

Penn Capital Special Situations Small Cap Fund

Investment Strategy

The Fund

A Complete Capital Structure Analysis® approach to investing in small cap stocks, the Fund combines credit research and equity analysis to select companies with improving credit quality and cash flow characteristics that exhibit attractive valuations.

The Approach

The Fund seeks to identify credit catalysts to equity performance, such as leveraged small stocks with the potential to benefit from deleveraging. Traditional equity investors study a company's stock price and earnings but ignore its bond fundamentals and capital structure. We believe credit analysis offers a distinct advantage in identifying mispriced stocks moving towards their optimal cap structure.

The Features

By targeting leveraged companies with strong free cash flow characteristics and high upside capture, the fund has historically provided a complementary and differentiated return profile to peer strategies, who traditionally target low leverage companies with low upside capture.

Fund Facts

| | |
|------------------------|------------|
| Ticker | PSCNX |
| Fund Size \$ | 10,142,624 |
| Inception Date | 12/17/2015 |
| Share Class | Inst |
| Expense Ratio % | 1.09 |
| Turnover Ratio % | 53.00 |
| Distribution Frequency | Annually |

Manager Biography

Eric J. Green, CFA
Senior Managing Partner
At firm since: 1997
BSBA: American University
MBA: Yale School of Management

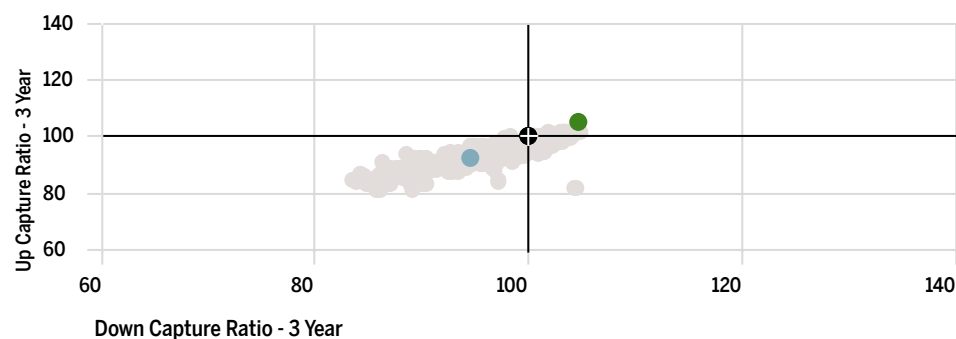
Trailing and Calendar Year Returns (%)

Peer Group: Funds - U.S. - Small Blend

| | 3Q 2020 | 1 Yr | 3 Yrs | Incept | 2019 | 2018 | 2017 | 2016 |
|--------------|---------|------|-------|--------|-------|--------|-------|-------|
| PSCNX | 14.36 | 5.54 | 2.08 | 7.05 | 28.98 | -16.17 | 15.85 | 20.60 |
| Russell 2000 | 4.93 | 0.39 | 1.77 | 7.64 | 25.52 | -11.01 | 14.65 | 21.31 |

Upside-Downside Capture (%)

Peer Group (5-95%): Funds - U.S. - Small Blend



● PSCNX ● Russell 2000 ● Peer Funds ● Peer Average

Sector Allocation (%)

| | PSCNX | R2000 |
|----------------|-------|-------|
| Comm Services | 9.24 | 2.51 |
| Cons Cyclical | 19.48 | 12.25 |
| Cons Defensive | 2.81 | 3.99 |
| Energy | 1.82 | 1.84 |
| Financials | 9.84 | 13.39 |
| Healthcare | 14.34 | 21.39 |
| Industrials | 14.04 | 15.72 |
| Materials | 5.30 | 3.66 |
| Real Estate | 6.05 | 7.87 |
| Technology | 15.22 | 14.21 |
| Utilities | 1.86 | 3.16 |

Portfolio Metrics

| | PSCNX | R2000 |
|------------------------------|-------|-------|
| Debt to Capital % | 54.05 | 34.92 |
| # of Holdings | 79 | 2,019 |
| Wtd Avg Market Cap \$ | 3,198 | 2,515 |
| Wtd Avg Enterprise Value \$ | 4,830 | 3,463 |
| Return on Equity % | -0.32 | -2.65 |
| Return on Invested Capital % | 6.52 | 1.51 |
| Price to Earnings Ratio | 24.67 | 15.76 |
| Price to Earnings 1Y Fwd Est | 52.28 | 44.63 |
| Price to EBITDA | 9.18 | 7.93 |
| Price to Book Ratio | 2.36 | 1.80 |
| Dividend Yield % | 1.00 | 1.57 |

Source: Morningstar Direct. Performance is annualized for multi-year periods. Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. All returns assume reinvestment of all dividend and capital gain distributions. To obtain performance current to the most recent month-end please call 844-302-PENN (7366) or visit www.penncapitalfunds.com. The total annual operating expenses of the Fund are 2.38% and net expenses are 1.09% for the Institutional Class. The Fund's advisor has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund operating expenses (excluding any acquired fund fees and expenses, taxes, interest, brokerage fees, certain insurance costs, and extraordinary and other non-routine expenses) do not exceed 1.09% of the average daily net assets for the Institutional shares of the Fund. This agreement is in effect until October 30, 2020. The Fund's advisor is permitted to seek reimbursement from the Fund of fees waived for a period of three years from the date of the waiver or payment to the extent it does not exceed expense limits.

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Capital Structure Specialists

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

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

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

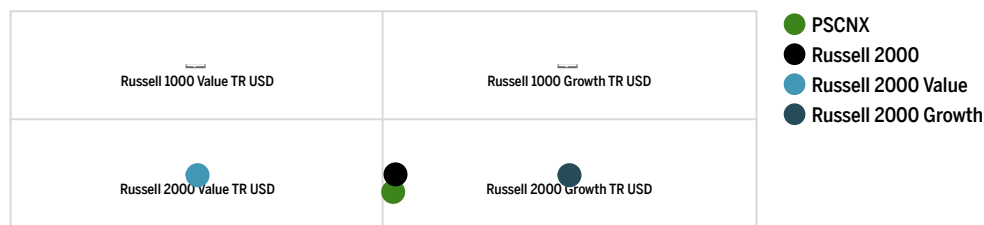
Top 10 Positions (%)

| | |
|----------------------------------|------|
| The E W Scripps Co Class A | 2.29 |
| Alphatec Holdings Inc | 2.04 |
| Option Care Health Inc | 1.93 |
| Gray Television Inc | 1.90 |
| Golden Entertainment Inc | 1.84 |
| Caesars Entertainment Inc | 1.83 |
| New Fortress Energy Inc | 1.80 |
| American Axle & Mfg Holdings Inc | 1.79 |
| Nexstar Media Group Inc Class A | 1.78 |
| Gates Industrial Corp PLC | 1.75 |

Portfolio Construction

| | |
|-----------------------------|--------|
| Maximum # of Securities | 80 |
| Maximum Security Weighting | 5% |
| Maximum Sector Weighting | 35% |
| Maximum Cash | 5% |
| Maximum Purchase Market Cap | Index* |
| Minimum Purchase Market Cap | Index* |

Style Box - Last 3 Year Returns



Source: Morningstar Direct. *The largest/smallest market cap of the Russell 2000 index. Allocations and holdings are subject to change at any time.

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

Description of Terms and Index: Debt/Capital Ratio: Firm's leverage, calculated by dividing long-term debt by total capitalization (the sum of common equity plus preferred equity plus long-term debt). Enterprise Value: Firm's total value, calculated as total market capitalization plus total debt minus cash. Return on Equity: Percentage a company earns on its equity, calculated by dividing net income by shareholders' equity. Return on Invested Income: Firm efficiency at allocating capital to profitable investments, calculated as net income minus dividend, divided by invested capital (debt plus equity). Price/Earnings Ratio: Indicator of stock valuation, calculated by dividing shareholders' equity by net income. Price/Book Ratio: Indicator of stock valuation, calculated by dividing shareholders' equity by book value. Price/Free Cash Flow Ratio: Indicator of stock valuation, calculated by dividing shareholders' equity by free cash flow. Active Share: Measures the percentage of portfolio stock holdings that differ from the benchmark index. The Russell 2000 Index is comprised of the 2,000 smallest companies in the Russell 3000 Index. The Russell 2000 Growth Index is comprised of companies with higher growth earning potential as defined by FTSE Russell's style methodology. The Russell 2000 Value Index is comprised of companies considered more value oriented as defined by FTSE Russell's style methodology. Upside capture ratio measures a portfolio's performance in up markets relative to its benchmark, calculated by dividing the portfolio's upside return by the benchmark's upside return. Downside capture ratio measures a portfolio's performance in down markets relative to its benchmark, calculated by dividing the portfolio's downside return by the benchmark's downside return. Investors cannot invest directly in an index.

Fund Risks: The Fund is subject to the following risks, among others: ETF risk, which is the risk that the fund is subject to the same risks as the underlying securities in which the ETF invests as well as entails higher expenses than if invested into the underlying ETF directly; foreign securities and ADRs, which involve certain risks such as currency volatility, political and social instability and reduced market liquidity. Investments in REITs may be more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. The Fund may invest in convertible securities, which tend to decline as interest rates rise and, because of the conversion feature, tend to vary with fluctuations in the market value of the underlying securities. Small- and mid-capitalization companies may be subject to greater market risks and fluctuations in value than large capitalization companies. Leveraged companies tend to be more sensitive to issuer, political, market and economic developments than the market as a whole.

Foreside Fund Services, LLC, Distributor.