PENN CAPITAL

Special Situations Small Cap Equity Fund

3Q 2026 | SMALL CAP EQUITY

INCEPTION DATE: 12/17/2015 | **STRATEGY AUA:** $86.5M | **MANAGEMENT FEE:** 1.09% | **TICKER:** PSCNX

BENCHMARK: Bloomberg US 2000 Index

INVESTMENT STRATEGY

The Strategy

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

The Approach

The strategy 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 strategy has historically provided a complementary and differentiated return profile to peer strategies, who traditionally target low leverage companies with low upside capture.

MARKET CAP DISTRIBUTION

as of 09/30/2026 (% of portfolio securities)

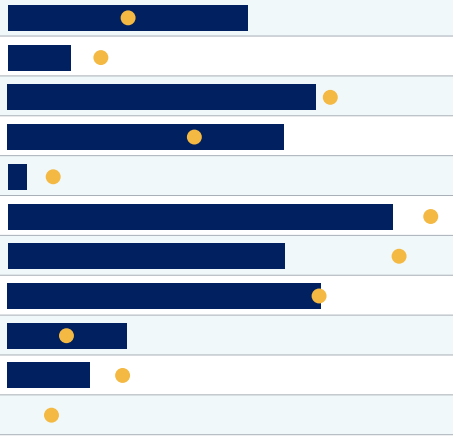
$ in Millions	Strategy	Benchmark
0-500	3.9	4.2
500-2,500	29.0	31.6
2500-5,000	33.8	38.9
>5,000	33.4	25.2

PORTFOLIO METRICS as of 09/30/2026

	Strategy	Benchmark
# Holdings	80	2000
Weighted Average Market Cap ($m)	3,911.1	3,734.5
P/E Ratio	14.1	14.4
P/F Ratio	8.1	8.8
EV:EBITDA	13.9	34.2
Debt-to-Capital Ratio	41.4	35.8
Active Share	93.5	0.0

SECTOR DIVERSIFICATION as of 09/30/2026 (% of portfolio securities)

	Strategy	Benchmark
Energy	11.4	5.7
Materials	3.0	4.4
Industrials	14.6	15.3
Consumer Discretionary	13.1	8.8
Consumer Staples	0.9	2.2
Healthcare	18.2	20.0
Financials	13.1	18.5
Information Technology	14.8	14.8
Communication Services	5.6	2.8
Real Estate	3.9	5.4
Utilities	0.0	2.1



TOP TEN POSITIONS as of 09/30/2026 (%)

Ligand Pharmaceuticals Inc.	2.56
Kiniksa Pharm. Int'l, plc Class A	2.19
TG Therapeutics, Inc.	2.02
Ouster, Inc.	2.00
Mirum Pharmaceuticals, Inc.	1.83
Fortrea Holdings Inc.	1.75
Select Water Solutions, Inc. Class A	1.72
Solaris Energy Infra., Inc. Class A	1.69
Hancock Whitney Corporation	1.63
Legence Corp. Class A	1.61

TRAILING AND CALENDAR YEAR RETURNS as of 09/30/2026 (%)

	Qtd	Ytd	1 Yrs	3 Yrs	5 Yrs	10 Yrs	Incpt.	2025	2024	2023	2022	2021
Special Situations Small Cap Equity Fund (net)	-11.78	13.73	11.00	16.06	5.63	11.55	11.83	12.00	8.03	14.40	-17.98	33.33
Bloomberg US 2000 Index	-7.80	13.43	16.17	17.50	6.19	10.10	10.56	11.06	11.95	17.09	-20.08	18.58

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 1.73% and net expenses are 1.09% 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 1.09% 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

Eric J. Green, CFA
Portfolio Manager

Chris Paciello, CFA
Assistant Portfolio Manager

PORTFOLIO CONSTRUCTION

- Opportunistic, bottom-up approach
- High conviction, high active share
- Initial position sizes, 0.50% – 1.50%
- Fully Invested discipline, max cash 5%
- 50 – 80 holdings
- Avg. holding period of 18 mos

Source: Morningstar Direct, FactSet. Sector Allocation is based on the most recent common holdings data available. Turnover ratio is the percentage of the portfolio's holdings that have been replaced in a given year. Alpha is the excess return of an investment to its benchmark, adjusted for systematic (beta) risk. Beta gauges the volatility of an investment's returns relative to a market index or benchmark, which is considered to represent the market's volatility as a whole. Standard deviation is a measure of the dispersion of a set of data from its mean. Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. Upside capture ratio measures a fund's performance in up markets relative to its benchmark, calculated by dividing the fund's upside return by the benchmark's upside return. Downside capture ratio measures a fund's performance in down markets relative to its benchmark, calculated by dividing the fund's downside return by the benchmark's downside return. R-squared measures the relationship between a portfolio and its benchmark.

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). 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. Investors cannot invest directly in an index.

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, as well as higher expenses than if invested directly into the underlying ETF. 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. Convertible securities: 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-cap companies. Leveraged companies: tend to be more sensitive to issuer, political, market, and economic developments than the market as a whole. Top 10 positions are based on the most recent holdings data available. *The largest/smallest market cap of the Bloomberg 2000 Index. Allocations and holdings are subject to change at any time. The Bloomberg US 2000 Index is a float market-cap-weighted benchmark of the lower 2,000 companies in capitalization of the Bloomberg US 3000 Index.

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