

US Short Duration High Yield Fund

August 31, 2018

Class B Distribution

SKY HARBOR
GLOBAL FUNDS

Portfolio Commentary

Market

Risk assets moved higher as continued strength in corporate earnings and positive US economic data outweighed ongoing trade tensions with China and further deterioration in emerging markets. Other market influences were mostly unchanged: the FOMC stated that data would remain the driver of further actions but indicated a likeliness to stay on the path of rate normalization; Oil remained volatile as the US imposed sanctions on Iran, closing higher with WTI Crude up \$1.04/bbl (or 1.51%) to \$69.80/bbl; the US dollar continued to rally, up 0.62%; and the US Treasury curve flattened further as the 2-yr Treasury was lower by 3 bps to 2.63% and the 10-yr Treasury yield decreased 11 bps to 2.86%.

Technicals were once again a tailwind in August as mutual funds saw inflows and net supply was negative. During the month, both loan and high yield funds received inflows of \$1.2bn and \$789mm, respectively, as tracked by Lipper and reported by Barclays. HY bond market new issuance was \$16.7bn in August, offset by \$19.4bn in redemptions, per Barclays. The loan primary market remained active, as \$39.0bn priced during August, according to JP Morgan. The percentage of the HY bond and loan markets trading at distressed levels (below 70% of par) stayed low at 2.0% across both markets. The par-weighted twelve-month HY bond default rate was 1.14% at month-end, per BofA Merrill Lynch, and the loan market par-weighted trailing default rate decreased to 1.92%, per JP Morgan.

The ICE BofAML US High Yield Index returned 0.72% for August while the Credit Suisse Leveraged Loan Index returned 0.43%. The YTW for the HY index decreased 1 bps to 6.26% and spreads increased 6 bps to 346 bps. By rating, the BB, B and CCC bond sub-indices returned 0.90%, 0.66% and 0.31%, respectively. By sector, Consumer Goods was the top performer, returning 1.36%, while Retail had the only negative return at -0.01%. Across risk types (defined by duration and yield to worst), the better quality, most rate sensitive part of the market led while the highest-yielding, most speculative part of the market lagged. High yield underperformed large cap equities, represented by the S&P 500's 3.26% return, as well as small cap equities, represented by the Russell 2000's 4.31% return, but outperformed investment grade corporate bonds, represented by the ICE BofAML US Corporate Index's 0.54% return.

Strategy

SKY Harbor Global Funds—US Short Duration High Yield Fund posted a positive return again in August, capturing over 80% of the broader US high yield market return market (as defined by the ICE BofAML US High Yield Index) on a gross-of-fee basis and excluding currency impact. By risk type, all segments posted positive returns with minimal dispersion. The one exception was the shortest duration segment (defined as duration-to-worst less than 1) which lagged modestly. All sectors posted positive returns for the month led by Consumer Goods and Financial Services while Retail and Retail Estate lagged. By rating, the dispersion of returns was minimal again this month, with Single-Bs narrowly outperforming Triple-Cs and Double-Bs.

The YTW on the Fund was nearly unchanged at 5.23% and represented 84% of the broad market yield at month-end. The duration-to-worst decreased to 1.9, or 48% of the broad market duration. The average coupon of 6.55% increased modestly from last month's figure and was 21 bps above the average coupon in the broad market. Exclusive of cash, Fund holdings (323 issues, representing 233 issuers) comprised 34% bonds with maturities of less than three years and 66% in longer maturities but trading to expected early take-outs inside this three-year period. This overweight to the latter group continues to show that we find greater value in the yield-to-call opportunities. Nevertheless, we do value the relative price stability the short maturity group can offer in volatile periods in the market. Overall credit quality decreased slightly in the Fund: at month-end Double-B rated holdings represented 34.0% of the portfolio, Single-Bs were 55.5% and Triple-Cs were 9.5%.

Outlook

Our view of high yield market risks and opportunities is largely unchanged from last month-end. Our greatest conviction remains around strong corporate fundamentals with additional support from the strong technicals associated with lower issuance on the bond side and strong investor demand on the loan side. We have acknowledged that valuations are only fair by historical standards and rising rates present potential risks but believe high yield could have further spread compression as investors focus on the strength of the US economy and positive corporate profitability. We expect returns to benefit from the market income opportunity and below-average default losses and expect investors' perception of risk to remain generally unchanged (e.g., recession risks do not rise, etc.). As a result, our positioning has not substantially changed over the last month.

We continue to believe our Short Duration High Yield portfolios are well positioned to take advantage of any potential volatility or curve repricing associated with more aggressive rate assumptions. Natural turnover, created by calls, tender and maturities, should be high considering the large amount of front-end maturities and expected near-term calls held in the portfolio, which will allow us to continue to optimize the portfolio as the market environment evolves.

Top 10 Holdings by Issuer Weight

Name	Ratings	Sector	Weight (%)
SPRINT CORPORATION	B2	Telecommunications	2.10
HCA HEALTHCARE INC	BB3	Healthcare	1.85
BAUSCH HEALTH COMPANIES INC	BB3	Healthcare	1.72
DISH DBS CORPORATION	B1	Media	1.50
BOMBARDIER INC.	B3	Capital Goods	1.44
CENTURYLINK INC.	B1	Telecommunications	1.38
ICAHN ENTERPRISES	BB2	Financial Services	1.38
DIAMOND 1 FINANCE CORP	BB2	Technology & Electronics	1.37
CSC HOLDINGS LLC	B2	Media	1.28
NAVIENT CORPORATION	BB3	Financial Services	1.27

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.
- 30 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)	\$2,433
Average Credit Rating	B1
Average Coupon (%)	6.5
Yield to Worst (%)	5.2
Yield to Maturity (%)	5.7
Current Yield (%)	6.4
Average Maturity (yrs)	3.5
Avg Mod. Dur. to Wst	1.9
Average Price	102.2
No of Issuers/Issues	233 / 323
% of Top 10 Issuers	15.3

*securities portfolio only, excludes cash

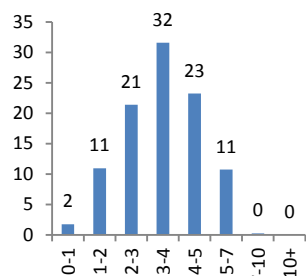
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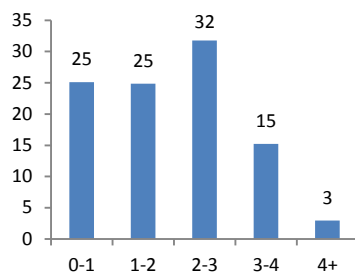
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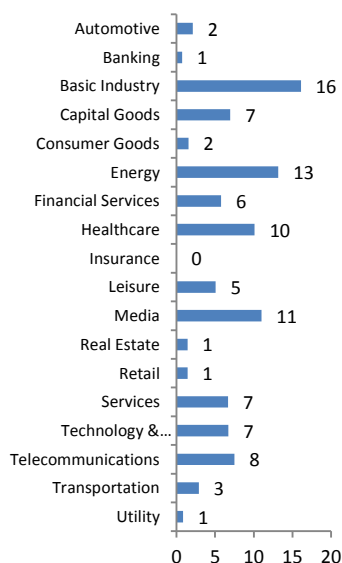
Maturity (%)



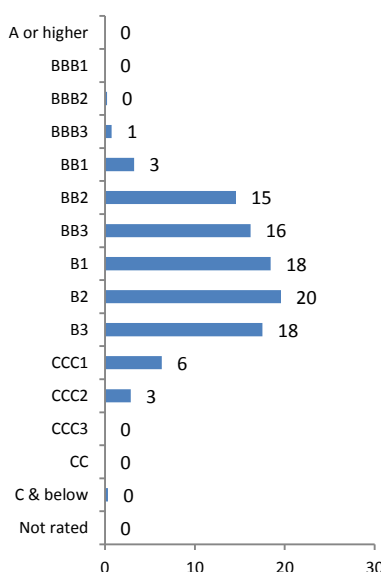
Modified Duration to Worst (%)



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, IT, LU, NL
	NO, PT, 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

Contact

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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	0.37	0.73	0.38	2.30	4.68
EUR	LU0765417950	0.35	0.73	0.43	2.20	4.58	NOK	LU0765418768	NA	NA	NA	NA	NA
GBP	LU0765418172	NA	NA	NA	NA	NA	DKK	LU0765418925	0.33	0.69	0.33	1.61	4.59
CHF	LU0765418339	NA	NA	NA	NA*	NA							

† 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.