

US High Yield Fund

May 31, 2018

Class A 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 High Yield Fund underperformed the benchmark in May. By risk type, security selection was a source of outperformance while allocation was a source of underperformance. The primary driver of underperformance was an underweight to the top-performing, most speculative part of the market. This was partially offset by an underweight to the lower-performing, more rate sensitive part of the market where relative returns also benefited from strong security selection. By sector, weaker selection in secularly challenged Telecom and Media were sources of underperformance, partially offset by strong selection in Energy and Services.

The largest positive contributor to returns was Approach Resources Inc. (AREX), which traded up early in the month in tandem with small cap energy equities hitting a multi-year high. Last month's top contributor, Sprint Capital Corp. (S) 8.75% notes due 2032 traded down during the month on waning enthusiasm over the expected pro forma Sprint/T-Mobile capital structure. The largest bottom contributor was again Rex Energy Corp. (REXX) 8% notes due 2020, which declined following the company's plan for a prepackaged restructuring.

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. As a result, our positioning has not substantially changed over the last month. We have been and will continue to be opportunistic purchasers of better-quality, rate-sensitive risk that typically reprices during rate-related volatility.

Our Broad High Yield Market portfolios remain underweight the better-quality, more rate-sensitive segment of the market. We continue to look for opportunities to add income through credit picking among companies with improving earnings. 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.

Top 10 Holdings by Issuer Weight

Name	Ratings	Sector	Weight (%)
SPRINT CORPORATION	B2	Telecommunications	2.03
VALEANT PHARMACEUTICALS	B3	Healthcare	1.86
HCA INC.	BB1	Healthcare	1.78
AHERN RENTALS INC.	B3	Services	1.40
XPO LOGISTICS INC.	B1	Transportation	1.35
AMERICAN AXLE & MANUFACTURING INC.	B1	Automotive	1.31
CENTURYLINK INC.	B1	Telecommunications	1.31
CCO HOLDINGS LLC	BB2	Media	1.29
INFOR (US) INC.	CCC2	Technology & Electronics	1.29
XERIUM TECHNOLOGIES INC.	B2	Basic Industry	1.25

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)	\$260.5	\$1,259.0
Average Credit Rating	B2	B1
Average Coupon (%)	6.9	6.3
Yield to Worst (%)	6.4	6.3
Yield to Maturity (%)	6.7	6.5
Current Yield (%)	6.9	6.5
Average Maturity (yrs)	6.1	6.1
Avg Mod. Dur. to Wst	3.8	4.1
Average Price	99.5	98.2
No of Issuers/Issues	222 / 274	876 / 1874
% of Top 10 Issuers	14.9	12.4

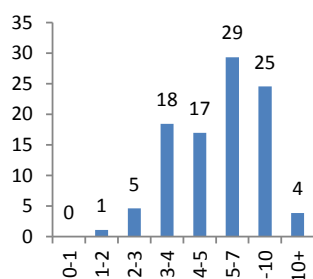
*securities portfolio only, excludes cash

US High Yield Fund

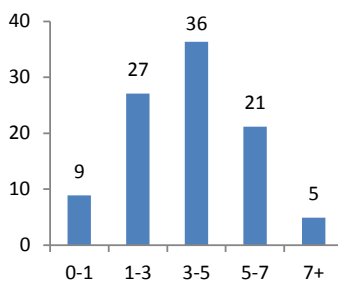
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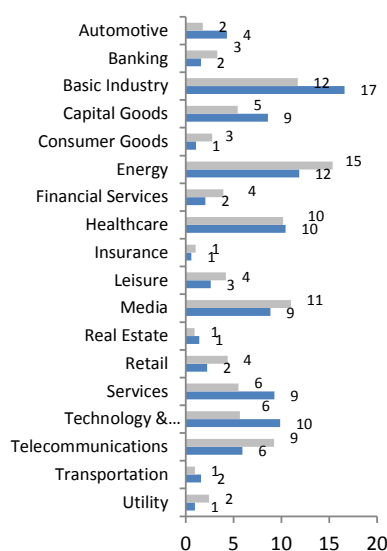
Maturity (%)



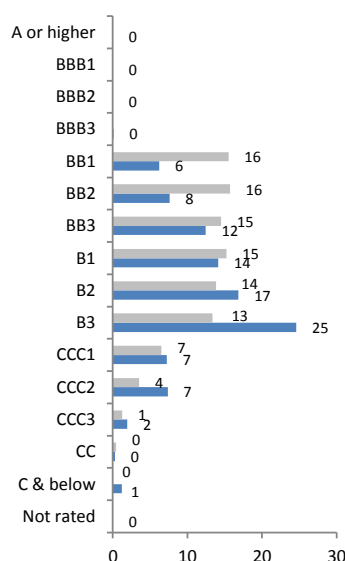
Modified Duration to Worst (%)



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	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

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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	LU0765421044	NA	NA	NA	NA	NA	SEK	LU0765421986	NA	NA	NA	NA	NA
EUR	LU0765421390	NA	NA	NA	NA	NA	NOK	LU0765422109	NA	NA	NA	NA	NA
GBP	LU0765421556	-0.22	NA	NA	-1.66*	NA	DKK	LU0765422364	NA	NA	NA	NA	NA
CHF	LU0765421713	NA	NA	NA	NA	NA	ICE BofAML US High Yield Index (HOAO)‡		-0.02	-0.25	-0.25	6.27	NA

* cumulative performance shown for period less than one year

† Annualized Dividend Yield = Most Recent Dividend / NAV as of Ex Date × Annual Frequency. Historical data provided and does not imply prospective returns or yields.

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

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.