



PENN CAPITAL

Short Duration High Income Fund

INCEPTION DATE: 07/17/2017 | STRATEGY AUA: \$20.1M | MANAGEMENT FEE: 0.54% | TICKER: PSHNX

2Q 2026

SHORT DURATION BONDS

BENCHMARK: ICE BofA BB 1-3 Yr. Index

INVESTMENT STRATEGY

The Fund

A quality, high conviction, and capacity-constrained approach to investing in short duration bonds, the Fund focuses on BB+ (S&P) or lower-rated, non-distressed, short maturity credit.

The Fund seeks to pursue a conservative (defensive) investment strategy within the high yield debt market by generally avoiding the lowest rated (i.e., riskiest) debt instruments in the high yield market.

The Approach

The Fund seeks to identify relative value opportunities with fundamental, bottom-up research while seeking to avoid common short duration bond market pitfalls. Our research has observed a market trend of high holdings count, high fee, capacity-unconstrained funds with outsized exposure to CCC-rated, long maturity, and/or distressed credit which we believe detracts from an optimal risk-return profile.

The Features

By utilizing a capacity-constrained approach to target quality opportunities with high conviction, the Fund has historically provided competitive returns with less volatility than the aggregate bond market.

PORTFOLIO STATISTICS as of 06/30/2026

	Strategy	Benchmark
Number of Holdings	86	277.0
Number of Issuers	81	200.0
Duration (yrs)	1.86	1.74
Average Coupon	6.63	5.43
Average Price	B1/B+	Ba3/BB-
Current Yield	6.60	5.47
Yield to Worst	5.81	5.5
Yield to Maturity	6.38	5.77

MATURITY as of 06/30/2026 (%)

	Strategy	Benchmark
1 – 3 Years	49.1	100.0
3 – 5 Years	47.5	0.0
5 – 7 Years	0.0	0.0
7 – 10 Years	3.4	0.0

SECTOR DIVERSIFICATION as of 06/30/2026 (% of portfolio securities)

	Strategy	Benchmark
Financial Services	14.3	8.3
Healthcare	12.2	8.4
Basic Industry	11.5	9.5
Media	8.5	7.8
Energy	8.0	9.1
Leisure	7.0	4.5
Transportation	6.5	2.4
Retail	6.5	7.0
Capital Goods	5.9	7.7
Real Estate	4.4	5.9
Services	3.4	7.6

TOP TEN POSITIONS as of 06/30/2026 (%)

CO Holdings Capital	5.0%	2/1/28	2.87
Acadia Healthcare	5.5%	7/1/28	2.83
American Airlines	7.25%	2/15/28	2.49
Onemain Finance	6.625%	1/15/28	2.21
PRA Group	8.375%	2/1/28	2.17
AdaptHealth	6.125%	8/1/28	2.15
Hilton Grand Vacay. Borr.	5.0%	6/1/29	2.07
Match Group	5.0%	12/15/27	2.03
Popular	7.25%	3/13/28	1.99
Titan International	7.0%	4/30/28	1.79

TRAILING AND CALENDAR YEAR RETURNS as of 06/30/2026 (%)

	Qtd	Ytd	1 Yrs	3 Yrs	5 Yrs	10 Yrs	Incpt.	2025	2024	2023	2022	2021
Short Duration High Income Fund (net)	1.85	2.00	5.55	7.24	4.81	-	3.96	7.72	7.19	8.71	-2.27	3.43
ICE BofA BB 1-3 Yr. Index	1.76	1.95	5.18	7.02	4.42	0.00	4.56	7.22	6.69	8.86	-3.07	3.24

Performance is annualized for multi-year periods. Past performance is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. All returns assume reinvestment of all dividend and capital gain distributions. To obtain performance current to the most recent month-end, please call 844-302-PENN (7366) or visit www.penncapitalfunds.com. The total annual operating expenses of the Fund are 1.25% and net expenses are 0.57% for the Institutional share class. The Fund's advisor has contractually agreed to waive its fees and/or pay for operating expenses of the Fund to ensure that total annual fund operating expenses (excluding any acquired fund fees and expenses, taxes, interest, brokerage fees, certain insurance costs, and extraordinary and other non-routine expenses) do not exceed 0.54% for Institutional Class shares. This agreement is in effect until December 31, 2024. The Fund's advisor is permitted to seek reimbursement from the Fund of fees waived for a period of three years from the date of the waiver or payment to the extent it does not exceed expense limits. Performance would have been lower without fee waivers in effect.

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.

Portfolio Management Team

Joseph Maguire, CFA
Portfolio Manager

Randall Braunfeld
Assistant Portfolio Manager

Bradley Tesoriero, CFA
Assistant Portfolio Manager

CREDIT QUALITY as of 06/30/2026 (%)

	Strategy	Benchmark
BBB and above	1.6	0.0
BB	59.0	100.0
B	36.0	0.0

ISSUE SIZE as of 06/30/2026 (%)

	Strategy	Benchmark
<200mm	0.0	0.0
201-500mm	44.9	27.7
501-1bn	38.7	47.0
>1bn	13.0	25.3

Source: Morningstar, FactSet. The SEC Yield with waivers includes contractual expense reimbursements and it would be lower without those reimbursements. The SEC Yield without waivers excludes contractual expense reimbursements. The 30-day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days.

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

Description of Indices and Terms: The ICE BofA 1-3 Yr. BB US Cash Pay High Yield Index is a subset of the ICE Bank of America US Cash Pay High Yield Index including all securities with a remaining term to final maturity less than 3 years and rated BB1 through BB3, inclusive. The ICE BofA BB-B Rated 1-3 Year Bond Index is comprised of bonds within the ICE BofA High Yield Index whose ratings are at or between B1 through BB3, with maturities between 1 and 3 years. The ICE BofA Corporate Index is comprised of investment-grade corporate bonds rated BBB1 or above. The Bloomberg Barclays Aggregate Bond Index is a market value-weighted index designed to measure the performance of the aggregate investment-grade US bond market. Standard Deviation: Measure of the dispersion of a set of data from its mean. An investor cannot directly invest in an index.

Credit Quality Disclosure: Quality ratings reflect the credit quality of the underlying securities in the Fund's portfolio and not that of the Fund itself. Quality ratings are subject to change. Moody's Investors Service assigns a rating of Aaa as the highest to C as the lowest credit quality rating.

Fund Risks: An investment in the Fund involves risk, including possible loss of principal. The Fund is subject to the following risks, among others: ETF risk: the Fund is subject to the same risks as the underlying securities in which the ETF invests, and entails higher expenses than if invested into the underlying ETF directly. Foreign securities and ADRs: involve risks such as currency volatility, political and social instability, and reduced market liquidity. REITs: may be more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. Interest rate risk: as interest rates rise, bond prices decline. Credit risk: refers to the loss in value of a security due to default on payment of principal and/or interest. High-yield bonds have a higher risk of default or other adverse credit events. Bank loans: may have similar risks to below-investment-grade fixed income securities. In the event of the insolvency of an agent bank, a loan could be subject to settlement risk and interruptions in day-to-day administration. Liquidity risk: the Fund may lose money or be prevented from realizing capital gains if it cannot sell a security at a particular time and price. Liquidity risk is heightened during market turmoil. *Or 3x the ICE BofA BB 1-3 Year Index, not to exceed 25%. Allocations and holdings are subject to change at any time. Quality ratings reflect the credit quality of the underlying securities in the Fund's portfolio and not that of the Fund itself. Information is subject to change and is not a guarantee of future results. Top 10 positions are based on the most recent holdings data available.

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