

US High Yield Fund

December 31, 2017

Class B Capitalization

SKY HARBOR
GLOBAL FUNDS

Portfolio Commentary

Market

The archetypical slowdown seen at year-end provided stable trading conditions with low activity in both the primary and secondary markets. Despite passage of the US tax bill, continuing strong equity markets and ongoing rally in oil prices, High Yield posted a modest return, driven predominantly by coupon income. As expected, the FOMC raised rates for a third time in 2017, which did not have a large impact. WTI Crude Oil ended the month up \$3.02 (or 5.26%) to \$60.42/bbl, a multi-year high, lifting Energy 0.83% to be the top-returning sector in December. During the month, the US Dollar Index was down 0.99% and the US Treasury curve flattened with the 2-yr Treasury higher by 8 bps to 1.88% and the 10-yr Treasury yield fell 2 bps to 2.41%.

Technical were mixed in December. HY mutual funds saw net outflows of \$3.4bn while loan funds had outflows of \$1.1bn, as tracked by Lipper and provided by Barclays. Bond new issuance decreased to \$17.6bn, offset by \$24.5bn in redemptions, leaving net supply at -\$6.9bn, per Barclays. The loan market priced \$71.5bn during the month (\$21.5bn net), according to JP Morgan. The percentage of the HY bond market trading at distressed levels (below 70% of par) ended December at 3.2%, the comparable figure for the loan market (below 80% of par) was 3.9%, and the loan par-weighted trailing default rate was 1.84%, per JP Morgan. The par-weighted twelve-month HY bond default rate moved lower to 1.65% at month-end, per BofA Merrill Lynch. Excluding commodities, the default rate was 1.53%.

The ICE BofAML US High Yield Index returned 0.29% in December, and the Credit Suisse Leveraged Loan Index returned 0.39%. The yield-to-worst (YTW) for the high yield index increased 6 bps to 5.77% and spreads increased 1 bp to 358 bps. The BB, B and CCC bond sub-indices posted returns of 0.07%, 0.35% and 0.88%, respectively. By sector, Energy led, while Telecom was the bottom performer, returning -0.47%. Across risk types (defined by duration and yield to worst), the intermediate risk part of the market was strongest while the better quality, more rate sensitive part of the market lagged. High yield underperformed large cap equities, represented by the S&P 500's 1.10% return, as well as investment grade corporate bonds, represented by the ICE BofAML US Corporate Index's 0.85% return, but outperformed small caps, represented by the Russell 2000's -0.41% return.

Strategy

SKY Harbor Global Funds—US High Yield Fund outperformed its benchmark in December in USD-based share classes. By risk type, security selection was the primary source of outperformance again this month while allocation had a muted but positive impact. The primary drivers of outperformance were security selection within the most speculative, equity-like part of the market and to a lesser extent, an underweight to the bottom-performing, more rate sensitive part of the market. By sector, security selection in Energy and Healthcare were sources of outperformance, partially offset by weaker selection in Media.

The largest positive contributor to returns was Approach Resources Inc. (AREX), which traded up along with equity-like risk in December. Last month's largest contributor, Ahern Rentals (AHEREN) 7.375% notes due 2023 was again among top contributors to returns, continuing momentum following solid Q3 earnings and a positive outlook. The largest negative contributor was Genesys Telecommunications Laboratories (GENLAB) 10% notes due 2024, which traded down following disappointing Q3 earnings driven by the timing of software license bookings. Last month's bottom contributor, Bonanza Creek Energy Inc. (BCEI) was among bottom contributors to returns again in December following a potential acquiring company's decision to terminate its acquisition plans.

Outlook

We maintained a consistent view of market risks and opportunities for most of the second half of 2017 and, as a result, our risk positioning has been generally unchanged. 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 completely derail the most rate and spread sensitive parts of the market that benefit from crossover buyers. We expect high yield 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 high yield 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.

Entering 2018, we believe our Broad High Yield Market portfolios remain well positioned for the current market environment. We have moderated our underweight to the better quality, more spread sensitive segment of the market such that we have reached our target positioning. We continue to look for opportunities to benefit from credit picking among the higher-yielding segments of the market although remain underweight this segment.

Top 10 Holdings by Issuer Weight

Name	Ratings	Sector	Weight (%)
SPRINT CAPITAL CORPORATION	B2	Telecommunications	2.05
VALEANT PHARMACEUTICALS	BB3	Healthcare	1.61
HCA INC.	BB3	Healthcare	1.26
AMERICAN AXLE	B1	Automotive	1.06
CCO HOLDINGS LLC	BB2	Media	1.05
ALLY FINANCIAL INC.	BB2	Banking	1.05
CALUMET SPECIALTY PRODUCTS	CCC2	Energy	1.03
XPO LOGISTICS INC.	B1	Transportation	1.01
DISH DBS CORPORATION	BB3	Media	1.00
AHERN RENTALS INC.	B3	Services	0.98

Investment Objective

To outperform the broad US high yield market over a full market cycle with less volatility through investing across the full maturity spectrum of the US below-investment-grade debt market. The Fund principally invests in a diversified portfolio of high yield debt securities issued by companies domiciled or listed in the US.

Benchmark

ICE BofAML US High Yield Index (HOAO)

Launch Date

April 5, 2012

Lead Portfolio Manager

Hannah H. Strasser, CFA

- A founder and Managing Director of SKY Harbor Capital Management, LLC.
- 35 years of investment experience.
- Has managed Broad High Yield Market strategies since 1988.
- Previously Head of US Fixed Income, AXA Investment Managers.

Fund Information	SHGF*	Benchmark
Market Value (mn/bn)	\$349.6	\$1,298.5
Average Credit Rating	B2	B1
Average Coupon (%)	6.9	6.4
Yield to Worst (%)	5.8	5.8
Yield to Maturity (%)	6.3	6.1
Current Yield (%)	6.7	6.4
Average Maturity (yrs)	6.3	6.2
Avg Mod. Dur. to Wst	3.5	3.7
Average Price	102.9	100.6
No of Issuers/Issues	274 / 358	872 / 1881
% of Top 10 Issuers	12.1	12.6

*securities portfolio only, excludes cash

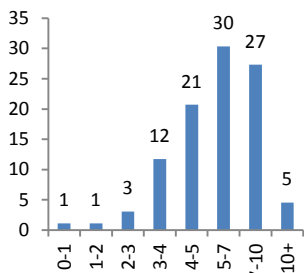
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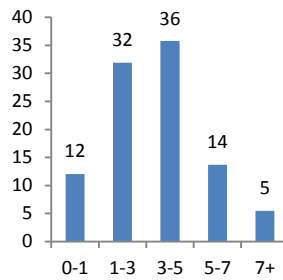
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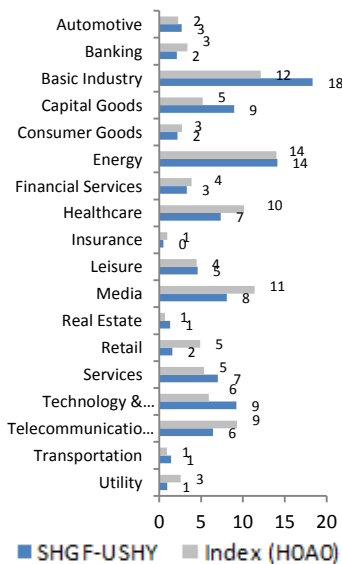
Maturity (%)



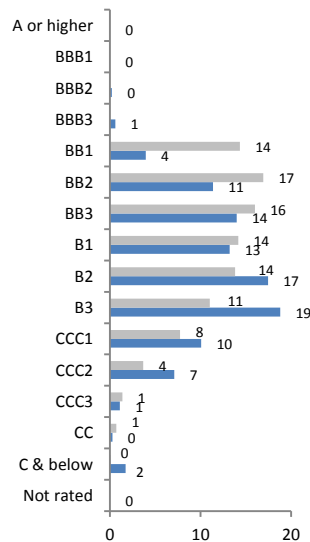
Modified Duration to Worst (%)



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	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

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	LU0765422448	0.46	0.63	6.68	5.59	SEK	LU0765423339	NA	NA	NA	NA
EUR	LU0765422794	0.09	-0.05	4.46	4.72	NOK	LU0765423503	0.26	0.28	5.83	5.50
GBP	LU0765422950	NA	NA	NA	NA	DKK	LU0765423768	NA	NA	NA	NA
CHF	LU0765423172	NA	NA	NA	NA	ICE BofAML US High Yield Index (HOAO)†		0.28	0.41	7.47	6.79

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

† Index performance inception date is the first share class launch date - April 5, 2012

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.