

US Short Duration High Yield Fund

March 31, 2018

Class A Distribution

SKY HARBOR
GLOBAL FUNDS

Portfolio Commentary

Market

Geopolitical and idiosyncratic events drove continued cross-market volatility that further weighed on markets. Despite strong Q4 corporate earnings, the combination of rising inflation fears, ongoing turmoil within the Trump administration, escalating trade war fears and tech giants coming under pressure due to self-inflicted wounds in the case of Facebook and Tesla and President Trump's attack on Amazon fueled rising risk premiums. As was widely anticipated, the FOMC implemented the first rate hike for 2018 in March, which had little impact on markets. WTI Crude Oil reversed February losses and ended March up \$3.30 (or 5.35%) to \$64.94/bbl. During the month, the US Dollar Index was down 0.71% and the US Treasury curve flattened with the 2-yr Treasury higher by 3 bps to 2.28% and the 10-yr Treasury yield declined 15 bps to 2.74%.

While loan funds received inflows of \$2.1bn, high yield mutual funds saw continued net outflows of \$4.2bn, as tracked by Lipper and reported by Barclays. Bond new issuance more than doubled in March to \$26.5bn, which was not offset by \$22.9bn in redemptions, leaving a modestly negative technical as net supply was 3.6bn, per Barclays. The loan primary market continued to meet exceptional demand, pricing \$109.1bn 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 2.6%; the comparable figure for the loan market (below 80% of par) was also low at 2.3%. The par-weighted twelve-month HY bond default rate was 1.43% at month-end, per BofA Merrill Lynch, and the loan market par-weighted trailing default rate was unchanged at 2.52%, per JP Morgan.

High Yield outperformed broad-based equities, but was not immune to the general weakness as the ICE BofAML US High Yield Index returned -0.62% in March. Senior floating rate loans continue to outperform as the Credit Suisse Leveraged Loan Index returned 0.32%. The YTW for the HY index increased 25 bps to 6.38% and spreads increased 32 bps to 378 bps. While Triple-Cs were the worst-performing rating class, Single-Bs notably outperformed BB rated bonds as rate concerns continue to impact the lowest coupon, longest duration portion of the market. The BB, B and CCC bond sub-indices returned -0.61%, -0.50% and -0.97%, respectively. With the exception of Real Estate at 0.16%, returns were negative across all sectors for the month, with Automotive the bottom performer at -1.42%. Across risk types (defined by duration and yield to worst), the shortest duration, most defensive part of the market outperformed the longer duration, more equity-like part of the market. High yield outperformed large cap equities, represented by the S&P 500's -2.54% return, but underperformed small caps, represented by the Russell 2000's 1.29% return, as well as investment grade corporate bonds, represented by the ICE BofAML US Corporate Index's 0.22% return, which benefited from the move in the yield curve during the month.

Strategy

SKY Harbor Global Funds—US Short Duration High Yield Fund posted a slightly negative return (based on USD share classes) in March, but for a second consecutive month outperformed the broader US High Yield market (as defined by the ICE BofAML US High Yield Index). A duration shorter than the broad high yield market helped to reduce some of the volatility experienced by the overall high yield market again this month. In general, short duration, more defensive securities outperformed longer duration securities. From a sector standpoint, Insurance and Utility led with modestly positive contributions, while Retail and Transportation lagged with slightly negative contributions. By rating, Single-Bs outperformed Double-Bs and Triple-Cs.

The YTW on the Fund rose 26 bps to 5.17% and represented 81% of the broad market yield at month-end. The duration-to-worst was 2.0, or 49% of the broad market duration. The average coupon of 6.55% was down slightly from last month's figure but was 20 bps above the average coupon in the broad market. Exclusive of cash, Fund holdings (369 issues, representing 264 issuers) comprised 32% bonds with maturities of less than three years and 68% 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 increased modestly in the Fund: at month-end Double-B rated holdings represented 33.9% of the portfolio, Single-Bs were 55.7% and Triple-Cs were 8.5%.

Outlook

Despite the dramatic increase in volatility, 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. We have acknowledged that valuations are fair, though more compelling after this last round of spread widening, and rising rates present potential risks, but believe high yield could have further spread compression as volatility stabilizes. Near-term fundamentals of high yield issuers remain strong and we expect returns to benefit from the market income opportunity 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 substantially changed over the last month although we have been opportunistic purchasers of better-quality, rate-sensitive risk that has repriced during the market selloff.

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 NEXTEL CORPORATION	B2	Telecommunications	1.98
HCA HEALTHCARE INC	B1	Healthcare	1.58
DISH DBS CORPORATION	B1	Media	1.51
TENET HEALTHCARE CORPORATION	BB3	Healthcare	1.31
CENTURYLINK INC.	B1	Telecommunications	1.25
DIAMOND 1 FINANCE CORP	BB2	Technology & Electronics	1.22
ICAHN ENTERPRISES	BB2	Financial Services	1.21
CSC HOLDINGS LLC	B2	Media	1.14
ALLY FINANCIAL INC.	BB2	Banking	1.14
BOMBARDIER INC.	B3	Capital Goods	1.11

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)	\$2,658
Average Credit Rating	B1
Average Coupon (%)	6.6
Yield to Worst (%)	5.2
Yield to Maturity (%)	5.6
Current Yield (%)	6.4
Average Maturity (yrs)	3.6
Avg Mod. Dur. to Wst	2.0
Average Price	102.6
No of Issuers/Issues	264 / 369
% of Top 10 Issuers	13.5

*securities portfolio only, excludes cash

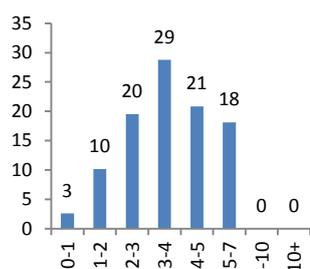
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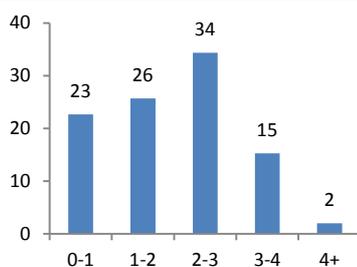
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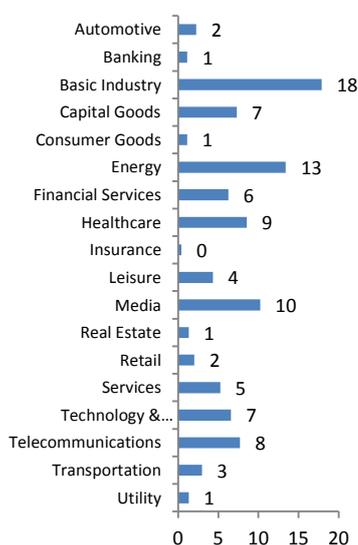
Maturity (%)



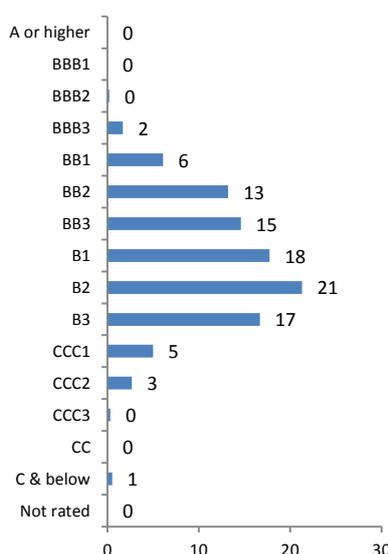
Modified Duration to Worst (%)



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	65M USD
Management Fee p.a.	45 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	LU0765416986	-0.03	0.20	0.20	2.63	4.69	SEK	LU0765417877	NA	NA	NA	NA	NA
EUR	LU0765417109	-0.34	-0.41	NA	1.21	4.57	NOK	LU0765435424	NA	NA	NA	NA	NA
GBP	LU0765417364	-0.23	-0.18	-0.18	2.01	4.53	DKK	LU0765435937	NA	NA	NA	NA	NA
CHF	LU0765417521	-0.38	-0.51	NA	0.90	4.72							

† 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.

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 ("ICE BofAML") and/or its licensors and has been licensed for use by SKY Harbor. ICE BofAML PERMITS USE OF THE 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 ICE 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.