

US Short Duration High Yield Fund

May 31, 2018

Class F Distribution

SKY HARBOR
GLOBAL FUNDS

Portfolio Commentary

Market

Despite an equity market rally, credit spreads widened late in May as Treasury yields dropped from the multi-year highs hit earlier in the month. Market volatility was related to: geopolitical themes, as expectations for the upcoming North Korean summit were a moving target; sovereign risk, as investors reassessed the risk of ITEXIT following the Italian elections; and trade war-related risk to economic stability and growth, as NAFTA discussions stumbled and the US generally pursued its current protectionist policies around the globe. Further weighing on high yield market sentiment, WTI Crude ended the month down \$1.53/bbl (or 2.23%) to \$67.04/bbl following prospects of OPEC easing production curbs combined with continued prolific US production. During May, the Fed held rates steady with the FOMC minutes leaving market expectations for continued normalization on track. The US Dollar was up 2.33% and US Treasury curve slightly flattened with the 2-yr Treasury lower by 6 bps to 2.41% and the 10-yr Treasury yield decreased 11 bps to 2.83%.

Technicals were mixed in May as loan funds received inflows of \$2.8bn but high yield mutual funds saw outflows of \$1.0bn, as tracked by Lipper and reported by Barclays. The HY bond market was supported by reduced new issuance of \$14.4bn in May, offset by \$31.6bn in redemptions, leaving a positive technical as net supply was -\$17.2bn, per Barclays. After slowing in April the loan primary market rebounded, pricing \$101.5bn during May, according to JP Morgan. The percentage of the HY bond market trading at distressed levels (below 70% of par) remained low at 2.2%; the comparable figure for the loan market (below 80% of par) was also low at 3.0%. The par-weighted twelve-month HY bond default rate was 1.37% at month-end, per BofA Merrill Lynch, and the loan market par-weighted trailing default rate decreased to 2.12%, per JP Morgan.

The ICE BofAML US High Yield Index returned -0.02% for May while senior floating rate loans had another positive month as the Credit Suisse Leveraged Loan Index returned 0.19%. The YTW for the HY index increased 8 bps to 6.32% and spreads increased 18 bps to 362 bps. By rating, the BB, B and CCC bond sub-indices returned -0.35%, 0.10% and 0.86%, respectively. By sector, Insurance and Healthcare were top performers, both returning 0.89%, while Banking lagged, returning -1.56% for the month. Across risk types (defined by duration and yield to worst), the highest-yielding, most speculative part of the market led while longer duration and more rate-sensitive parts of the market lagged. High yield underperformed large cap equities, represented by the S&P 500's 2.41% return, as well as investment grade corporate bonds, represented by the ICE BofAML US Corporate Index's 0.45% return, which benefited from the Treasury rally as excess returns for the month were -0.56%.

Strategy

SKY Harbor Global Funds—US Short Duration High Yield Fund posted a positive return in May excluding currency impact. This came despite a negative month for the broader US high yield market (as defined by the ICE BofAML US High Yield Index). Generally, shorter duration, more defensive securities outperformed longer duration. By sector, Healthcare and Technology led while Capital Goods and Consumer Goods lagged, posting modestly negative returns. By rating, lower quality led for the third consecutive month, with Triple-Cs outperforming Single-Bs and Double-Bs.

The YTW on the Fund rose 7 bps to 5.21% and represented 82% of the broad market yield at month-end. The duration-to-worst was unchanged at 2.0, or 49% of the broad market duration. The average coupon of 6.51% was essentially unchanged from last month's figure and was 17 bps above the average coupon in the broad market. Exclusive of cash, Fund holdings (363 issues, representing 260 issuers) comprised 33% bonds with maturities of less than three years and 67% 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 increased in the Fund during May: at month-end Double-B rated holdings represented 34.8% of the portfolio, Single-Bs were 54.9% and Triple-Cs were 8.3%.

Outlook

Despite continued geopolitical events causing persistent 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 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 fair and rising rates present potential risks, but believe high yield could have further spread compression as markets return focus to strength of the US economy and company growth trends. We expect returns to benefit from the market income opportunity and below-average default losses and expect risks outside the high yield market to generally remain in balance (e.g., trade wars do not escalate, etc.) although shift in relative weights in investors' minds.

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 COMMUNICATIONS INC.	B2	Telecommunications	2.10
HCA HEALTHCARE INC	BB3	Healthcare	1.93
TENET HEALTHCARE CORPORATION	BB3	Healthcare	1.47
VALEANT PHARMACEUTICALS	BB3	Healthcare	1.41
NAVIENT CORPORATION	BB3	Financial Services	1.38
DIAMOND 1 FINANCE CORPORATION	BB2	Technology & Electronics	1.36
DISH DBS CORPORATION	B1	Media	1.32
BOMBARDIER INC.	B3	Capital Goods	1.31
CENTURYLINK INC.	B1	Telecommunications	1.28
ICAHN ENTERPRISES L.P.	BB2	Financial Services	1.26

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)	\$2,700
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	2.0
Average Price	102.2
No of Issuers/Issues	260 / 363
% of Top 10 Issuers	14.8

*securities portfolio only, excludes cash

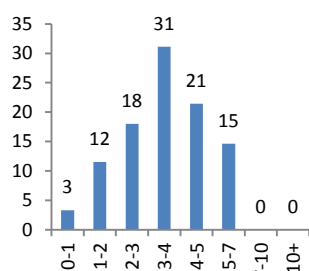
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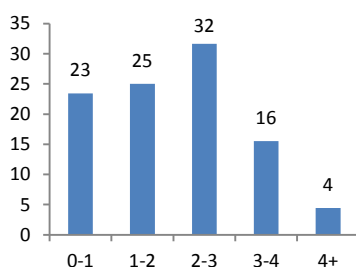
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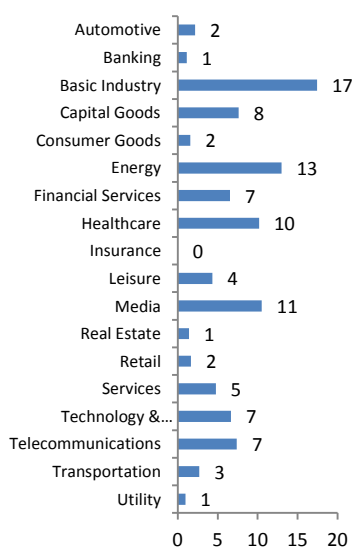
Maturity (%)



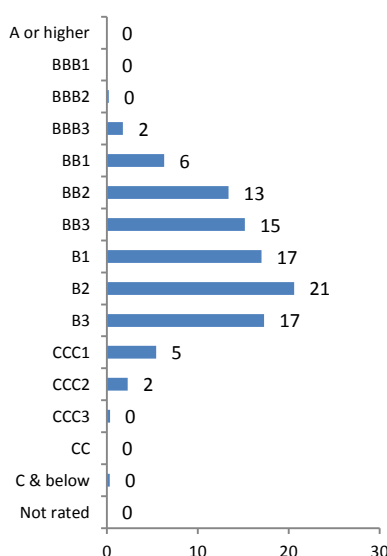
Modified Duration to Worst (%)



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	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

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	LU0765419493	NA	NA	NA	NA	NA	SEK	LU0765420236	-0.13	-0.50	-0.50	1.86	3.95
EUR	LU0765419659	-0.11	-0.44	-0.44	1.77	3.98	NOK	LU0765420400	NA	NA	NA	NA	NA
GBP	LU0765419816	NA	NA	NA	NA	NA	DKK	LU0765420665	NA	NA	NA	NA	NA
CHF	LU0765420079	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.

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.