

US Short Duration High Yield Fund

March 31, 2017

Class B Distribution

SKY HARBOR
GLOBAL FUNDS

Portfolio Commentary

Market

Concern over a more hawkish Fed, the disintegrating effort to repeal “Obamacare” and challenges to the reflation trade all contributed to a strongly negative market through the first half of March. Weak technicals added to the pressure as ETF outflows combined with the busiest new issuance month in three years. Fortunately, the market began to recover after the mid-March FOMC meeting, leaving investor expectations for a total of three rate increases in 2017 intact. Despite the relief, high yield finished with a modestly negative return (for only the second time in the prior 14 months). Returns were mixed among sectors, and although natural gas prices recovered (up 15%) in the month, Energy was among the weakest performers as WTI Crude Oil prices fell \$3.41 (or 6.31%) to \$50.60/bbl by month-end. The US Dollar Index was down 0.76%, and the US yield curve was flat with both the 2-yr and the 10-yr Treasuries unchanged at 1.26% and 2.39%, respectively.

High yield technicals were negative in March as funds saw a shift to outflows and net supply increased while loan funds inflows continued. HY funds saw net outflows of \$9.0bn and loan funds had inflows of \$5.2bn, as tracked by Lipper. New issuance increased to \$42.6bn, offset by \$32.6bn in redemptions, leaving net supply at \$10.1bn, according to Barclays. The percentage of the market trading at distressed levels (below 70% of par) ended the month at 2.2%, per JP Morgan. The par-weighted twelve-month default rate ticked lower to 4.2% at month-end, per BofA Merrill Lynch. Excluding commodities, the default rate was 1.4%.

The BofA Merrill Lynch US High Yield Index returned -0.21% in March. The YTW rose 0.30% to 5.88%, as spreads widened 21 bps to 392 bps. The BB, B and CCC sub-indices returned -0.13%, -0.17% and -0.58%, respectively. By sector, Transportation was the top performer while Retail lagged. Across risk types (defined by duration and yield to worst) the short duration, more defensive portion of the market outperformed the most speculative, equity-like portion. High Yield slightly outperformed investment grade corporate bonds, represented by the BofA ML US Corporate Index’s -0.22% return, but underperformed large and small cap equities, represented by the S&P 500’s 0.12% return and Russell 2000 at 0.13%.

Strategy

SKY Harbor Global Funds–US Short Duration High Yield Fund outperformed the broader high yield market in March. Generally speaking, the most defensive, shorter duration securities outperformed longer duration securities. Single-Bs were the best-performing ratings group this month, followed by Double-Bs and then Triple-Cs. From a sector standpoint, Basic Industry and Media were the top contributors to the monthly return while Banking and Real Estate lagged.

The YTW on the Fund rose 19 bps to 4.51% and represented 79% of the broad market yield (as measured by the BofA Merrill Lynch US High Yield Index) at month-end. The duration-to-worst of 1.7 was 46% of the broad market duration. The average coupon was 6.74%, almost 25 bps above the average coupon in the broad market. Exclusive of cash, Fund holdings (419 issues, representing 286 issuers) comprised 31% bonds with maturities of less than three years and 69% in longer maturities but trading to expected early take-outs inside this three-year period. This is unchanged from last month. We continue to believe that companies will proactively refinance debt ahead of stated maturities to capture the favorable interest rate environment that the new issue market still offers. Overall credit quality in the Fund was down slightly: at month-end Double-B rated holdings represented 36.2% of the portfolio, Single-Bs were 48.0% and Triple-Cs were 13.2%.

Outlook

Despite a bit of backup in March, valuations remain in focus with less cushion available as investors integrate higher rates and the normalization of the Fed’s balance sheet. Away from rates, geopolitical risks continue to dominate given the rise of populism in developed economies, the upcoming European election cycles and increasing tensions in Syria and North Korea. The steady stream of headlines from the US administration continues, and while the market seems to accept some level of uncertainty and detail in exchange for a more conciliatory and productive tone, how the administration handles escalations will be important data points. We expect these themes to dominate discussion, but have not changed our view that fundamentals will continue to improve as we anniversary weak commodity prices and that high yield defaults will peak and recede over the course of 2017. We still expect high yield issuance to remain tilted towards better quality and refinancing, but generally be demand driven and sensitive to fund flows, which we expect to be more volatile. Based on our view of risks and valuations across the market, we still believe lower-rated credit offers the best opportunity for attractive returns through credit picking.

We continue to believe the Fund is well positioned to take advantage of potential volatility associated with changing geopolitical risks and rising interest rates considering the large amount of front-end maturities and expected near-term calls held in the portfolio. This not only helps to dampen duration-driven weakness, but also provides cash available to be reinvested at the prevailing market rates. We expect to continue to benefit from security selection and portfolio diversification, using market volatility to opportunistically add attractively priced positions to the Fund.

Top 10 Holdings by Issuer Weight

Name	Ratings	Sector	Weight (%)
SPRINT NEXTEL	B2	Telecommunications	1.85
TENET HEALTHCARE	BB3	Healthcare	1.56
CIT GROUP INC	BB2	Financial Services	1.43
ALLY FINANCIAL	BB2	Banking	1.30
AIRCASTLE LTD	BB1	Financial Services	1.25
CABLEVISION SYS	B3	Media	1.19
AERCAP IRELAND	BBB3	Financial Services	1.17
DISH DBS CORP	BB3	Media	1.16
NAVIENT CORP	BB3	Financial Services	1.13
HCA INC	BB1	Healthcare	1.06

Investment Objective

To generate a high level of current income while also experiencing lower volatility than the broader high yield market. The Fund principally invests in US below-investment-grade corporate debt securities that are expected to be redeemed through maturity, call or other corporate action within three years. The strategy seeks to capture the current income of the high yield market with substantially less volatility through the consistency of monthly returns and reinvestment.

Benchmark

Not a benchmarked strategy

Launch Date

April 5, 2012

Lead Portfolio Manager

Anne C. Yobage, CFA

- A founder and Director of SKY Harbor Capital Management, LLC.
- 29 years of investment experience.
- Has managed Short Duration High Yield strategies since 1992.
- Previously Co-Head of US Fixed Income, AXA Investment Managers.

Fund Information*

Fund NAV (mn)	\$2,491
Average Credit Rating	B1
Average Coupon (%)	6.7
Yield to Worst (%)	4.5
Yield to Maturity (%)	5.2
Current Yield (%)	6.5
Average Maturity (yrs)	3.6
Avg Mod. Dur. to Wst	1.7
Average Price	103.8
No of Issuers/Issues	286 / 419
% of Top 10 Issuers	13.1

*securities portfolio only, excludes cash

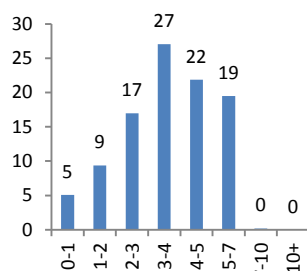
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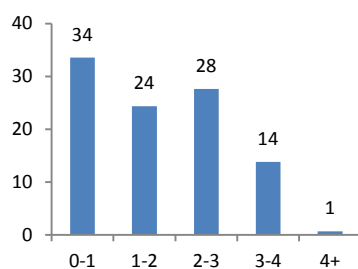
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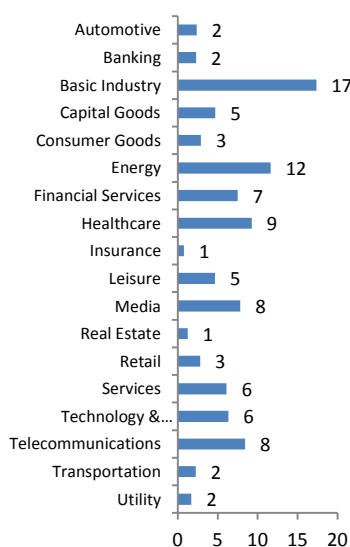
Maturity (%)



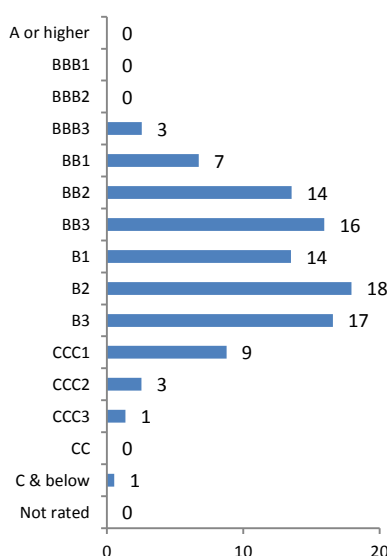
Modified Duration to Worst (%)



Sector (%)



Average Rating (%)



Fund Facts

Fund Type	Open-end
Legal Form	SICAV
Domicile	LUX
Countries of	AT, BE, CH, DE
Registration	DK, ES, FI, FR GB, LU, NL, NO SE
Min. Initial Inv	1M USD
Management Fee p.a.	75 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 and Yield

Currency	ISIN	Cumulative			Ann. Since Inception	Ann. Div. Yield†	Currency	ISIN	Cumulative			Ann. Since Inception	Ann. Div. Yield†
		1M	3M	YTD					1M	3M	YTD		
USD	LU0765436315	NA	NA	NA	NA	NA	SEK	LU0765418503	-0.15	0.97	0.97	2.70	4.70
EUR	LU0765417950	-0.13	1.03	1.03	2.54	4.73	NOK	LU0765418768	NA	NA	NA	NA	NA
GBP	LU0765418172	NA	NA	NA	NA	NA	DKK	LU0765418925	-0.15	0.98	0.98	1.84	4.73
CHF	LU0765418339	NA	NA	NA	NA*	4.68							

† Annualized Dividend Yield = Most Recent Dividend / NAV as of Ex Date × Annual Frequency. Historical data provided and does not imply prospective returns or yields.

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

* cumulative performance shown for period less than one year

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

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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.