

US Short Duration High Yield Fund

November 30, 2017

Class F Capitalization

SKY HARBOR
GLOBAL FUNDS

Portfolio Commentary

Market

The High Yield market sold off sharply during the first half of November, driven largely by ETF selling to reduce risk as equities also faltered. The second half of the month saw improvement as optimism grew around progress in the US tax reform proposal and the resurgence of the equity rally. High yield also benefited from higher oil prices, as WTI Crude Oil rallied, ending November up \$3.02 (or 5.25%) to \$57.40/bbl, helping the Energy sector return 0.31% for the month. On the negative side, Telecom remained under pressure from wireline weakness and negative M&A headlines. All of these factors led to a slightly negative November for HY. During the month, the US Dollar Index was down 1.59%, and the US Treasury curve flattened with the 2-yr Treasury higher by 18 bps to 1.78% and the 10-yr Treasury yield higher by 3 bps to 2.41%.

Technicals were mixed in November. HY mutual funds saw net outflows of \$7.1bn while loan funds had outflows of \$1.8bn, as tracked by Lipper and provided by Barclays. Bond new issuance increased to \$26.4bn, offset by \$15.2bn in redemptions, leaving net supply at \$11.2bn, per Barclays. The loan market was similarly active, pricing \$103bn during the month (\$15bn net), according to JP Morgan. The percentage of the HY bond market trading at distressed levels (below 70% of par) ended November at 3.2%, the comparable figure for the loan market (below 80% of par) was 3.3% and the par-weighted trailing default rate was 1.84%, per JP Morgan. The par-weighted twelve-month bond default rate moved higher to 1.73% at month-end, per BofA Merrill Lynch. Excluding commodities, the default rate was 1.59%.

The ICE BofAML US High Yield Index returned -0.27% in November, and the Credit Suisse Leveraged Loan Index returned 0.12%. The YTW for the HY index increased 27 bps to 5.71% and spreads increased 12 bps to 357 bps. The BB, B and CCC bond sub-indices posted returns of -0.07%, -0.53% and -0.25%, respectively. By sector, Utilities was the top performer, returning 0.59%, while Telecom was the bottom performer, returning -2.23%. Across risk types (defined by duration and yield to worst), the longer duration part of the market led with a modestly positive return but was offset by the highest yielding, most speculative segment which was sharply negative. High yield underperformed large cap equities, represented by the S&P 500's 3.07% return, as well as small caps, represented by the Russell 2000's 2.88% return, and investment grade corporate bonds, represented by the ICE BofAML US Corporate Index's -0.14% return.

Strategy

SKY Harbor Global Funds—US Short Duration High Yield Fund was not immune to the sell-off in November, posting a modestly negative return for the month but outperforming the overall high yield on a gross-of-fee basis in USD-based share classes. Due to interest rate differentials on the currency hedges, some non-USD share classes posted lower returns for the month. By sector, Retail and Consumer Goods led but were offset by negative returns in Telecom and Healthcare. By rating, Double-Bs outperformed Single-Bs and Triple-Cs.

The YTW on the Fund rose 38 bps to 4.48% and represented 78% of the broad market yield at month-end (as measured by the ICE BofAML US High Yield Index). The duration-to-worst was 1.7 this month, or 47% of the broad market duration. The average coupon of 6.65% was unchanged from last month's figure and was 22 bps above the average coupon in the broad market. Exclusive of cash, Fund holdings (405 issues, representing 272 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. 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 decreased slightly in the Fund this month: at month-end Double-B rated holdings represented 34.4% of the portfolio, Single-Bs were 52.9% and Triple-Cs were 9.0%.

Outlook

We have maintained a consistent view of market risks and opportunities for the last several months and, as a result, held our risk positioning constant. While various geopolitical risks remain, markets are benefiting from the strongest corporate earnings growth in the last five years and the default rate has fallen from the peak reached early in 2017. However, while the high yield market has not hit cycle tight spreads, parts of the market have or are approaching cycle tight. We believe further spread compression is possible absent a general spike in risk premiums from a risk that is currently underappreciated in the market. Interest rate expectations seem to be rising, although in our view not meaningfully enough to derail the most rate and spread sensitive parts of the market. We expect HY issuance to remain tilted towards better quality and refinancing, but generally be demand driven and sensitive to fund flows. Our conviction that fundamentals will continue to improve and HY defaults have peaked remains high and the strongest driver of portfolio positioning. However, while corporate fundamentals are strong, we believe we are generally not being paid to take "equity-like" risk at current market levels due to the underlying secular and/or cyclical changes that much of the remaining higher-yielding part of the market faces. 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.

As we approach year end, 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. Additionally, we continue to moderate our underweight to the more spread sensitive segment of the market and will use market volatility to opportunistically add attractively priced positions to the Fund.

Top 10 Holdings by Issuer Weight

Name	Ratings	Sector	Weight (%)
SPRINT NEXTEL CORP	B2	Telecommunications	2.00
DISH DBS CORPORATION	BB3	Media	1.54
ALLY FINANCIAL INC.	BB2	Banking	1.43
HCA HEALTHCARE INC	B1	Healthcare	1.36
ICAHN ENTERPRISES L.P.	BB2	Financial Services	1.35
DIAMOND 1 FINANCE CORP	BB2	Technology & Electronics	1.27
TENET HEALTHCARE CORP	BB3	Healthcare	1.18
SPRINGLEAF FINANCE CORP	B2	Financial Services	1.13
BOMBARDIER INC.	B3	Capital Goods	1.12
NEPTUNE FINCO CORP	B2	Media	1.10

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)	\$2,828
Average Credit Rating	B1
Average Coupon (%)	6.6
Yield to Worst (%)	4.5
Yield to Maturity (%)	5.3
Current Yield (%)	6.4
Average Maturity (yrs)	3.6
Avg Mod. Dur. to Wst	1.7
Average Price	104.0
No of Issuers/Issues	272 / 405
% of Top 10 Issuers	13.5

*securities portfolio only, excludes cash

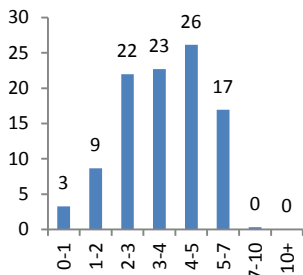
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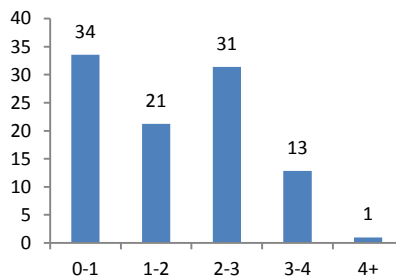
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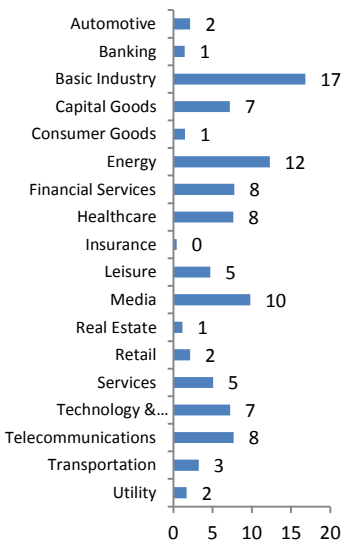
Maturity (%)



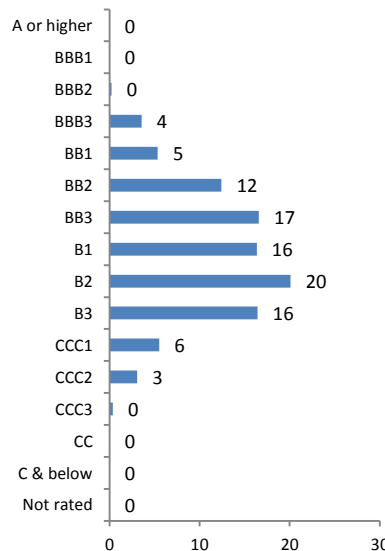
Modified Duration to Worst (%)



Sector (%)



Average Rating (%)



Fund Facts

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

info@skyhcm.com

+49 69 75938622

+1 203 769 8800

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	LU0765419220	-0.25	0.54	3.75	2.95	SEK	LU0765420152	-0.38	0.05	1.81	2.16
EUR	LU0765419576	-0.40	0.08	1.99	2.19	NOK	LU0765420319	NA	NA	NA	NA
GBP	LU0765419733	-0.32	0.24	2.71	2.77	DKK	LU0765420582	NA	NA	NA	NA
CHF	LU0765419907	-0.42	-0.01	1.64	1.76						

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.