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Registration No. 333-288919

PENNANTPARK ENHANCED INCOME FUND
(the "Fund")

Supplement dated October 19, 2026 to the Prospectus (the "Prospectus")
and Statement of Additional Information ("SAI") dated December 16, 2025

Capitalized terms and certain other terms used in this Supplement, unless otherwise defined in this Supplement, have the meanings assigned to them in the Prospectus.

Effective immediately, the phone number for the Fund's Transfer Agent included under the sections of the SAI titled "PLAN OF DISTRIBUTION—Purchasing Shares—Additional Information" (page 89), "—By Wire—Initial Investment" (page 92) and "—Automatic Investment Plan—Subsequent Investments" (page 92) is replaced in its entirety with the following:

(833) 635-6839

Effective immediately, the following replaces the last sentence under the first paragraph of the section of the Prospectus entitled "PROSPECTUS SUMMARY—Plan of Distribution" (page 7) and other substantially similar disclosure elsewhere in the Prospectus and SAI:

The required minimum initial investment for Class A and Class C shares of the Fund is $2,500. The required minimum initial investment for Class I shares of the Fund is $50,000. The minimum additional investment for Class A, Class C and Class I shares of the Fund in the Fund is $100. The Fund may, in the Adviser's sole discretion, accept investments below these minimums.

Effective immediately, the following replaces the last sentence of the tenth paragraph under the section of the Prospectus entitled "PROSPECTUS SUMMARY—Investment Objective and Policies" (page 1):

To enhance our returns, we may borrow funds from time to time at the discretion of our Adviser within the levels permitted by the 1940 Act (which generally allows us to incur leverage for up to one-third of our assets for securities representing indebtedness and up to one-half of our assets for preferred stock) when the terms and conditions available are favorable to long-term investing and well-aligned with our investment strategy and portfolio composition. In addition to borrowing funds directly, we expect to enter into repurchase agreement borrowing transactions as a means of obtaining leverage. In determining whether to borrow funds, we will analyze the maturity, covenant package and rate structure of the proposed financing as well as the risks of such financings compared to our investment outlook. The use of borrowed funds, the proceeds of repurchase agreement borrowings or other similar financing transactions, or the proceeds of issuing preferred shares to make investments would have its own specific set of benefits and risks, and all of the costs of such leverage would be borne by holders of our shares. See "Risk Factors" for a discussion of the risks inherent to employing leverage.

Effective immediately, the following replaces the eleventh paragraph under the section of the Prospectus entitled "PRINCIPAL INVESTMENT OBJECTIVE, POLICIES AND STRATEGIES—Investment Objective" (page 20):

To enhance our returns, we may borrow funds from time to time at the discretion of our Adviser within the levels permitted by the 1940 Act (which generally allows us to incur leverage for up to one-third of our assets for securities representing indebtedness and up to one-half of our assets for preferred stock) when the terms and conditions available are favorable to long-term investing and well-aligned with our investment strategy and portfolio composition. In addition to borrowing funds directly, we expect to enter into repurchase agreement borrowing transactions as a means of obtaining leverage. In determining whether to borrow funds, we will analyze the maturity, covenant package and rate structure of the proposed financing as well as the risks of such financings compared to our investment outlook. The use of borrowed funds, the proceeds of repurchase agreement borrowings or other similar financing transactions, or the proceeds of issuing preferred shares to make investments would have its own specific set of benefits and risks, and all of the costs of such leverage would be borne by holders of our shares. See "Risk Factors" for a discussion of the risks inherent to employing leverage.

Effective immediately, the following replaces the second paragraph of the section of the Prospectus entitled "RISK FACTORS— Risks Related to Our Business and Structure (page 32)—*Rising interest rates may adversely affect the value of our portfolio investments which could have an adverse effect on our business, financial condition and results of operations.*":

Because we may borrow funds, enter into repurchase agreement borrowing transactions or other similar financing transactions, and may issue preferred shares to finance investments, our net investment income may depend, in part, upon the difference between the rate at which we borrow funds, finance investments through repurchase agreement borrowings or other similar financing transactions, or pay distributions on preferred shares and the rate that our investments yield. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase except to the extent we have issued fixed rate debt or preferred shares, which could reduce our net investment income.

Effective immediately, the following disclosure is added following the fifth paragraph of the section of the Prospectus entitled "RISK FACTORS—Risks Related to Debt Financing (page 52)—*We may incur indebtedness to make investments, which magnifies the potential for gain or loss on amounts invested in our shares and may increase the risk of investing in our shares.*":

We may enter into repurchase agreement borrowing transactions, which would be a source of leverage for the Fund. Such arrangements involve heightened risks, including the risk that the counterparty may default on its obligations.

Effective immediately, the following disclosure is added immediately following the section of the Prospectus entitled "RISK FACTORS—Risks Related to Our Investments (page 51)—*Mezzanine debt, including senior unsecured and subordinated loans, is not secured by any collateral and is effectively subordinated to the borrower's secured indebtedness (to the extent of the collateral securing such indebtedness).*":

Repurchase agreement borrowings have the same economic effect as borrowing money and therefore gives risk to leverage and other risks, including counterparty risks.

The Fund may enter into repurchase agreement borrowing transactions with respect to its portfolio investments subject to the investment restrictions set forth herein. Repurchase agreement borrowing transactions involve the sale of securities held by the Fund with an agreement by the Fund to repurchase the securities at an agreed upon price, date and interest payment. The Fund expects to use repurchase agreement borrowings as a primary means of obtaining leverage for investment purposes, as the Fund, acting as seller, would receive cash from a counterparty at the outset of such a transaction and generally reinvests those proceeds in additional portfolio investments in accordance with its investment objective and policies, while remaining obligated to repurchase the same securities from the counterparty at an agreed-upon price (which reflects a financing or "repo" rate) on an agreed-upon date. Although structured as a sale and repurchase transaction, a repurchase agreement borrowing transaction functions as a financing transaction in which the Fund effectively pledges the subject securities as collateral to secure a short-term loan, with the counterparty advancing cash in an amount equal to a percentage of the market value of the pledged securities. A reverse repurchase agreement has the same economic effect as borrowing money and therefore gives rise to leverage risk.

Repurchase agreement borrowing transactions also involve the risk that the buyer of the securities sold might be unable to deliver them when the selling investor seeks to repurchase. If a counterparty fails to perform, the Fund could lose money to the extent that the proceeds it received from the transaction, together with any collateral held by the Fund (including the value of any investments made with cash proceeds), are less than the value of the securities the Fund is obligated to repurchase, or to the extent the Fund is delayed or limited in recovering the securities or the collateral. The Fund will seek to enter into repurchase agreement borrowing transactions only with counterparties that the Adviser believes present acceptable credit risk, and the Adviser will monitor the Fund's exposure to each counterparty, but there can be no assurance that these measures will be sufficient to protect the Fund against loss. In the event that the buyer of securities under such an arrangement files for bankruptcy or becomes insolvent, the buyer, trustee or receiver may receive an extension of time to determine whether to enforce the seller's (e.g., the Fund) obligation to repurchase the securities, and the seller's use of the proceeds of the repurchase agreement borrowing transaction may effectively be restricted pending such decision. Also, the seller would bear the risk of loss to the extent that the proceeds of the repurchase agreement borrowing transaction are less than the value of the securities subject to such agreement.

In October 2020, the SEC adopted Rule 18f-4 related to the use of derivatives, short sales, reverse repurchase agreements, and certain other transactions by registered investment companies (the "derivatives rule"). Under the derivatives rule, when a fund trades reverse repurchase agreements or similar financing transactions, it needs to aggregate the amount of indebtedness associated with the reverse repurchase agreements or similar financing transactions with the aggregate amount of any other senior securities representing indebtedness (e.g., bank borrowings, if applicable) when calculating the Fund's asset coverage ratio or treat all such transactions as derivatives transactions.

Effective immediately, the disclosure under the section of the SAI titled "INVESTMENT OBJECTIVE AND POLICIES—Non-Principal Investment Strategies—Repurchase Agreements" (page 8) is replaced in its entirety with the following:

Repurchase Agreements. The Fund may invest in repurchase agreements. A repurchase agreement is a contractual agreement whereby the seller of securities agrees to repurchase the same security at a specified price on a future date agreed upon by the parties. The agreed-upon repurchase price determines the yield during the Fund's holding period. Repurchase agreements are considered to be loans collateralized by the underlying security that is the subject of the repurchase contract. Unlike the reverse repurchase agreements described above, under which the Fund acts as seller/borrower to obtain leverage, in a repurchase agreement the Fund acts as buyer/lender, typically for cash management purposes, and the transaction does not create leverage for the Fund. The Fund will only enter into repurchase agreements with registered securities dealers or domestic banks that, in the opinion of the Adviser, present minimal credit risk. The risk to the Fund is limited to the ability of the issuer to pay the agreed-upon repurchase price on the delivery date; however, although the value of the underlying collateral at the time the transaction is entered into always equals or exceeds the agreed-upon repurchase price, if the value of the collateral declines there is a risk of loss of both principal and interest. In the event of default, the collateral may be sold but the Fund might incur a loss if the value of the collateral declines, and might incur disposition costs or experience delays in connection with liquidating the collateral. In addition, if bankruptcy proceedings are commenced with respect to the seller of the security, realization upon the collateral by the Fund may be delayed or limited. The Adviser will monitor the value of the collateral at the time the transaction is entered into and at all times subsequent during the term of the repurchase agreement in an effort to determine that such value always equals or exceeds the agreed-upon repurchase price. In the event the value of the collateral declines below the repurchase price, the Adviser will demand additional collateral from the issuer to increase the value of the collateral to at least that of the repurchase price, including interest.

Effective immediately, the following disclosure is added following the last paragraph under the section of the Prospectus titled "MANAGEMENT OF THE FUND—Portfolio Management—Portfolio Managers" (page 59):

Colin McGinnis joined PennantPark in May 2025 and is a Partner. He is involved in originating, underwriting, executing, and monitoring investments for the Firm. In addition, Colin is a Portfolio Manager for the Firm's third-party CLO investments and helps lead various strategic initiatives within PennantPark's Securitized Products Group. Before joining PennantPark, Colin was a Managing Director at Prospect Capital from 2012 to 2025. Before that, he was an Associate at Credit Suisse from 2011 to 2012 and an Associate at Barclays Capital from 2005 to 2009. Colin holds a BS, magna cum laude and an MBA with honors from the Wharton School of the University of Pennsylvania. He also holds the CFA designation.

Effective immediately, the following disclosure replaces the section of the SAI titled "PORTFOLIO MANAGEMENT" (page 23):

PORTFOLIO MANAGEMENT

The management of our investment portfolio is the responsibility of the Adviser.

Arthur "Art" H. Penn, Terence Clerkin, Boaz Magid, and Colin McGinnis are portfolio managers of the Fund. For more information regarding the business experience of Messrs. Penn, Clerkin, Magid, and McGinnis, see "Management of the Fund — Portfolio Management" in the Prospectus. In addition, PennantPark may retain additional investment personnel in the future based upon its needs.

Other Accounts Managed

In addition to managing the Fund's investments, as of June 30, 2026, the Fund's portfolio managers also managed investments on behalf of the following entities:

Name	Entity	Description	Total Assets (in millions)
PennantPark Floating Rate Capital Ltd.	Business Development Company	Primarily in loans bearing variable rates of interest and other investments made to U.S. middle-market private companies whose debt is rated below investment grade.	$ 2,635
PennantPark Private Income Fund	Business Development Company	Primarily in loans bearing variable rates of interest and other investments made to U.S. middle-market private companies whose debt is rated below investment grade.	$ 244
PennantPark Investment Corporation	Business Development Company	Primarily in U.S. middle market companies in the form of first lien secured loans, second lien secured debt, subordinated debt and equity investments	$ 994
PennantPark Senior Loan Fund, LLC	Joint Venture	Primarily invests in middle-market and other corporate debt consistent with PennantPark Investment Corporation's strategy.	$ 1,336

PennantPark Senior Secured Loan Fund I LLC	Joint Venture	Primarily floating rate loans, with an emphasis on senior secured loans, in middle-market leveraged companies.	$	1,198
PennantPark Senior Secured Loan Fund II LLC	Joint Venture	Primarily floating rate loans, with an emphasis on senior secured loans, in middle-market leveraged companies.	$	357
Other Managed Funds or Accounts[(1)]	Direct Lending Funds	Other credit opportunities.	$	2,578

The following table identifies, based on gross assets as of June 30, 2026, (i) the number of other registered investment companies, other pooled investment vehicles and other accounts managed by the portfolio managers; and (ii) the total assets of such companies, vehicles and accounts.

Type of Account	Number of Accounts	Total Assets (in millions)
Registered Investment Companies	0	$ 0
Other Pooled Investment Vehicles	14	$ 2,481
Other Accounts	5	$ 98

Because the professionals of the Investment Adviser may serve as officers, directors or principals of entities that operate in the same or a related line of business as the Fund does or of investment funds managed by affiliates of the Fund that currently exist or may be formed in the future, such professionals and the Investment Adviser are subject to inherent conflicts of interest, including those described in the section of the Prospectus titled "Conflicts of Interest".

Portfolio Manager Compensation

Portfolio managers are compensated with an annual salary and a discretionary year-end annual bonus, the amount of which is based on a multitude of quantitative and qualitative factors and are benchmarked against peers and local markets. Depending on seniority within the firm, portfolio managers also may be eligible to receive performance fees from funds that they manage. Performance fees can make up a significant portion of a portfolio manager's overall compensation, and primarily are based on the investment performance of the funds managed by the portfolio manager. This compensation structure aligns a portfolio manager's and investors' long-term interests and helps the Adviser retain talented investment personnel.

Ownership of Securities

The table below shows the dollar range of the Fund's shares beneficially owned by each portfolio manager as of September 30, 2026:

Name of Portfolio Manager	Dollar Range of Equity Securities in the Fund[(1)(2)(3)]
Arthur H. Penn[(4)]	Over $1,000,000
Terence Clerkin	None
Boaz Magid	None
Colin McGinnis	None

(1) Dollar ranges are as follows: None, $1 – $10,000, $10,001 – $50,000, $50,001 – $100,000, $100,001 – $500,000, $500,001 – $1,000,000 or Over $1,000,000.

(2) Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) under the Exchange Act.

(3) The dollar range of equity beneficially owned is based on the Fund's NAV per share of $25.00 as of the date hereof.

(4) Mr. Penn could be deemed to be a beneficial owner of the Shares of the Fund on account of his being deemed to control the Adviser, PennantPark and certain of their affiliates.

This Supplement should be retained for future reference.

PENNANTPARK ENHANCED INCOME FUND

CLASS A SHARES
CLASS C SHARES
CLASS I SHARES

STATEMENT OF ADDITIONAL INFORMATION

December 16, 2025

PENNANTPARK ENHANCED INCOME FUND

1691 Michigan Avenue
Miami Beach, FL 33139
(212) 905-1000

This Statement of Additional Information ("SAI") is not a prospectus. This SAI should be read in conjunction with the prospectus of PennantPark Enhanced Income Fund, dated December 16, 2025 (the "Prospectus"), as it may be supplemented from time to time. The Prospectus is hereby incorporated by reference into this SAI (legally made a part of this SAI). Capitalized terms used but not defined in this SAI have the meanings given to them in the Prospectus. This SAI does not include all information that a prospective investor should consider before purchasing the Fund's securities.

Unless otherwise noted, the terms "we," "us," "our," and the "Fund" refer to PennantPark Enhanced Income Fund. We refer to PennantPark Investment Advisers, LLC, our investment adviser, as "PennantPark" and the "Adviser." You should obtain and read the Prospectus and any related Prospectus supplement prior to purchasing any of the Fund's securities. A copy of the Prospectus may be obtained without charge by calling the Fund at (212) 905-1000 or by visiting the Fund's website at *www.pennantpark.com*. Information on the website is not incorporated herein by reference. The Fund's filings with the Securities and Exchange Commission (the "SEC") are also available to the public on the SEC's Internet web site at *www.sec.gov*. Copies of these filings may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov.

TABLE OF CONTENTS

	PAGE
GENERAL INFORMATION AND HISTORY	1
INVESTMENT OBJECTIVE AND POLICIES	1
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	8
MANAGEMENT OF THE FUND	10
CODES OF ETHICS	20
PROXY VOTING POLICIES AND PROCEDURES	20
CONTROL PERSONS AND PRINCIPAL HOLDERS	20
INVESTMENT ADVISORY AND OTHER SERVICES	20
PORTFOLIO MANAGEMENT	23
ALLOCATION OF BROKERAGE	25
OTHER INFORMATION	25
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	26
APPENDIX A: FINANCIAL STATEMENTS	A-1
APPENDIX B: PROXY VOTING POLICIES	B-1

GENERAL INFORMATION AND HISTORY

The Fund is a continuously offered, externally managed, non-diversified, closed-end management investment company that has registered as an investment company under the Investment Company Act of 1940, as amended (the "1940 Act") and that operates as an "interval fund.".

The Fund was organized as a Delaware statutory trust on July 8, 2025. The Fund's principal address is 1691 Michigan Avenue, Miami Beach, FL 33139, and its telephone number is (212) 905-1000. The investment objective and principal investment strategies of the Fund, as well as the principal risks associated with the Fund's investment strategies, are set forth in the Prospectus. Certain additional investment information is set forth below. The Fund may issue an unlimited number of shares. All shares of the Fund have equal rights and privileges. Each share of the Fund is entitled to one vote on all matters as to which shares are entitled to vote. In addition, each share of the Fund is entitled to participate equally with other shares (i) in distributions declared by the Fund and (ii) on liquidation to its proportionate share of the assets remaining after satisfaction of outstanding liabilities. Shares of the Fund are fully paid, non-assessable and fully transferable when issued and have no pre-emptive, conversion or exchange rights. Fractional shares have proportionately the same rights, including voting rights, as are provided for a full share.

INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

Our investment objective is to generate current income and, as a secondary objective, long-term capital appreciation. We seek to achieve our investment objective by investing primarily in the junior debt tranches of collateralized loan obligations ("CLOs") with a particular emphasis on CLO debt tranches initially rated 'BB' by a National Recognized Statistical Rating Organization ("NRSRO"). Debt tranches rated BB are below investment grade or "junk". To a lesser extent, we may invest in other CLO debt securities, CLO equity or other debt securities, as consistent with our investment objectives and which may be of any credit quality. CLOs own a pool of senior secured loans made to companies whose debt is rated below investment grade by an NRSRO or, in some circumstances, unrated (commonly known as "junk" bonds). The principal and interest payments made to CLO junior tranches occur after the CLO's senior operational expenses and investment grade tranches have received their contractual payments. A portion of CLOs in which we invest may be backed primarily by loans to middle market companies (or hold significant portions thereof). The Adviser defines "middle market" to generally mean companies with earnings before interest, taxes, depreciation and amortization ("EBITDA") of between approximately $10 million and $50 million. We may also invest in other related securities and instruments or other securities and investments that the Adviser believes are consistent with our investment objectives, including senior debt tranches of CLOs, loan accumulation facilities, securities issued by other securitization vehicles (such as credit-linked notes, collateralized bond obligations, revolver CLOs, rated feeder funds, and collateralized fund obligations), corporate bonds and synthetic investments, such as significant risk transfer securities and credit risk transfer securities issued by banks or other financial institutions. These opportunistic investments may also include, without limitation (i) debt and equity securities issued by business development companies, (ii) direct investments in Senior Secured Loans, (iii) fixed income securities and (iv) private investment funds that provide exposure to Senior Secured Loans and fixed income securities. With respect to the foregoing investments, our general investment strategy is broad and is not limited to any specific industry, sector, or a minimum or maximum market capitalization. The amount that we invest in other securities and instruments, which may include investments in debt and other securities issued by CLOs collateralized by non-U.S. loans and securities of other collective investment vehicles, will vary from time to time and, as such, may constitute a material part of our portfolio on any given date, all as based on our Adviser's assessment of prevailing market conditions.

Structurally, CLOs are entities that are formed to manage a portfolio of Senior Secured Loans financed with long-term financing. The CLOs in which we invest are generally comprised of Senior Secured Loans that meet

specified credit and diversity criteria and are subject to concentration limitations in order to create an investment portfolio that is diversified by borrowers and industries.

We may invest in other registered investment companies, such as exchange-traded funds, to gain exposure to particular asset classes consistent with our investment objective, or for cash management purposes, including during periods when the Fund has large amounts of uninvested cash.

See "Investment Objective, Policies and Strategies" in the Prospectus for additional information regarding our investment strategy.

Fundamental Policies

Our stated fundamental policies, which may only be changed by the affirmative vote of a majority of the outstanding voting securities of the Fund, are listed below. For the purposes of this SAI, "majority of the outstanding voting securities of the Fund" means the vote, at an annual or special meeting of shareholders, duly called, (a) of 67% or more of the shares present at such meeting, if the holders of more than 50% of the outstanding shares are present or represented by proxy; or (b) of more than 50% of the outstanding shares, whichever is less. The Fund may not:

(1) Borrow funds, except to the extent permitted by the 1940 Act (which currently limits borrowing to no more than 331/3% of the value of the Fund's total assets, including the value of the assets purchased with the proceeds of its indebtedness, if any). The Fund may borrow for investment purposes, for temporary liquidity, or to finance repurchases of its shares.

(2) Issue senior securities, except to the extent permitted by Section 18 of the 1940 Act (which currently limits the issuance of a class of senior securities that is indebtedness to no more than 331/3% of the value of the Fund's total assets or, if the class of senior security is preferred shares, to no more than 50% of the value of the Fund's total assets).

(3) Purchase securities on margin.

(4) Underwrite securities of other issuers, except insofar as the Fund may be deemed an underwriter under the Securities Act of 1933, as amended (the "Securities Act") in connection with the disposition of its portfolio securities. The Fund may invest in restricted securities (those that must be registered under the Securities Act before they may be offered or sold to the public).

(5) Purchase or sell commodities, unless acquired as a result of ownership of securities or other investments, except that the Fund may purchase and sell forward and futures contracts and options to the full extent permitted under the 1940 Act, sell foreign currency contracts in accordance with any rules of the Commodity Futures Trading Commission, invest in securities or other instruments backed by or linked to commodities, and invest in companies that are engaged in a commodities business or have a significant portion of their assets in commodities, and may invest in commodity pools and other entities that purchase and sell commodities and commodity contracts.

(6) Make loans to others, except (a) where each loan is represented by a note executed by the borrower, (b) through the purchase of debt securities in accordance with its investment objectives and policies, and (c) to the extent the entry into a repurchase agreement, in a manner consistent with the Fund's investment policies or as otherwise permitted under the 1940 Act, is deemed to be a loan.

(7) Purchase or sell real estate or interests in real estate in amounts that would impact the Fund's ability to qualify as an "investment company" under the 1940 Act. This limitation is not applicable to investments in marketable securities that are secured by or represent interests in real estate. This limitation does not preclude the Fund from investing in securities that are secured by or represent interests in real estate (e.g. mortgage loans evidenced by notes or other writings defined to be a type of security), mortgage-related securities or investing in companies engaged in the real estate business or that have a significant portion of their assets in real estate (including real estate investment trusts).

(8) We may not invest in any security if as a result of such investment, 25% or more of the value of our total assets, taken at market value at the time of each investment, are in the securities of issuers in any particular industry or group of industries, except securities issued or guaranteed by the U.S. government and its agencies and instrumentalities or tax-exempt securities of state and municipal governments or their political subdivisions (however, not including private purpose industrial development bonds issued on behalf of non-government issuers). We will consider the holdings of other funds in which we invest, if and when available, for purposes of determining compliance with our concentration policy. For purposes of this restriction, in the case of investments in loan participations between us and a bank or other lending institution participating out the loan, we will treat both the lending bank or other lending institution and the borrower as "issuers." In connection with our CLO investments, we will analyze the underlying or reference securities, instruments or assets in order to comply with this policy.

In addition, we have adopted a fundamental policy that we will make quarterly repurchase offers pursuant to Rule 23c-3 of the 1940 Act, as such rule may be amended from time to time, for between 5% and 25% of the shares outstanding at NAV, unless suspended or postponed in accordance with regulatory requirements, and each repurchase pricing shall occur no later than the 14th day after the Repurchase Request Deadline (as defined in the Prospectus), or the next business day if the 14th day is not a business day. The time between the notification to shareholders and the Repurchase Request Deadline is generally 30 days, but may vary from no more than 42 days to no less than 21 days.

We may invest up to 100% of our assets in securities issued by CLO vehicles and in corporate debt instruments, which may be acquired directly in privately negotiated transactions or in secondary market purchases. With respect to securities we acquire directly in privately negotiated transactions, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act. Our intention is to not write (sell) or buy put or call options to manage risks associated with any publicly-traded securities we may hold, except that we may enter into hedging transactions to manage the risks associated with interest rate fluctuations, and, in such cases, only after all necessary registrations (or exemptions from registration) with the Commodity Futures Trading Commission have been obtained.

If a restriction on the Fund's investments is adhered to at the time an investment is made, a subsequent change in the percentage of Fund assets invested in certain securities or other instruments, or change in average duration of the Fund's investment portfolio, resulting from changes in the value of the Fund's total assets, will not be considered a violation of the restriction; provided, however, that the asset coverage requirement applicable to borrowings shall be maintained in the manner contemplated by applicable law.

Non-Fundamental Policies

The following are additional investment limitations of the Fund and may be changed by the Board without shareholder approval.

Investment Policy. The Fund pursues its investment objective by investing its assets (defined as net assets plus the amount of any borrowing for investment purposes) primarily in CLO junior debt tranches, and, to a lesser extent, in other CLO debt securities, CLO equity or other debt securities.

Short Selling. The Fund may engage in short sales for hedging purposes.

Non-Principal Investment Strategies

Depositary Receipts. The Fund may invest in American Depositary Receipts, as well as other "hybrid" forms of American Depositary Receipts, including European Depositary Receipts and Global Depositary Receipts. American Depositary Receipts are certificates evidencing ownership of shares of a foreign issuer.

These certificates are issued by depository banks and generally trade on an established market in the United States or elsewhere. The underlying shares are held in trust by a custodian bank or similar financial institution in the issuer's home country. The depository bank may not have physical custody of the underlying securities at all times and may charge fees for various services, including forwarding distributions and interest and corporate actions. American Depositary Receipts are alternatives to directly purchasing the underlying foreign securities in their national markets and currencies. However, American Depositary Receipts continue to be subject to many of the risks associated with investing directly in foreign securities, which are described below.

Foreign Securities. The Fund may invest in non-U.S. companies and other foreign securities. Purchases of foreign securities entail certain risks. For example, there may be less information publicly available about a foreign company than about a U.S. company, and foreign companies generally are not subject to accounting, auditing and financial reporting standards and practices comparable to those in the U.S. Other risks associated with investments in foreign securities include changes in restrictions on foreign currency transactions and rates of exchanges, changes in the administrations or economic and monetary policies of foreign governments, the imposition of exchange control regulations, the possibility of expropriation decrees and other adverse foreign governmental action, the imposition of foreign taxes, less liquid markets, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, delays in settlement of securities transactions and greater price volatility. In addition, investing in foreign securities will generally result in higher commissions than investing in similar domestic securities.

Money Market Instruments. The Fund may invest, for defensive purposes or otherwise, some or all of its assets in high quality fixed-income securities, money market instruments and money market mutual funds, or hold cash or cash equivalents in such amounts as the Adviser deems appropriate under the circumstances. In addition, the Fund or a private investment fund in which the Fund invests, including but not limited to private debt funds and private real estate funds managed by unaffiliated institutional asset managers, or a public investment fund in which the Fund invests managed by unaffiliated institutional asset managers, may invest in these instruments pending allocation of its respective offering proceeds. Money market instruments are high quality, short-term fixed-income obligations, which generally have remaining maturities of one year or less and may include U.S. government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements.

Restricted and Illiquid Securities. The Fund may not be able to readily dispose of illiquid securities at prices that approximate those at which the Fund could sell such securities if they were more widely traded and, as a result of such illiquidity, the Fund may have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations.

The Fund may purchase certain securities ("Rule 144A Securities") eligible for resale to qualified institutional buyers as contemplated by Rule 144A under the Securities Act. Rule 144A provides an exemption from the registration requirements of the Securities Act for the resale of certain restricted securities to certain qualified institutional buyers. One effect of Rule 144A is that certain restricted securities may be considered liquid, though no assurance can be given that a liquid market for Rule 144A Securities will develop or be maintained. However, where a substantial market of qualified institutional buyers has developed for certain unregistered securities purchased by the Fund pursuant to Rule 144A under the Securities Act, the Fund intends to treat such securities as liquid securities in accordance with procedures approved by the Board. Because it is not possible to predict with assurance how the market for Rule 144A Securities will develop, the Board has directed the Adviser to monitor carefully the Fund's investments in such securities with particular regard to trading activity, availability of reliable price information and other relevant information. To the extent that, for a period of time, qualified institutional buyers cease purchasing restricted securities pursuant to Rule 144A, the Fund's investing in such securities may have the effect of increasing the level of illiquidity in its investment portfolio during such period.

Equity Securities. In addition to common stocks, the Fund may invest in equity securities, including preferred stocks, convertible securities, warrants and depository receipts.

Preferred Stock. Preferred stock has a preference over common stock in liquidation (and generally distributions as well) but is subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock with a fixed distribution rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock generally also reflects some element of conversion value. Because preferred stock is junior to credit securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior credit security with similar stated yield characteristics. Unlike interest payments on credit securities, preferred stock distributions are payable only if declared by the board of directors or equivalent body. Preferred stock also may be subject to optional or mandatory redemption provisions.

Convertible Securities. A convertible security is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common stock or other equity security of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest paid or accrued on debt or the distribution paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities have characteristics similar to nonconvertible income securities in that they ordinarily provide a stable stream of income with generally higher yields than those of common stocks of the same or similar issuers, but lower yields than comparable nonconvertible securities. The value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also may have an effect on the convertible security's investment value. Convertible securities rank senior to common stock in a corporation's capital structure but are usually subordinated to comparable nonconvertible securities. Convertible securities may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument.

Cash Equivalents and Short-Term Debt Securities. For temporary defensive purposes, the Fund may invest up to 100% of its assets in cash equivalents and short-term debt securities. Short-term debt investments having a remaining maturity of 60 days or less when purchased will be valued at cost, adjusted for amortization of premiums and accretion of discounts. Short-term debt securities are defined to include, without limitation, the following:

(1) U.S. government securities, including bills, notes and bonds differing as to maturity and rates of interest that are either issued or guaranteed by the U.S. Treasury or by other U.S. government agencies or instrumentalities. U.S. government securities include securities issued by (a) the Federal Housing Administration, Farmers Home Administration, Export-Import Bank of the United States, Small Business Administration and Government National Mortgage Association, whose securities are supported by the full faith and credit of the United States; (b) the Federal Home Loan Banks, Federal Intermediate Credit Banks and Tennessee Valley Authority, whose securities are supported by the right of the agency to borrow from the U.S. Treasury; (c) the Federal National Mortgage Association, whose securities are supported by the discretionary authority of the U.S. government to purchase certain obligations of the agency or instrumentality; and (d) the Student Loan Marketing Association, whose securities are supported only by its credit. While the U.S. government provides financial support to such U.S. government-sponsored agencies or instrumentalities, no assurance can be given that it always will do so since it is not so obligated by law. The U.S. government, its agencies and instrumentalities do not guarantee the market value of their securities. Consequently, the value of such securities may fluctuate. In 2008, the Federal Housing Finance Agency ("FHFA") placed the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") into conservatorship. As conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae and Freddie Mac and of any shareholder, officer or director of Fannie Mae and Freddie Mac and the assets of Fannie Mae and Freddie Mac. Fannie Mae and Freddie Mac are continuing to

operate as going concerns while in conservatorship and each remains liable for all of its obligations, including its guaranty obligations, associated with its mortgage-backed securities. There is no assurance that the obligations of such entities will be satisfied in full, or that such obligations will lose value or default. The Adviser will monitor developments and seek to manage the Fund's portfolio in a manner consistent with achieving the Fund's investment objective, but there can be no assurance that it will be successful in doing so;

(2) Certificates of deposit issued against funds deposited in a bank or a savings and loan association. Such certificates are for a definite period of time, earn a specified rate of return and are normally negotiable. The issuer of a certificate of deposit agrees to pay the amount deposited plus interest to the bearer of the certificate on the date specified thereon. Certificates of deposit purchased by the Fund may not be fully insured by the FDIC; and

(3) Commercial paper, which consists of short-term unsecured promissory notes, including variable rate master demand notes issued by corporations to finance their current operations. Master demand notes are direct lending arrangements between the Fund and a corporation. There is no secondary market for such notes. However, they are redeemable by the Fund at any time. The Adviser will consider the financial condition of the corporation (e.g., earning power, cash flow and other liquidity ratios) and will continuously monitor the corporation's ability to meet all of its financial obligations, because the Fund's liquidity might be impaired if the corporation were unable to pay principal and interest on demand. Investments in commercial paper will be limited to commercial paper rated in the highest categories by a major rating agency and which mature within one year of the date of purchase or carry a variable or floating rate of interest.

When-Issued and Forward Commitment Securities. The Fund may purchase securities on a "when-issued" basis and may purchase or sell securities on a "forward commitment" basis in order to acquire the security or to hedge against anticipated changes in interest rates and prices. When such transactions are negotiated, the price, which is generally expressed in yield terms, is fixed at the time the commitment is made, but delivery and payment for the securities take place at a later date. When-issued securities and forward commitments may be sold prior to the settlement date, but the Fund will enter into when-issued and forward commitments only with the intention of actually receiving or delivering the securities, as the case may be. If the Fund disposes of the right to acquire a when-issued security prior to its acquisition or disposes of its right to deliver or receive against a forward commitment, it might incur a gain or loss. At the time the Fund enters into a transaction on a when-issued or forward commitment basis, it will designate on its books and records cash or liquid credit securities equal to at least the value of the when-issued or forward commitment securities. The value of these assets will be monitored daily to ensure that their marked-to-market value will at all times equal or exceed the corresponding obligations of the Fund. There is always a risk that the securities may not be delivered and that the Fund may incur a loss. Settlements in the ordinary course, which may take substantially more than five business days, are not treated by the Fund as when-issued or forward commitment transactions and accordingly are not subject to the foregoing restrictions.

Securities purchased on a forward commitment or when-issued basis are subject to changes in value (generally changing in the same way, i.e., appreciating when interest rates decline and depreciating when interest rates rise) based upon the public's perception of the creditworthiness of the issuer and changes, actual or anticipated, in the level of interest rates. Securities purchased with a forward commitment or when-issued basis may expose the Fund to risks because they may experience such fluctuations prior to their actual delivery. Purchasing securities on a when-issued basis can involve the additional risks that the yield available in the market when the delivery takes place actually may be higher than that obtained in the transaction itself. Purchasing securities on a forward commitment or when-issued basis when the Fund is fully invested may result in greater potential fluctuation in the value of the Fund's net assets and its NAV per share.

The risks and effect of settlements in the ordinary course on the Fund's NAV are not the same as the risks and effect of when-issued and forward commitment securities.

The purchase price of when-issued and forward commitment securities are expressed in yield terms, which reference a floating rate of interest, and is therefore subject to fluctuations of the security's value in the market from the date of the Fund's commitment (the "Commitment Date") to the date of the actual delivery and payment for such securities (the "Settlement Date"). There is a risk that, on the Settlement Date, the Fund's payment of the final purchase price, which is calculated on the yield negotiated on the Commitment Date, will be higher than the market's valuation of the security on the Settlement Date. This same risk is also borne if the Fund disposes of its right to acquire a when-issued security, or its right to deliver or receive a forward commitment security, and there is a downward market movement in the value of the security from the Commitment Date to the Settlement Date. No income accrues to the Fund during the period from the Commitment Date to the Settlement Date. On the other hand, the Fund may incur a gain if the Fund invests in when-issued and forward commitment securities and correctly anticipates the rise in interest rates and prices in the market.

The settlements of secondary market purchases of Senior Loans in the ordinary course, on a settlement date beyond the period expected by loan market participants (i.e. T+7 for par loans and T+20 for distressed loans, in other words, more than seven or twenty business days beyond the trade date, respectively) are subject to the delayed compensation mechanics prescribed by the Loan Syndications and Trading Association ("LSTA"). For par loans, income accrues to the buyer of the senior loan (the "Buyer") during the period beginning on the last date by which the senior loan purchase should have settled (T+7) to and including the actual settlement date. Should settlement of a par senior loan purchase in the secondary market be delayed beyond the T+7 period prescribed by the LSTA, the Buyer is typically compensated for such delay through a payment from the seller of the senior loan (this payment may be netted from the wire released on settlement date for the purchase price of the senior loan paid by the Buyer). In brief, the adjustment is typically calculated by multiplying the notional amount of the trade by the applicable margin in the Loan Agreement pro-rated for the number of business days (calculated using a year of 360 days) beyond the settlement period prescribed by the LSTA, plus any amendment or consent fees that the Buyer should have received. Furthermore, the purchase of a senior loan in the secondary market is typically negotiated and finalized pursuant to a binding trade confirmation, and therefore, the risk of non-delivery of the security to the Fund is reduced or eliminated when compared with such risk when investing in when-issued or forward commitment securities.

Reverse Repurchase Agreements. The Fund may enter into reverse repurchase agreements with respect to its portfolio investments subject to the investment restrictions set forth herein. Reverse repurchase agreements involve the sale of securities held by the Fund with an agreement by the Fund to repurchase the securities at an agreed upon price, date and interest payment. At the time the Fund enters into a reverse repurchase agreement, it may designate on its books and records liquid instruments having a value not less than the repurchase price (including accrued interest). If the Fund establishes and maintains such a segregated account, a reverse repurchase agreement will not be considered a borrowing by the Fund for purposes of the 1940 Act; however, under certain circumstances in which the Fund does not establish and maintain such a segregated account, such reverse repurchase agreement will be considered a borrowing for the purpose of the Fund's limitation on borrowings. The use by the Fund of reverse repurchase agreements involves many of the same risks of leverage since the proceeds derived from such reverse repurchase agreements may be invested in additional securities. Reverse repurchase agreements involve the risk that the market value of the securities acquired in connection with the reverse repurchase agreement may decline below the price of the securities the Fund has sold but is obligated to repurchase. Also, reverse repurchase agreements involve the risk that the market value of the securities retained in lieu of sale by the Fund in connection with the reverse repurchase agreement may decline in price.

If the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Fund's obligation to repurchase the securities, and the Fund's use of the proceeds of the reverse repurchase agreement may effectively be restricted pending such decision. Also, the Fund would bear the risk of loss to the extent that the proceeds of the reverse repurchase agreement are less than the value of the securities subject to such agreement.

Repurchase Agreements. The Fund may invest in repurchase agreements. A repurchase agreement is a contractual agreement whereby the seller of securities agrees to repurchase the same security at a specified price on a future date agreed upon by the parties. The agreed-upon repurchase price determines the yield during the Fund's holding period. Repurchase agreements are considered to be loans collateralized by the underlying security that is the subject of the repurchase contract. The Fund will only enter into repurchase agreements with registered securities dealers or domestic banks that, in the opinion of the Adviser, present minimal credit risk. The risk to the Fund is limited to the ability of the issuer to pay the agreed-upon repurchase price on the delivery date; however, although the value of the underlying collateral at the time the transaction is entered into always equals or exceeds the agreed-upon repurchase price, if the value of the collateral declines there is a risk of loss of both principal and interest. In the event of default, the collateral may be sold but the Fund might incur a loss if the value of the collateral declines, and might incur disposition costs or experience delays in connection with liquidating the collateral. In addition, if bankruptcy proceedings are commenced with respect to the seller of the security, realization upon the collateral by the Fund may be delayed or limited. The Adviser will monitor the value of the collateral at the time the transaction is entered into and at all times subsequent during the term of the repurchase agreement in an effort to determine that such value always equals or exceeds the agreed-upon repurchase price. In the event the value of the collateral declines below the repurchase price, the Adviser will demand additional collateral from the issuer to increase the value of the collateral to at least that of the repurchase price, including interest.

Short Sales. The Fund may engage in short sales of securities, particularly of corporate bonds and other fixed-income instruments. A short sale is a transaction in which the Fund sells a security it does not own as a means of attractive financing for purchasing other assets or in anticipation that the market price of that security will decline. The Fund may make short sales for purposes of financing and risk management and to maintain portfolio flexibility or to enhance income or gain.

When the Fund makes a short sale, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale as collateral for its obligation to deliver the security upon conclusion of the sale. The Fund may have to pay a fee to borrow particular securities and is often obligated to pay over any payments received on such borrowed securities.

The Fund's obligation to replace the borrowed security may be secured by collateral deposited with the broker-dealer, usually cash, U.S. government securities or other liquid securities. The Fund may also be required to designate on its books and records similar collateral with its custodian to the extent, if any, necessary so that the aggregate collateral value is at all times at least equal to the current market value of the security sold short. Depending on arrangements made with the broker-dealer from which it borrowed the security regarding payment over of any payments received by the Fund on such security, the Fund may not receive any payments (including interest) on its collateral deposited with such broker-dealer.

If the price of the security sold short increases between the time of the short sale and the time the Fund replaces the borrowed security, the Fund will incur a loss; conversely, if the price declines, the Fund will realize a gain. Any gain will be decreased, and any loss increased, by the transaction costs described above. Although the Fund's gain is limited to the price at which it sold the security short, its potential loss is theoretically unlimited.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We have entered into an Investment Advisory Agreement with our Adviser. Pursuant to the Investment Advisory Agreement, we will pay our Adviser a base management fee and an incentive fee, and will reimburse our Adviser for routine non-compensation overhead expenses, such as expenses incurred by the Adviser or us in connection with administering our business, including expenses incurred in performing administrative services for us, and the reimbursement of the allocable portion of certain other expenses. See "Management of the Fund — Investment Adviser" in the Prospectus for a description of how the fees payable to our Adviser will be determined.

Certain of the executive officers, directors/trustees and finance professionals of the Adviser who perform services for us on behalf of our Adviser may also serve as officers, directors/trustees, managers, and/or key professionals of affiliates of PennantPark. These persons may have legal obligations with respect to those entities that are similar to their obligations to us. In the future, these persons and other affiliates of PennantPark may organize other investment programs and acquire for their own account investments that may be suitable for us.

Allocation of our Adviser's Time

We rely on our Adviser to manage our day-to-day activities and to implement our investment strategy. Our Adviser and certain of its affiliates are currently, and plan in the future to continue to be, involved with activities which are unrelated to us. As a result of these activities, our Adviser, its personnel and certain of its affiliates will have conflicts of interest in allocating their time between us and other activities in which they are or may become involved, including, but not limited to, the management of other PennantPark entities. Our Adviser and its personnel will devote only as much of its and their time to our business as our Adviser and its personnel, in their judgment, determine is reasonably required, which may be substantially less than their full time. Therefore, our Adviser, its personnel and certain affiliates may experience conflicts of interest in allocating management time, services and functions among us and any other business ventures in which they or any of their key personnel, as applicable, are or may become involved. This could result in actions that are more favorable to other affiliated entities than to us.

However, PennantPark believes that its professionals have sufficient time to fully discharge their responsibilities to us and to the other businesses in which they are involved. We believe that our affiliates and executive officers will devote the time required to manage our business and expect that the amount of time a particular executive officer or affiliate devotes to us will vary during the course of the year and depend on our business activities at the given time. It is difficult to predict specific amounts of time an executive officer or affiliate will devote to us. We expect that our executive officers and affiliates will generally devote more time to programs raising and investing capital than to programs that have completed their offering stages, though from time to time each program will have its unique demands.

Allocation of Investments

The Adviser and its affiliates currently advise and manage and expect that they will in the future advise and manage additional investment accounts and investment funds, including proprietary accounts of the Adviser, its affiliates and the personnel thereof (collectively, "Other Accounts") having investment guidelines substantially similar in whole or in part to those of the Fund. As a result, the Adviser may face conflicts in how it allocates both investment and disposition opportunities between the Fund and the Other Accounts. The Adviser intends to allocate such opportunities in a fair and equitable manner between the Fund and the Other Accounts, in accordance with its investment allocation policy and the requirements of the 1940 Act. The Fund may engage in co-investments with the Adviser and its affiliates, including Other Accounts, pursuant to the Order granted to the Adviser from the SEC, subject to conditions and restrictions in the Order.

The Order grants us the ability to negotiate terms other than price and quantity of co-investment transactions with other funds managed or owned by our Adviser or certain affiliates, where co-investing would otherwise be prohibited by the 1940 Act, subject to the conditions included therein. Under the terms of the Order, a "required majority" (as defined in Section 57(o) of the 1940 Act) of our independent trustees who have no financial interest in the transaction must make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to us and our shareholders and do not involve overreaching of us or our shareholders on the part of any person concerned and (2) the transaction is consistent with the interests of our shareholders and is consistent with our investment objective and strategies. The Order also imposes reporting and record keeping requirements and limitations on transactional fees.

We may only co-invest with other funds managed by our Adviser or certain affiliates in accordance with such Order and existing regulatory guidance, including the no-action position of the SEC set forth in Mass Mutual Life Ins. Co. (SEC No-Action Letter, June 7, 2000), on which similarly situated funds like the Fund rely in order to co-invest in a single class of privately placed securities so long as certain conditions are met, including that the Adviser, acting on the Fund's behalf and on behalf of other clients, negotiates no term other than price.

In certain situations where co-investment with one or more funds managed or owned by our Adviser or its affiliates is not permitted or appropriate, such as when there is an opportunity to invest in different securities of the same issuer on a differential basis between funds or where the different investments could be expected to result in a conflict between the interest of the Fund and those of other funds managed by the Adviser that cannot be mitigated or otherwise addressed pursuant to the policies and procedures of the Adviser, the Adviser must decide which client will proceed with the investment. The Adviser will make these determinations based on policies and procedures, which are designed to reasonably ensure that investment opportunities are allocated fairly and equitably among affiliated funds over time and in a manner that is consistent with applicable laws, rules and regulations.

Affiliates of our Adviser have no obligation to make their originated investment opportunities available to our Adviser or to us and such opportunities may be provided to another affiliate of our Adviser.

To mitigate the foregoing conflicts, our Adviser and its affiliates will seek to allocate portfolio transactions on a fair and equitable basis, taking into account such factors as the relative amounts of capital available for new investments, the applicable investment programs and portfolio positions, the clients for which participation is appropriate and any other factors deemed appropriate.

MANAGEMENT OF THE FUND

Our business and affairs are managed under the direction of the Board. The responsibilities of the Board include, among other things, the oversight of our investment activities, the daily valuation of our assets, oversight of our financing arrangements and corporate governance activities. The Board consists of six trustees, four of whom are not "interested persons," as such term is defined in Section 2(a)(19) of the 1940 Act, of our company or of PennantPark and are "independent" as determined by the Board. We refer to these individuals as our "Independent Trustees." The Board elects our executive officers, who serve at the discretion of the Board.

Board of Trustees

Under our Declaration of Trust, each trustee shall serve during the continued lifetime of the Fund and will not be subject to a term limit. The Fund does not intend to hold annual meetings of its shareholders.

Trustees

We have divided the trustees into two groups — Interested Trustees and Independent Trustees. The address for each Trustee is c/o PennantPark Enhanced Income Fund, 1691 Michigan Avenue, Miami Beach, FL 33139, unless otherwise noted. Information regarding the members of the Board is as follows:

Interested Trustee

Name and Age	Position(s) Held with the Fund; Term of Office and Length of Time Served[1]	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex[2] Overseen by Trustee	Other Directorships Held by Trustee in the Past 5 Years
Arthur H. Penn (62)*	Trustee (Since Inception) Chief Executive Officer (Since Inception) Chairperson of the Board (Since Inception)	Founder, Chairman and Chief Executive Officer to the funds in the Fund Complex.[2] Mr. Penn also is the Founder and Managing Member of the Adviser. Previously, Mr. Penn was the Co-Founder of Apollo Investment Management, where he was a Managing Partner from 2004 to 2006. He also served as Chief Operating Officer of Apollo Investment Corporation from inception in 2004 to 2006 and served as President and Chief Operating Officer in 2006. He formerly was a Managing Partner of Apollo Value Fund L.P. (formerly Apollo Distressed Investment Fund, L.P.) from 2003 to 2006.	Four	None
José A. Briones, Jr. (55)*	Trustee (Since Inception)	Mr. Briones joined the Adviser in December 2009 and is a Senior Partner. Before joining the Adviser, Mr. Briones was a Partner of Apollo Investment Management, L.P. and a member of its investment committee since 2006. Before that, he was a Managing Director with UBS Securities LLC in the Financial Sponsors and Leveraged Finance Group from 2001 to 2006. Before joining UBS, he was a Vice President with JP Morgan in the Global Leveraged Finance Group from 1999 to 2001. From 1992 to 1999, Mr. Briones was a Vice President at BT Securities and BT Alex Brown Inc. in the Corporate Finance Department.	Four	AKW Holdings Limited, since 2018; Marketplace Events LLC, Chairman of the Board, from 2020 to 2024; MSpark, LLC, Chairman of the Board and President, from 2020 to 2024; PT Networks Intermediate Holdings, LLC, from 2019 to 2022; Flock Financial, LLC, since 2024; Metropolitan YMCA of the Oranges (NJ), since 2022.

* *Such individual is an interested person of the Fund (as defined in the 1940 Act) (an "Interested Trustee") because of his position with PennantPark.*

(1) Each Trustee serves during the continued lifetime of the Fund and will not be subject to a term limit.

(2) The term "Fund Complex" includes the Fund, PennantPark Floating Rate Capital, PennantPark Investment Corporation and PennantPark Private Income Fund.

Independent Trustees

Name and Age	Position(s) Held with the Fund; Term of Office and Length of Time Served[1]	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex[2] Overseen by Trustee	Other Directorships Held by Trustee in the Past 5 Years
Adam K. Bernstein (62)	Trustee (Since Inception)	President of The Bernstein Companies, a Washington, D.C.-based real estate investment and development firm, since 1995 and President and Chief Executive Officer of Consortium Atlantic Realty Trust, Inc., a private real estate investment trust operating in the Mid-Atlantic region, from 2006. Also, Mr. Bernstein served on the Board of Overseers of the School of Arts and Sciences at the University of Pennsylvania from 2012 to 2021 and the Board of Trustees of the School of Arts and Sciences at the University of Pennsylvania from 2018 to 2022.	Four	Advisory Board Member of University Research Corporation, since 2020.
Marshall Brozost (58)	Trustee (Since Inception)	Partner at Allen Matkins Leck Gamble Mallory & Natsis LLP, where he serves as co-chair of the New York real estate group, since September 2023. Prior to Allen Matkins Leck Gamble Mallory & Natsis LLP, Mr. Brozost practiced law at McDermott Will & Emery LLP, From April 2022 to September 2023; Orrick, Herrington & Sutcliffe LLP, from July 2016 to April 2022; at Schulte Roth & Zabel LLP from May 2012 to July 2016; and at Dewey & LeBoeuf LLP from 2005 to 2012.	Four	None

Name and Age	Position(s) Held with the Fund; Term of Office and Length of Time Served[1]	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex[2] Overseen by Trustee	Other Directorships Held by Trustee in the Past 5 Years
Jeffrey Flug (62)	Trustee (Since Inception)	Mr. Flug was President of Union Square Hospitality Group, an exclusive chain of restaurants, from 2009 to June 2015. Mr. Flug served as Chief Executive Officer and Executive Director of Millennium Promise Alliance, Inc., a non-profit organization whose mission is to eradicate extreme global poverty, from 2006 to 2008. From 2000 to 2006, Mr. Flug was a Managing Director and Head of North American Institutional Sales at JP Morgan's Investment Bank.	Four	Shake Shack Inc., since 2014; Tender Greens, a private company, since 2015; Momentous, a private company, from 2018-2021.
Samuel L. Katz (60)	Trustee (Since Inception)	Managing Partner of TZP Group LLC, a private equity fund, since 2007. Chief Executive Officer and director of TZP Strategies Acquisition Corp. (Nasdaq: TZPS), a special purpose acquisition company; Before joining TZP Group, Mr. Katz was Chief Executive Officer of MacAndrews & Forbes Acquisition Holdings, Inc. from 2006 to 2007. Prior to that position, Mr. Katz was Chairman and Chief Executive Officer of the Cendant Travel Distribution Services Division from 2001 to 2005.	Four	Director of TZP Strategies Acquisition Corp.; BQ Resorts, LLC; Lift Brands, Inc.; HomeRiver Group; Pyramid Hotel Group; Triangle Home Fashions Holdings, LLC; Whitestone Home Furnishings, LLC (d/b/a The Saatva Company); Dwellworks; Rebath Member; Building Kidz School; Executive Committee of YRF Darca; Board of Advisors of Columbia University Irving Medical Center

(1) Each Trustee serves during the continued lifetime of the Fund and will not be subject to a term limit.

(2) The term "Fund Complex" includes the Fund, PennantPark Floating Rate Capital, PennantPark Investment Corporation and PennantPark Private Income Fund.

Officers Who are Not Trustees

Information regarding our officers who are not trustees is as follows. The address for each officer is c/o PennantPark Enhanced Income Fund, 1691 Michigan Avenue, Miami Beach, FL 33139, unless otherwise noted.

Name and Age	Position(s) Held with the Fund; Term of Office and Length of Time Served[1]	Principal Occupation(s) During the Past 5 Years
Richard T. Allorto Jr. (53)	Chief Financial Officer	Chief Financial Officer and Treasurer to the funds in the Fund Complex. Mr. Allorto was most recently the Chief Financial Officer of Medley Management Inc. and served as the Chief Financial Officer of Sierra Income Corporation and before that Medley Capital Corporation. Before that, he was a Managing Director at GSC Group from 2001 to 2010.
Gerald "Jerry" Cummins (70)	Chief Compliance Officer	Chief Compliance Officer to the funds in the Fund Complex. Mr. Cummins joined the Company's outsourced compliance service provider, ACA Group, in 2022. Prior to joining ACA, Mr. Cummins previously served as a director of Alaric Compliance Services, LLC from 2014 to 2022.
Adam Katz (43)	Secretary	Managing Director and General Counsel of PennantPark. Mr. Katz was most recently the Head of Legal, Chief Compliance Officer, and Corporate Secretary of Energize Ventures. Before that, he was Senior Counsel at Golub Capital.

(1) Officers are typically elected every year, unless an officer earlier retires, resigns or is removed from office.

Biographical Information

The following is information concerning the business experience of the Board and officers. The Board believes that, collectively, the trustees have balanced and diverse experience, qualifications, attributes and skills, which allow our Board to operate effectively in governing the Fund and protecting the interests of its shareholders. Below is a description of the various experiences, qualifications, attributes and/or skills with respect to each trustee considered by the Board.

Interested Trustee

Arthur H. Penn

The Board benefits from Mr. Penn's business leadership and experience and knowledge of senior lending, mezzanine lending, leveraged finance, distressed debt and private equity businesses, as well as diverse management practices. Mr. Penn is the Chairperson and Chief Executive Officer to the funds in the Fund Complex and Managing Member of the Adviser and the Administrator. Mr. Penn co-founded Apollo Investment Management in 2004, where he was a Managing Partner from 2004 to 2006. He also served as Chief Operating Officer of Apollo Investment Corporation from its inception in 2004 to 2006, and served as President and Chief Operating Officer of that company in 2006. Mr. Penn was a Managing Partner of Apollo Value Fund L.P. (formerly Apollo Distressed Investment Fund, L.P.) from 2003 through 2006. From 2002 to 2003, prior to joining Apollo, Mr. Penn was a Managing Director of CDC-IXIS Capital Markets. Mr. Penn served as Global

Head of Leveraged Finance at UBS Warburg LLC (now UBS Investment Bank) from 1999 through 2001. Prior to joining UBS Warburg, Mr. Penn was Global Head of Fixed Income Capital Markets for BT Securities and BT Alex Brown Incorporated from 1994 to 1999. In these capacities, Mr. Penn oversaw groups responsible for more than 200 high-yield and leveraged bank financings aggregating over $34 billion in capital raised. From 1992 to 1994, Mr. Penn served as Head of High Yield Capital Markets at Lehman Brothers. Mr. Penn's longstanding service as Chairperson and Chief Executive Officer to the funds in the Fund Complex and Managing Member of the Adviser and the Administrator provide him with a specific and valuable understanding of the Fund, its operations and the business and regulatory issues facing it.

José A. Briones, Jr.

Mr. Briones brings to the Board 30 years of business leadership and experience and knowledge of senior lending, mezzanine lending, leveraged finance, distressed debt and private equity businesses, as well as diverse management practices. He is responsible for and oversees originating, underwriting, executing, and monitoring investments for the Adviser, as well as overseeing various strategic initiatives and serves as a Portfolio Manager. Before joining the Adviser, Mr. Briones was a Partner of Apollo Investment Management, L.P. and a member of its investment committee. Before that, Mr. Briones was a Managing Director with UBS Securities LLC in the Financial Sponsors and Leveraged Finance Group from 2001 to 2006. Before joining UBS, Mr. Briones was a Vice President with JP Morgan in the Global Leveraged Finance Group from 1999 to 2001. From 1992 to 1999, Mr. Briones was a Vice President at BT Securities and BT Alex Brown Inc. in the Corporate Finance Department.

Independent Trustees

Adam K. Bernstein

Mr. Bernstein brings to the Board over 30 years of experience at a real estate development, investment and management business in the Mid-Atlantic region of the United States. Mr. Bernstein affords the Board his vast experience in the area of strategic and financial planning and capital and risk management. Mr. Bernstein is currently President of The Bernstein Companies, a Washington, D.C.-based real estate investment and development firm which he joined in 1986. Mr. Bernstein runs a diversified company that includes a Hotel division, a Private Real Estate Investment Trust, and a structured financed group that focuses on tax credit syndication and project lending for community development projects nationwide. From 2012 to 2021, Mr. Bernstein was appointed to the Board of Overseers of the School of Arts and Sciences at the University of Pennsylvania and has served on the Board of Trustees of the School of Arts and Sciences at the University of Pennsylvania from 2018 to 2022 and on the Advisory Board of University Research Corporation since 2020.

Marshall Brozost

Mr. Brozost brings to the Board 25 years of experience in the areas of finance, private equity, mergers and acquisitions and restructurings. Since September 2023, Mr. Brozost has been a Partner at Allen Matkins Leck Gamble Mallory & Natsis LLP, where he serves as co-chair of the New York real estate group. Prior to Allen Matkins Leck Gamble Mallory & Natsis LLP, Mr. Brozost practiced law at McDermott Will & Emery LLP from April 2022 to September 2023, at Orrick, Herrington & Sutcliffe LLP from July 2016 to April 2022, at Schulte Roth & Zabel, LLP from May 2012 to July 2016, at Dewey & LeBoeuf LLP from 2005 to 2012, at Solomon & Weinberg LLP from 2004 to 2005 and at O'Melveny & Myers LLP from 2001 to 2004. Mr. Brozost also served as a Vice President of Nomura Asset Capital Corporation from 1997 through 2000.

Jeffrey Flug

Mr. Flug brings to the Board expertise in fixed income, investment banking, accounting and business operations. From 2009 to June 2015, Mr. Flug held a variety of senior positions, including, most recently, President, with Union Square Hospitality Group, an exclusive chain of restaurants. Since September 2014, Mr. Flug has served as a director of Shake Shack, Inc. Mr. Flug has also served as a director of Tender Greens, a private company, since 2015. From October 2012 to September 2015, Mr. Flug was a director of Sears Hometown and Outlet Stores, Inc. Mr. Flug was Chief Executive Officer and Executive Director of Millennium Promise Alliance, Inc. from 2006 to 2008. Millennium Promise is a non-profit organization whose mission is to eradicate extreme global poverty. Mr. Flug was Managing Director and Head of North American Institutional Sales at JP Morgan's Investment Bank from 2000 to 2006. From 1988 to 2000, Mr. Flug was Managing Director for Goldman Sachs & Co. in its Fixed Income Division.

Samuel L. Katz

Mr. Katz brings to the Board a diverse knowledge of business and finance as a result of his career over the past 30 years. Mr. Katz currently serves as the Chief Executive Officer and director of TZP Strategies Acquisition Corp. (Nasdaq: TZPS), a special purpose acquisition company, and the Managing Partner of TZP Group LLC, a private equity fund he formed in 2007. Prior to joining TZP Group, Mr. Katz was Chief Executive Officer of MacAndrews & Forbes Acquisition Holdings, Inc. from 2006 through 2007. From 1996 through 2005, Mr. Katz held a variety of senior positions at Cendant Corporation, including, most recently, Chairman and Chief Executive Officer of the Cendant Travel Distribution Services Division from 2001 to 2005. From 1992 to 1995, Mr. Katz invested in private and public equity as Co-Chairman of Saber Capital, Inc. and Vice President of Dickstein Partners Inc. From 1988 to 1992, Mr. Katz was an Associate and Vice President at The Blackstone Group, where he worked on numerous private equity transactions, including the initial leveraged buyouts of several hotel franchise brands which created the predecessor to Cendant Corporation. From 1986 to 1988, Mr. Katz was a Financial Analyst at Drexel Burnham Lambert. Mr. Katz also currently serves as a director of the following companies: BQ Resorts, LLC; Lift Brands, Inc.; HomeRiver Group; Pyramid Hotel Group; Triangle Home Fashions Holdings, LLC; Whitestone Home Furnishings, LLC (d/b/a The Saatva Company); Dwellworks Investors; Rebath and YRF Darca; and he currently serves on the Board of Advisors of Columbia University Irving Medical Center.

Officers Who are not Trustees

Richard Allorto

Mr. Allorto is Chief Financial Officer and Treasurer to the funds in the Fund Complex. Mr. Allorto was most recently the Chief Financial Officer of Medley Management Inc. and served as the Chief Financial Officer of Sierra Income Corporation and before that Medley Capital Corporation. Before that, he was a Managing Director at GSC Group from 2001 to 2010.

Gerald "Jerry" Cummins

Mr. Cummins is Chief Compliance Officer to the funds in the Fund Complex. Mr. Cummins joined the Company's outsourced compliance service provider, ACA Group, in 2022. Prior to joining ACA, Mr. Cummins previously served as a director of Alaric Compliance Services, LLC from 2014 to 2022.

Adam Katz

Mr. Katz is Managing Director and General Counsel of PennantPark and is Secretary of the Fund. Mr. Katz was most recently the Head of Legal, Chief Compliance Officer, and Corporate Secretary of Energize Ventures. Before that, he was Senior Counsel at Golub Capital.

Committees of the Board of Trustees

The Board currently has two committees: an audit committee and a nominating and corporate governance committee.

Audit Committee. The audit committee operates pursuant to a charter approved by the Board. The charter sets forth the responsibilities of the audit committee. The primary function of the audit committee is to serve as an independent and objective party to assist the Board in fulfilling its responsibilities for overseeing and monitoring the quality and integrity of our financial statements, the adequacy of our system of internal controls, the review of the independence, qualifications and performance of our registered public accounting firm, and the performance of our internal audit function. The audit committee's responsibilities include selecting our independent registered public accounting firm, reviewing with such independent registered public accounting firm the planning, scope and results of its audit of our financial statements, pre-approving the fees for services performed, reviewing with the independent registered public accounting firm the adequacy of internal control systems and reviewing our financial statements and periodic reports. The audit committee also establishes guidelines and makes recommendations to the Board regarding the valuation of our investments. The audit committee is responsible for aiding the Board in determining the fair value of debt and equity securities that are not publicly traded or for which current market values are not readily available. The current members of the audit committee are Messrs. Bernstein, Brozost, Flug and Katz. The Board has elected Messrs. Flug and Katz as the co-chairs of the audit committee. The Board has determined that Messrs. Flug and Katz each qualify as an "audit committee financial expert" as defined in Item 407 of Regulation S-K under the Exchange Act. Each of the members of the audit committee meet the independence requirements of Rule 10A-3 of the Exchange Act and, in addition, is not an "interested person," as such term is defined in Section 2(a)(19) of the 1940 Act, of the Fund or of PennantPark.

Nominating and Corporate Governance Committee. The nominating and corporate governance committee is responsible for selecting, researching, and nominating trustees for election by our shareholders, selecting nominees to fill vacancies on the Board or a committee of the Board, developing and recommending to the Board a set of corporate governance principles and overseeing the evaluation of the Board and our management. Our nominating and corporate governance committee will consider shareholders' proposed nominations for trustees. The current members of the nominating and corporate governance committee are Messrs. Bernstein, Brozost, Flug and Katz, each of whom are considered independent for purposes of the 1940 Act. Messrs. Bernstein and Brozost serve as the co-chairs of the nominating and corporate governance committee.

Compensation of Trustees

The following table indicates the compensation paid to the trustees for the fiscal year ended September 30, 2025.

Name	Aggregate Compensation from Fund[1]	Pension or Retirement Benefits Accrued As Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation from Fund and Fund Complex[2]
Arthur H. Penn	$ 0	$ 0	$ 0	$ 0
José A. Briones, Jr.	$ 0	$ 0	$ 0	$ 0
Adam K. Bernstein	—	—	—	—
Marshall Brozost	—	—	—	—
Jeffrey Flug	—	—	—	—
Samuel L. Katz	—	—	—	—

(1) The Fund will reimburse the independent trustees for all expenses incurred in connection with their service on the Board, including expenses associated with attending Board meetings in person. The independent

trustees will be paid $15,000 and the audit committee chair will be paid $2,500 per year if the net assets of the Fund are below $75,000,000. If the net assets of the Fund exceed $75,000,000 but are below $150,000,000, the annual compensation of the independent trustees will increase to $30,000, and the audit committee chair will be paid $2,500. If the net assets of the Fund exceed $150,000,000, the annual compensation of the independent trustees will increase to $60,000, and the audit committee chair will be paid $5,000. We do not pay compensation to our trustees who also serve in an executive officer or interested trustee capacity.

(2) The Fund had not commenced operations as of September 30, 2025. Under current compensation arrangements, it is estimated that the Trustees will receive the following compensation from the Fund for the current fiscal year: Arthur H. Penn: $0; José A. Briones, Jr: $0; Adam K. Bernstein: $0; Marshall Brozost: $0; Jeffrey Flug: $0; Samuel L. Katz: $0.

Staffing

We do not currently have any employees and do not expect to have any employees. Services necessary for our business are provided by individuals who are employees of PennantPark, pursuant to the terms of the Investment Advisory Agreement. Our day-to-day investment operations are managed by PennantPark. In addition, we may reimburse PennantPark for any such costs and expenses which have been paid by PennantPark on our behalf.

Compensation of Officers

None of our officers who are employees of PennantPark will receive direct compensation from us. To the extent that we outsource any officer functions, we will pay the fees associated with such functions on a direct basis.

Trustee Beneficial Ownership of Shares

The table below shows the dollar range of securities of the Fund beneficially owned by each Trustee as of September 30, 2025.

Name of Trustee	Dollar Range of Equity Securities in the Fund[1][2][3]	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Director in Family of Investment Companies[4]
Interested Trustees		
Arthur H. Penn	$50,001 – $100,000[5]	Over $100,000
José A. Briones, Jr.	None	Over $100,000
Independent Trustees		
Adam K. Bernstein	None	Over $100,000
Marshall Brozost	None	Over $100,000
Jeffrey Flug	None	Over $100,000
Samuel L. Katz	None	Over $100,000

(1) Dollar ranges are as follows: None, $1 – $10,000, $10,001 – $50,000, $50,001 – $100,000, or Over $100,000.

(2) Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) under the Exchange Act.

(3) The dollar range of equity beneficially owned is based on the NAV per share as of September, 2025 of $25.00.

(4) The family of investment companies includes the Fund, PennantPark Investment Corporation and PennantPark Floating Rate Capital Ltd.

(5) Mr. Penn could be deemed to be a beneficial owner of the Shares of the Fund on account of his being deemed to control the Adviser, PennantPark and certain of their affiliates.

Board Leadership Structure

Our business and affairs are managed under the direction of the Board. Among other things, our Board sets broad policies for us and approves the appointment of our investment adviser, administrator and officers. The role of our Board, and of any individual trustee, is one of oversight and not of management of our day-to-day affairs.

Under our bylaws, the Chief Executive Officer, or if provided otherwise by the Board, any trustee chosen by the Board may serve as chair to preside over meetings of the Board and meetings of shareholders and to perform such other duties as may be assigned to him or her by the Board. Arthur H. Penn serves as chairman of the Board and is an "interested person" by virtue of his role as Chief Executive Officer. We believe that it is in the best interests of our shareholders for Mr. Penn to serve as chair of the Board because of his significant experience in matters of relevance to our business. The Fund does not have a lead Independent Trustee.

The Board retains the authority to modify this structure to best address the Fund's unique circumstances, and to advance the best interests of all shareholders, as and when appropriate. In addition, although we do not have a lead independent trustee, the Board believes that the current structure is appropriate, as the Fund has no employees and is externally managed by PennantPark, whereby all operations are conducted by PennantPark or its affiliates.

We recognize that different board leadership structures are appropriate for companies in different situations. We re-examine our corporate governance policies on an ongoing basis to ensure that they continue to meet our needs.

All of the Independent Trustees play an active role on the Board. The Independent Trustees compose a majority of the Board and will be closely involved in all material deliberations related to us. The Board believes that, with these practices, each Independent Trustee has an equal involvement in the actions and oversight role of the Board and equal accountability to us and our shareholders. Our Independent Trustees are expected to meet separately (i) as part of each regular Board meeting and (ii) with our chief compliance officer, as part of at least one Board meeting each year.

The Board believes that its leadership structure is the optimal structure for us at this time. The Board, which will review its leadership structure periodically as part of its annual self-assessment process, further believes that its structure is presently appropriate to enable it to exercise its oversight of us.

Board Role in Risk Oversight

The Board will oversee our business and operations, including certain risk management functions. Risk management is a broad concept comprising many disparate elements (for example, investment risk, issuer and counterparty risk, compliance risk, operational risk, and business continuity risk). The Board will implement its risk oversight function both as a whole and through its committees. In the course of providing oversight, the Board and its committees will receive reports on our and PennantPark's activities, including reports regarding our investment portfolio and financial accounting and reporting. The Board will also receive a quarterly report from our chief compliance officer, who reports on our compliance with the federal and state securities laws and our internal compliance policies and procedures as well as those of PennantPark, the Transfer Agent and other service providers. The audit committee's meetings with our independent registered public accounting firm will also contribute to its oversight of certain internal control risks. In addition, the Board will meet periodically with PennantPark to receive reports regarding our operations, including reports on certain investment and operational risks, and our Independent Trustees will be encouraged to communicate directly with senior members of our management.

The Board believes that this role in risk oversight is appropriate. We believe that we have robust internal processes in place and a strong internal control environment to identify and manage risks. However, not all risks that may affect us can be identified or eliminated, and some risks are beyond the control of us, PennantPark and our other service providers.

CODES OF ETHICS

Each of the Fund and the Adviser has adopted a code of ethics under Rule 17j-1 of the 1940 Act and Rule 204A-1 under the Advisers Act, as applicable (collectively the "Ethics Codes"). Rule 17j-1 and the Ethics Codes are designed to prevent unlawful practices in connection with the purchase or sale of securities by covered personnel ("Access Persons"). The Ethics Codes apply to the Fund and permit Access Persons to, subject to certain restrictions, invest in securities, including securities that may be purchased or held by the Fund. Under the Ethics Codes, Access Persons may engage in personal securities transactions, but are required to pre-clear these transactions, including any proposed investments in initial public offerings or private placements. In addition, Access Persons are required to report their personal securities transactions for monitoring purposes. The Ethics Codes are available on the EDGAR Database on the SEC's Internet site at *www.sec.gov* and are attached as Exhibits to this registration statement.

PROXY VOTING POLICIES AND PROCEDURES

The Board has adopted Proxy Voting Policies and Procedures ("Policies") on behalf of the Fund, which delegate the responsibility for voting proxies to PennantPark, subject to the Board's continuing oversight. The Policies require that PennantPark vote proxies received in a manner consistent with the best interests of the Fund and its shareholders. The Policies also require PennantPark to present to the Board, at least annually, PennantPark's Policies and a record of each proxy voted by PennantPark on behalf of the Fund, including a report on the resolution of all proxies identified by PennantPark involving a conflict of interest.

The Policies are included in Appendix B of this SAI. Information regarding how PennantPark voted proxies relating to portfolio securities held by the Fund during the most recent twelve-month period ending September 30, 2026 will be available (1) on our website at *www.pennantpark.com*; and (2) on the SEC's website at *www.sec.gov*. In addition, a copy of the Fund's proxy voting policies and procedures are also available by calling (212) 905-1000 and will be sent within three business days of receipt of a request.

CONTROL PERSONS AND PRINCIPAL HOLDERS

A control person generally is a person who beneficially owns more than 25% of the voting securities of a company or has the power to exercise control over the management or policies of such company.

PennantPark Private Holdings, LP, an affiliate of the Adviser, has made an initial investment in the Fund and is the sole shareholder and a control person of the Fund. For so long as such sole shareholder has greater than 25% interest in the Fund, it will be deemed a "control person" of the Fund for purposes of the 1940 Act.

INVESTMENT ADVISORY AND OTHER SERVICES

The Adviser

PennantPark serves as the Fund's investment adviser, and its principal address is 1691 Michigan Avenue, Miami Beach, FL 33139. The Adviser is registered with the SEC as an investment adviser under the Advisers Act. The Adviser was formed on January 10, 2007, and operates as a Delaware limited liability company.

Under the general supervision of the Board, the Adviser will carry out the investment and reinvestment of the net assets of the Fund, will furnish continuously an investment program with respect to the Fund, and determine which securities should be purchased, sold or exchanged. In addition, the Adviser will supervise and provide oversight of the Fund's service providers. The Adviser will also furnish to the Fund office facilities, equipment and personnel for servicing the management of the Fund. The Adviser is obligated to pay expenses associated with providing the services stated in the Investment Advisory Agreement, including compensation of its officers and employees connected with investment and economic research, trading and investment management of the Fund.

Pursuant to the Investment Advisory Agreement between the Fund and the Adviser, and in consideration of the advisory services provided by the Adviser to the Fund, the Adviser is entitled to a fee consisting of two components — a base management fee and an incentive fee.

The management fee is calculated and payable monthly in arrears at the annual rate of 1.25% of the Fund's average daily gross assets during such period.

The incentive fee is calculated and payable quarterly in arrears based on our "Pre-Incentive Fee Net Investment Income" for the immediately preceding calendar quarter. For this purpose, Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income accrued during the calendar quarter, minus the Fund's operating expenses for the quarter (including the base management fee, any expenses payable under the Administration Agreement, and any interest expense or amendment fees under any credit facilities and distribution paid on any issued and outstanding preferred stock, but excluding the incentive fee and any shareholder servicing and/or distribution fees). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, or OID, debt instruments with PIK interest and zero coupon securities), accrued income not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, computed net of all realized capital losses or unrealized capital appreciation or depreciation.

Pre-Incentive Fee Net Investment Income, expressed as a percentage of the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the hurdle rate of 1.75% per quarter (7.00% annualized). We pay the Adviser an incentive fee with respect to our Pre-Incentive Fee Net Investment Income in each calendar quarter as follows: (1) no incentive fee in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate of 1.75%, (2) 100% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than 2.0588% in any calendar quarter (8.2353% annualized), and (3) 15.00% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.0588% in any calendar quarter. These calculations are pro-rated for any share issuances or repurchases during the relevant quarter, if applicable.

The Adviser may, from time to time, voluntarily waive all or a portion of its management fee and incentive fee, and to the extent necessary, bear other expenses or make payments to the Fund in order to limit net expenses. The waiver is not contractual and may be terminated at any time. Additionally, the waiver is permanent, and any fees waived and/or expenses reimbursed may not be recouped by the Adviser.

Management Fee Waiver Agreement

The Adviser has agreed to temporarily waive base management and incentive fees payable to the Adviser under the Investment Advisory Agreement through December 31, 2026 (the "Management Fee Waiver"). Unless otherwise extended by agreement between the Fund and the Adviser, the management fee payable by the Fund after the termination of the Management Fee Waiver will be at the annual rate of 1.25% of the value of the Fund's gross assets. The fees waived pursuant to the Management Fee Waiver are not subject to recoupment by the Adviser under the Expense Limitation Agreement (as defined below).

Expense Limitation and Reimbursement

Pursuant to an Expense Limitation and Reimbursement Agreement, (the "Expense Limitation Agreement") through December 31, 2026, the Adviser has agreed to waive its fees and/or reimburse expenses of the Fund so that certain of the Fund's expenses (the "Specified Expenses") will not exceed an annual rate of 0.75% of the average daily value of the Fund's net assets (annualized) (the "Expense Cap"). The Fund has agreed to repay these amounts, when and if requested by the Adviser, but only if and to the extent that Specified Expenses are less than the Expense Cap (or, if a lower expense limit is then in effect, such lower limit) within the 36-month period after the Adviser bears the expense. This arrangement cannot be terminated prior to December 31, 2026 without the Board's consent. "Specified Expenses" is currently defined to include all expenses incurred in the business of the Fund, including organizational costs, with the exception of (i) the base management fee, (ii) the incentive fee, (iii) the Shareholder Servicing Fee and/or Distribution Fee, as applicable (each as defined below), (iv) brokerage costs, (v) dividend/interest payments (including any dividend payments, interest expenses, commitment fees, or other expenses related to any leverage incurred by the Fund), (vi) taxes, (vii) extraordinary expenses (as determined in the sole discretion of the Adviser), and (viii) Acquired Fund Fees and Expenses.

Conflicts of Interest

The professionals of the Adviser may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do or of investment funds managed by affiliates of us that currently exist or may be formed in the future. The Adviser may be engaged by such funds at any time and without the prior approval of shareholders or our board of trustees. Our board of trustees monitors any potential conflict that may arise upon such a development. Accordingly, if this occurs, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our shareholders. Currently, the executive officers and directors, as well as the current senior investment professionals of the Adviser, may serve as officers and directors of our controlled affiliates and affiliated funds. In addition, we note that any affiliated investment vehicles currently formed or formed in the future and managed by the Adviser or its affiliates may have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. As a result, the Adviser may face conflicts in allocating investment opportunities between us and such other entities. Although the Adviser will endeavor to allocate investment opportunities in a fair and equitable manner, it is possible that, in the future, we may not be given the opportunity to participate in investments made by investment funds managed by the Adviser or an investment manager affiliated with the Adviser. In any such case, when the Adviser identifies an investment, it is forced to choose which investment fund should make the investment. We may co-invest on a concurrent basis with any other affiliates that the Adviser currently has or forms in the future, subject to compliance with applicable regulations and regulatory guidance, our exemptive relief and our allocation procedures.

In the ordinary course of our investing activities, we pay investment advisory and incentive fees to the Adviser and reimburse the Adviser for certain expenses it incurs. As a result, investors in our shares invest on a "gross" basis and receive distributions on a "net" basis after expenses, resulting in a lower rate of return than an investor might achieve through direct investments. Accordingly, there may be times when the management team of the Adviser has interests that differ from those of our shareholders, giving rise to a conflict. For example, the Adviser may seek to invest in more speculative investments in order to increase its incentive fee, which practice could result in higher investment losses, particularly during economic downturns.

We have entered into a license agreement, or the License Agreement, with PennantPark, pursuant to which the Adviser has agreed to grant us a royalty-free non-exclusive license to use the name "PennantPark." The License Agreement will expire (i) upon expiration or termination of the Investment Management Agreement, (ii) if the Adviser ceases to serve as our investment adviser, (iii) by either party upon 60 days' written notice or (iv) by the Adviser at any time in the event we assign or attempt to assign or sublicense the License Agreement or any of our rights or duties thereunder without the prior written consent of the Adviser. Other than with respect to this limited license, we have no legal right to the "PennantPark" name.

Administrator

PennantPark Investment Administration, LLC, located at 1691 Michigan Avenue, Miami Beach, FL 33139, serves as administrator of the Fund (the "Administrator"). Pursuant to an Administration Agreement (the "Administration Agreement"), the Administrator furnishes the Fund with the provisions of clerical and other administrative services necessary for the operation of the Fund. In addition to furnishing the Fund with office facilities, equipment, clerical, bookkeeping and record keeping services, the Administrator also oversees the Fund's financial records as well as the preparation of the Fund's reports to shareholders and reports filed with the SEC. The Administrator assists in the determination and publication of the Fund's NAV, oversees the preparation and filing of the Fund's tax returns, and monitors the payment of the Fund's expenses as well as the performance of administrative and professional services rendered to the Fund by others.

For providing these services, facilities and personnel, we have agreed to reimburse the Administrator for its allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including rent, technology systems, insurance and our allocable portion of the cost of compensation and related expenses of our chief compliance officer, chief financial officer, corporate counsel and their respective staffs. Pursuant to the Administration Agreement, the Administrator may engage third parties to provide certain services under the Administration Agreement. Ultimus Fund Solutions, LLC serves as the sub-administrator of the Fund and is paid by the Administrator out of the fees it receives as the Fund's administrator.

PORTFOLIO MANAGEMENT

The management of our investment portfolio is the responsibility of the Adviser.

Arthur "Art" H. Penn, Terence Clerkin and Boaz Magid are portfolio managers of the Fund. For more information regarding the business experience of Messrs. Penn, Clerkin and Magid, see "Management of the Fund — Portfolio Management" in the Prospectus. In addition, PennantPark may retain additional investment personnel in the future based upon its needs.

Other Accounts Managed

In addition to managing the Fund's investments, as of June 30, 2025, the Fund's portfolio managers also managed investments on behalf of the following entities:

Name	Entity	Description	Total Assets (in millions)
PennantPark Floating Rate Capital Ltd.	Business Development Company	Primarily in loans bearing variable rates of interest and other investments made to U.S. middle-market private companies whose debt is rated below investment grade.	$2,522
PennantPark Investment Corporation	Business Development Company	Primarily in U.S. middle market companies in the form of first lien secured loans, second lien secured debt, subordinated debt and equity investments	$1,253
PennantPark Senior Loan Fund, LLC	Joint Venture	Primarily invests in middle-market and other corporate debt consistent with PennantPark Investment Corporation's strategy.	$1,389
PennantPark Senior Secured Loan Fund I LLC	Joint Venture	Primarily floating rate loans, with an emphasis on senior secured loans, in middle-market leveraged companies.	$1,108
Other Managed Funds or Accounts[1]	Direct Lending Funds	Other credit opportunities.	$2,376

The following table identifies, based on gross assets as of June 30, 2025, (i) the number of other registered investment companies, other pooled investment vehicles and other accounts managed by the portfolio managers; and (ii) the total assets of such companies, vehicles and accounts.

Type of Account	Number of Accounts	Total Assets (in millions)
Registered Investment Companies	0	$ 0
Other Pooled Investment Vehicles	12	$2,213
Other Accounts	5	$ 163

Because the professionals of the Investment Adviser may serve as officers, directors or principals of entities that operate in the same or a related line of business as the Fund does or of investment funds managed by affiliates of the Fund that currently exist or may be formed in the future, such professionals and the Investment Adviser are subject to inherent conflicts of interest, including those described in the section of the Prospectus titled "Conflicts of Interest".

Portfolio Manager Compensation

Portfolio managers are compensated with an annual salary and a discretionary year-end annual bonus, the amount of which is based on a multitude of quantitative and qualitative factors and are benchmarked against peers and local markets. Depending on seniority within the firm, portfolio managers also may be eligible to receive performance fees from funds that they manage. Performance fees can make up a significant portion of a portfolio manager's overall compensation, and primarily are based on the investment performance of the funds managed by the portfolio manager. This compensation structure aligns a portfolio manager's and investors' long-term interests and helps the Adviser retain talented investment personnel.

Ownership of Securities

The table below shows the dollar range of the Fund's shares beneficially owned by each portfolio manager as of September 30, 2025:

Name of Portfolio Manager	Dollar Range of Equity Securities in the Fund[1][2][3]
Arthur H. Penn[4]	$50,001 – $100,000
Terence Clerkin	None
Boaz Magid	None

(1) Dollar ranges are as follows: None, $1 – $10,000, $10,001 – $50,000, $50,001 – $100,000, $100,001 – $500,000, $500,001 – $1,000,000 or Over $1,000,000.
(2) Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) under the Exchange Act.
(3) The dollar range of equity beneficially owned is based on the Fund's NAV per share of $25.00 as of the date hereof.
(4) Mr. Penn could be deemed to be a beneficial owner of the Shares of the Fund on account of his being deemed to control the Adviser, PennantPark and certain of their affiliates.

ALLOCATION OF BROKERAGE

Since we generally acquire and dispose of our investments in privately negotiated transactions, we infrequently use brokers in the normal course of our business. Subject to policies established by our board of directors, the Adviser is primarily responsible for the execution of the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. The Adviser does not expect to execute transactions through any particular broker or dealer, but seeks to obtain the best net results for us, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the brokerage firm and the firm's risk and skill in positioning blocks of securities. While the Adviser generally seeks reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, the Adviser may select a broker based partly upon brokerage or research services provided to the Adviser and us and any other clients. In return for such services, we may pay a higher commission than other brokers would charge if the Adviser determines in good faith that such commission is reasonable in relation to the services provided.

Affiliated Party Transactions

The Adviser and its affiliates will not purchase securities or other property from, or sell securities or other property to, the Fund, except that the Fund may in accordance with rules under the 1940 Act engage in transactions with accounts that are affiliated with the Fund as a result of common officers, trustees, investment advisers, members, managing general partners or common control. These transactions would be effected in circumstances pursuant to policies adopted by the trustees pursuant to Rule 17a-7 under the 1940 Act, in which the Adviser determined that it would be appropriate for the Fund to purchase and another client to sell, or the Fund to sell and another client to purchase, the same security or instrument on the same day.

If the Adviser places Fund trades through an affiliated broker, the trades will be executed under a policy adopted by the Board pursuant to Section 17(e) under the 1940 Act and Rule 17(e)(1) thereunder which places limitations on the securities transactions effected through affiliates. The policy of the Fund with respect to brokerage is reviewed by the Board from time to time. Because of the possibility of further regulatory developments affecting the securities exchanges and brokerage practices generally, the foregoing practices may be modified.

OTHER INFORMATION

Each share represents a proportional interest in the assets of the Fund. Each share has one vote at shareholder meetings, with fractional shares voting proportionally, on matters submitted to the vote of

shareholders. There are no cumulative voting rights. Shares do not have pre-emptive or conversion or redemption provisions. In the event of a liquidation of the Fund, shareholders are entitled to share pro rata in the net assets of the Fund available for distribution to shareholders after all expenses and debts have been paid.

Legal Counsel

Dechert LLP, located at 1900 K Street NW, Washington, D.C. 20006, serves as legal counsel to the Fund.

Custodian

State Street Bank and Trust Company, (the "Custodian") serves as the primary custodian of the Fund's assets, and may maintain custody of the Fund's assets with domestic and foreign sub-custodians (which may be banks, trust companies, securities depositories and clearing agencies) approved by the trustees. Assets of the Fund are not held by the Adviser or commingled with the assets of other accounts other than to the extent that securities are held in the name of a custodian in a securities depository, clearing agency or omnibus customer account of such custodian. The Custodian's principal business address is One Congress Street, Boston, MA 02114.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

RSM US LLP ("RSM"), is the independent registered public accounting firm for the Fund and audits the Fund's financial statements. RSM is located at 555 17th Street, Suite 1200, Denver, CO 80202.

APPENDIX A: FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholder and the Board of Trustees of PennantPark Enhanced Income Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of PennantPark Enhanced Income Fund (the Fund), as of September 2, 2025, and the related notes to the financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of September 2, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the auditor of one or more PennantPark Investment Advisers, LLC's advised entities since 2013.

Denver, Colorado
October 21, 2025

PennantPark Enhanced Income Fund
Statement of Assets and Liabilities
As of September 2, 2025

Assets:	
Cash	$100,000
Total Assets	100,000
Liabilities	—
Net assets for shares of beneficial interest outstanding	$100,000
Net assets consist of:	
Paid-in capital	$100,000
Class I Shares of beneficial interest outstanding (unlimited number of authorized shares, no par value common stock authorized)	4,000
Net asset value, offering and redemption price per share	$ 25.00

SEE NOTES TO FINANCIAL STATEMENTS

PennantPark Enhanced Income Fund
Notes to the Financial Statements
As of September 2, 2025

1. ORGANIZATION

PennantPark Enhanced Income Fund (the "Fund") was organized as a Delaware statutory trust on July 8, 2025. On July 24, 2025, the Fund filed a registration statement on Form N-2 with the Securities and Exchange Commission to be registered under the Investment Company Act of 1940, as amended ("1940 Act"), as a continuously offered, non-diversified, closed-end management investment company that is operated as an interval fund pursuant to Rule 23c-3 under the 1940 Act.

Upon the effective date of the Fund's registration statement the Fund intends to elect to be treated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code") for the taxable year ending September 30, 2026 and thereafter. The Fund intends to qualify annually thereafter as a RIC.

The Fund's investment objective is to generate current income and, as a secondary objective, long-term capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in collateralized loan obligation, or CLO, debt securities, CLO equity or other debt securities, corporate bonds, corporate loans, and synthetic investments as consistent with our investment objectives and which may be of any credit quality.

The Fund has entered into an investment advisory agreement (the "Investment Advisory Agreement") with PennantPark Investment Advisers, LLC (the "Investment Adviser"). The Fund has also entered into an administration agreement (the "Administration Agreement") with PennantPark Investment Administration, LLC (the "Administrator").

The Fund has no operations to date other than those relating to organizational matters. On September 2, 2025, the Investment Adviser purchased 4,000 Class I shares at $25.00 per share of the Fund (the "Common Stock"), which represented all of the issued and outstanding shares of Common Stock, for an aggregate purchase price of $100,000.

The Fund operates as a single operating segment. The Fund's income, expenses, assets, and performance are regularly monitored and assessed as a whole by the Investment Adviser, who is responsible for the oversight functions of the Fund, using the information presented in the financial statements and financial highlights. The chief operating decision maker ("CODM") is comprised of the Fund's Chief Executive Officer and Chief Financial Officer.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the Fund's financial statements in conformity with U.S. generally accepted accounting principles (the "GAAP"), requires management to make estimates and assumptions that affect the reported amount of the Fund's assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported periods. In the opinion of management, all adjustments, which are of a normal recurring nature, considered necessary for the fair presentation of financial statements have been included. Changes in the economic and regulatory environment, financial markets, the credit worthiness of the Fund's portfolio companies and any other parameters used in determining these estimates and assumptions could cause actual results to differ from such estimates and assumptions. References to the Financial Accounting Standards Board's, or (the "FASB's"), Accounting Standards Codification, as amended (the "ASC"), serve as a single source of accounting literature. Subsequent events are evaluated and disclosed as appropriate for events occurring through the date the financial statements are issued.

The Fund's financial statements are prepared in accordance with GAAP, consistent with ASC Topic 946, Financial Services – Investment Companies.

The Fund's significant accounting policies consistently applied are as follows:

(a) Share Valuation

The Net Asset Value ("NAV") of the Fund is determined daily and the Fund's NAV per share is calculated by dividing the Fund's NAV by the total number of shares outstanding.

(b) Net Assets

The Fund intends to offer to the public three classes of shares: Class A shares, Class C shares and Class I shares. The Fund's shares are offered at NAV plus the applicable sales load on a continuous basis. The initial NAV for Class A, Class C and Class I shares is $25.00.

(c) Income Taxes

The Fund intends to qualify as a RIC, and, if so qualified, would typically not incur material U.S. federal income taxes. However, the Fund may choose to retain a portion of the Fund's calendar year income, which may result in the imposition of a federal excise tax.

(d) Organizational and Offering Costs

The Investment Adviser is responsible for payment of any and all organization and offering expenses incurred in connection with the initial public offering of shares. The Adviser will not seek or be entitled to reimbursement from the Fund for any such organization and offering expenses.

3. AGREEMENTS AND RELATED PARTY TRANSACTIONS

(a) Investment Advisory Agreement

Under the Investment Advisory Agreement, the Investment Adviser, subject to the overall supervision of the Fund's board of trustees, manages the day-to-day operations of and provides investment advisory services to the Fund. For providing these services, the Investment Adviser receives a fee from the Fund, consisting of two components – a base management fee and an incentive fee.

Base Management Fee

The base management fee ("Base Management Fee") will be calculated at an annual rate of 1.25% of the Fund's average daily gross assets during such period and is payable quarterly in arrears. Base Management Fees for any partial month will be appropriately pro-rated.

Incentive Fee

The incentive fee (the "Incentive Fee") is calculated and payable quarterly in arrears based on the "Pre-Incentive Fee Net Investment Income" for the immediately preceding calendar quarter. For this purpose, Pre-Incentive Fee Net Investment Income means interest income, dividend income and any other income accrued during the calendar quarter, minus the Fund's operating expenses for the quarter (including the Base Management Fee, any expenses payable under the Administration Agreement, and any interest expense or amendment fees under any credit facility and distribution paid on any issued and outstanding preferred

stock, but excluding the incentive fee and any shareholder servicing and/or distribution fees). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, or OID, debt instruments with payment-in-kind, or PIK, interest and zero coupon securities), accrued income that the Fund have not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, computed net of all realized capital losses or unrealized capital appreciation or depreciation.

Pre-Incentive Fee Net Investment Income, expressed as a percentage of the value of the Fund's net assets at the end of the immediately preceding calendar quarter, is compared to the hurdle rate of 1.75% per quarter (7.00% annualized). The Fund pays the Adviser an incentive fee with respect to its Pre-Incentive Fee Net Investment Income in each calendar quarter as follows: (1) no incentive fee in any calendar quarter in which the Fund's Pre- Incentive Fee Net Investment Income does not exceed the hurdle rate of 1.75%, (2) 100% of the Fund's Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre- Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than 2.0588% in any calendar quarter (8.2353% annualized), and (3) 15.00% of the amount of the Fund's Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.0588% in any calendar quarter. These calculations are pro-rated for any share issuances or repurchases during the relevant quarter, if applicable.

(b) Management Fee Waiver Agreement

The Fund has entered into a management fee waiver agreement with the Investment Adviser (the "Management Fee Waiver"). The Investment Adviser has agreed to fully waive Base Management Fees and Incentive Fees payable to the Investment Adviser under the Investment Advisory Agreement through December 31, 2026. The Investment Adviser may amend or terminate the Management Fee Waiver, subject to approval of the Board.

The Base Management Fees and Incentive Fees payable by the Fund after the termination of the Management Fee Waiver will be calculated as discussed above. The fees waived pursuant to the Management Fee Waiver are not subject to recoupment by the Investment Adviser.

(c) Administration Agreement

Under the Administration Agreement, the Administrator provides administrative services and office facilities to the Fund. For providing these services, facilities and personnel, the Fund has agreed to reimburse the Administrator for its allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including rent, technology systems, insurance and the Fund's allocable portion of the cost of compensation and related expenses of the Fund's Chief Compliance Officer, Chief Financial Officer, Corporate Counsel and their respective staffs.

Under the Administration Agreement, the Administrator may be reimbursed by the Fund for the costs and expenses to be borne by the Fund set forth above to include the costs and expenses allocable with respect to the provision of in-house legal, tax, or other professional advice and/or services to the Fund, including performing due diligence on its prospective portfolio companies as deemed appropriate by the Administrator, where such in-house personnel perform services that would be paid by the Fund if outside service providers provided the same services, subject to the Board's oversight.

Pursuant to a sub-administration services agreement between the Administrator and Ultimus Fund Solutions, LLC ("Ultimus") (the "Sub-Administration Agreement"), Ultimus serves as the sub-administrator of the Fund and is paid by the Administrator.

(d) Accounting Agent and Transfer Agent

Ultimus provides certain accounting and transfer agency services to the Fund pursuant to a master services agreement between the Fund and Ultimus (the "Master Services Agreement").

(e) Distribution and Servicing

Ultimus Fund Distributors, LLC (the "Distributor") serves as principal underwriter to the Fund and acts as the distributor of the Fund's shares. Pursuant to a distribution agreement with the Fund (the "Distribution Agreement"), the Distributor will act on a reasonable efforts basis, subject to various conditions. The Distributor is a wholly-owned subsidiary of Ultimus. The Distributor is compensated by the Adviser (not the Fund) for acting as principal underwriter.

(f) Expense Limitation Agreement

The Fund has entered into an Expense Limitation and Reimbursement Agreement, (the "Expense Limitation Agreement") with the Investment Adviser. Pursuant to the Expense Limitation Agreement the Investment Adviser has agreed to reimburse expenses of the Fund so that certain of the Fund's expenses (the "Specified Expenses") will not exceed an annual rate of 0.75% of the Fund's average daily value of the net assets (on an annualized basis) (the "Expense Limitation").

Specified Expenses is defined to include all expenses incurred in the business of the Fund, other than (i) the Base Management Fee, (ii) the Incentive Fee, (iii) the distribution fee and/or shareholder servicing fee, (iv) brokerage costs, (v) dividend/interest payments (including any dividend payments, interest expenses, commitment fees, or other expenses related to any leverage incurred by the Fund), (vi) taxes, (vii) extraordinary expenses (as determined in the sole discretion of the Investment Adviser), and (viii) Acquired Fund Fees and Expenses.

The Fund has agreed to repay the amount reimbursed by the Investment Adviser when and if requested by the Investment Adviser, as promptly as possible, on a quarterly basis, but only if and to the extent that such reimbursement does not cause the Fund's Specified Expenses plus recoupment to exceed an annual rate of 0.75% of the average daily value of the Fund's net assets (or, if a lower expense limit is in effect, such lower limit) within the 36-month period after the Investment Adviser bears the expense ("Excess Expenses"). Unless renewed by the Investment Adviser, the Expense Limitation Agreement will terminate on December 31, 2026.

4. CASH

Cash represents cash deposited at financial institutions. Cash deposited at financial institutions is insured by the Federal Deposit Insurance Corporation ("FDIC"), up to specified limits. The Fund believes it is not exposed to any significant risk of loss on its cash.

5. BENEFICIAL OWNERSHIP OF FUND SHARES

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of the Fund creates a presumption of control under Section 2(a)(9) of the 1940 Act. As of September 2, 2025, the Investment Adviser owned 100% of the Fund.

6. COMMITMENTS AND CONTINGENCIES

From time to time, the Fund, the Investment Adviser or the Administrator may be a party to legal proceedings, including proceedings relating to the enforcement of the Fund's rights under contracts with the Fund's portfolio

companies. While the outcome of these legal proceedings cannot be predicted with certainty, the Fund does not expect that these proceedings will have a material effect upon the Fund's financial condition or results of operations.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were issued. There have been no subsequent events that require recognition or disclosure through the date the financial statements were issued.

PennantPark Enhanced Income Fund
Statement of Assets and Liabilities
As of September 30, 2025 (Unaudited)

Assets:	
Cash and cash equivalents (cost—$100,000)	$ 100,000
Total Assets	100,000
Liabilities	—
Net assets for shares of beneficial interest outstanding	$ 100,000
Net assets consist of:	
Paid-in capital	$ 100,000
Class I Shares of beneficial interest outstanding (unlimited number of authorized shares, no par value common stock authorized)	4,000
Net asset value, offering and redemption price per share	$ 25.00

SEE NOTES TO FINANCIAL STATEMENTS

PennantPark Enhanced Income Fund
Notes to the Financial Statements
For the period September 3, 2025 through September 30, 2025 (Unaudited)

1. ORGANIZATION

PennantPark Enhanced Income Fund (the "Fund") was organized as a Delaware statutory trust on July 8, 2025. On July 24, 2025, the Fund filed a registration statement on Form N-2 with the Securities and Exchange Commission to be registered under the Investment Company Act of 1940, as amended ("1940 Act"), as a continuously offered, non-diversified, closed-end management investment company that is operated as an interval fund pursuant to Rule 23c-3 under the 1940 Act.

Upon the effective date of the Fund's registration statement the Fund intends to elect to be treated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code") for the taxable year ending September 30, 2026 and thereafter. The Fund intends to qualify annually thereafter as a RIC.

The Fund's investment objective is to generate current income and, as a secondary objective, long-term capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in collateralized loan obligation, or CLO, debt securities, CLO equity or other debt securities, corporate bonds, corporate loans, and synthetic investments as consistent with our investment objectives and which may be of any credit quality.

The Fund has entered into an investment advisory agreement (the "Investment Advisory Agreement") with PennantPark Investment Advisers, LLC (the "Investment Adviser"). The Fund has also entered into an administration agreement (the "Administration Agreement") with PennantPark Investment Administration, LLC (the "Administrator").

The Fund has no operations to date other than those relating to organizational matters. On September 2, 2025, the Investment Adviser purchased 4,000 Class I shares at $25.00 per share of the Fund (the "Common Stock"), which represented all of the issued and outstanding shares of Common Stock, for an aggregate purchase price of $100,000.

The Fund operates as a single operating segment. The Fund's income, expenses, assets, and performance are regularly monitored and assessed as a whole by the Investment Adviser, who is responsible for the oversight functions of the Fund, using the information presented in the financial statements and financial highlights. The chief operating decision maker ("CODM") is comprised of the Fund's Chief Executive Officer and Chief Financial Officer.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the Fund's financial statements in conformity with U.S. generally accepted accounting principles (the "GAAP"), requires management to make estimates and assumptions that affect the reported amount of the Fund's assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported periods. In the opinion of management, all adjustments, which are of a normal recurring nature, considered necessary for the fair presentation of financial statements have been included. Changes in the economic and regulatory environment, financial markets, the credit worthiness of the Fund's portfolio companies and any other parameters used in determining these estimates and assumptions could cause actual results to differ from such estimates and assumptions. References to the Financial Accounting Standards Board's, or (the "FASB's"), Accounting Standards Codification, as amended (the "ASC"), serve as a single source of accounting literature. Subsequent events are evaluated and disclosed as appropriate for events occurring through the date the financial statements are issued.

The Fund's financial statements are prepared in accordance with GAAP, consistent with ASC Topic 946, Financial Services – Investment Companies.

The Fund's significant accounting policies consistently applied are as follows:

(a) Share Valuation

The Net Asset Value ("NAV") of the Fund is determined daily and the Fund's NAV per share is calculated by dividing the Fund's NAV by the total number of shares outstanding.

(b) Net Assets

The Fund intends to offer to the public three classes of shares: Class A shares, Class C shares and Class I shares. The Fund's shares are offered at NAV plus the applicable sales load on a continuous basis. The initial NAV for Class A, Class C and Class I shares is $25.00.

(c) Income Taxes

The Fund intends to qualify as a RIC, and, if so qualified, would typically not incur material U.S. federal income taxes. However, the Fund may choose to retain a portion of the Fund's calendar year income, which may result in the imposition of a federal excise tax.

(d) Organizational and Offering Costs

The Investment Adviser is responsible for payment of any and all organization and offering expenses incurred in connection with the initial public offering of shares. The Adviser will not seek or be entitled to reimbursement from the Fund for any such organization and offering expenses.

3. AGREEMENTS AND RELATED PARTY TRANSACTIONS

(a) Investment Advisory Agreement

Under the Investment Advisory Agreement, the Investment Adviser, subject to the overall supervision of the Fund's board of trustees, manages the day-to-day operations of and provides investment advisory services to the Fund. For providing these services, the Investment Adviser receives a fee from the Fund, consisting of two components – a base management fee and an incentive fee.

Base Management Fee

The base management fee ("Base Management Fee") will be calculated at an annual rate of 1.25% of the Fund's average daily gross assets during such period and is payable quarterly in arrears. Base Management Fees for any partial month will be appropriately pro-rated.

Incentive Fee

The incentive fee (the "Incentive Fee") is calculated and payable quarterly in arrears based on the "Pre-Incentive Fee Net Investment Income" for the immediately preceding calendar quarter. For this purpose, Pre-Incentive Fee Net Investment Income means interest income, dividend income and any other income accrued during the calendar quarter, minus the Fund's operating expenses for the quarter (including the Base

Management Fee, any expenses payable under the Administration Agreement, and any interest expense or amendment fees under any credit facility and distribution paid on any issued and outstanding preferred stock, but excluding the incentive fee and any shareholder servicing and/or distribution fees). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, or OID, debt instruments with payment-in-kind, or PIK, interest and zero coupon securities), accrued income that the Fund have not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, computed net of all realized capital losses or unrealized capital appreciation or depreciation.

Pre-Incentive Fee Net Investment Income, expressed as a percentage of the value of the Fund's net assets at the end of the immediately preceding calendar quarter, is compared to the hurdle rate of 1.75% per quarter (7.00% annualized). The Fund pays the Adviser an incentive fee with respect to its Pre-Incentive Fee Net Investment Income in each calendar quarter as follows: (1) no incentive fee in any calendar quarter in which the Fund's Pre- Incentive Fee Net Investment Income does not exceed the hurdle rate of 1.75%, (2) 100% of the Fund's Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre- Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than 2.0588% in any calendar quarter (8.2353% annualized), and (3) 15.00% of the amount of the Fund's Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.0588% in any calendar quarter. These calculations are pro-rated for any share issuances or repurchases during the relevant quarter, if applicable.

(b) Management Fee Waiver Agreement

The Fund has entered into a management fee waiver agreement with the Investment Adviser (the "Management Fee Waiver"). The Investment Adviser has agreed to fully waive Base Management Fees and Incentive Fees payable to the Investment Adviser under the Investment Advisory Agreement through December 31, 2026. The Investment Adviser may amend or terminate the Management Fee Waiver, subject to approval of the Board.

The Base Management Fees and Incentive Fees payable by the Fund after the termination of the Management Fee Waiver will be calculated as discussed above. The fees waived pursuant to the Management Fee Waiver are not subject to recoupment by the Investment Adviser.

(c) Administration Agreement

Under the Administration Agreement, the Administrator provides administrative services and office facilities to the Fund. For providing these services, facilities and personnel, the Fund has agreed to reimburse the Administrator for its allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including rent, technology systems, insurance and the Fund's allocable portion of the cost of compensation and related expenses of the Fund's Chief Compliance Officer, Chief Financial Officer, Corporate Counsel and their respective staffs.

Under the Administration Agreement, the Administrator may be reimbursed by the Fund for the costs and expenses to be borne by the Fund set forth above to include the costs and expenses allocable with respect to the provision of in-house legal, tax, or other professional advice and/or services to the Fund, including performing due diligence on its prospective portfolio companies as deemed appropriate by the Administrator, where such in-house personnel perform services that would be paid by the Fund if outside service providers provided the same services, subject to the Board's oversight.

Pursuant to a sub-administration services agreement between the Administrator and Ultimus Fund Solutions, LLC ("Ultimus") (the "Sub-Administration Agreement"), Ultimus serves as the sub-administrator of the Fund and is paid by the Administrator.

(d) Accounting Agent and Transfer Agent

Ultimus provides certain accounting and transfer agency services to the Fund pursuant to a master services agreement between the Fund and Ultimus (the "Master Services Agreement").

(e) Distribution and Servicing

Ultimus Fund Distributors, LLC (the "Distributor") serves as principal underwriter to the Fund and acts as the distributor of the Fund's shares. Pursuant to a distribution agreement with the Fund (the "Distribution Agreement"), the Distributor will act on a reasonable efforts basis, subject to various conditions. The Distributor is a wholly-owned subsidiary of Ultimus. The Distributor is compensated by the Adviser (not the Fund) for acting as principal underwriter.

(f) Expense Limitation Agreement

The Fund has entered into an Expense Limitation and Reimbursement Agreement, (the "Expense Limitation Agreement") with the Investment Adviser. Pursuant to the Expense Limitation Agreement the Investment Adviser has agreed to reimburse expenses of the Fund so that certain of the Fund's expenses (the "Specified Expenses") will not exceed an annual rate of 0.75% of the Fund's average daily value of the net assets (on an annualized basis) (the "Expense Limitation").

Specified Expenses is defined to include all expenses incurred in the business of the Fund, other than (i) the Base Management Fee, (ii) the Incentive Fee, (iii) the distribution fee and/or shareholder servicing fee, (iv) brokerage costs, (v) dividend/interest payments (including any dividend payments, interest expenses, commitment fees, or other expenses related to any leverage incurred by the Fund), (vi) taxes, (vii) extraordinary expenses (as determined in the sole discretion of the Investment Adviser), and (viii) Acquired Fund Fees and Expenses.

The Fund has agreed to repay the amount reimbursed by the Investment Adviser when and if requested by the Investment Adviser, as promptly as possible, on a quarterly basis, but only if and to the extent that such reimbursement does not cause the Fund's Specified Expenses plus recoupment to exceed an annual rate of 0.75% of the average daily value of the Fund's net assets (or, if a lower expense limit is in effect, such lower limit) within the 36-month period after the Investment Adviser bears the expense ("Excess Expenses"). Unless renewed by the Investment Adviser, the Expense Limitation Agreement will terminate on December 31, 2026.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash invested in overnight money market funds. These temporary investments with original maturities of 90 days or less are deemed cash equivalents. Cash deposited at financial institutions is insured by the Federal Deposit Insurance Corporation ("FDIC"), up to specified limits. At times, such balances may exceed FDIC insured amounts. As of September 30, 2025, cash and cash equivalents consisted of money market funds and non-money market in the amounts of $100,000 and $0, respectively. The Fund believes it is not exposed to any significant risk of loss on its cash and cash equivalents.

5. BENEFICIAL OWNERSHIP OF FUND SHARES

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of the Fund creates a presumption of control under Section 2(a)(9) of the 1940 Act. As of September 30, 2025, the Investment Adviser owned 100% of the Fund.

6. COMMITMENTS AND CONTINGENCIES

From time to time, the Fund, the Investment Adviser or the Administrator may be a party to legal proceedings, including proceedings relating to the enforcement of the Fund's rights under contracts with the Fund's portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, the Fund does not expect that these proceedings will have a material effect upon the Fund's financial condition or results of operations.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were issued. There have been no subsequent events that require recognition or disclosure through the date the financial statements were issued.

APPENDIX B: PROXY VOTING POLICIES

PROXY VOTING

PennantPark Investment Advisers, LLC ("PennantPark" or the "Adviser") has adopted these written Proxy Voting Policies and Procedures ("Proxy Procedures"), as required by Rule 206(4)-6 of the Investment Advisers Act of 1940, governing conflict of interest resolution, disclosure, reporting and recordkeeping relating to voting proxies.[1] PennantPark vote proxies relating to portfolio securities in what PennantPark perceives to be the best interest of its clients' shareholders. PennantPark reviews on a case-by-case basis each proposal submitted to a shareholder vote to determine its impact on the portfolio securities held by our clients. Although PennantPark will generally vote against proposals that may have a negative impact on our clients' portfolio securities, PennantPark may vote for such a proposal if there exists compelling long-term reasons to do so.

PennantPark's proxy voting decisions are made by the senior officers who are responsible for monitoring each of clients' investments. To ensure that PennantPark's vote is not the product of a conflict of interest, PennantPark requires that: (1) anyone involved in the decision making process disclose to the chief compliance officer ("CCO") any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (2) employees involved in the decision making process or vote administration are prohibited from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties.

IDENTIFYING AND ADDRESSING CONFLICTS OF INTEREST

PennantPark acknowledges its responsibility for identifying material conflicts of interest related to voting proxies. In order to ensure that PennantPark is aware of the facts necessary to identify conflicts, each employee of PennantPark who has responsibility for, or works in connection with, any advisory activities of PennantPark are required to disclose to the CCO any personal conflicts such as officer or director positions held by them, their spouses or close relatives, in any portfolio company. Conflicts based on business relationships with PennantPark or any affiliate will be considered only to the extent that PennantPark has actual knowledge of such relationships.

If PennantPark determines that voting a particular proxy would create a material conflict of interest between PennantPark's interest or the interest of any of PennantPark's affiliated parties and the interest of clients, PennantPark may choose one of several options including: (i) disclose such conflict of interest to the client and obtain the consent of the client before voting the proxy; (ii) vote such proxy based upon the recommendations of an independent third party such as a proxy voting service; (iii) "mirror voting" the proxies in the same proportion as the votes of other proxy holders that are not PennantPark clients; or (iv) voting in accordance with pre-determined decision-making criteria, if it involves little or no discretion.

CLIENT REQUESTS FOR INFORMATION

Investment advisory clients may request a copy of PennantPark's Proxy Voting Policies and Procedures and/or information about how PennantPark has voted securities in their account by contacting PennantPark. PennantPark will not disclose proxy votes for a client to other clients or third parties unless specifically requested, in writing, by the client. However, to the extent that PennantPark may serve as subadviser to another adviser to a client, PennantPark will be deemed to be authorized to provide proxy voting records on such accounts to such other adviser.

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[1] *See,* Rel. No. IA-2106 (Jan. 31, 2003). *See also*, Rel. No. IC-25922 (Jan. 31, 2003) relating to voting proxies of portfolio securities of registered investment companies.