

US Short Duration High Yield Fund

July 31, 2017

Class B Capitalization

SKY HARBOR
GLOBAL FUNDS

Portfolio Commentary

Market

Risk assets remained resilient, shrugging off continued geopolitical tensions and some uncertainty created by the Trump administration. High Yield posted a fourth consecutive positive monthly return, benefiting from new equity market highs, a weakening US dollar, strong corporate earnings and rising commodity prices. WTI Crude Oil closed the month up \$4.13 (or 8.97%) to \$50.17/bbl after four months of declines. The US Dollar Index was down 2.89%, and the US Treasury curve steepened slightly with the 2-yr Treasury lower by 3bps to 1.35% and the 10-yr Treasury yield lower by 1bp to 2.30%.

High yield technicals were supportive in July as net supply decreased and loan funds saw inflows, only partially offset by HY mutual fund outflows. HY mutual funds saw net outflows of \$578mn and loan funds had inflows of \$752mn, as tracked by Lipper and provided by Barclays. New issuance decreased to \$11.0bn, offset by \$28.1bn in redemptions, leaving net supply at -\$17.1bn, according to Barclays. The percentage of the market trading at distressed levels (below 70% of par) ended July at 2.5%, per JP Morgan. The par-weighted twelve-month default rate was basically unchanged at 2.3% at month-end, per BofA Merrill Lynch. Excluding commodities, the default rate was 1.7%.

The BofA Merrill Lynch US High Yield Index returned 1.15% in July. The YTW decreased 23 bps to 5.39% and spreads decreased 17 bps to 356 bps. The BB, B and CCC sub-indices posted returns of 1.01%, 1.08% and 1.83%, respectively. Returns were positive in all sectors with Energy the top performer, returning 1.89% while Retail was the bottom performer, returning 0.56%. Across risk types (defined by duration and yield to worst), the most speculative, equity-like part of the market led while the most defensive, shortest duration securities lagged. High Yield underperformed large cap equities, represented by the S&P 500's 2.06% return, but outperformed investment grade corporate bonds, represented by the BofA ML US Corporate Index's 0.75% return, as well as small cap equities, represented by the Russell 2000's 0.74% return.

Strategy

SKY Harbor Global Funds–US Short Duration High Yield Fund posted a positive return in July, essentially returning its current income for the month and capturing approximately 60% of the broad high yield market return on a gross of fee basis (as measured by the BofA Merrill Lynch US High Yield Index). In general, longer duration outperformed shorter duration, more defensive securities which could not keep pace in a strong up month. By sector, Energy and Basic Industry led, together contributing nearly 50% of the monthly return, while Telecom lagged.

The YTW on the Fund fell 34 bps to 4.08% and represented 76% of the broad market yield at month-end. The duration-to-worst was 1.6 this month, or 46% of the broad market duration. The average coupon of 6.69% was nearly unchanged from last month's figure and was 23 bps above the average coupon in the broad market. Exclusive of cash, Fund holdings (425 issues, representing 287 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. 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 was down slightly in the Fund this month: at month-end Double-B rated holdings represented 36.0% of the portfolio, Single-Bs were 49.0% and Triple-Cs were 12.0%.

Outlook

While a variety of geopolitical risks remain, markets are benefiting from the strongest corporate earnings growth in the last five years. The overall high yield market has not reached cycle tight spreads, yet parts of the market have or are approaching cycle tightness. We continue to believe further spread compression is possible absent a general spike in risk premiums. Tighter valuations continue to be balanced by improving fundamentals, a falling default rate and the possibility that longer-dated Treasury yields do not increase meaningfully. Our conviction that fundamentals will continue to improve and HY defaults will peak and recede over the course of 2017 remains high and the strongest driver of portfolio positioning. That said, we believe we are generally not being paid to take "equity-like" risk at current market levels although the higher-yielding part of the market has historically benefited the most from strong earnings and low default rates. 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 continue to believe Single-B 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 any potential volatility associated with changing geopolitical risks considering the large amount of front-end maturities and expected near-term calls held in the portfolio. This helps to dampen duration extension risk and also provides cash which can be reinvested at prevailing market rates. We continue to moderate our underweight to the better-quality, more-spread-sensitive segment of the market and will use market volatility to opportunistically add attractively priced positions to the Fund.

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.

Top 10 Holdings by Issuer Weight

| Name | Ratings | Sector | Weight (%) |
|------------------|---------|--------------------------|------------|
| SPRINT NEXTEL | B2 | Telecommunications | 1.97 |
| ALLY FINANCIAL | BB2 | Banking | 1.46 |
| TENET HEALTHCARE | BB3 | Healthcare | 1.38 |
| HCA HOLDINGS INC | B1 | Healthcare | 1.29 |
| CABLEVISION SYS | B3 | Media | 1.27 |
| DIAMOND 1 FIN/DI | BB2 | Technology & Electronics | 1.23 |
| FRONTIER COMM | B1 | Telecommunications | 1.20 |
| DISH DBS CORP | BB3 | Media | 1.19 |
| SPRINGLEAF FIN | B2 | Financial Services | 1.14 |
| ICAHN ENTER/FIN | BB2 | Financial Services | 1.12 |

Fund Information*

| | |
|------------------------|-----------|
| Fund NAV (mn) | \$2,812 |
| Average Credit Rating | B1 |
| Average Coupon (%) | 6.7 |
| Yield to Worst (%) | 4.1 |
| Yield to Maturity (%) | 5.1 |
| Current Yield (%) | 6.4 |
| Average Maturity (yrs) | 3.7 |
| Avg Mod. Dur. to Wst | 1.6 |
| Average Price | 104.7 |
| No of Issuers/Issues | 287 / 425 |
| % of Top 10 Issuers | 13.3 |

*securities portfolio only, excludes cash

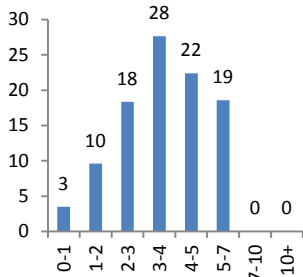
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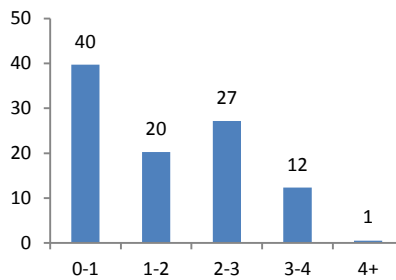
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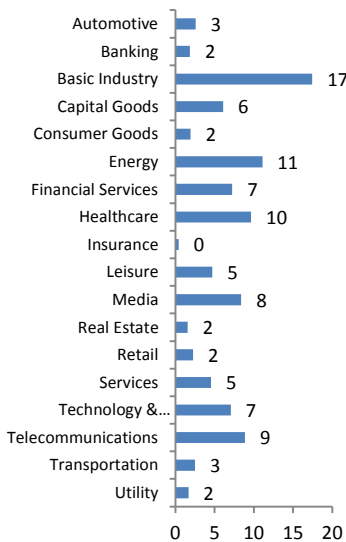
Maturity (%)



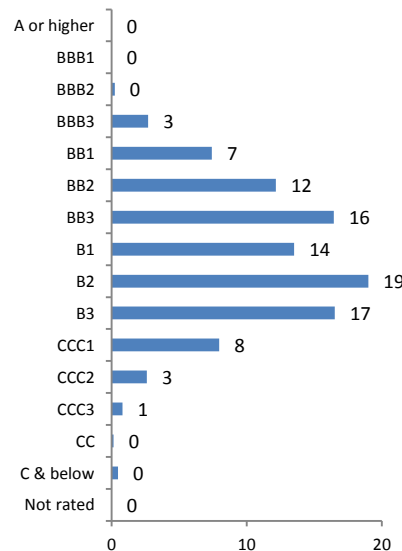
Modified Duration to Worst (%)



Sector (%)



Average Rating (%)



Fund Facts

| | |
|---------------------------|--|
| Fund Type | Open-end |
| Legal Form | SICAV |
| Domicile | LUX |
| Countries of Registration | AT, BE, CH, DE 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 |

Contact

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Find all fund documents at:

www.skyharborglobalfunds.com

Net Performance

| Currency | ISIN | Cumulative | | | Ann. Since Inception | Currency | ISIN | Cumulative | | | Ann. Since Inception |
|----------|--------------|------------|------|------|----------------------|----------|--------------|------------|------|------|----------------------|
| | | 1M | 3M | YTD | | | | 1M | 3M | YTD | |
| USD | LU0765436075 | 0.63 | 1.22 | 3.38 | 3.33 | SEK | LU0765418412 | 0.45 | 0.70 | 2.21 | 2.78 |
| EUR | LU0765436406 | 0.46 | 0.73 | 2.28 | 2.62 | NOK | LU0765418685 | 0.55 | 1.05 | 3.05 | 4.08 |
| GBP | LU0765418099 | 0.52 | 0.94 | 2.77 | 3.25 | DKK | LU0765418842 | 0.45 | 0.70 | 2.19 | 1.96 |
| CHF | LU0765418255 | 0.43 | 0.63 | 2.04 | 2.20 | | | | | | |

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

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.