PENN
CAPITAL MANAGEMENT

JUN 22 2012
AA LLC

June 13, 2012

Warehouse Employees Local Union No. 730 Pension Trust Fund
Attn: Pension Plan Administrator
911 Ridgebrook Road
Sparks, MD 21152-9451

Re: ERISA § 408(b)(2) Response

To Whom it May Concern:

The following is a guide to information that you should consider in connection with the services that PENN Capital Management Company, Inc. ("PENN") provides to your investment in the PENN Core High Yield Bond Fund L.P. II ("the Fund"). This information is provided in response to the new Department of Labor 408b-2 request.

Further, PENN considers itself to be a "Category 2 Covered Service Provider" under 408b-2(c)(1)(ii).

Required Disclosure Information	**Location**
Description of PENN's services to your Plan.	Please refer to the Private Placement Memorandum provided to you at the signing of the Fund's Subscription Agreement dated June 30, 2008.
A Statement concerning PENN's ERISA fiduciary status and activity as Registered Investment Advisor.	PENN acknowledges its ERISA Fiduciary status to the plan assets covered under this agreement.
Direct compensation PENN will receive from your Plan.	Please refer to the attached side letter dated April 18, 2008.
Indirect compensation PENN may receive from other parties not related to PENN.	PENN receives no indirect compensation.
Compensation that may be paid among PENN and related parties.	PENN does not have related parties.
Compensation PENN will receive if the Plan terminates our agreement.	PENN will not receive any compensation for termination of the current agreement.
Costs your Plan pays for recordkeeping services.	PENN does not charge for recordkeeping services.
Fees and Expenses relating to your Plan's Investment options.	Please refer to the Private Placement Memorandum provided to you at the signing of the Fund's Subscription Agreement dated June 30, 2008.

If you are in need of any other information, please contact your PENN Relationship Manager at (215) 302-1500.

Sincerely,

John G. Livewell
Chief Compliance Officer

Attachments

Navy Yard Corporate Center • Three Crescent Drive • Suite 400 • Philadelphia, PA 19112
215-302-1500 • 215-468-1609 fax • www.penncapital.com

PENN
CAPITAL MANAGEMENT

JUN 22 2012
AA LLC

April 18, 2008

Warehouse Employees Local Union No. 730 Pension Trust Fund

As noted in the Private Placement Memorandum of the PENN Core High Yield Bond Fund II, L.P., the standard management fee is 1.25% of assets annually.

PENN Capital Management, as General Partner and Advisor to the Fund, has offered the Warehouse Employees Union Local 730 Pension Trust a discounted management fee of 0.45% annually. This fee arrangement shall remain in place for the life of the account or if both parties agree in writing to amend the current fee schedule. This management fee will be inclusive of all fund expenses.

Please accept and acknowledge the reduced fee rate agreement below

Eric Weiss — Date 6/20/08

Richard Johnson — Date 6/18/08

General Partner — Date 4/18/08

Sincerely,

Mr. Christian M. Noyes
Director of Marketing and Client Services
Senior Vice President & Principal

CC:
Ryk Tierney – Administrator
Rich Sichel - President

The Libertyview Building • 457 Haddonfield Road • Suite 210 • Cherry Hill, NJ 08002 • 856-910-8181

JUN 22 2017
AAL LLC

PENN CORE HIGH YIELD BOND FUND II, L.P.
PENN CAPITAL MANAGEMENT COMPANY, INC.

June __, 2010

Board of Trustees
Warehouse Employees Union Local 730 Health & Welfare Trust Fund
c/o Associates Administrators, LLC
911 Ridgebrook Road
Sparks, MD 21152-9451

Ladies and Gentlemen:

In connection with its investment in the Penn Core High Yield Bond Fund II, L.P. (the "Investment Fund") by the Warehouse Employees Union Local 730 Health & Welfare Trust Fund (the "Pension Fund"), the Investment Fund and Penn Capital Management Company, Inc. (the "General Partner") are providing certain additional representations to the Pension Fund and entering into certain additional agreements, all as set forth in this letter (the "Side Letter"). Upon execution by all parties hereto, this Side Letter shall be a binding agreement between the parties hereto which may not be amended without the written consent of the General Partner and the Pension Fund. Capitalized terms used in this Side Letter and not otherwise defined herein shall have the respective meanings ascribed to them in the Investment Fund's Limited Partnership Agreement (the "Agreement")

Notwithstanding any provision of the Confidential Private Placement Memorandum for the Investment Fund, dated December 31, 2004, as may be amended or supplemented from time to time (the "PPM"), the Subscription Agreement and Special Power of Attorney (the "Subscription Agreement"), or any other materials used in the offering or sale of shares in the Investment Fund (collectively, the "Offering Documents") to the contrary, to the extent that any provision of the Offering Documents conflicts with the terms of this Side Letter, the terms of this Side Letter shall control.

1. In the event that the Investment Fund is deemed to hold plan assets under the U.S. Department of Labor's (the "Department") "plan asset" regulations Section 2510.3-101, as modified by Employee Retirement Income Security Act of 1974, as amended ("ERISA") (the "Modified Plan Asset Regulation"), the General Partner (a) represents and warrants that it is, and shall remain through the duration of the Pension Fund's investment in the Investment Fund, both an "investment manager," as defined in Section 3(38) of ERISA and a "qualified professional asset manager" ("QPAM") as defined in the Department's Prohibited Transaction Class Exemption ("PTE") 84-14, as amended, (b) represents and warrants that the General Partner (including its principals, shareholders, partners, members, directors, officers, employees and affiliates)

shall manage the Investment Fund consistent with the fiduciary duty provisions of ERISA and will not cause the Investment Fund to engage in any non-exempt transaction prohibited under ERISA Section 406 or upon which an excise tax would be payable under Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") (c) maintain the indicia of ownership of Investment Fund assets within the jurisdiction of the United Sates District Courts (except as may otherwise be authorized under ERISA) and otherwise acquire, hold, and dispose of such asset in compliance with the requirements of ERISA, and (d) acknowledges that it is a fiduciary, as defined in Section 3(21) of ERISA, with respect to the investment of the Pension Fund's assets invested in the Investment Fund. Further, the General Partner's decision to invest in or redeem from any other investments funds managed by the General Partner (or an affiliate thereof) shall comply with the General Partner fiduciary obligations under ERISA;

2. In the event, for any reason, that the assets of the Investment Fund do not constitute "plan assets", the General Partner represents and warrants that it will treat such assets as if they do constitute "plan assets" for purposes of Title I of ERISA, will act in accordance with the duties and standard of care imposed by Title I of ERISA, and agrees that the terms and conditions of the Offering Documents shall be read as if the Investment Fund does hold "plan assets" and Title I of ERISA constitutes applicable law.

3. The General Partner represents and warrants that, at its sole expense: (i) it will comply with the bonding requirement of Section 412 of ERISA, where applicable, and (ii) it will maintain errors and omissions and fiduciary liability insurance coverage with minimum limits of no less than ten million dollars ($10,000,000) and a deductible of no more then five hundred thousand dollars ($500,000). The General Partner agrees to take all necessary actions to maintain the foregoing insurance coverage and agrees to provide proof of coverage upon request and to notify the Pension Fund promptly of any loss or the occurrence of any event that will likely result in the loss of any such coverage.

4. Nothing in this Side Letter or the Offering Documents shall be construed to relieve the General Partner of any liability that arises from either (a) the General Partner's failure to fulfill its obligations (fiduciary or otherwise) under applicable law (including ERISA) or the standard of care required under this Side Letter or (b) the General Partner's negligence, recklessness, bad faith, intentional wrongfulness or fraud.

5. The General Partner shall provide to the Pension Fund advance notice of any indemnification payments, or advancements of indemnification payments, made, or to be made to, the General Partner. For purposes of this paragraph, "General Partner" means the General Partner, its affiliates and the principals, shareholders,

partners, members, directors, officers, employees and agents of the General Partner.

6. The General Partner agrees to provide the Pension Fund, as soon as possible, written notice and a detailed explanation of any event where the valuation of the Investment Fund (or shares of the Investment Fund) are delayed or suspended or a previously reported valuation is adjusted.

7. Where the assets of the Investment Fund constitute "plan assets," the General Partner, shall cause the Investment Fund to file annually as a "Direct Filing Entity" with the Department or provide the Pension Fund with sufficient information on a timely basis for the Pension Fund to file its Form 5500. The General Partner will also disclose all information related to the Investment Fund and any compensation or fees received by the General Partner or its affiliates that is requested by the Pension Fund in order for the Pension Fund to comply with the reporting and disclosure requirements of Title I of ERISA and the regulations, forms and schedules issued thereunder.

8. The General Partner agrees to provide the Pension Fund, as soon as practicable, written notice and a detailed explanation of any material changes to the General Partner's personnel who are responsible for managing the investments of the Investment Fund. Where investment activities have been delegated, General Partner will provide the notice required in the preceding sentence with respect to the personal changes affecting the activities of such delegee.

9. The General Partner shall use its best efforts to avoid investing Investment Fund assets in investments that will generate Unrelated Business Taxable Income (or "UBTI") under Section 512 of the Internal Revenue Code of 1986, as amended.

10. Any Pension Fund withdrawal from the Investment Fund will be paid to the Pension Fund without the application of any redemption fee, interest or similar fee If any portion of an in-kind distribution or redemption constitutes securities that are illiquid, as determined by the Pension Fund, such illiquid securities, at the direction of the Pension Fund, will be held in a separately managed account and managed by the General Partner as a fiduciary to the Pension Fund until such time the securities become liquid and may be prudently sold and distributed. Except as otherwise agreed to by the Pension Fund, an in-kind distribution will comprise a *pro rata* portion of the Investment Fund's portfolio.

11. The Pension Fund shall be permitted to withdraw any or all of its investment in the Investment Fund within the first year of its participation in the Investment Fund; provided, however, that the 30- and 60- day notice provisions of Article 9, Sections 9.1(a)(i) and (ii) shall apply to the Investment Fund's partial or total

withdrawals, respectively, within the first year of its participation in the Investment Fund.

12. Pension Fund investments or additions will not be subject to any direct transition/transaction fee or other direct costs or fees.

13. Placement fees, solicitation fees or other fees or expenses incurred to market or promote shares to potential investors shall not constitute an expense of nor be paid by the Pension Fund or be charge directly against the value of the shares attributed to the Pension Fund.

14. The General Partner will not permit the Investment Fund to reimburse fees of other investors where such reimbursement reduces the net assets value of the Interests attributable to the Pension Fund.

15. The Pension Fund shall pay an annual management fee of 0.50%, in addition to the Pension Fund *pro rata* share of the Investment Fund's allocable administrative and operational expenses, as provided for in the Offering Documents.

16. General Partner does not offer so-called "most favored nation's clauses" or "MFNs" with respect to investments in the Investment Fund , and to the best of the General Partner's knowledge no existing or future limited partners have or will been offered or the beneficiary of a MFN clause.

17. The General Partner hereby agrees to indemnify and hold harmless the Pension Fund, its trustees and fiduciaries (including their employees and agents) for any and all losses, liabilities, claims, actions, and expenses, both direct and indirect, arising out of a breach of any of the General Partner's (or any of its affiliates) representations, warranties and agreements contained in the Offering Documents or this Side Letter.

18. The General Partner shall notify the Pension Fund within a reasonable period not to exceed twenty (20) days of any civil, criminal, Securities and Exchange Commission ("SEC"), Department or other governmental investigation, disciplinary proceeding, or administrative action alleging or finding a violation of an investment related statute or regulation by the General Partner. The General Partner shall also notify the Pension Fund immediately in the event of a civil, criminal, SEC, Department or other governmental investigation, disciplinary proceeding, report or administrative action related to or involving the Pension Fund's investment in the Investment Fund or any investment made by the Investment Fund, which may have a material adverse affect on the Investment Fund. Additionally, the General Partner shall notify the Pension Fund within ten

(10) days of the date it (or an affiliate thereof) is the subject of any order or finding by a court of a violation of an investment related statute or regulation.

19. The General Partner represents and warrants that it has adopted anti-money laundering policies and procedures that are reasonably designed to comply with applicable law to ensure, among other things, that the Investment Fund's investments are not derived from terrorist, money laundering, or other illegal activities. The Investment Fund also represents and warrants that the Investment Fund will not knowingly invest in any countries listed on the "List of Sanctioned Countries" or derive any funds from persons or governments related to those listed on the "Specially Designated Nationals and Blocked Persons List."

20. The General Partner agrees that, as General Partner of the Investment Fund, it shall be fully responsible for the acts and omissions of any of its affiliates who are delegated responsibilities by General Partner as if the General Partner performed such act or omission itself.

21. The General; Partner (on behalf of itself and its affiliates) shall keep confidential all information concerning the identity and financial affairs of the pension Fund except where required by law, in which case the General Partner shall give the Pension Fund at least 10 days' prior written notice of such demand to disclose the Investor's identity and financial affairs.

22. Where the assets of the Investment Fund constitute "plan assets," the General Partner shall be responsible for assuring that proxies appurtenant to securities held by the Investment Fund are voted in accordance with applicable laws, including ERISA. Upon request, the General Partner shall provide the Pension Fund with a copy of its proxy voting policy and shall vote proxies consistent with that policy, as amended from time to time. The General Partner shall promptly provide the Pension Fund or its designee with copies of any changes to its proxy voting policy. The General Partner shall maintain records on the voting of proxies and it shall provide information from those records to the Pension Fund from time to time upon reasonable request. Those records shall include an explanation of each proxy that the General Partner votes with respect to securities held by the Investment Fund. This information can be shared with the investors in the Pension Fund.

23. A non-ministerial amendment of the Agreement will not become effective without at least 60 days written prior notice. If the Pension Fund chooses to redeem from the Investment Fund because of the pending amendment, such amendment will not become effective with respect to the Pension Fund (or shares owned by the Pension Fund) until such time as the Pension Fund interests have been completely redeemed.

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24. The General Partner will take no action to jeopardize the Investment Fund's classification, for Federal tax purposes, as a partnership.

25. The General Partner acknowledges that the Pension Fund's assets invested in the Investment Fund are subject to the fiduciary duty provisions of ERISA and the prohibited transaction provisions under Section 4975 of the Code. The General Partner further acknowledges and agrees that its retention under the terms of the Offering Documents as a service provider to the Pension Fund may have been made in reliance on statutory prohibited transaction exemptions under Section 408(b)(2) of ERISA and Section 4975(d)(2) of the Code. The General Partner further acknowledges that the U.S. Department of Labor has recently published an amendment to its regulations under Section 408(b)(2) of ERISA, which if adopted would require that certain representations, warranties, disclosures and agreements be made by service providers to plan fiduciaries hiring them in order for the fiduciary to conclude that the service provider's compensation constitutes "reasonable compensation" as required under the exemption. As the amendment is currently in proposed form and subject to change before, and if, finally adopted, the General Partner agrees that upon final adoption of any amendment to the regulations under either Section 408(b)(2) of ERISA or Section 4975(d)(2) of the Code, the General Partner will enter into any additional agreements (including amendments hereto) and provide any additional representations, warranties and disclosures that the Pension Fund may reasonably believe is necessary to either (i) obtain from a service provider when entering into a new service agreement under the amended regulations (or for the Pension Fund to rely on the new prohibited transaction class exemption with respect to such new service agreement) or (ii) retain an existing service provider contract under the amended exemption (or for the Pension Fund to rely on the new prohibited transaction class exemption with respect to the existing service agreement).The General Partner will use reasonable efforts not to engage in any transaction that, as of the date the Investment Fund enters into a binding contract to engage in such transaction, that would cause the Pension Fund to become a party (within the meaning of Section 4965(a) of the Code) to a "listed transaction" or a "prohibited reportable transaction" (each as defined in Section 4965(e) of the Code). If the General Partner reasonably determines that the Investment Fund has engaged directly or indirectly in a transaction that is a listed transaction, a prohibited reportable transaction, or a "reportable transaction" as defined in Treasury Regulation § 1.6011-4(b)(1), it shall promptly notify the Pension Fund of such determination.

26. This Side Letter may be executed in any number of counterparts, each of which shall be deemed an original and any said counterpart shall constitute but one and the same instrument and may be sufficiently evidenced by any one counterpart.

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AIA LLC

27. No provision hereof may be waived except by an agreement in writing signed by the waiving party. A waiver of any term or provision shall not be construed as a waiver of any other term or provision nor shall it operate as or be construed to be a waiver of any subsequent breach hereof. If any provision of this Side Letter agreement is held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Side Letter agreement shall not be affected thereby.

To the extent not governed by ERISA, this Side Letter shall be construed in accordance with and governed by the laws of the State of New York (without regard to principles of conflict of laws).

[Signature Page to Follow]

JUN 22 2012
AIA LLC

Sincerely,

PENN CORE HIGH YIELD BOND FUND II, L.P.

By:________________________

PENN CAPITAL MANAGEMENT COMPANY, INC.

By:________________________

RECEIVED AND AGREED TO BY:

WAREHOUSE EMPLOYEES UNION LOCAL 730 HEALTH & WELFARE TRUST FUND

By: ________________________
Name:
Title:

By: ________________________
Name:
Title: