

US High Yield Fund

February 28, 2018

Class F Capitalization



Portfolio Commentary

Market
A hawkish interpretation of Jerome Powell’s first congressional testimony as the new Chairman of the Federal Reserve ignited rising inflation fears and a repricing of interest rate-related risk. Despite a backdrop of quarterly earnings growth of nearly 15%, the equity market sold off and high yield registered its weakest monthly return in two years. WTI Crude Oil ended the month down \$3.09 (or 4.77%) to \$61.64/bbl which put pressure on the Energy high yield sector. During the month, the US Dollar Index was up 1.66% and the US Treasury curve steepened with the 2-yr Treasury higher by 12 bps to 2.25% and the 10-yr Treasury yield rose 17 bps to 2.89%.

HY mutual funds saw net outflows of \$11.8bn while loan funds saw inflows of \$1.1bn, as tracked by Lipper and Barclays, but the market slowed new issuance to create a cushion for the weak market. Bond new issuance decreased to \$12.2bn, offset by \$23.6bn in redemptions, leaving net supply at -\$11.4bn, per Barclays. The loan market priced \$83.3bn during the month, according to JP Morgan. The percentage of the HY bond market trading at distressed levels (below 70% of par) remained low at 2.7%; the comparable figure for the loan market (below 80% of par) also remained low at 2.3%. The par-weighted twelve-month HY bond default rate increased slightly to 1.25% at month-end, per BofA Merrill Lynch, and the loan market par-weighted trailing default rate increased to 2.52%, per JP Morgan.

The ICE BofAML US High Yield Index returned -0.93% in February, and the Credit Suisse Leveraged Loan Index returned 0.18%. The yield-to-worst for the high yield index increased 38 bps to 6.13% and spreads increased 20 bps to 346 bps. The BB, B and CCC bond sub-indices returned -1.16%, -0.77% and -0.59%, respectively. Returns were negative across all sectors for the month, with Energy the bottom performer, returning -1.88%. Across risk types (defined by duration and yield to worst), all segments posted negative returns for the month with the shortest duration, most defensive part of the market outperforming the longest duration, more equity-like part of the market. High yield outperformed large and small cap equities, represented by the S&P 500’s -3.69% and the Russell 2000’s -3.86% returns, as well as investment grade corporate bonds, represented by the ICE BofAML US Corporate Index’s -1.50% return.

Strategy
SKY Harbor Global Funds–US High Yield Fund modestly underperformed the benchmark during the selloff in February. By risk type, security selection was a source of underperformance while allocation was a source of outperformance. The primary driver of underperformance was security selection within the most speculative, equity-like part of the market. This was partially offset by an overweight to the top-performing shortest duration segment of the market and an underweight to the lower-performing better-quality, more rate sensitive part of the market. By sector, weaker selection in speculative Energy was the primary source of underperformance, partially offset by strong selection in Basic Industry and Technology.

The largest positive contributor to returns was Rite-Aid Corp (RAD) 6.125% notes due 2023, which traded up during the month on an announced merger with grocery store company Albertsons. Last month’s largest positive contributor, Approach Resources Inc. (AREX) was this month’s largest bottom contributor, trading down along with the selloff in energy equities. Last month’s largest bottom contributor, SFR Group (SFRFP) 7.375% notes due 2026, was among the bottom contributors to overall returns again this month.

Outlook
Despite the dramatic equity market selloff and spread widening in February, we maintain a consistent view of high yield market risks and opportunities and see little evidence to change our positioning at this point. Our greatest conviction remains around strong corporate fundamentals and generally synchronous global growth. We have acknowledged that valuations are tight, though less so after this past month, and rising rates present potential risks, but believe high yield could have further spread compression absent a general spike in risk premiums. Given the equity response in February, we believe equity investors have been underprepared for the impact of rising rates, unlike high yield investors who have been focused on this risk for quite some time. We nonetheless continue to have a high degree of conviction around the near-term fundamentals of high yield issuers and expect returns to benefit from the market income and below-average default losses so long as risks outside the high yield market remain in balance (e.g., trade wars do not escalate, etc.). As a result, our positioning has not fundamentally changed although we have been opportunistic purchasers during market volatility.

Our Broad High Yield Market portfolios remain underweight to the better-quality, more rate sensitive segment part of the market. We continue to look for opportunities to add income through credit picking among companies with improving earnings. While corporate fundamentals are strong, we believe we are generally not being paid to take “equity-like” risk at current market levels due to the underlying secular and/or cyclical changes that much of the remaining higher-yielding part of the market faces. Based on our view of risks and valuations across the market, we continue to believe Single-B rated credit offers the best opportunity for attractive returns through credit picking.

Investment Objective

To outperform the broad US high yield market over a full market cycle with less volatility through investing across the full maturity spectrum of the US below-investment-grade debt market. The Fund principally invests in a diversified portfolio of high yield debt securities issued by companies domiciled or listed in the US.

Benchmark

ICE BofAML US High Yield Index (H0A0)

Launch Date

April 5, 2012

Lead Portfolio Manager

Hannah H. Strasser, CFA

- A founder and Managing Director of SKY Harbor Capital Management, LLC.
- 35 years of investment experience.
- Has managed Broad High Yield Market strategies since 1988.
- Previously Head of US Fixed Income, AXA Investment Managers.

| Top 10 Holdings by Issuer Weight | | | |
|------------------------------------|---------|--------------------------|------------|
| Name | Ratings | Sector | Weight (%) |
| SPRINT CAPITAL CORPORATION | B2 | Telecommunications | 2.15 |
| VALEANT PHARMACEUTICALS | BB3 | Healthcare | 1.54 |
| HCA INC. | BB3 | Healthcare | 1.38 |
| AMERICAN AXLE & MANUFACTURING INC. | B1 | Automotive | 1.12 |
| CCO HOLDINGS LLC | BB2 | Media | 1.10 |
| ALLY FINANCIAL INC. | BB2 | Banking | 1.09 |
| AHERN RENTALS INC. | B3 | Services | 1.09 |
| XPO LOGISTICS INC. | B1 | Transportation | 1.08 |
| CALUMET SPECIALTY PRODUCTS | CCC2 | Energy | 1.05 |
| INFOR (US) INC. | CCC2 | Technology & Electronics | 1.05 |

| Fund Information | SHGF* | Benchmark |
|------------------------|-----------|------------|
| Market Value (mn/bn) | \$326.9 | \$1,299.9 |
| Average Credit Rating | B2 | B1 |
| Average Coupon (%) | 7.0 | 6.4 |
| Yield to Worst (%) | 6.1 | 6.1 |
| Yield to Maturity (%) | 6.6 | 6.4 |
| Current Yield (%) | 6.9 | 6.4 |
| Average Maturity (yrs) | 6.2 | 6.2 |
| Avg Mod. Dur. to Wst | 3.5 | 4.0 |
| Average Price | 101.3 | 99.3 |
| No of Issuers/Issues | 264 / 342 | 883 / 1906 |
| % of Top 10 Issuers | 12.7 | 12.4 |

*securities portfolio only, excludes cash

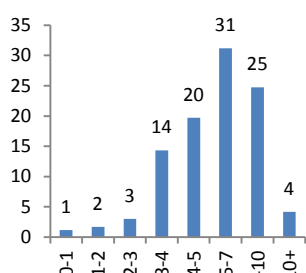
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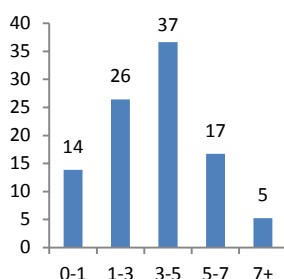
Class F Capitalization

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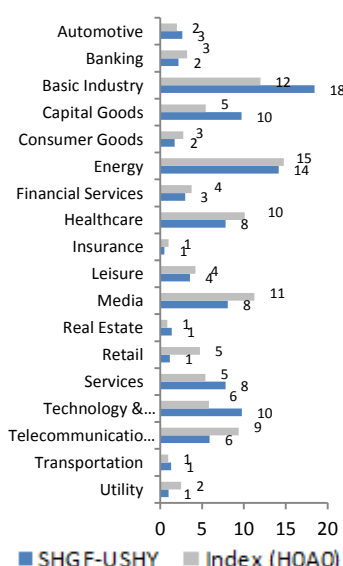
Maturity (%)



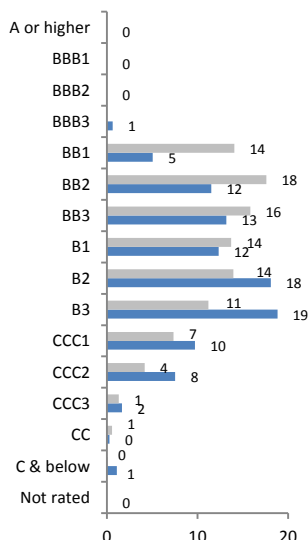
Modified Duration to Worst (%)



Sector (%)



Average Rating (%)



Fund Facts

| | |
|---------------------------|--|
| Fund Type | Open-end |
| Legal Form | SICAV |
| Domicile | LUX |
| Countries of Registration | AT, BE, CH, DE, DK, ES, FI, FR, GB, IT, LU, NL, NO, PT, SE |
| Min. Initial Inv | 500 USD |
| Management Fee p.a. | 100/110 bps |
| Order Cut-off | 12:00 CET |
| Settlement | T+3 |
| Custodian | JP Morgan Luxembourg |
| Fiscal Year End | 31-Dec |
| Dealing Frequency | Daily |
| Valuation Frequency | Daily |
| Swing pricing | None |

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Find all fund documents at:

www.skyharborglobalfunds.com

Net Performance

| Currency | ISIN | Cumulative | | | Ann. Since Inception |
|----------|--------------|------------|-------|-------|----------------------|
| | | 1M | 3M | YTD | |
| USD | LU0765424147 | -1.03 | -0.07 | -0.50 | 6.37 |
| EUR | LU0765424493 | -1.17 | -0.76 | -0.83 | 3.63 |
| GBP | LU0765424659 | NA | NA | NA | NA |
| CHF | LU0765424816 | NA | NA | NA | NA |

| Currency | ISIN | Cumulative | | | Ann. Since Inception |
|--|--------------|------------|-------|-------|----------------------|
| | | 1M | 3M | YTD | |
| SEK | LU0765425037 | -1.20 | -0.83 | -0.89 | 4.38 |
| NOK | LU0765425201 | NA | NA | NA | NA |
| DKK | LU0765425466 | NA | NA | NA | NA |
| ICE BofAML US High Yield Index (HOAO)† | | -0.93 | -0.01 | -0.28 | 6.54 |

Net Performance is calculated as of the last NAV date of the reporting period.

† Index performance inception date is the first share class launch date - April 5, 2012

About SKY Harbor Capital Management

SKY Harbor Capital Management, LLC, an independent investment manager registered with the US Securities and Exchange Commission ("SKY Harbor"), is the appointed Investment Manager for SKY Harbor Global Funds. SKY Harbor offers Broad High Yield and Short Duration High Yield strategies for institutional investors and global wealth advisors. Senior leadership and co-founders Hannah Strasser and Anne Yobage have managed high yield investments as a team through multiple market cycles for nearly 30 years. Our process is grounded in fundamental analysis, then refined by quantitative and technical assessment, to identify income potential while effectively managing risk. SKY Harbor is based in Greenwich, CT USA. Visit www.skyhcm.com.

A Message to Investors

This disclaimer is intended to be read and understood by prospective investors because investing in high yield below-investment-grade corporate debt securities entails risk of loss; may be unsuitable to your circumstances; and cannot rely on past performance as a guarantor of future results. This two-page summary document is designed to be read by institutional investors for marketing and summary information purposes. While the information herein is derived from reliable sources and expresses our good faith beliefs, be aware that the Portfolio Commentary comprises "forward-looking statements," which means that there is no guarantee or warranty as to the accuracy of our current assumptions, market views, data or future expectations – all of which are subject to change at any time without notice to you and for which we are not to be held liable if future developments depart from our expectations. Accordingly, this document cannot and does not replace, revise or reinterpret the information and risk factors set forth in the Prospectus, KIID, Annual and Semi-annual reports, which along with other disclosures are available without charge from SKY Harbor Global Funds or from JPMorgan Bank Luxembourg, the Fund's transfer agent, fund accountant and custodian at: 6, route de Trèves, L-2633 Senningerberg, Luxembourg (also available on www.skyharborglobalfunds.com) or from the Swiss Representative. Because this summary is not intended to solicit or offer securities for purchase or sale, nor does it take into account your investment objectives, risk tolerances, tax or legal situation, it is your responsibility and duty to read with care the fund Prospectus and other disclosures before investing. SKY Harbor Global Funds is established under Luxembourg law and is not registered under the US Securities Act of 1933 nor the US Investment Company Act of 1940 and may not be offered or sold in the United States (or to a US person) absent registration or an applicable exemption from the registration requirements. The net performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units, which if charged, would have a negative impact on performance. The ICE BofAML Index data referenced herein is the property of ICE Data Indices, LLC ("ICE BofAML") and/or its licensors and has been licensed for use by SKY Harbor. ICE BofAML PERMITS USE OF THE ICE BofAML INDICES AND RELATED DATA ON AN "AS IS" BASIS, MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS, AND/OR COMPLETENESS OF THE BofAML INDICES OR ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM, ASSUMES NO LIABILITY IN CONNECTION WITH THE USE OF THE FOREGOING, AND DOES NOT SPONSOR, ENDORSE, OR RECOMMEND SKY Harbor or ANY OF ITS PRODUCTS OR SERVICES.

Supplementary Information for Swiss Investors

The representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich. The paying agent in Switzerland is Banque Cantonale Vaudoise, Place Saint-François 14, 1001 Lausanne, Switzerland. The relevant Fund documents such as the prospectus, the key investor information document (KIIDs), the articles of association, and the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.