

Business Continuity Plan Summary

Penn Capital Management Company, Inc. (“Penn Capital”) Business Continuity Plan and infrastructure is designed to reduce the need for Disaster Recovery efforts and ensure continued business operations. Penn Capital’s Business Continuity Plan (“BCP”) provides guidelines for the firm to follow in the event of a Significant Business Disruption (“SBD”). The primary goals of the BCP are as follows:

- Determine the impact of and respond accordingly to a Significant Business Disruption
- Safeguard Company employees, assets and client information
- Notification of customers, custodians and regulators of Significant Business Disruption Continuance or restoration of business operations
- Routine testing of the plan and technology infrastructure.

Penn Capital has designed a technology infrastructure to scale and grow to meet its ongoing business needs. One key element of the BCP is a focus on flexible architecture, which provides layers of fault tolerance, coupled with near real-time mission critical system and data replication to Penn Capital's business continuity and disaster recovery site. The BCP also focuses on the continuity of investment business processes and the technologies which support them. Lastly, the plan works to validate the layers of processes and technology through routine testing performed throughout the course of each year.

Penn Capital routinely reviews disaster prevention and fault tolerance, risk assessment and best practices to continually enhance its business resiliency. This review is part of each new system implementation and is enhanced by a technology infrastructure designed to provide heightened continuity measures. Additionally, Penn Capital maintains access to dedicated off-site work facilities at its primary and secondary disaster recovery site.

In conclusion, the BCP outlines the process the Company will take to address business disruption in an orderly fashion. While the effects of a disaster are difficult to predict and plan for, the greater challenge occurs during an industry-wide disruption, in which no plan may address such unexpected incidents.