \$14,889,601 | \$ 8,824,478 | \$14,129,836 |
| Affiliated mutual fund (see Note 7) | — | 1,055,685 | 3,273,568 | — | — |
- (2) No information is provided for Investor Share Class shares because shares of that Class had not yet been issued as of December 31, 2019.

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

PENN Capital Funds Trust
Statements of Operations (Unaudited)

	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
	July 1, 2019 - December 31, 2019	July 1, 2019 - December 31, 2019	July 1, 2019 - December 31, 2019	July 1, 2019 - December 31, 2019	July 1, 2019 - December 31, 2019
Investment Income (Loss)					
Income					
Dividends**					
Unaffiliated dividends	\$ —	\$ —	\$ —	\$ 43,078	\$ 91,402
Dividend distributions from affiliated mutual fund (see Note 7)	—	18,666	73,654	—	—
Interest***	1,094,535	831,372	490,865	855	5,664
Total income	<u>1,094,535</u>	<u>850,038</u>	<u>564,519</u>	<u>43,933</u>	<u>97,066</u>
Expenses					
Investment advisory fees	115,901	88,455	61,616	46,034	69,877
Administration and accounting	69,163	49,770	53,525	33,648	33,337
Professional fees	21,876	21,814	21,869	16,889	16,840
Registration	11,060	11,858	11,083	10,899	11,026
Transfer agent expense	10,921	10,755	9,399	9,190	9,643
Shareholder communication	9,962	4,582	1,426	2,451	1,901
Compliance fees	7,094	7,135	7,038	7,038	7,038
Shareholder servicing fees	6,998	8,549	3,089	4,041	2,991
Custodian	5,539	4,459	4,178	3,548	2,965
Insurance	5,245	4,544	2,114	1,314	1,940
Trustees	5,230	5,467	2,304	1,314	1,937
Miscellaneous	—	—	—	6,606	6,606
Interest expense	—	—	—	32	—
Total expenses	<u>268,989</u>	<u>217,388</u>	<u>177,641</u>	<u>143,004</u>	<u>166,101</u>
Expense waiver and reimbursement from Advisor	<u>(134,123)</u>	<u>(111,242)</u>	<u>(113,345)</u>	<u>(90,154)</u>	<u>(83,802)</u>
Net expenses	<u>134,866</u>	<u>106,146</u>	<u>64,296</u>	<u>52,850</u>	<u>82,299</u>
Net investment income (loss)	<u>959,669</u>	<u>743,892</u>	<u>500,223</u>	<u>(8,917)</u>	<u>14,767</u>
Realized and Unrealized Gain (Loss) on Investments					
Net realized gain (loss) on investments					
Unaffiliated issuers	(201,338)	30,980	(226,582)	220,749	255,001
Affiliated Mutual Fund (See Note 7)	—	—	(13,277)	—	—
Net change in unrealized appreciation (depreciation)					
Unaffiliated issuers	321,531	189,052	266,094	631,695	1,238,896
Affiliated Mutual Fund (See Note 7)	—	2,658	24,626	—	—
Net realized and unrealized gain on investments	<u>120,193</u>	<u>222,690</u>	<u>50,861</u>	<u>852,444</u>	<u>1,493,897</u>
Net increase in net assets resulting from operations	<u>\$1,079,862</u>	<u>\$966,582</u>	<u>\$551,084</u>	<u>\$843,527</u>	<u>\$1,508,664</u>
** Net of foreign taxes withheld	\$ —	\$ —	\$ —	\$ —	\$ 335
*** Net of foreign taxes withheld	\$ 774	\$ 846	\$ —	\$ —	\$ —

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	
	July 1, 2019 - December 31, 2019	July 1, 2018 - June 30, 2019	July 1, 2019 - December 31, 2019	July 1, 2018 - June 30, 2019	July 1, 2019 - December 31, 2019	July 1, 2018 - June 30, 2019	July 1, 2019 - December 31, 2019	July 1, 2018 - June 30, 2019	July 1, 2019 - December 31, 2019	July 1, 2018 - June 30, 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operations										
Net investment income (loss)	\$ 959,669	\$ 1,792,841	\$ 743,892	\$ 837,408	\$ 500,223	\$ 841,513	\$ (8,917)	\$ (51,603)	\$ 14,767	\$ (15,532)
Net realized gain (loss) on investments:	(201,338)	(273,197)	30,980	(42,322)	(239,859)	3,151	220,749	(214,421)	255,001	570,842
Net change in unrealized appreciation (depreciation)	321,531	(119,403)	191,710	323,119	290,720	(9,252)	631,695	(1,835,597)	1,238,896	(72,523)
Net increase (decrease) in net assets resulting from operations	<u>1,079,862</u>	<u>1,400,241</u>	<u>966,582</u>	<u>1,118,205</u>	<u>551,084</u>	<u>835,412</u>	<u>843,527</u>	<u>(2,101,621)</u>	<u>1,508,664</u>	<u>482,787</u>
Dividends and distributions to shareholders										
Net dividends and distributions from net investment income and realized gain - Institutional Class	(962,624)	(1,892,386)	(762,110)	(856,770)	(523,026)	(902,124)	—	(1,194,500)	(768,746)	(1,274,995)
Total dividends and distributions to shareholders	<u>(962,624)</u>	<u>(1,892,386)</u>	<u>(762,110)</u>	<u>(856,770)</u>	<u>(523,026)</u>	<u>(902,124)</u>	<u>—</u>	<u>(1,194,500)</u>	<u>(768,746)</u>	<u>(1,274,995)</u>
Capital share transactions										
Net proceeds from sale of shares	12,353,120	10,672,029	10,454,703	22,772,480	3,363,256	1,638,773	517,586	1,418,042	2,760,905	224,305
Dividends and distributions reinvested	644,633	1,380,000	726,081	853,180	521,985	895,794	—	1,167,457	763,334	1,251,646
Cost of shares redeemed**	(1,607,387)	(5,804,117)	(1,150,105)	(1,399,351)	(159,529)	(1,045,925)	(1,061,169)	(10,380,725)	(478,349)	(1,230,612)
Net increase (decrease) in net assets resulting from capital share transactions	<u>11,390,366</u>	<u>6,247,912</u>	<u>10,030,679</u>	<u>22,226,309</u>	<u>3,725,712</u>	<u>1,488,642</u>	<u>(543,583)</u>	<u>(7,795,226)</u>	<u>3,045,890</u>	<u>245,339</u>
Net increase (decrease) in net assets	11,507,604	5,755,767	10,235,151	22,487,744	3,753,770	1,421,930	299,944	(11,091,347)	3,785,808	(546,869)
Net Assets										
Beginning of period	<u>37,484,523</u>	<u>31,728,756</u>	<u>34,923,586</u>	<u>12,435,842</u>	<u>15,235,790</u>	<u>13,813,860</u>	<u>10,197,561</u>	<u>21,288,908</u>	<u>14,363,314</u>	<u>14,910,183</u>
End of period	<u>\$48,992,127</u>	<u>\$37,484,523</u>	<u>\$45,158,737</u>	<u>\$34,923,586</u>	<u>\$18,989,560</u>	<u>\$15,235,790</u>	<u>\$10,497,505</u>	<u>\$ 10,197,561</u>	<u>\$18,149,122</u>	<u>\$14,363,314</u>
** Net of redemption fees of:	\$ 693	\$ 485	\$ —	\$ 2,584	\$ 929	\$ 511	\$ —	\$ 1,063	\$ —	\$ —

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 12/31/19 (Unaudited)	\$ 9.97	0.23	0.03	0.26 ^(f)	(0.23)	—	(0.23)	\$10.00	2.59% ^(d)	\$48,992	0.64%	1.28%	4.56%	3.92%	26% ^(d)		
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%		
12/1/15 ^(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 12/31/19 (Unaudited)	\$ 9.93	0.19	0.05	0.24	(0.19)	—	(0.19)	\$ 9.98	2.45% ^(d)	\$45,159	0.54%	1.11%	3.79%	3.22%	35% ^(d)		
7/1/18 to 6/30/2019	\$ 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%		
7/1/17 ^(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 12/31/19 (Unaudited)	\$ 9.99	0.27	0.03	0.30 ^(f)	(0.29)	—	(0.29)	\$10.00	3.05% ^(d)	\$18,990	0.72%	1.99%	5.60%	4.33%	42% ^(d)		
7/1/18 to 6/30/19	\$10.06	0.59	(0.02)	0.57	(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%		
12/1/15 ^(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 12/31/19 (Unaudited)	\$10.67	(0.01)	1.00	0.99	—	—	—	\$11.66	9.48% ^(d)	\$10,498	1.09%	2.95%	(0.18)%	(2.04)%	53% ^(d)		
7/1/18 to 6/30/19	\$12.59	(0.05)	(0.98)	(1.03) ^(f)	—	(0.89)	(0.89)	\$10.67	—	\$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%		
12/1/15 ^(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 12/31/2019 (Unaudited)	\$12.68	0.01	1.21	1.22	—	(0.59)	(0.59)	\$13.31	9.79% ^(d)	\$18,149	1.06%	2.14%	(0.89)%	0.19%	23% ^(d)		
7/1/18 to 6/30/2019	\$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%		
12/1/15 ^(e) to 6/30/16	\$10.00	(0.03)	(0.32)	(0.35)	—	—	—	\$ 9.65	—	\$ 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 December 31, 2019.

- (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 for periods less than one year.
- (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.

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

**PENN CAPITAL FUNDS TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 (UNAUDITED)**

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 December 1, 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 December 1, 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 December 1, 2015. The Penn Capital Special Situations Small Cap Equity Fund commenced operations on December 18, 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. (“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 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: 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 December 31, 2019. 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 December 31, 2019.

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
DECEMBER 31, 2019 (UNAUDITED)

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

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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 December 31, 2019 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	\$ —	\$38,671,231	\$ —	\$38,671,231
Corporate Bonds	—	5,996,574	—	5,996,574
U.S. Government Notes	—	1,252,290	—	1,252,290
Total Investments in Securities.	<u>\$ —</u>	<u>\$45,920,095</u>	<u>\$ —</u>	<u>\$45,920,095</u>
<u>Penn Capital Defensive Short Duration High Income Fund</u>				
Investments in Securities^(a)				
Convertible Bonds	\$ —	\$ 389,358	\$—	\$ 389,358
Corporate Bonds	—	39,623,448	—	39,623,448
Bank Loans	—	2,337,282	—	2,337,283
Mutual Fund	1,049,996	—	—	1,049,996
Total Investments in Securities.	<u>\$1,049,996</u>	<u>\$42,350,088</u>	<u>\$—</u>	<u>\$43,400,085</u>
<u>Penn Capital Multi-Credit High Income Fund</u>				
Investments in Securities^(a)				
Corporate Bonds	\$ —	\$11,328,943	\$ —	\$11,328,943
Convertible Bonds	—	483,132	—	483,132
Bank Loans	—	3,429,320	—	3,429,320
Mutual Fund	3,236,546	—	—	3,236,546
Preferred Stock	—	—	47	47
Total Investments in Securities.	<u>\$3,236,546</u>	<u>\$15,241,395</u>	<u>\$ 47</u>	<u>\$18,477,988</u>

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<u>Penn Capital Special Situations Small 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	\$ 9,793,209	\$—	\$ —	\$ 9,793,209
Contingent Value Right	—	19	—	19
Real Estate Investment Trusts (REITs)	635,522	—	—	635,522
Total Investments in Securities.	<u>\$10,428,731</u>	<u>\$19</u>	<u>\$ —</u>	<u>\$10,428,750</u>
<u>Penn Capital Managed Alpha SMID Cap Equity</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in Securities^(a)				
Common Stocks	\$15,807,880	\$—	\$ —	\$15,807,880
Real Estate Investment Trusts (REITs)	1,846,358	—	—	1,846,358
Total Investments in Securities.	<u>\$17,654,238</u>	<u>\$—</u>	<u>\$ —</u>	<u>\$17,654,238</u>

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

The following table summarizes quantitative information about significant unobservable valuation inputs for Level 3 fair value measurement as of December 31, 2019:

<u>Type of Assets</u>	<u>Fair Value as of December 31, 2019</u>	<u>Valuation Techniques</u>	<u>Unobservable Input</u>
Penn Capital Multi-Credit High Income Fund			
Preferred Stock			
Spanish Broadcasting Systems, Inc.	47	Broker Quote	Unpublished independent broker quote

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 December 31, 2019</u>	<u>Change in Unrealized Appreciation (Depreciation) from Investments Held as of December 31, 2019</u>
Penn Capital Multi-Credit High Income Fund							
Preferred Stock							
Spanish Broadcasting Systems, Inc.	\$40	\$ —	\$ —	\$ —	\$ —	\$47	\$7

As of December 31, 2019, the change in unrealized appreciation on positions still held for securities that were considered Level 3 was \$7.

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.

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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.

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'

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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 Multi-Credit High Income Fund and the Penn Capital Defensive Short Duration 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.

	<u>Institutional Class</u>	<u>Investor Class</u>
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%

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/ Expenses 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, 2017	\$ 261,441	—	\$ 261,441	2020
June 30, 2018	281,780	—	281,780	2021
June 30, 2019	291,034	—	291,034	2022
June 30, 2020	134,123	—	134,123	2023
Total	<u>\$ 968,378</u>	<u>\$ —</u>	<u>\$ 968,378</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	111,242 ⁽¹⁾	—	108,645	2023
Total	<u>\$ 476,959</u>	<u>\$ —</u>	<u>\$ 471,853</u>	
Penn Capital Multi-Credit High Income Fund				
June 30, 2017	\$ 218,116	—	\$ 218,116	2020
June 30, 2018	226,073	—	226,073	2021
June 30, 2019	219,408 ⁽¹⁾	—	204,979	2022
June 30, 2020	113,345 ⁽¹⁾	—	102,712	2023
Total	<u>\$ 776,942</u>	<u>\$ —</u>	<u>\$ 751,880</u>	
Penn Capital Special Situations Small Cap Equity Fund				
June 30, 2017	\$ 158,820	—	\$ 158,820	2020
June 30, 2018	208,947	—	208,947	2021
June 30, 2019	187,190	—	187,190	2022
June 30, 2020	90,154	—	90,154	2023
Total	<u>\$ 654,111</u>	<u>\$ —</u>	<u>\$ 654,111</u>	
Penn Capital Managed Alpha SMID Cap Equity Fund				
June 30, 2017	\$ 162,111	—	\$ 162,111	2020
June 30, 2018	175,125	—	175,125	2021
June 30, 2019	160,750	—	160,750	2022
June 30, 2020	83,802	—	83,802	2023
Total	<u>\$ 581,788</u>	<u>\$ —</u>	<u>\$ 581,788</u>	

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

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

As of December 31, 2019, 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	7%	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 period ended December 31, 2019, there were no distribution fees paid under the plan because the Investor Class shares had not yet been issued as of December 31, 2019.

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 period ended December 31, 2019, there were no service fees incurred by the Investor Class shares because the Investor Class shares had not yet been issued as of December 31, 2019. The amount actually incurred by the Institutional Class shares for the period ended December 31, 2019 on an annualized basis was 0.01% for the Penn Capital Managed Alpha SMID Cap Equity Fund, 0.04% for the Penn Capital Special Situations Small Cap Equity Fund, 0.01% for the Penn Capital Multi-Credit High Income Fund, 0.02% for the Penn Capital Defensive Floating Rate Income Fund, and less than 0.02% for the Penn Capital Defensive Short Duration High Income 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.

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The character of distributions for tax purposes paid during the fiscal period ended December 31, 2019 is as follows:

	Ordinary Income Distributions	Long-Term Capital Gain Distributions
Penn Capital Defensive Floating Rate Income Fund	\$ 962,624	\$ —
Penn Capital Defensive Short Duration High Income Fund.....	762,110	—
Penn Capital Multi-Credit High Income Fund	523,026	—
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:

	Ordinary Income Distributions	Long-Term Capital Gain Distributions
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 December 31, 2019, were as follows:

	Non-U.S. Government		U.S. Government	
	Purchases	Sales	Purchases	Sales
Penn Capital Defensive Floating Rate Income Fund	\$19,807,106	\$10,272,702	\$403,781	\$400,797
Penn Capital Defensive Short Duration High Income Fund	23,242,189	13,049,568	—	—
Penn Capital Multi-Credit High Income Fund	10,677,829	6,916,935	—	288,361
Penn Capital Special Situations Small Cap Equity Fund	5,161,278	5,734,343	—	—
Penn Capital Managed Alpha SMID Cap Equity Fund	5,766,151	3,410,198	—	—

6. Capital Share Transactions

	Penn Capital Defensive Floating Rate Income Fund July 1, 2019 - December 31, 2019	Penn Capital Defensive Short Duration High Income Fund July 1, 2019 - December 31, 2019	Penn Capital Multi-Credit High Income Fund July 1, 2019 - December 31, 2019	Penn Capital Special Situations Small Cap Fund July 1, 2019 - December 31, 2019	Penn Capital Managed Alpha SMID Cap Equity Fund July 1, 2019 - December 31, 2019
Institutional Class Shares					
Share sold	1,237,894	1,049,208	337,381	47,137	208,681
Shares issued in reinvestment of dividends	64,706	72,938	52,580	—	58,899
Shares redeemed	(161,151)	(115,408)	(16,144)	(101,954)	(36,396)
Net increase (decrease)	<u>1,141,449</u>	<u>1,006,738</u>	<u>373,817</u>	<u>(54,817)</u>	<u>231,184</u>
Institutional Amount					
Shares sold	\$ 12,353,120	\$ 10,454,703	\$ 3,363,256	\$ 517,586	\$ 2,760,905
Shares issued in reinvestment of dividends	644,633	726,081	521,985	—	763,334
Shares redeemed	(1,607,387)	(1,150,105)	(159,529)	(1,061,169)	(478,349)
Net increase (decrease)	<u>\$ 11,390,366</u>	<u>\$ 10,030,679</u>	<u>\$ 3,725,712</u>	<u>\$ (543,583)</u>	<u>\$ 3,045,890</u>

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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 period from July 1, 2019 through December 31, 2019. As defined in Section (2)(a)(3) of the Investment Company Act of 1940; such issuers are:

Issuer Name	July 1, 2019		Additions		Reductions		December 31, 2019	Dividend	Unrealized	Realized	December 31, 2019	
	Share Balance	Cost	Share Balance	Cost	Share Balance	Cost	Share Balance	Income	Appreciation (Depreciation) Change	Gain/(Loss)	Value	Cost
Penn Capital Defensive Short Duration High Income Fund												
Penn Capital Defensive Floating Rate Income Fund	78,102	\$ 787,019	26,898	\$268,666	—	\$ —	105,000	\$ 18,666	\$ 2,658	\$ —	\$1,049,996	\$1,055,685
		\$ 787,019		\$268,666		\$ —		\$ 18,666	\$ 2,658	\$ —	\$1,049,996	\$1,055,685
Penn Capital Multi-Credit High Income Fund												
Penn Capital Defensive Floating Rate Income Fund	374,790	\$3,798,301	8,885	\$ 88,544	(60,020)	\$(613,277)	323,655	\$ 73,654	\$24,626	\$(13,277)	\$3,236,546	\$3,273,568
		\$3,798,301		\$ 88,544		\$(613,277)		\$ 73,654	\$24,626	\$(13,277)	\$3,236,546	\$3,273,568

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 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 December 31, 2019 was 4.75%. During the period ended December 31, 2019, Penn Capital Special Situations Small Cap Equity Fund's maximum borrowing was \$139,000 and average borrowing was \$1,228. This borrowing resulted in interest expenses of \$32. The Penn Capital Defensive Floating Rate Income Fund, Penn Capital Defensive Short Duration High Income Fund, Penn Capital Multi-Credit High Income Fund, Penn Capital Managed Alpha SMID Cap Equity Fund did not use the credit line during the fiscal year. At the end of the fiscal year, no Fund had any outstanding borrowings.

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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 early adopt the modified disclosures for the year ended June 30, 2019.

In March 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-08, *Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*. The amendments in the ASU shorten the amortization period for certain callable debt securities, held at a premium, to be amortized to the earliest call date. The ASU does not require an accounting change for securities held at a discount; which continues to be amortized to maturity. The ASU was effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018.

11. Concentration Risks

The Advisor and its employees collectively have beneficial ownership, either directly or indirectly, of more than 20% of each of the Funds as of December 31, 2019. 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 December 31, 2019. 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. 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
DECEMBER 31, 2019 (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 period ended December 31, 2019, the aggregate compensation paid by the Trust to the independent Trustees was \$17,000. 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, 2019 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 Fund's Part F of Form N-PORT will be available on the EDGAR database on the SEC's website at www.sec.gov. These Forms may also be reviewed and copied at the SEC's Public Reference Room in Washington D.C. Information about the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

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.

Board Approval of Investment Advisory Agreements

At the September 19, 2019 meeting (collectively, the “Meeting”) of the Board of Trustees (the “Board” or “Trustees”) of the PENN Capital Funds Trust (the “Trust”), the Board, including those Trustees who are not “interested persons” (as that term is defined in the Investment Company Act of 1940, as amended (the “1940 Act”) of the Trust (the “Independent Trustees”), approved the renewal of the investment advisory agreement (the “Investment Advisory Agreement”) between Penn Capital Management Company, Inc. (the “Adviser” or “Penn Capital”) and the Trust, on behalf of the 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 series of the Trust (each a “Fund” and collectively, the “Funds”).

In connection with considering the approval of the Investment Advisory Agreement, the Independent Trustees met in executive session. The Board, including the Independent Trustees, evaluated the terms of the Investment Advisory Agreement, reviewed the information provided by the Adviser in connection with the consideration of approving the continuation of the Investment Advisory Agreement, and reviewed the duties and responsibilities of the Trustees in evaluating and approving the continuation of the agreement.

In considering approval of the continuation of the Investment Advisory Agreement, the Board, including the Independent Trustees, reviewed the Meeting Materials and other information from counsel and from Penn Capital, including: (i) a copy of the Investment Advisory Agreement; (ii) information describing the nature, quality and extent of the services that Penn Capital provides and expects to provide to the Funds; (iii) information concerning Penn Capital’s financial condition, business, operations, portfolio management teams and compliance program; (iv) information describing each Fund’s advisory fee and operating expenses; (v) a copy of the current Form ADV for Penn Capital; and (vi) a memorandum from counsel on the responsibilities of trustees in considering investment advisory arrangements under the 1940 Act. The Board also considered presentations made by, and discussions held with, representatives of Penn Capital, as well as information presented at Board meetings throughout the year. The Board also received information comparing the advisory fee, expenses and performance of each Fund to other investment companies considered to be in the Fund’s peer group.

During its review of this information, the Board focused on and analyzed the factors that the Board deemed relevant, including: (i) the nature, quality and extent of the services provided and expected to be provided to each Fund by Penn Capital; (ii) Penn Capital’s personnel and operations; (iii) each Fund’s expense level; (iv) the profitability to Penn Capital under the Investment Advisory Agreement; (v) any “fall-out” benefits to Penn Capital and its affiliates (i.e., the ancillary benefits realized by Penn Capital and its affiliates from Penn Capital’s relationship with the Trust); (vi) the effect of asset growth on each Fund’s expenses; (vii) possible conflicts of interest; and (viii) the investment performance of the Funds.

The Board, including the Independent Trustees, considered the following in respect of each Fund:

(a) *The nature, extent and quality of services provided and expected to be provided by Penn Capital to the Funds; Penn Capital’s personnel and operations.* The Board reviewed the services that Penn Capital provides and expected to provide to each Fund. The Board noted the responsibilities that Penn Capital has as the Funds’ investment adviser, including: the responsibility for the management and investment of each Fund’s securities portfolio; executing portfolio security trades; monitoring compliance with each Fund’s investment objective, policies and limitations; the responsibility for quarterly reporting to the Board; the oversight of general portfolio compliance with relevant law; and the implementation of Board directives as they relate to each Fund.

The Board reviewed Penn Capital’s experience, resources and strengths in managing the Funds, as well as other pooled investment vehicles, and Penn Capital’s personnel. Based on its consideration and review of the foregoing information, the Board determined that each Fund was likely to continue to benefit from the nature, quality and extent of these services, as well as Penn Capital’s ability to render such services based on their experience, personnel, operations, and resources.

(b) *Comparison of services provided and fees paid to those under other investment advisory contracts.* The Board compared both the services provided and the fees paid pursuant to the Investment Advisory Agreement to those under other contracts of Penn Capital, and under contracts of other investment advisers with respect to similar funds. In particular, the Board compared each Fund’s advisory fee and expense ratio to other investment companies considered to be in that Fund’s peer group. The Board noted that Penn Capital entered into an Expense Limitation Agreement whereby Penn Capital waives advisory fees and/or assumes expenses to keep the Funds’ expenses from exceeding certain levels. The Board also noted that Penn Capital has agreed to waive advisory fees and/or assume expenses with respect to the Penn Capital Multi-Credit High Income Fund and Penn Capital Defensive Short Duration High Income Fund to the extent of any acquired fund fees and expenses (“AFFE”) incurred by the Funds as a result of their investment in other investment companies managed by Penn Capital. The Board received and considered information about the fee rates charged to other accounts and clients that are managed by Penn Capital, including information about the differences in services provided to the non-registered investment company clients.

Consideration was given to the advisory fees and expense ratios of the Institutional Class Shares of the Funds, the only share class with assets to date. With respect to the Penn Capital Defensive Floating Rate Income Fund, the Board considered that the Fund's advisory fee was below both the median and average of its peer group, and the Fund's total expenses (including the fee waiver) were below the median and average of its peer group. With respect to the Penn Capital Defensive Short Duration High Income Fund, the Board considered that the Fund's advisory fee was below both the median and average of its expense peer group, and the Fund's total expenses (including the fee waiver) were below the median and average of its expense peer group. With respect to the Penn Capital Multi-Credit High Income Fund, the Board considered that the Fund's advisory fee was above the median and average of its peer group, but the Fund's total expenses (including the fee waiver) were below the median and average of its peer group. With respect to the Penn Capital Managed Alpha SMID Cap Equity Fund, the Board considered that the Fund's advisory fee was above both the median and average of its peer group, and the Fund's total expenses (including the fee waiver) were above the median and average of its peer group. With respect to the Penn Capital Special Situations Small Cap Equity Fund, the Board considered that the Fund's advisory fee was above both the median and average of its peer group, while the Fund's total expenses (including the fee waiver) was above the median but below the average of its peer group. To the extent that a Fund's advisory fee and/or net expenses after waivers were above the median and average of its respective peer group, Penn Capital explained and the Board considered the reasons for the higher fees.

After comparing each Fund's fees with those of other funds in the Fund's peer group, and considering the information about fee rates Penn Capital charged to other accounts and clients, and in light of the nature, quality and extent of services provided by Penn Capital and the costs Penn Capital incurred by providing those services, the Board concluded that the level of fees paid to Penn Capital with respect to the Funds was fair and reasonable.

(c) *The cost of the services provided and profits realized by Penn Capital from the relationship with the Funds; the extent to which economies of scale were realized as the Funds grew, and whether fee levels reflect such economies of scale; "fall-out" benefits; possible conflicts of interest.* The Board discussed the costs, including operational costs, and Penn Capital's profitability in connection with its serving as each Fund's investment adviser. The Board considered that the Funds were still not yet of a sufficient size to be experiencing economies of scale. The Board concluded that the profitability of Penn Capital, and the extent to which economies of scale were reflected in the Funds' advisory fees, were reasonable for the Funds in relation to the performance and asset sizes of the Funds.

The Board considered that Penn Capital may experience reputational "fall-out" benefits based on the success of the Funds, but that such benefits are not easily quantifiable. The Board noted that since the Trust's service providers are not affiliated with Penn Capital, such services do not give rise to "fall-out" benefits for Penn Capital. The Board also noted Penn Capital's procedures to manage potential conflicts of interest and Penn Capital's belief that its management of the Funds does not present a material conflict of interest.

(d) *Investment performance of the Funds.* The Board considered the investment performance of the Funds. In particular, the Board considered the investment performance of the Funds relative to their stated investment objectives and strategies and the success of Penn Capital in reaching such objectives. The Board considered each Fund's investment performance compared to the benchmark index that each Fund uses for comparison in its Prospectus and shareholder reports. The Board also considered each Fund's investment performance compared to the Fund's respective peer group. Consideration was given to the performance of the Institutional Class Shares of the Funds, the only share class with performance to date. The Board considered that the Penn Capital Defensive Floating Rate Income Fund outperformed both its peer group and the benchmark for the three-year period ended June 30, 2019 and outperformed the peer group, but underperformed the benchmark by 0.01%, for the one-year period. The Board considered that the Penn Capital Defensive Short Duration High Income Fund outperformed its performance peer group for the one-year and since inception periods ended June 30, 2019, and that the Fund underperformed its benchmark for the one-year and since inception periods. The Board considered that the Penn Capital Multi-Credit High Income Fund outperformed both its peer group and benchmark for the three-year period ended June 30, 2019, and outperformed the benchmark during the one-year period, although it underperformed the peer group for the one-year period. The Board considered that the Penn Capital Special Situations Small Cap Equity Fund underperformed its benchmark for the one-year and three-year periods ended June 30, 2019 and underperformed its peer group for the one-year period, but outperformed the peer group over the three-year period. The Board considered that the Penn Capital Managed Alpha SMID Cap Equity Fund outperformed both its peer group and benchmark over both the one-year and three-year periods ended June 30, 2019. The Board discussed with Penn Capital the reasons for relative underperformance of certain Funds for certain periods. The Board concluded that the performance of the Funds was reasonable in light of the respective investment objectives and policies of the Funds.

Conclusion. No single factor was determinative to the Board's decision. Based on the foregoing and such other matters as were deemed relevant, such as the Expense Limitation Agreement, the Board concluded that the advisory fee rates and total expense ratios were reasonable in relation to the services provided, and to be provided, by Penn Capital to each Fund, as well as the costs incurred and benefits gained by Penn Capital in providing such services. The Board also found the advisory fees to be reasonable in comparison to the fees charged by advisers to other comparable funds of similar size. As a result, the Board concluded that the approval of the continuation of the Investment Advisory Agreement was in the best interests of each Fund.

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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.