SKY Harbor Global Funds

Responsible Investing for a Sustainable Future

March 31, 2024

Sustainability Policies and Procedures

US Short Duration Responsible High Yield Fund
Global Responsible High Yield Fund
Global Short Maturity Responsible High Yield Fund

Our Purpose

To grow our clients' assets by investing in high yield sustainable corporations that have committed to benefit all their stakeholders and society as a whole.

How We Do It

By compounding current income over time, seeking to avoid principal loss and giving our clients the returns they expect and the information they need.

Why We Do It

We believe that Sustainable Corporations will prosper over the long term, attract lower cost capital, and generate superior returns to their investors.

Pillar I:
ESG Integration

Pillar II:
Negative Exclusions

Pillar III:
Engagement

The content of this document applies to all Sub-funds set forth on the cover page.

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Key Defined Terms and Abbreviations

Compact	UN Global Compact
Corporate Sustainability	A company's delivery of long-term value in financial, environmental, social, governance and ethical terms (including implementing a whole-of-company approach to protect, respect and remedy Human Rights or by taking substantial strides on the path toward it). Corporate Sustainability can also be interpreted as interchangeable and consistent with the notion of "stakeholder primacy," which generally defines the purpose of a profit-seeking corporation is to engage all its stakeholders in shared long-term value creation in the service of not only its shareholders but all its essential stakeholders — employees, customers, suppliers, capital providers, local communities, and society at large.
CSSF	*Commission de Surveillance du Secteur Financier,* the Luxembourg securities regulator
ESG	Environmental, social and governance matters
Eurosif Transparency Code	Established in 2008, the Eurosif Transparency Code (the "Code") was intended to increase accountability and transparency of investment fund's socially responsible investment ("SRI") policies and practices by providing the investing public with a set of standards for a fund to communicate their approach to SRI though a simple and easily accessible list of core questions designed to provide information on a fund's general information about a fund's management company, the SRI policies of the investment fund, its investment processes and controls, and performance monitoring. Because the EU's Sustainable Finance Action Plan and its range of mandatory disclosure and transparency standards now address these topics, the Eurosif Board decided to officially phase out the Transparency Code as of 1 January 2024. The Code information that was originally intended to be communicated, which now overlaps and duplicates the prevailing range of mandatory regulatory disclosures, in the format of the Transparency Code's series of simple questions are herein incorporated within the narrative sections of this document.
Extra-financial	Refers, in the context for which it is used, to Sustainability Factor and/or ESG Factors. Extra-financial analysis means the systematic assessment of Sustainability Factors and Sustainability Risks.
FASST	Acronym summarizing the Investment Manager's investment process that incorporates a systematic consideration of high yield bond's **F**undamentals, **A**sset values, **S**entiment, **S**ustainability, and **T**echnical factors.

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French SRI Label	The socially responsible investment label, established in 2016 with the support and approval by the French Ministry of Economy and Finance, is intended to assist the investing public in choosing investment funds that meet and satisfy the SRI Label's socially responsible criteria, inspection points and methods, and periodic audit examinations. See Labelling Criteria of the French SRI Label below. As of the date of this document, all three sub-funds of SKY Harbor Global Funds have been awarded the French SRI Label.
Impact SRI Indicators	metrics covering four categories designed to monitor the environment, social, governance and human rights performance of the Fund's responsible investment strategies and to compare against the Investable Universe over time, and which will be posted at www.skyharborglobalfunds.com/sustainability/impactreports.shtml on a quarterly basis. The aggregated Value Rubric score of each portfolio compared to the Investable Universe shall also be included in these quarterly reports.
Investable Universe	Unless the context otherwise requires and except as otherwise specified in this document or the Fund's Prospectus, comparisons, and references to the "Investment Universe" or "Investable Universe" means the High Yield debt securities comprising the ICE BoA US High Yield Index (ticker: H0A0). H0A0 is the property of ICE Data Indices LLC and its affiliates ("ICE") and has been licensed to SKY Harbor. ICE assumes no liability for its use.
Investment Manager or SKY Harbor," "us", "our," or "we"	SKY Harbor Capital Management, LLC, with its registered office at: 20 Horseneck Lane, Greenwich, CT 06830 USA. www.skyhcm.com Contact persons: Philippe Descheemaeker. pdescheemaeker@skyhcm.com Gordon Eng. geng@skyhcm.com.

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Labelling Criteria of the French SRI Label	The Labelling Criteria is organized under six Pillars: I. The objectives targeted by the Fund by taking ESG criteria into account for issuers. This includes, the general, financial, and specific ESG criterial targeted by taking ESG criterial into account in the investment policy are clearly described in the regulatory and commercial documents intended for investors. II. Investee analysis and rating methodology used by the Investment Manager. This includes a clearly described ESG assessment methodology and demonstration of the Investment Manager's ability to take these criteria into account and has put in place reliable internal or external resources to conduct the analysis and manifests real effort to analyse and understand it. III. Inclusion of ESG criteria in the portfolio's construction and operation, which includes an explicitly defined ESG strategy and the measurable results of this strategy as well as the adoption of a long-term perspective. IV. ESG engagement policy with investees consistent with the Fund's objectives. V. Enhanced Transparency in the form of formalized communication with distributors and investors to ensure proper understanding of the Fund's strategy and objectives including compliance with SRI portfolio management policies and procedures. VI. Demonstration of ESG performance monitoring.
OECD Guidelines	OECD Guidelines for Multinational Enterprises
PRI	UN-backed Principles for Responsible Investment
RBC	Responsible business conduct
SDGs	UN Sustainable Development Goals
SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended by Regulation (EU) 2020/852 of 18 June 2020 (the "Taxonomy Regulation") and the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 (the "RTS").

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SKYSIS E or S Score	the SKYSIS E or S Score refers to the proprietary SKY Harbor Sustainable Investment Screen Environment or Social minimum score, the satisfaction of which comprises one of the three interchangeable criteria comprising a minimum proportion of 15% of NAV in Sustainable Investments in economic activities that promote environmental or social characteristics but do not qualify as environmentally sustainable under the EU Taxonomy as presented in the Com's pre-contractual and periodic disclosures mandated under Commission Delegated Regulation 2022/1288 of 6 April 2022 (the RTS). The SKYSIS Score seeks to assess the impact of an issuer's contribution to environmental and/or social objectives while not doing harm to any of those objectives (as evidenced by achieving the minimum baseline Environment or Social Sustainable score) while following good governance practices).
Socially Responsible or Sustainable Investing Strategies	means a medium to long-term oriented investment approach that is characterized by three pillars of socially responsible investing strategies: ESG integration, negative screening, and direct or collaborative engagement. Socially responsible or sustainable investing integrates Sustainability Factors in the research, analysis, and selection process of High Yield securities within an investment portfolio. It combines fundamental analysis, asset valuation, sentiment assessment, technical analysis, and Engagement with an evaluation of Sustainability Factors in order to capture long-term returns for investors and to benefit society by influencing the behavior of High Yield debt issuers. Negative screening includes both mandatory exclusions as set forth in the Sub-Fund appendices and discretionary exclusions by the Investment Manager. Direct engagement shall mean the two-way dialogue between the Investment Manager and an authorized officer or employee of a High Yield issuer with the aim of promoting, among other characteristics, environmental, social, best practices in corporate governance characteristics and a whole-of-company approach to human rights or a combination of those characteristics in order to take into consideration principal adverse impacts on Sustainability Factors.
Sustainability Factors	Used interchangeably with ESG Factors meaning Environmental, social, governance, and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.
Sustainability Risk	An ESG event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment
Taxonomy Regulation	Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020 on the establishment of a framework to facilitate investment and amending Regulation (EU) 2019/2088.
TCFD	Task Force on Climate-related Financial Disclosures

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Value Rubric	The Investment Manager's in-house proprietary ESG ratings rubric, which is an integral part of its ESG integration strategy. The Value Rubric rates companies on specific Sustainability Factors based in part on the presence or absence of affirmative actions to promote transparency and disclosure, diversity and inclusion, the degree of implementation of best practices in governance, the extent of encouraging responsible use of natural resources including moderating carbon and other greenhouse gas emissions, and manifestations of a whole-of-company approach to protect, respect, and where appropriate remedy adverse impact on human rights.

The content of this document applies to all Sub-funds set forth on the cover page.

I. Introduction and Overview

1.0 SKY Harbor Global Funds: Who We Are, What We Do, How We Do It

SKY Harbor Global Funds (the "Fund") is an actively managed socially responsible Luxembourg UCITS investment fund managed by SKY Harbor Capital Management, LLC (the "Investment Manager") and focused on long only portfolios of US dollar and non-US dollar denominated corporate high yield bonds (below investment grade). The Fund does not employ leverage or performance-enhancing derivatives (apart from passive currency hedging of share classes). The investment objective seeks to grow investor assets by compounding current income over time and attempting to avoid principal losses by systematically and judiciously (PRIIPS Risk indicator of 2-3 out of 7, with 7 being the highest risk) investing in high yield sustainable corporations that have publicly acknowledged a specific goal to benefit their stakeholders — broadly defined — and society as a whole. The Fund is an open-end fund regulated by the CSSF pursuant to the Luxembourg transposition of the EU Undertakings for the Collective Investment in Transferable Securities Directive ("UCITS") and the local laws and regulations promulgated thereunder. As of 31 December 2023, the Fund's Net Assets totaled approximately $1.7 billion.

The Fund's financial and extra-financial objectives are offered in three sub-funds as identified on the cover page, all of which are subject to, among other things, the transparency obligations set forth under Articles 4, 8, 10 and 11 of the SFDR, as amended, and all of which promote, among other characteristics, a combination of environmental or social characteristics including human rights, and good governance practices in the investee entities in which investments are made.

The Fund's three sub-funds have been awarded the French SRI Label since 2021 and shall undergo the mandatory audit examination for renewal of the award every three years; the results will be promptly posted on the Fund's website at www.skyharborglobalfunds.com, where further detailed information can be found of the Fund and its sub-funds and their financial and extra-financial investment objectives, risk factors, subscription and redemption procedures and other important information as set forth in the Fund's Prospectus. Past performance is not necessarily indicative of future results.

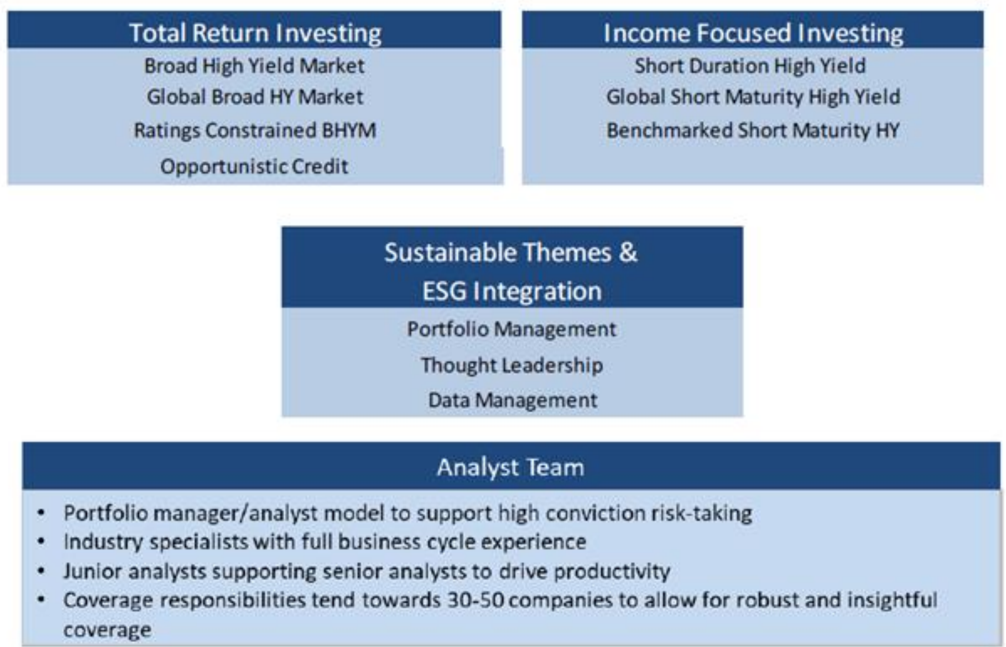
To implement the Fund's social responsibility investment objectives, the Fund's Investment Manager is committed to providing investors with the enhanced information transparency that investors need and the performance they expect by employing a "Best in Universe" investment selection process that comprises (i) ESG integration as a core element of its financial evaluation of companies chosen for inclusion in the Fund's portfolios; (ii) negative exclusions of certain industry sectors based on unredeemable negative externalities as further detailed below in Section 3.2, and (iii) engagement, which seeks to influence investee companies to voluntarily embrace the principles of responsible business conduct, and implement and disclose efforts to identify, prevent or mitigate and account for ESG risk in a transparent and readily accessible manner. The Investment Manager also applies Norms-based screening to enhance risk management, which includes subscribing to the Principles for Responsible Investment ("PRI") since 2016, UN Global Compact since 2017, and the TCFD in 2018. The Fund's Norms-based screening is further informed by the OECD Guidelines for Multinational

Enterprises. Norms-based screening can result in additional exclusions or partial or total divestment of investee bond issuers.

The entire SKY Harbor organization – our Board, investment team, and operations and client service teams – is engaged in our ESG integration and sustainability efforts.

Co-founder and Managing Director Hannah Strasser leads the firm's multi-year effort in support of the 2030 Agenda for Sustainable Development Goals ("SDGs") not only in terms of the company's personal conduct but as a steward of our investors' capital.

Portfolio Management Working Groups by Investment Strategy



SKY Harbor's Sustainable Themes and ESG Integration Working Group (the "ESG Working Group") is organizationally positioned alongside our Short Duration and Broad High Yield investment strategy working groups. Our Co-founder and Managing Director, Hannah Strasser and our Head of Investing, David Kinsley provide investment process integration and portfolio management expertise within this working group. General Counsel & CCO Gordon Eng oversees sustainability-focused thought leadership, leveraging his expertise in regulatory and compliance matters and his legal perspective on board governance and public policy issues. The five-person Sustainable Themes and ESG Integration Working Group is further supported by an ESG data management specialist, who provides quantitative support for our proprietary assessment of the high yield issuer universe, and our Head of Distribution who provides feedback on Sustainability-related trends from investors, prospects, and consultants.

We believe this organizational structure allows for the efficient development of best practices without isolating information away from the full investment team.

The content of this document applies to all Sub-funds set forth on the cover page.

The ESG Working Group spearheads SKY Harbor's sustainability initiatives, projects, and developments. Some of these activities include:

- Defining and overseeing the implementation of the ESG and sustainable investment policy

- Drafting and validating the sustainability disclosures pursuant to the EC Sustainable Finance Disclosure Directive as contained in the Fund's Sustainability Policy and Procedures as well as drafting other documents such as these SRI Disclosures but also regulatory reports (such as the SFDR annexes).

- Updating and enhancing the firm's capabilities (tools, procedures, etc.) and contributing to the updates and enhancements to the proprietary "Value Rubric."

- Keeping abreast of new developments, initiatives, regulations pertaining to Sustainability and ensuring that such insight is shared with everyone at SKY Harbor.

- Ensuring that SKY Harbor's commitment to Sustainability is inculcated in personal objectives and remuneration of the firm's staff.

- Providing ongoing training, education, and compliance in ESG and sustainability.

- Assessing participation in collective engagements.

- Monitoring the availability of Sustainability Factors in the high yield market with the hopeful expectation that the asset class increasingly transitions to a more sustainable economic model.

The ESG Working Group has regular internal discussions and communicates regularly with the investment team as well as with marketing and client-facing managers to ensure a consistent and common purpose with respect to SKY Harbor's Sustainable goals and objectives.

As of March 1, 2024, there are 13 people directly involved in the Sustainable investment activity. 3 Portfolio Managers/analysts, 5 analysts and 1 trader, 1 Compliance, 1 Investors Services support person, 1 Technology, and 1 Relationship Management. The efforts of this team with respect to SKY Harbor's socially responsible investment process are orchestrated by a formalized framework.

SKY Harbor's socially responsible investment process is formalized through the integration of Sustainability Factors into our top-down and bottom-up assessment of investment risks and opportunities. Our top-down assessment of risks and opportunities formalizes the integration of sustainability through the firm's *FASST* process, which is an acronym that stands for Fundamentals, Asset values, Sentiment, Sustainability, and Technical factors. This top-down analysis further supports our bottom-up fundamental process. Our bottom-up analysis embeds Sustainability Factors into our assessment of issuer-based fundamental risk. Our investment process is further detailed in Section II below.

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Our sustainable investment process is designed to assess, value, and manage high yield investment risk. It has been formalized through the experience gained managing high yield debt portfolios through numerous markets and economic cycles over more than three decades. We utilize an investment process based on fundamental analysis of issuers and markets, ESG integration, and technical analysis of security characteristics, supported by quantitative valuation and risk monitoring tools. Portfolios are constructed using a quantitative framework that balances the risk and return opportunities embedded in sector positioning and security selection.

Investors should note that the Fund's ESG integration is not intended to predominate over or diminish the equally critical function of traditional financial analysis, which remains the bedrock of credit-picking across the Investable Universe.

Rather, in performing extra-financial analysis of investee company business models, the Fund's Investment Manager seeks to uncover Sustainability Risks and externalities, risk mitigation measures, or business opportunities that might not otherwise surface by traditional fundamental financial metrics alone. Stated differently, the Fund will not sacrifice its financial objective solely to favor Sustainability Factors (except for the mandatory Negative Exclusions). Conversely the Fund will not abandon its commitment to Corporate Sustainability solely for short-sighted financial considerations.

For example, in the exercise of investment discretion, there will be instances where the debt securities of an otherwise high-scoring Sustainable Corporation may be sold from the portfolio because of price, market considerations, portfolio or sector diversification, change in financial outlook, or a combination of all these considerations. Similarly, an investment in a marginally Sustainable Corporation that only meets the minimum Sustainability scoring criteria but exhibits strong financial flexibility will also be made for similar considerations.

Financial and the extra-financial criteria are both necessary but neither one by itself is sufficient to merit inclusion in the Fund's socially responsible portfolios.

In sum, the Fund's investment strategy is to deliver consistent risk-adjusted income by investing in a diversified portfolio of debt securities issued by companies that the Investment Manager has determined have sufficient characteristics of a Sustainable Corporation, and which are believed more likely to prosper over the long term, attract lower cost of capital with lower default risk, and generate superior returns to the Fund's investors.

The Fund's investment process supports the notion that such companies are best positioned to benefit from a transition to a sustainable economy.

The Fund shall post on its website a combination of regulatory documents, sustainability-related transparency templates, and periodic reports on its sustainable activities on its website, Annual and Semi-annual Reports, periodic investor communications (e.g., Factsheets), and the Fund's pre-contractual communications in its Prospectus.

1.1 The Value Rubric

As will be more evident throughout this document, at the heart of SKY Harbor's socially responsible investment process is the **Value Rubric**, a proprietary socially responsible scoring methodology, which seeks to capture in a quantifiable and deliberative fashion the Sustainability Factors and criteria that we believe are most relevant in identifying high yield companies that are best positioned to benefit from the transition to a sustainable and inclusive economy — or not.

The Value Rubric was constructed by the Investment Manager to resolve and recognize significant differences in the approach to sustainability in general and particularly with respect to climate change between the United States and the EU (the latter which includes for this purpose, the U.K., Switzerland, and Norway) coupled with the consequent absence or disparity of relevant, consistent, comparable, and decision-useful data. If and when policies converge over time among the jurisdictions where High Yield issuers conduct business and source their capital needs, the Value Rubric can be expected to evolve accordingly.

In the meantime, the Value Rubric seeks to achieve its purpose by systematically integrating quantitative ESG-related data and qualitative ESG-related attributes in a manner that provides SKY Harbor 's investment team with reasonably consistent, comparable, and — importantly — decision-useful metrics in the form of overall ESG scores. The ESG scores in turn provide an objective basis for defining thresholds in which a hierarchy of socially responsible high yield issuers can be distinguished ranging from issuers at the bottom rung comprising negative exclusions and/or those susceptible to divestment to the top rung of high yield issuers deemed to eligible to be included in the minimum share of "Sustainable Investments" for purposes of SFDR Article 8 (as more fully described in sub-section 3.4 below).

Because not all Sustainability Risks or Sustainability Factors are relevant or applicable and not all apply at the same time or the same magnitude, the Value Rubic was purposely designed with the notion that Sustainability Risks and Sustainability Factors in the corporate high yield market cannot be a one-size-fits-all construct. Each high yield company or industry has unique Sustainability Risks and Sustainability Factors. We use the Value Rubric to achieve the goal of our ESG-integrated investment process, which is to identify, assess and manage the most relevant and financially material risks that may impact a high yield bond issuer.

To the extent possible and practical given the reality of widely disparate and often incomparable or inconsistent data, sources and disclosure, externalities that have yet to be disclosed in financial reporting may also be captured in the Value Rubric as subjective input if our analysts view such externalities as potentially harmful or emerging risks that may impact an issuer's creditworthiness or sustainability posture.

The Value Rubric explicitly categorizes five distinct Sustainability Factors: Environmental ("E"), Social ("S"), Governance ("G"), Human Rights ("HR^{ts}"), with the fifth factor being an express or implied public manifestation of commitment to one or more of the UN Sustainable Development Goals (the "SDGs").

The content of this document applies to all Sub-funds set forth on the cover page.

A graphical representation of the Value Rubric and its Inputs

	Value Rubric's Sustainability Factors				
	Environmental	Social	Governance	Human Rights	SDGs
Factors	Direct and Indirect GHG Emissions (Scope 1&2)	Safety & Wellness	Chief Sustainability Officer or Committee	CSR HRts Governance, Due Diligence & Remediation	Company announced SDGs
	TCFD Elements	Community Engagement / Commitments	DEI Ownership	Policy to respect HR	
	Net Zero Commitment	Sustainable Product Highlight	Board Diversity	Process to identify, prevent & account for their impact on HR's	
	Waste Handling	DEI Policies & Strategies	Board Independence	Process to remediate any adverse HR impact	
	Water Usage	DEI Collective Efforts	C-Suite Compensation	Adopted standards in transparency	
Principal Adverse Impacts	High Transition Risk	Exploitive Business Models	Specified Unlawful Acts	Endanger Human Life	
				Norms breaches	
Positive Impacts	Positive Environmental Momentum	Positive Social Momentum	Positive Governance Momentum		
Post-Engagement Response Factor			Engagement Response		
Total Score for each Dimension	E Score	S Score	G Score	HRts Score	SDG Score
Final Rubric Score	Total Score				

ESG (Impact) Indicator selected by SKY Harbor
Internal Score
External Score (Source: ISS ESG)

1.1.1 Impact SRI Indicators

Each of the first four Sustainability Factors include additional metrics beginning with a metric designated as an "**Impact SRI Indicator**" (used interchangeably with "**Impact Indicator**.") The significance of the Impact SRI Indicators is control, measurability, and monitoring. The four Impact SRI Indicators representing E, S, G and HR^{ts} shall be tracked in Sustainability Progress Reports on a quarterly basis and posted on the Fund's website for each Sub-fund.

Over time these reports will provide a time series, which may be helpful in discerning trends and patterns. These Progress Reports will chronicle the respective coverage of each Impact SRI Indicator (for each Sub-fund with comparable data in which to compare against the High Yield Universe). The total Value Rubric score of each Sub-fund portfolio and of the Investable Universe will also be reported.

The following description of each Impact SRI Indicator, as with all else described herein unless the context suggests otherwise, is applicable to all three Sub-funds as set forth on the cover page of this document.

The content of this document applies to all Sub-funds set forth on the cover page.

The Environmental Impact Indicator is Direct and Indirect Greenhouse Gas (“GHG”) emissions (Scope 1 and 2). The unit of measure is a score in Tons of CO_2 equivalents per unit of revenue (in USD millions) using an equivalence table. The goal of this Impact SRI Indicator is to achieve at least 70% coverage for each Sub-fund that can be consistently measured. Source of data: ISS-ESG, a third-party independent vendor.

The Social Impact Indicator is Safety and Wellness. The unit of measure is the percentage on a Boolean indicator (disclosure of specific measures, protocols and/or principles to ensure the Safety and Wellness of the high yield company’s workforce. The goal is to achieve at least 90% coverage of the Sub-funds that can be consistently measured. Source of data: SKY Harbor proprietary data.

The Governance Impact Indicator is the presence of a Chief Sustainability Officer (“CSO”) or Committee. The unit of measure is the percentage based on Boolean indicator (presence or absence of a CSO or equivalent committee). The goal is to achieve at least 90% coverage of the Sub-funds that can be consistently measured. Source of data: SKY Harbor proprietary data.

The Human Rights Impact Indicator is a public manifestation of written governance, due diligence, and remedial action policies pertaining to Human Rights as expressed in corporate social or sustainability reports publicly available (“**CSR HR^{ts}**”) or a public manifestation of commitment to implementing and/or supporting the United Nations “Protect, Respect and Remedy” framework set forth in the *Guiding Principles on Business and Human Rights* © 2011 United Nations. The unit of measure is an ordinal number in the Value Rubric. The goal is to achieve at least 90% coverage of each Sub-fund that can be consistently measured. Source: proprietary Value Rubric score modeled after the assessment methodology of the Corporate Human Rights Benchmark Ltd. © April 2019.

1.1.2 Principal Adverse Impacts

Principal adverse impacts (PAIs) are those impacts of investment decisions and advice that result in negative effects on Sustainability Factors. The Value Rubric is also designed to assess principal adverse impacts potentially harmful to Sustainability Factors affecting the Environment, Social, Governance and Human Rights categories.

The PAI for Sustainable Environmental Factor is designated as **High Transitional Risk**, which is intended to score for the harmful impact risk tied to GHG emissions. **Exploitive Business Models** is the PAI for the Sustainable Social Factor, and the PAI for the Sustainable Governance Factor is a Value Rubric score for **Specified Unlawful Acts**, which implicates conduct such as corruption, bribery, tax evasion, money laundering or other unacceptable conduct. The PAI for the Sustainable Human Rights Factor comprises verified and unredeemed material violations of internationally proclaimed norms and conventions regarding fundamental human rights.

Where feasible based on available information or data, scrutiny of responsible business conduct will also be considered in recognition that severe externalities associated with a company can suddenly convert into near-term Sustainability Risks.

Extreme and unmitigated/unredeemed departures from accepted norms or the failure to achieve a minimum overall score on the Value Rubric operates to outright exclude, underweight, or fully divest of a High Yield issuer from any of the Fund's portfolios.

The Value Rubric's consideration of PAIs on High Transition Risk and Exploitive Business Models under the Environmental and Social Sustainability Factors respectively when applied to certain industries and sectors results in scores well below the acceptable minimum thresholds. For example, all the industries and sectors comprising the Fund's Negative Exclusions bear Value Rubric scores below the minimum acceptable threshold.

1.1.3 Principal Positive Impacts

The Value Rubric also attempts to capture in a capture in a quantifiable and deliberative fashion principal positive impact on Sustainability Factors with positive scores constructed to reward commendable conduct, policies, and practices. Efforts and initiatives such as community outreach or focus on the SDGs in a meaningful way are recognized by analysts in assigning a positive score in the respective Value Rubric Sustainability Factor corresponding to the particular Sustainability Factor category benefiting the most from the positive impact.

1.1.4 Minimum Thresholds Excluding 20% of the Investable Universe

The Value Rubric calculates no less than annually a final cumulative score based on the E, S, G, and HR^{ts} Sustainability Factor categories. High Yield bond issuers with a Value Rubric cumulative score below SKY Harbor's minimum threshold are excluded from the Investable Universe and not eligible to be included in any of the Fund's portfolios. Most of the failing scores are assigned to industries and sectors comprising the Fund's Negative Exclusions, but others simply fail to meet the minimum threshold because of the absence of sufficient positive scores within the Value Rubric methodology (3.6%). A small number are excluded because the bond was issued in a high risk or unacceptable jurisdiction (1.1%).

At least 20% of the issuers in the Investable Universe shall be excluded as a result of negative exclusions and below minimum Value Rubric score threshold.

For illustrative purposes: Percentages of the representative investment universe of the SKY Harbor Global Funds sub-Funds from an ESG standpoint (i.e. the ICE BofA US High Yield Index, Ticker H0A0) excluded by SKY Harbor's ESG methodology:

	ExclusionType	Market Weighted
(1)	Negative Screening	19.23%
	Country Exclusions	1.11%
	Below Minimum ESG Scores	11.98%
(2)	Countries Excluded (Not Negatively Screened)	1.11%
(3)	Below Minimum ESG Scores (Not Negatively Screened or Excluded Country)	3.64%
(1+2+3)	**Total High Yield Market Excluded**	**23.98%**

These exclusions comprise no overlaps

These exclusions comprise some overlaps

Data as of March1, 2024. Sources: ICE, SKY Harbor. This table will be updated at least annually

The content of this document applies to all Sub-funds set forth on the cover page.

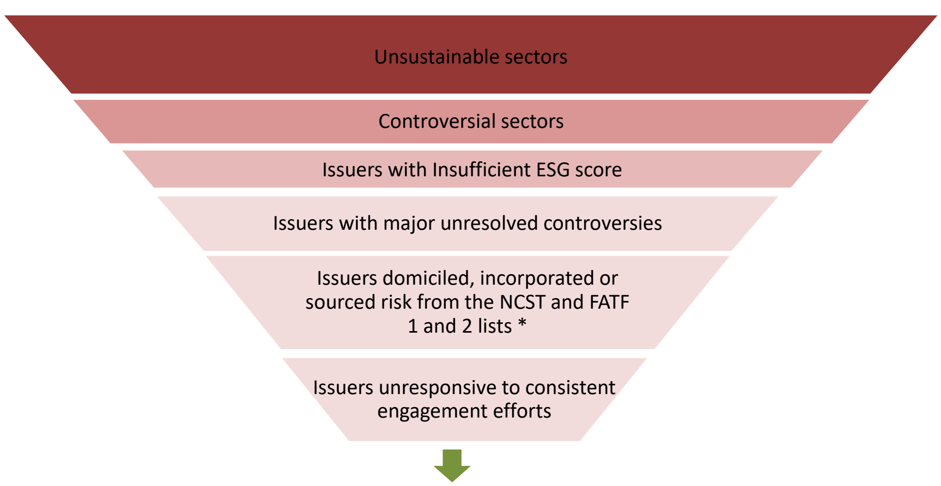
The 20% reduction in the Investable Universe relative to the Fund's initial investment universe (i.e., the worst 20% of US dollar denominated corporate high yield bonds are eliminated from inclusion in any portfolios) is one of the mandatory elements under Pillar III of the Labelling Criteria required to qualify and maintain the French SRI Label. This 20% reduction in the Investable Universe is a binding evergreen requirement. Criterion 3.1 under Pillar III of the Labelling Criteria also provides that the "percentage of ESG-analyzed issuers in the fund must be above 90% on a long-term basis." Because the aforementioned Labelling Criteria must be incorporated into the Fund's regulatory documentation, both criteria have been expressly stated in the Fund's Prospectus, accompanying SFDR pre-contractual and periodic reporting templates in the Fund's Annual Report, all of which are posted on the Fund's website at: www.skyharborglobalfunds.com.

1.1.5 Country Exclusions

The Fund supports global anti-money laundering counterterrorist financing ("AML-CTF"). At the securities level, bonds with issuers that Bloomberg has identified as having a domicile or designation "of risk" or are incorporated in a member of the Non-Cooperative States and Territories list ("NCST" as promulgated by France or the EU) or are on the Financial Action Task Force ("FATF") black or grey lists are incorporated into the Fund's Negative Exclusions or depending on timing and circumstances, flagged for partial or full divestment, if not immediately, within a reasonable time. Sanctioned jurisdictions by the US or OFAC are automatically excluded. Investor subscriptions and redemptions are scrutinized for compliance with sanctioned country lists set forth in the Fund's Risk Based Approach to AML-CTF.

The negative exclusions as well as the minimum Value Rubric score's binding eligibility criterion are monitored for compliance through our pre- and post-compliance automated straight-through processing applications and by periodic examinations by the Compliance function.

Below Investment Grade Debt Issuer Universe



Sustainable Investment Universe

* Exclusion implemented as of April 2021
Source: SKY Harbor

The content of this document applies to all Sub-funds set forth on the cover page.

1.2 Consolidating SFDR, French SRI Label, and Eurosif TC Information

Because the Fund is subject to both the SFDR and the French SRI Labelling Criteria, this document consolidates the applicable information and transparency disclosures mandated by both regimes respectively including the information previously solicited by the discontinued Eurosif Transparency Code.

The Fund is subject to, among other things, the transparency obligations under Article 8 of the SFDR, as amended, which has set forth standardized transparency requirements regarding the Fund's socially responsible investment objectives, policies, and procedures. Among the SFDR requirements is the obligation to publish and maintain on the Fund's website, "a description of the environmental or social characteristics and/or the sustainable investment objective" of this Fund as well as "information on the methodologies used to assess, measure and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the financial product, including its data sources, screening criteria for the underlying assets and the relevant sustainability indictors used to measure the environmental or social characteristics or the overall sustainable impact of the financial product." See SFDR Article 10 (1) (a) and (b). This document is intended to satisfy these disclosure requirements and will be posted on the Fund's website; periodically reviewed; and kept up to date.

The Fund's transparency obligations, however, go beyond the requirements of the SFDR by virtue of having qualified for and awarded the French SRI Label (the "SRI Label"), which requires the Fund to further satisfy on a continuing basis relevant disclosure under each of the six pillars of the Labelling Criteria (see above Key Defined Terms and Abbreviations setting forth the six pillars).

For example, and as further described later in this document, because the Fund has agreed to be bound by the Labelling Criteria, the Fund's three sub-funds are, among other things, obligated to bindingly subject at least 90% of the portfolio's holdings to the Investment Manager's ESG-integrated investment process; be assessed in accordance with the Investment Manager's proprietary sustainability Value Rubric; and demonstrate a 20% contraction in the size of the Investable Universe resulting from its Value Rubric scores in combination with its Negative Exclusions.

Before 1 January 2024, the SRI Label required applicants to provide the Eurosif Transparency Code (the "Code") for all SRI funds open to the public, to which the Fund accordingly produced and posted its version of the Code on the Eurosif website at https://www.eurosif.org/signatories/luxembourg/. As explained above, with the evolution of the SFDR's transparency mandates the Eurosif Board decided to phase out the Code throughout 2023 and officially discontinued its use as of 1 January 2024. See https://www.eurosif.org/sustainable-investment/transparency-code/.

The Code's format, which consisted of a series of simple questions, which was originally intended as a framework to communicate relevant SRI information, is no longer in use. Moreover, according to the Eurosif Transparency Code website "referencing the adherence to the Transparency Code and the use of the TC code/mark in funds' marketing or regulatory material is ***no longer permitted***." (emphasis in the original).

The content of this document applies to all Sub-funds set forth on the cover page.

The Investment Manager respects the decision by the Eurosif Board to phase out the Code and interprets the Eurosif Board's admonition as prohibiting the public manifestation of adherence to and use of the Code or its trademark including but not limited to discontinuing the use of the Code's trademark format comprising prefatory check-the-box tables and its unique series of simple questions organized in six heading categories designed to solicit information about the Fund's SRI objectives, methods, investment processes, ESG controls, impact measures and ESG reporting. We believe, however, that the information and substantive content, which the Code solicited with its series of simple questions, remains relevant and is, nevertheless, fully captured in all material respects in this document by virtue of satisfying the same or similar information and transparency disclosures mandated by the SDFR standards and the SRI Labelling criteria incorporated herein.

1.3 Why We Incorporate Environmental, social and governance factors

Safeguarding investors' assets and helping them achieve consistent superior risk-adjusted returns are paramount considerations for the Fund and Fund's Investment Manager. To that end, socially responsible investment principles are deeply rooted in SKY Harbor's investment philosophy and processes, which reflects our belief — and experience — that corporate debt issuers exhibiting positive environmental, social and governance ("ESG") risk factors are better positioned to achieve long-term value; have less propensity to default; and can expect to continue attracting capital well into the future.

The financial objective of our socially responsible investment strategies is to enhance returns through ESG risk mitigation and identification of issuers whose credit trends benefit from well-conceived sustainability strategies and positive ESG positioning and momentum.

The financial objective of these strategies is inextricably linked to the goal of encouraging issuers of below investment grade debt to embrace Corporate Sustainability, as defined by the UN Global Compact, and contribute to Sustainable Development through business activity that increasingly aligns with one or more of the 17 UN Sustainable Development Goals.

Over time, with increasing data and robust trend analysis, the Fund's Sub-funds are expected to increasingly favor a diversified portfolio with generally heavier weighting for issuers with more positive E, S, G and HR^{ts} metrics and momentum.

As of February 26, 2024, the Sub-Funds shall notably make a minimum proportion of 15% of NAV comprising a combination of Sustainable Investments that contribute to environment (e.g., climate change mitigation) and social objectives, although such investments do not qualify as environmentally sustainable investments within the meaning of Article 3 et seq. of regulation (EU) 2020/852, as amended (the "Taxonomy Regulation").

SKY Harbor will be transparent about the progress made across this issuer universe and specific regarding our direct and collaborative engagement efforts in support of this ambition. We intend to monitor such progress according to each of the four Sustainability Factors: E, S, G and HR[ts]. A specific criterion ("**Impact SRI Indicators**") is assigned to capture the essence of each of the following principles:

Environment: responsible business models mindful of the environment, and acknowledging the physical and transition challenges of Climate Change

Social: demonstrating sound management of Human Capital as well as its impact on its principal stakeholders and society as a whole

Governance: implementation of sound governance principles and structures

Human Rights: protecting and respecting these most fundamental of rights

Although there is no standard definition of ESG, SKY Harbor views the component parts broadly. For example, environmental factors include, where relevant, climate change, greenhouse gas ("GHG") emissions, water use and waste management, recycling, deforestation, water and air pollution, agriculture, biodiversity, energy use and the like. Social considerations include notions of ethical sourcing, combating, and avoiding complicity in human trafficking or forced or child labor, promoting occupational and workplace health and safety, diversity and inclusion, equal pay, gender equality, data use and privacy, and prohibiting discriminatory workplace or occupational practices. Traditional corporate social responsibility activities such as community engagement and charitable endeavors continue to be relevant social considerations as well. Governance factors refer to the framework for control and oversight of a corporation beginning with the board of directors and senior management and includes board diversity and leadership, gender equality, director independence, employee composition and compensation, human resource management, political engagement, and corporate purpose. The terms "*corporation*" and "*company*" are used interchangeably in the text.

1.4 Likely impacts of sustainability risks on the Fund's returns

We expect that the result of adhering to SRI goals and objectives will result in comparatively favorable risk-adjusted returns through lower volatility and less principal losses through lower default and distressed-related sales, and relatively higher weighted investment in companies contributing to or in transition toward achieving UN SDGs. Our socially responsible investment principles and initiatives reflect our belief, and experience, that issuers with positive Sustainability Factors and/or momentum thereof are better positioned to achieve long-term financial value; have less propensity to default; and can expect to continue attracting capital well into the future; all of which should translate into better risk-adjusted returns over time. Moreover, the Fund's negative exclusion of fossil fuels and our focus on climate change and decarbonization are expected to manifest a consistently lower carbon footprint both absolute and relative terms compared to the high yield universe as measured by the ICE BofA US High Yield Index (ticker: H0A0).

Studies that have examined the impact of ESG companies on investor returns have generally reported a correlation between positive investment performance and positive ESG risk attributes. These studies highlight "the growing body of evidence that investors do not have to sacrifice risk or returns to invest in ESG investment vehicles."[1] Some studies have gone further finding that, "sustainable funds delivered higher returns than equivalent conventional funds over the past decade."[2]

1.5 Responsible business conduct

A related and closely aligned but distinguishable concept is that of responsible business conduct ("RBC"). RBC as expressed in the OECD Guidelines for Multinational Enterprises ("OECD Guidelines")[3] invites corporate enterprises to voluntarily identify, prevent, address, or mitigate adverse externalities related generally to human and labor rights, the environment and corruption. Unquestionably an overlap exists between ESG and RBC risk factors, but the main distinction is that ESG risk factors are aimed at identifying risks that are financially material to a corporation's valuation — it is an inward-facing perspective. RBC risk on the other hand is essentially looking outward at negative externalities that arise directly or indirectly from an enterprise's activities, products, or services. The term "exernalities" captures the distinction. An externality is a "social or monetary consequence or side effect of one's economic activity, causing another to benefit without paying or to suffer without compensation. Also termed *spillover; neighborhood effect.*"[4] Unlike ESG risks, which pose more immediate and financially material consequences, a corporation's negative externalities (a/k/a adverse impacts) may not necessarily impinge on its stock price or creditworthiness, at least in the near-term investment horizon.

The OECD Guidelines encourage companies to undertake RBC risk-based due diligence, which can be implemented through a company's existing risk management frameworks.[5] Studies and anecdotal events over many years demonstrate that "strong RBC practices have been proven to be correlated with stronger financial performance."[6]

Because "there is often a strong alignment between financial materiality and RBC risk,"[7] to the extent such information is available and relevant, the Investment Manager shall seek to

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[1] Madison Sargis, Patrick Wang, *How Does Investing in ESG Companies Affect Returns?",* Feb. 19, 2020 Morningstar, available at: https://www.morningstar.com/insights/2020/02/19/esg-companies. See also: Siobhan Riding, *Majority of ESG funds outperform wider market over 10 years*, June 13, 2020, FT Online (subs. req'd) (reporting that "study of sustainable funds counters claims that ESG investment comes at the expense of performance."), available at: https://www.ft.com/content/733ee6ff-446e-4f8b-86b2-19ef42da3824.

[2] Id. see article on FT Online.

[3] The OECD Guidelines for Multinational Enterprises are recommendations by governments to multinational enterprises operating in for from adhering countries (including the EU, UK and the USA) by providing non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards including the UN Global Compact and the Sustainable Development Goals. Available at: Guidelines for multinational enterprises - OECD. See also: OECD (2017), Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises. Available at: RBC-for-Institutional-Investors.pdf (oecd.org).

[4] Black's Law Dictionary, Seventh Edition, 1999

[5] OECD Guidelines, General Policies, paragraph 10.

[6] OECD (2017), Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises, p. 23, Recognizing alignments between financial materiality and RBC risks and Box 6, p. 24, "Various studies, as well as anecdotal events, over the years have demonstrated the business case for RBC."

[7] Id. at p. 22, Building on existing frameworks.

integrate RBC matters in its investment decision-making. Moreover, attempting to identify and integrate RBC matters into the investment decision-making process is encouraged by recent events that suggest a shortened time period for negative RBC practices to impinge on a company's ESG risk. The fossil fuel industry is a good example, where decades of externalities have finally translated into loss of financial and equity valuations in a relatively accelerated fashion as the world has become conscious of the costs imposed on the climate by the industry's heretofore uncompensated externalities. That gradual but inevitable reckoning has resulted in the re-pricing of an entire sector, the manifestations are increasingly obvious to this very day.

In seeking to identify and integrate RBC risk factors, concededly the notion of what externalities can be objectively measured or evaluated in a meaningful manner during the investment decision-making process can at times be an elusive concept. By its nature, externalities subject to RBC risk management frameworks are to some extent a matter of judgment, estimation, or subjective opinion. In this regard, we agree with the formulation expressed by OECD responsible business conduct for institutional investors:

> "What is considered material to determining these financial interests is a dynamic concept. The materiality of RBC issues, with respect to investment, evolve over time, driven by changes in legislation and policy, changes in risk and understanding of risk, changes in the social, environmental and economic impacts of specific businesses or industries and changes in societal (and beneficiary) expectations and norms. The analysis of RBC issues as an integral part of the investment process enables investors to make a full assessment of the risks and opportunities associated with particular investments."[8]

Thus, we firmly believe that both ESG and RBC risk factors are important and can overlap in many circumstances. Both types of risk implicate potentially financially material negative impacts on a corporation, and both types of risk play essential roles in the investment decision-making processes regardless of whether a portfolio is being designed for a socially responsible objective.

1.6 A history of successfully investing in sustainable high yield issuers

From the earliest days in the history of the corporate high yield market investors have been faced with companies threatened by the prospect of business models that often seemed on the brink of failing as going concerns or were seen strolling in the neighborhood of bankruptcy or insolvency. Such corporations were often burdened with excessive employee post-retirement health benefits and pension obligations, waste contamination clean-up costs, long-tailed product liabilities, fraudulent accounting due to lax or non-existent oversight, and were thus poorly positioned for a digital world with rapidly changing consumer behaviors. These risks, viewed by some as characteristic of the corporate high yield (non-investment-grade) issuer universe, are often magnified by high relative financial leverage, small scalability, and limited organic growth opportunities.

[8] Id. at p. 23, Recognizing alignments between financial materiality and RBC risks.

Yet, these risks, while formidable, are not insurmountable and have been and continue to be successfully managed with the right tools, expertise, and experience — the hallmarks of SKY Harbor's profile and history.

In a sense, the high yield issuer universe can be viewed as a way station, an intermediate stopping place if you will, for corporate issuers transitioning to a better place and a more stable business model — or not. Those issuers that are able to successfully manage that transition, however, ultimately reward the investors who correctly assessed their potential to succeed.

1.7 Stewardship, Principles, Sustainability Analysis in the Investment Process

In the wake of the Financial Crisis in 2008 and the Great Recession, the notion of "stewardship" was born and led by the United Kingdom, which has formalized the concept of stewardship as: "the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society."[9] SKY Harbor's stewardship activities seek to increase long-term risk-adjusted returns to the Fund's investors by performing due diligence activities, publicly disclosing how we expect to discharge our stewardship responsibilities, monitoring the companies in which we invest, conducting engagement, acting collectively and collaboratively, and reporting periodically on our stewardship activities (e.g., the PRI Reporting Framework).

Because a successful transition in the high yield space can take time — in some instances many years as with some sectors faced with secular decline — the notion of stewardship captures the nature of corporate high yield bond investing. Stewardship implies creating value over time and multiple market cycles; all of which is consistent with a broad-based holistic and forward-looking investment process that incorporates both financial and non-financial risk factors. Key among these non-financial risks is Sustainability Risk, which is defined as an ESG event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment. These Sustainability Risks may emanate from a number of Sustainability Factors such as, by way of illustration and not exclusion, questionable practices in or violations of internationally proclaimed human rights, labor and industrial relations, environmental practices such as unaddressed or unfettered GHG emissions or other forms of environmental degradation. Ineffective corporate oversight resulting in corruption or bribery are yet further examples of important Sustainability Factors relating to corporate governance.

The DNA of SKY Harbor's leadership and investment process in corporate high yield investment management traces back to the earliest days of the high yield market and has long internalized the notion of stewardship in managing our clients' assets. Over decades of investing in the corporate high yield market we have come to firmly believe that the companies most likely to make the successful transition to financial stability are companies that look beyond their walls, publicly articulate their corporate purpose and internalize the belief that lasting profitability follows from purposeful actions to support the people, planet, and communities in which they belong — in short, discharging their ethical obligations to their primary stakeholders. We believe that the explicit consideration of Sustainability Factors in the investment process can realize benefits beyond the high yield asset class and even beyond financial markets. As prudential

[9] Financial Reporting Council, The UK Stewardship Code 2020, p. 4, available at: https://www.frc.org.uk/getattachment/5aae591d-d9d3-4cf4-814a-d14e156a1d87/Stewardship-Code_Dec-19-Final-Corrected.pdf.

regulators the world over increasingly acknowledge, the benefits of corporate sustainability can increase the resilience of the real economy and the stability of the global financial system, which in turn benefits society as a whole.[10] The graphic below demonstrates our track record:

1.8 Corporate Sustainability and Financial Value

SKY Harbor is a signatory to the United Nations Global Compact (the "Compact") and is aligned with the Compact's perspective that Corporate Sustainability is defined as a company's delivery of long-term value in financial, environmental, social, governance and ethical terms.[11] Corporate Sustainability can also be thought of as business resiliency. This holistic view of corporate sustainability and the Compact's Ten Principles form the foundation upon which SKY Harbor's socially responsible investment strategies are built. Much of the remainder of this document involves unpacking the meaning of Corporate Sustainability and providing context to

[10] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector. Hereinafter referred to as the "SFDR." Recital 19 (Concluding that, "[t]he consideration of sustainability factors in the investment decision-making and advisory processes can realise benefits beyond financial markets. It can increase the resilience of the real economy and the stability of the financial system. In so doing, it can ultimately impact on the risk-return of financial products. It is therefore essential that financial market participants and financial advisers provide the information necessary to enable end investors to make informed investment decisions.").

[11] UN Global Compact Guide to Corporate Sustainability, available at: https://d306pr3pise04h.cloudfront.net/docs/publications%2FUN_Global_Compact_Guide_to_Corporate_Sustainability.pdf.

end investors of how and why Corporate Sustainability is an essential feature of SKY Harbor Global Funds' socially responsible investment strategies.

As a steward of our clients' assets, the delivery of long-term financial value is first and foremost top of mind. Delivering financial value goes to the heart of SKY Harbor's long-held investment philosophy that seeks superior risk-adjusted returns built through the compounding current income over time and seeking to avoid principal losses.

The definition of Corporate Sustainability also reminds us that, although the delivery of financial value is necessary, it is not sufficient without ensuring that all materially relevant Sustainability Risks are integrated and expressly considered in the due diligence and deliberative process that characterizes SKY Harbor's investment process.

1.9 Fiduciary duty to consider Sustainability Risks in the investment process

SKY Harbor believes it has a fiduciary duty to conduct a continuous and regular assessment of all relevant financial and Sustainability Risks as part of the investment process. The integration of Sustainability Risks (a/k/a ESG Integration) in our investment process is driven by our conviction and experience that sustainable corporations are destined to prosper over the long term, attract lower cost capital, and generate superior returns to their investors.

1.10 Stakeholder primacy and Corporate Sustainability

When the OECD updated the G20/OECD Principles of Corporate Governance in 2015, it recognized that the "competitiveness and ultimate success of a corporation is the result of teamwork that embodies contributions from a range of different resource providers including investors, employees, creditors, customers and suppliers, and other stakeholders."[12]

We submit that a defining characteristic of Corporate Sustainability is a public commitment by a corporation's board of directors and C-suite executives to meeting their ethical obligations to their stakeholders including to the communities in which they operate, the environment and society as a whole. Put another way, we believe that companies destined to make successful transitions in the high yield universe are those whose boards of directors and senior management have evidenced a worldview of stakeholder primacy[13] consistent with the Ten Principles of the Compact and supportive of the 17 Sustainable Development Goals

[12] G20/OECD Principles of Corporate Governance, OECD Publishing, Paris. Available at: http://dx.doi.org/10.1787/9789264236882-en.

[13] Stakeholder Primacy is an emerging 21st century viewpoint that redefines the purpose of a corporation from solely maximizing shareholder profit to one of balancing shareholder profit-maximization equitably and ethically among a company's key stakeholders, particularly with respect to a company's employees, customers, suppliers, creditors and bondholders, the environment, and the communities in which the company operates or its presence is felt. Although the concept of stakeholder primacy has been articulated in numerous circles for decades it has recently garnered renewed public support and visibility in the US when in August of 2019, the Business Roundtable ("BRT"), a group comprising CEOs of nearly 200 of the largest corporations in America, announced a redefinition of a corporation's purpose is to principally serve all stakeholders because "it is the only way to be successful over the long term." The BRT's 2019 Statement "supersedes previous statements and outlines a modern standard for corporate responsibility," and marks a distinct break from the orthodoxy of shareholder primary that nominated most of the 19th and 20th centuries.

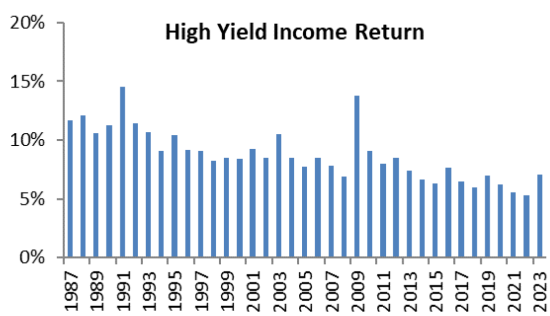
("SDGs"). These Ten Principles and SDGs are derived from internationally proclaimed norms and standards in the areas of human rights, labor practices, the environment, and governance, particularly with respect to anti-corruption and anti-bribery.

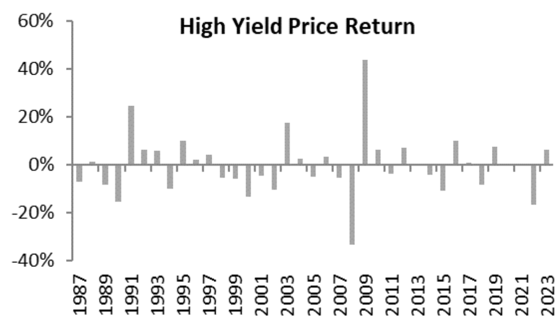
II. SKY Harbor Investment Process

2.1 Investment Philosophy: compounding current income and protecting principal

As indicated, SKY Harbor's investment process is guided by an investment philosophy that seeks superior long-term returns built through the compounding of current income over time and seeking to avoid principal losses. Our investment research is designed to identify, value, and manage high yield market risks, which in large part involves investing in debt issued by sustainable corporations that meet or exceed our financial objectives, portfolio constraints, and ESG standards.

Our investment philosophy finds support in the return history of the high yield market, as shown in the below graphic, which demonstrates the long-term predominance of income returns over price returns.[14]





High Yield Market–Total Return Breakdown

Average Annual 1987-2023

Income Return	8.75%
Price Return	-0.26%
Total Return	8.49%

Source: ICE BofA US High Yield Index – Average Annual from 1987 through 2023

The consistent and repeatable investment process that seeks to identify high yield issuers with sufficient income and low probabilities of default — qualities necessary to generate long-term superior risk-adjusted returns — is a multi-faceted process in which ESG Integration plays a co-starring role alongside traditional financial analysis.

[14] See also "Do Junk Bonds Pay Off in the Long Term?" by Derek Horstmeyer in the online *Wall Street Journal*, November 6, 2020 (subs. Required), reporting that over the past 30 years high yield debt can pay total returns near to those of U.S. stocks.

The content of this document applies to all Sub-funds set forth on the cover page.

2.2 Identifying, assessing, and managing Sustainability Risks

SKY Harbor's ESG-integrated investment process is designed to identify, assess, and manage specific high yield market risks including Sustainability Risks. Complementing traditional financial analysis methods, ESG integration strives to mitigate investment risks arising from a range of Sustainability Factors. The investment process incorporates an efficient top-down assessment of prevailing macroeconomic and market risks and opportunities. This process informs our risk-taking and dovetails with the fundamental analysis of issuer-specific risk and technical analysis of specific debt securities. Quantitative analysis further identifies valuation-based risk. The entire range of analytics is bolstered by a panoply of quantitative risk monitoring tools.

SKY Harbor's top-down, bottom-up process of analyzing prevailing macroeconomic and market trends alongside idiosyncratic issuer risk is summarized by the acronym *FASST*, which stands for **F**undamentals, **A**sset values, **S**entiment, **S**ustainability, and **T**echnical factors. The goal of the FASST process is to synthesize its various components into an understanding of prevailing macroeconomic and market conditions and how these conditions are likely to impact fundamentals and asset values of issuers. This view is refined through a quantitative valuation process that focuses our risk-taking in specific sectors of the economy and market that offer in our judgment the best opportunities over the planned investment horizon.

2.3 Debated Consensus: a deliberative investment decision-making process

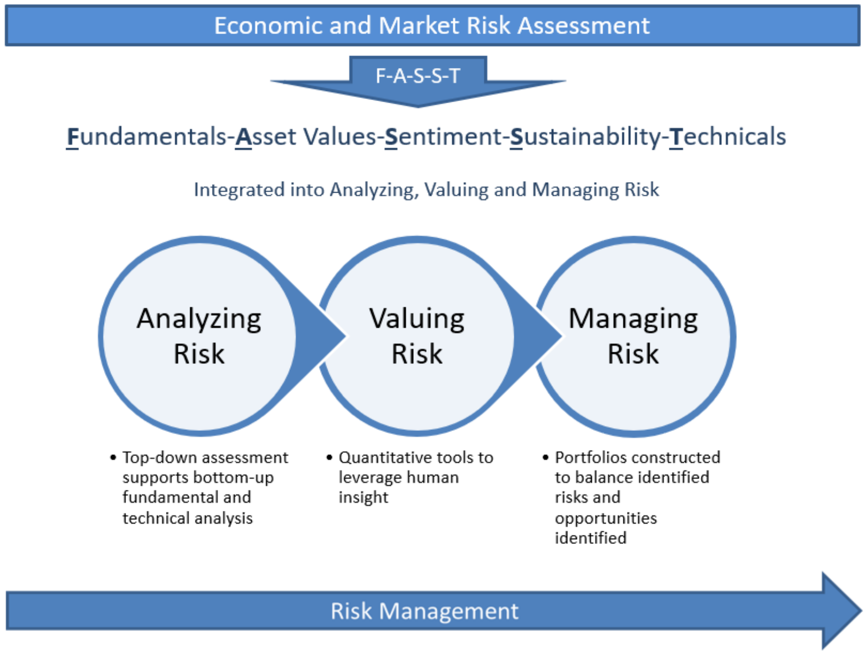
In addition to the aforementioned macro level analysis, our analysts screen individual portfolio candidates for further study. SKY Harbor screens for companies we believe have sustainable business models, sufficient financial flexibility, and a stakeholder primacy orientation. Companies that meet this initial screen undergo more detailed, multi-faceted analysis before they may be seriously considered for inclusion in a portfolio. The analysis is performed by our in-house investment professionals and includes a deliberative process we call "debated consensus," which is designed to subject investment ideas to strict scrutiny and ensures the highest levels of confidence in the investment team's ultimate choice of securities to include in the Fund's investment portfolios.

2.4 The FASST top-down, bottom-up methodology

Sustainability Risk is an important part of the FASST top-down, bottom-up investment process. Portfolios are designed by giving due consideration to the impact of macroeconomic factors on industry sectors alongside an assessment of market sentiment and technicals followed by deep fundamental analysis to identify and invest in specific issuers of high yield corporate bonds.

The content of this document applies to all Sub-funds set forth on the cover page.

The FASST process is summarized in the following graphic:



This view of the economy and markets also drives SKY Harbor's positioning relative to the different sources of risk in the high yield market, which is further informed by our Custom Market Segmentation methodology. This proprietary methodology evaluates groupings or "buckets" of securities based on similar market-type behavior and characteristics, which enables the investment team to set target positioning for different levels of risk. The Custom Market Segmentation further focuses research efforts on those investment ideas that we believe offer the optimal risk and return opportunities under prevailing conditions subject to applicable investment guidelines, such as, for example, Negative Exclusions or other considerations.

Our macro view along with sector and risk positioning targets is developed through monthly FASST roundtable discussions of the Investment Committee. The Investment Committee identifies risks and opportunities of investments through deliberative discussions that typically begin with analyst presentations of investment ideas at credit meetings. Once a consensus is reached on those risks and opportunities, portfolio managers assess if each risk-return profile will be additive to the current portfolio construct. Each portfolio has its own unique objectives and constraints. An approved investment can be increased in weight if its risk-return profile continues to be additive in meeting a portfolio's objectives and constraints, unless and until something in the credit profile changes, at which time the Investment Committee will re-evaluate the investment.

Our individual company credit research is guided by our view of the economy and markets, which begins with an initial screening for companies that we believe have a high probability of paying their interest and principal on a timely basis. Over time, we have seen that these companies share certain common characteristics. They generally have:

• In-place and sustainable business models that are not undergoing secular change to the detriment of profitability. This initial assessment includes the examination of the Sustainability

Factors of a business to identify the presence of Sustainability Risks and opportunities that might materially impact the financial outcome of an investment.

- Stable to improving cash flows
- Cash generation in excess of fixed financial obligations
- Management teams and owners that have a demonstrated bias towards improving creditworthiness
- Improving Sustainability Factors demonstrating stakeholder primacy, transparency and disclosure, governance, and momentum in transitioning to a more sustainable business model

Companies that meet this initial screen undergo a more detailed, multi-step analysis of an issuer's risk through fundamental credit and sustainability-related analysis. The analysis of the risks associated with an issuer's operating potential takes the form of a full business/financial/sustainability due diligence designed to uncover the key drivers of an issuer's business model, the soundness of its execution strategy and its sensitivity to various internal and external factors. Employing a robust proprietary Financial Model, risks relating to a company's Industry Outlook, Operating Potential, Financial Flexibility, and Sustainability Factors are carefully evaluated to assess an issuer's financial flexibility and its long-term ability to operate within its existing capital structure.

Our analysis also evaluates external forces in place or looming that may impact the outlook for an issuer and its peer group, which may include cyclical and secular sector and industry trends, the efficacy of industry sustainability, and the regulatory environment.

2.5 Risk Management Framework: a key component

As indicated in the graphic below, a robust risk management framework underlies the FASST investment process. SKY Harbor's risk management framework comprises four tiers, with each tier providing key components of the overall risk management structure while also providing independent oversight of the preceding tiers.

The first tier of risk management monitors the embedded risk management within the investment process, ensuring that investment risks are properly identified by the Investment Team and that exposure to those risks is appropriate and intentional. The key risks associated with our high yield strategies are credit risk, interest rate risk and liquidity risk. We have specific embedded processes, tools and independent controls that address and mitigate each of these risks. In addition, SKY Harbor's portfolio managers perform daily performance analytics to monitor risks relative to our Custom Market Segmentation, sector, industry, issuer, and ratings and to understand whether any unintended risks have been created through bottom-up security selection.

The second level of risk control is executed through an independent risk management function. This function includes reviewing the various reports and data that the investment team is using in their risk management process to ensure that procedures are followed.

The third level of the risk management framework — which includes Legal & Compliance — utilizes risk controls executed independently from the investment team through back and middle office functions. The operations group has overall responsibility for the quality of data and services utilized for all portfolio-related information. This control is structured around trade capture & settlement, adherence to portfolio guidelines and valuation integrity.

The fourth level of risk control is executed through independent third parties, which include regularly scheduled due diligence performed by the Fund's management company, administrator, and depositary. The Fund's annual financial statement is audited by an independent Luxembourg-based auditor.

2.6 Industry Outlook, Operating Potential, ESG Risk, and Financial Flexibility

SKY Harbor's analysis of the risks associated with an issuer's industry incorporates cyclical and secular trends, the efficacy of industry sustainability, and the regulatory environment. The aim is to assess the external forces that may impact the outlook for an issuer and its peer group. Those external forces and their associated risks correspond to a company's industry outlook, operating potential, ESG risk factors, and its financial flexibility.

Our analysis of the risks associated with an issuer's operating potential takes the form of a full business/financial/sustainability due diligence designed to uncover the key financial and sustainability drivers of an issuer's business model, the soundness of its execution strategy and its sensitivity to various internal and external factors.

The risks associated with an issuer's financial flexibility are analysed using a robust proprietary financial model designed to assess an issuer's long-term ability to operate within its existing capital structure. This detailed model highlights an issuer's liquidity profile and credit trends using four to five years of historical financial data and full financial results projected out five years.

SKY Harbor employs quantitative analysis to identify potential mispricing and tactical valuation opportunities to help identify where our analysts should be spending more time. Our investment approach seeks to capitalize on opportunities created by the inefficient pricing of risk, which is often due to varying market views of fundamental issuer or market risks and/or by inefficiencies created by technical factors and investor constraints. These opportunities are tracked and updated regularly. The key tenets of our fundamental and technical analysis are consolidated by a disciplined and uniform process that summarizes the key strengths and weaknesses of a credit and seeks to highlight the dominant risks. Using this disciplined and uniform process allows us to efficiently identify the dominant risks and weigh different component parts of our analysis under prevailing economic and market conditions.

III. Three pillars of socially responsible investment

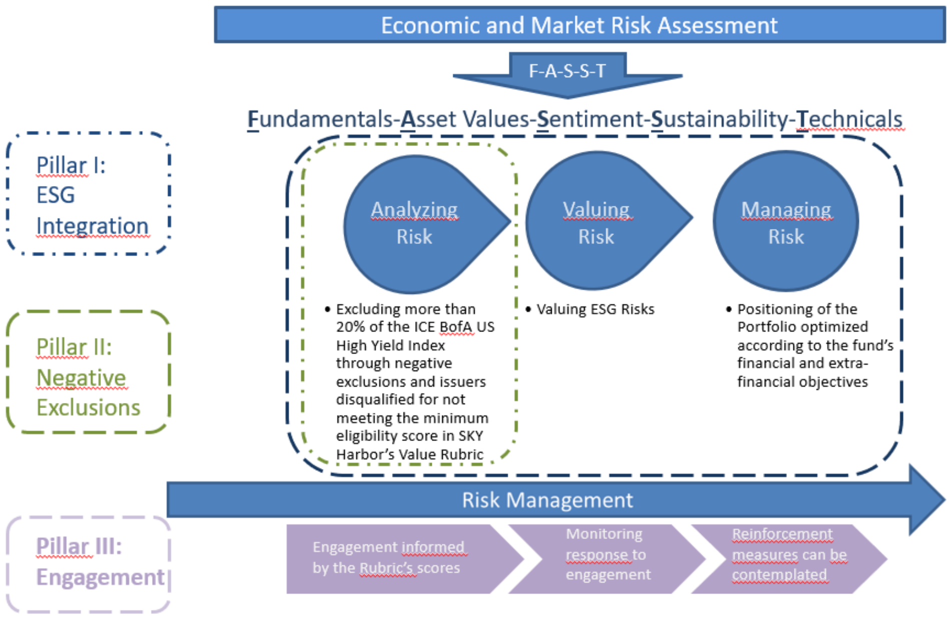
SKY Harbor Global Funds' approach to its socially responsible investment strategies rests on three pillars: **ESG Integration**, **Negative Exclusions**, and **Engagement**. The qualitative and quantitative attributes of high yield bond issuers collected and analysed while performing due diligence under each pillar comprises the Sustainability component of the FASST process. This integrated financial and sustainability investment process is supported by robust risk management policies and practices tailored to the unique risks of the high yield bond market.

This investment process provides SKY Harbor with an effective, efficient, and practical framework for identifying high yield fixed income securities that we believe are most likely to benefit our investors by investing in high yield companies that generate long-term value in financial, environmental, social, governance and ethical terms. This process helps us to prioritize in a systematic fashion those creditworthy high yield bond issuers that are or making substantial strides toward implementing a whole-of-company approach to protect, respect and remedy Human Rights.

We believe that the integration of the three pillars of our socially responsible investment strategies as a component of the FASST process when overlayed with real-world risk management policies and practices is particularly well suited and tailored for addressing the unique risks and challenges of the corporate high yield market.

The content of this document applies to all Sub-funds set forth on the cover page.

Investment Process Built Around the Unique Risks of the High Yield Market



3.1 ESG Integration

ESG Integration is the first pillar and refers to the explicit consideration of Sustainability Risks alongside traditional financial analysis, which typically includes analysis of fundamentals, asset values, sentiment, and technical factors. ESG Integration is part of the investment research analysis that seeks to identify Sustainability Risks associated with a company's or industry sector's Sustainability Factors. We expressly attempt to assess — through our Value Rubric as set forth in more detail below — an issuer's impact and relationship with its primary stakeholders including the environment, its workforce, customers, suppliers (including capital suppliers) and society overall. In our view, companies that acknowledge their ethical obligation to their primary stakeholders; embark on sustainable and responsible business practices; promote diversity and inclusion; practice responsible use of natural resources; and act to moderate carbon emissions are companies that are more likely to achieve sustainable growth, attract capital, and deliver long-term financial value. Conversely, companies that fail to support a transition to a more sustainable economy, in our opinion, face increased risk of being penalized by regulators, customers, investors, employees, and climate change.

Because no one size or indicator fits all, not all Sustainability Risks or Sustainability Factors are relevant or applicable and not all apply at the same time or the same magnitude. Each company or industry can be expected to have idiosyncratic Sustainability Risks and Sustainability Factors. The goal of an ESG-integrated investment process is to identify, assess and manage the most relevant and financially material Sustainability Risks to the extent possible and practical given the reality of widely disparate and often incomparable or inconsistent data, sources, and disclosure.

The content of this document applies to all Sub-funds set forth on the cover page.

A. Sustainability Factors considered

As referenced above, depending on facts and circumstances unique to a company or industry sector, not all Sustainability Factors may be relevant or pose a financially material risk, but the following illustrates some non-exclusive Sustainability Factors considered in an ESG-integrated investment analysis:

(i) Environmental

- Greenhouse gas ("GHG") emissions
- Energy efficiency
- Waste and pollution awareness and controls
- Water use and conservation measures
- Deforestation
- Biodiversity

(ii) Social

- Human rights and Labor standards
- Product mix, safety, labelling, and liability
- Workplace safety
- Employee welfare and benefits
- Supply chain (forced and child labor prohibitions and compliance)
- Procurement practices
- Union relations
- Gender and racial equality
- Consumer privacy and security of personal data
- Community engagement

(iii) Governance

- Corporate behavior not inconsistent with Stakeholder Primacy
- Public recognition of ESG risk factors by the board and senior management

- Increasing transparency and disclosure
- Board independence
- Board diversity (gender and racial)
- Anti-corruption policies
- Shareholder rights
- Compensation structures
- Corporate social responsibility initiatives
- Presence of a Chief Sustainability Officer or its functional equivalent
- Responsible Business Conduct policies and practices

B. The Value Rubric: a proprietary sustainability scorecard

While commercial vendors are increasingly plentiful, we believe the lack of consistency and methodology, even among the most well-known names in the industry, warrants a more tailored approach. In this regard, SKY Harbor has developed a proprietary sustainability-oriented scoring methodology ("Value Rubric"), which seeks to capture in a quantifiable and deliberative fashion ESG factors to help identify high yield companies that are best positioned to benefit from the transition to a sustainable economy — or not. These ESG factors include among other things the degree to which a company has made express or implied commitments to the UN Sustainable Development Goals (SDGs). As we continue to evolve the Value Rubric, we expect to apply increasing scrutiny of responsible business practices as well, recognizing that severe externalities associated with a company can suddenly convert into near-term Sustainability Risks.

The Value Rubric seeks to create a baseline ESG score that is intended to serve as a progress measure as targeted companies over time transition to a sustainable business model. The Value Rubric is also expected to provide data and trends on which to conduct engagement efforts. While no single factor or score is dispositive (for investment or divestment), a disproportionately negative ESG event (e.g., a massive product liability incident or a severe securities fraud occurrence), or unacceptable ESG scores in the Value Rubric would identify a security for possible divestment or exclusion.

C. Applying the ESG-integrated investment process to 90% of the holdings

As set forth in the Fund prospectus, the Fund "shall seek to bindingly apply its ESG integrated investment process and its proprietary Value Rubric to at least 90% of the holdings in its Sub-Funds, and accordingly the Fund expects that 20% or more of the typical universe of High Yield debt securities (as measured by the ICE BofA US High Yield Index (H0A0), or appropriately equivalent index) will be excluded from the Fund's Sub-Fund portfolios as a result of the Fund's negative screening or the failure to meet the Investment Manager's minimum ESG thresholds." The Fund shall also provide periodic reports on its progress on these and other ESG-related metrics no less frequently than annually in keeping with its commitment to transparency.

D. Evolving Sustainability frameworks

SKY Harbor is a signatory to the Task Force on Climate-related Financial Disclosures ("TCFD") Historically, many of the disclosures promoted by the TCFD have been lacking among high yield issuers, particularly among private companies, which comprise a significant proportion of the high yield universe. We expect, however, the incorporation of sustainability data in the ESG-integrated analysis to increase as more corporations exhibit growing acceptance and willingness to provide this information publicly. For example, the recently finalized Enhanced and Standardization of Climate-Related Disclosures for Investors by the US SEC, effective May 27, 2024, provides for US publicly registered companies to begin providing additional transparency regarding climate-related disclosures. The enhanced disclosures were a direct response by the SEC to investors, such as SKY Harbor, who expressed the need for more detailed, reliable, and comparable disclosure of information regarding climate-related risks.[15]

3.2 Negative Exclusions

Negative Exclusions form the second pillar of SKY Harbor's socially responsible investment strategy and consists of Negative Exclusions based on the environment (climate and GHG emissions), harmful products (tobacco and alcohol), addictive or exploitive behavior (gambling and adult entertainment) and for-profit correctional facilities management. The Negative Exclusions are supplemented by discretionary exclusions based on low or negative scores in SKY Harbor's proprietary Value Rubric or by verified and unredeemed material violations of internationally proclaimed norms and conventions regarding human rights, labor practices, the environment, and corporate governance.

A. Climate based exclusions based on fossil-fuel energy

By definition, fossil fuels are the result of a very long natural geological process that has transformed former living organisms into carbon-rich fuels. Coal, oil, and natural gas (including tar sands and shale oil) account for some of the most common examples of such fuels. The processing and combustion of these fuels to generate energy produces carbon dioxide (CO_2). This

[15] SKY Harbor Capital Management applauds the March 6, 2024, announcement by the US Securities and Exchange Commission (the "Commission") that it has adopted final rules to enhance and standardize climate-related disclosures by public companies and in public offerings. The final rules reflect the Commission's efforts, first proposed in March 2022, to respond to investors' demand for more consistent, comparable, and reliable information about the financial effects of climate-related risks on a registrant's operations and how it manages those risks while balancing concerns about mitigating the associated costs of the rules. SKY Harbor submitted extensive comments in a letter broadly supportive of the Commission's initial proposal as evidenced by the Commission's nearly fifty references to our comments in the final release. We are pleased that among those references, the final release attributes to SKY Harbor the notion that, "because long-term climate-related risks can quickly become financially impactful, the proposed requirement [to disclose climate-related risks] would elicit disclosure that, at a minimum, would indicate the quality of a company's governance and risk management." We believe this notion captures a key feature of how, why, and what we integrate into our comprehensive, holistic, and sustainability-oriented investment approach. SKY Harbor applauds the Commission in finalizing its climate-related financial disclosures and look forward to the enhanced flow of information and data that we believe will undoubtedly benefit the financial markets, our investors and importantly, society as whole.

is a key underlying concern associated with fossil fuels, as it has been extensively proven by scientific research – collated notably by the Intergovernmental Panel on Climate Change ("IPCC") – that CO_2 is a greenhouse gas (GHG) and as such contributes significantly to global warming and climate change.[16]

SKY Harbor concurs with the overwhelming evidence and conclusions of climate scientists the world over that GHG emissions, the vast majority which comes from anthropogenic sources, are the cause of global warming. The single largest contributor to GHG emissions is from the energy sector, specifically from the fossil fuel sector. Climate science predicts that a rise in the earth's temperature above 3 degrees Celsius will result in catastrophic changes in sea levels, weather and other dislocations including crisis-proportion population migration, famine and disease. GHG emissions at current rates are in a word, unsustainable. The Paris Agreement's target to limit the temperature rise by 2°C (and preferably 1.5°C) by the end of the century is an attempt to steer well clear of predicted consequences of a 3°C rise in the earth's temperature.

In recognition of climate science and in response to uncontrolled GHG emissions, SKY Harbor's socially responsible investment strategies shall expressly exclude investments with more than a *di minimis* revenue stream from fossil fuel-based energy sectors including companies that mine coal or utilize thermal coal in producing electricity.

B. Alcohol and tobacco exclusions

Alcohol and tobacco have long been proven to cause severe health issues and to be addictive in nature. They are a threat to their consumers but also to others. The World Health Organization concludes that the "tobacco epidemic is one of the biggest public health threats the world has ever faced, killing more than 8 million people a year."[17]

Similarly, alcohol is held responsible for north of 3 million deaths per year, according to the WHO, with significant gender discrepancies. As a matter of fact, it is one of the most addictive substances and sudden withdrawal has a high probability of being lethal.

Alcohol-related deaths either stem from illnesses associated with alcohol abuse (poisoning, cancers, cardiovascular diseases, cirrhosis, congenital malformations, depression and upwards of 200 other illnesses), or accidents caused by people under the influence. Alcohol-induced road accidents are particularly distressing because they tend to cause death or disability earlier in life than illnesses.

Alcohol abuse is also harmful to health and well-being causing serious behavioral and mental issues. Alcohol is directly responsible for many incidents of violence, notably domestic violence and abuse including sexual assaults that can also be associated with the spread of infectious STDs. The harmful use of alcohol is a causal factor in more than 200 disease and

[16] See https://www.ipcc.ch. See also https://www.noaa.gov/education/resource-collections/climate/carbon-cycle.

[17] See https://www.who.int/news-room/fact-sheets/detail/tobacco (reporting, *inter alia*, that tobacco kills up to half of its users, and over 80% of the world's 1.3 billion tobacco users live in low- and middle-income countries).

injury conditions.[18] In summary, the negative impact of alcohol is quite extensive in nature, spanning health, social and economic considerations.

C. Gambling and adult entertainment exclusions

While in many countries and jurisdictions gambling is considered a form of entertainment and associated with betting and wagering, repetitive gambling, like other addictive behaviors, can cause serious and harmful disorders, which in turn contribute to social breakdown through indebtedness and poverty.[19] Other risks pertain to underage gambling and the use of gambling as a means for money laundering, bribery, or corruption as well as potentially other illegal activities.[20]

Apart from obvious religious and moral considerations, among the main issues linked to adult entertainment are the potential risk of human trafficking, forced labor and sexual slavery and violence, and child pornography. Moreover, the lack of regulation of online entertainment — notably with regards to privacy law and harassment — as well as addiction, money laundering and links to organized crime, are also potential issues that in our opinion do not warrant support from organized capital markets.

D. Defense industry exclusions

The philosophical debate pertaining to whether the use of military force can be positive is by all means not new, but the fact that peacekeeping operations have long been sanctioned by the international community is proof enough that it would be too simplistic and short-sighted to stigmatize or exclude the entire defense sector. The main issues here are associated with the manufacturing and selling (or re-selling) of controversial weapons (weapons banned by international conventions and tainted with severe harm to civilian population).

Controversial weapons are those that are prohibited by international conventions or are deemed particularly heinous because of humanitarian considerations.[21] Controversial weapons generally include weapons of mass destruction such as nuclear, chemical, and biological weapons, particularly weapons that do not discriminate between civilians and combatants, or cause disproportionate harm such as cluster bombs, anti-personnel mines and the like.[22]

While it goes without explication that the Fund shall comply with applicable law that prohibits knowingly financing cluster bombs or anti-personnel mines, the Fund shall additionally not knowingly invest in any company that generates more than *di minimis* revenues derived from

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[18] See https://www.who.int/news-room/fact-sheets/detail/alcohol#:~:text=Drinking%20alcohol%20is%20associated%20with%20a%20risk%20of,resulting%20from%20violence%20and%20road%20clashes%20and%20collisions (finding, *inter alia*, that alcohol worldwide is linked to 3 million deaths every year and represents 5.3% of all deaths).

[19] See https://www.who.int/health-topics/addictive-behaviours#tab=tab_1.

[20] See FATF Report Vulnerabilities of Casinos and Gaming Sector, March 2009 available at: https://www.fatf-gafi.org/media/fatf/documents/reports/Vulnerabilities%20of%20Casinos%20and%20Gaming%20Sector.pdf.

[21] See *Laws Prohibiting Investments in Controversial Weapons*, prepared by Luis Acosta, November 2016, available at: Laws Prohibiting Investments in Controversial Weapons (loc.gov).

[22] Id. Comparative Summary by Luis Acosta.

the manufacture, sale, or distribution of controversial weapons or from trafficking in conventional or controversial weaponry.

E. For-profit prison exclusions

Private or for-profit correction facilities companies have been lobbying the state and federal US government for years to fund the construction of private prisons on the back of the growing need for prison beds. As these for-profit companies are interested in seeing the number of inmates rise over time, they have been lobbying for more stringent laws and more effective sentencing. Also, in their aim to be deemed more competitive than government-run prisons, private facilities have been trimming down costs. Many critics are arguing that such cost-cutting has in fact led to a deterioration of the living conditions for inmates, an increase in violence, and a lowering of health standards. While the evidence may be inconclusive as to whether such facilities are cost-effective to taxpayers or result in sub-standard conditions for inmates, SKY Harbor believes this is yet another sector that appears inconsistent with the Compact with respect to human rights and thus, does not warrant support from the organized capital markets.

F. Applying negative exclusions

SKY Harbor Global Funds shall expressly exclude the following high yield debt issuers:

- Metals and Mining: issuers that derive more than 5% of reported revenue from thermal coal used in energy production (excluding metallurgical coal used in steel production).

- Utilities: issuers that derive more than 5% of reported revenue from coal used in energy production (excluding metallurgical coal used in steel production).

- Energy: issuers that derive more than 5% of reported revenue from coal, oil or natural gas used in energy production (i.e., fossil fuels).

- Alcohol and Tobacco: issuers that derive more than 5% of reported revenue from the production of alcohol or tobacco products.

- Gaming and Adult Entertainment: issuers that derive more than 5% of reported revenue from gaming and/or adult entertainment.

- Defense: issuers that derive more than 5% of reported revenue from the manufacture of controversial weapons, such as land mines and cluster bombs.

- Private Prisons: issuers that operate private or for-profit prisons.

G. Additional controversial activities

The foregoing negative exclusions operate automatically, but other controversial activities are not beyond the scope of scrutiny. While no bright-line litmus test operates to automatically exclude from the Fund's portfolios a legally permissible investment in a company (apart from the negative exclusions), we will look askance at companies who engage in other controversial activities such as:

- Animal testing that manifests animal cruelty or threatens endangered species.[23]
- Creating threats to biodiversity, for example through deforestation, agribusiness practices (e.g., pulp & paper, palm oil), overexploitation of marine and land resources, water usage, and all forms of environmental degradation
- Headquartering in tax havens known for tax evasion

The foregoing list of potentially controversial activities is not intended to be complete but serves only as examples. Controversial activities are subject to changes as emerging facts, practices, regulations, and social norms evolve, but generally we believe most if not all controversial activities can be viewed through the lens of the SDGs. Accordingly, the Fund shall seek to avoid or minimize investments in companies whose unmitigated business practices are inconsistent with or that culpably results in materially negative impacts on the SDGs.

H. Considering divestment and exclusion

Divestment and exclusion of an issuer's securities from the Fund's portfolios can result from a variety of reasons but generally they can be attributed to two main categories: purely financial- or price-related consideration is one; the other relates to the Fund's Negative Exclusions or failure to meet the Fund's sustainability-related standards.

As referenced elsewhere in this document, SKY Harbor's investment process is built around the unique risks of the high yield market and is guided by an investment philosophy that seeks superior long-term returns built through the compounding of current income over time and the seeking to avoid principal losses. Accordingly, we consciously and deliberately seek to avoid purchasing securities in default or bankruptcy or deemed to have a high risk of imminent default or imminent bankruptcy at the time of purchase. The ESG-integrated investment process targets Sustainable Corporations with long-term operating potential and financial flexibility, transparent governance, and management teams attentive to improving creditworthiness.

The Investment Manager employs an absolute and relative selling discipline premised on the unique risks of investing in high yield fixed income securities, which comprises four reasons for selling in whole or in part a security holding: (1) a materially negative change has occurred in an issuer's fundamental assessment; (2) the security becomes overvalued relative to other opportunities of similar risk; (3) to seek improved risk and return (relative value) in the portfolio by rotating from one sector or risk segment to another; or (4) a perceived failure by management to acknowledge or recognize material Sustainability Risks or a chronic failure to respond to engagement efforts. A materially negative change in an issuer's fundamental assessment can be due to significant ESG risks that have material negative financial consequences on an issuer's credit.

As signatories to the Compact, SKY Harbor shall also consider excluding issuers that have not in our judgment taken sufficient action to address, prevent or mitigate verifiably material breaches of internationally proclaimed norms and conventions regarding human rights,

[23] See https://ec.europa.eu/jrc/en/research-topic/alternatives-animal-testing-and-safety-assessment-chemicals.

labor practices, the environment, and corporate governance (including but not limited to corruption, bribery, money laundering, and tax evasion).

According to the OECD Guidelines, however, "divestment should in most cases be a last resort or reserved only for the most severe impacts."[24] Although the Negative Exclusions shall operate to exclude those enumerated sectors from the Fund's portfolios, additional ad hoc divestment and exclusions of issuers that fail to satisfy the Investment Manager's minimum sustainability standards or appear in breach of RBC standards shall be escalated for possible divestment, but unlike the Negative Exclusions, the divestment is not intended to be automatic and mandatory.

A number of factors will be considered when deciding if immediate divestment (other than the Negative Exclusions) is an appropriate response including but not limited to the Fund's ability to effectively engage with the company; the severity of the impact; and whether divesting would cause other negative impacts to the portfolio. In some situations, we may decide that a company with low score in the Value Rubric or in breach of internationally proclaimed RBC standards will, nevertheless, remain in the portfolio. For example, this could hinge on the view that despite the infirmity, the company has made efforts to address and prevent or mitigate its adverse impact in the reasonably near-term horizon. Yet another example may be a determination that engagement efforts are beginning to have an influence on the investee company, and "it may be inappropriate to divest as it may deprive the company of an engaged investor."[25] This would be particularly relevant to private companies in the high yield market. Finally, with respect to achieving appropriate risk-adjusted returns, a company's or industry sector's weight in a relevant benchmark may make it difficult to exclude the company's securities in the Fund without diminishing investment performance. Finally, divestment need not be a binary decision. In some circumstances the appropriate response will be to decrease the weight in the Funds' portfolios without totally divesting of the breaching issuer's securities.

In most cases, however, a company causing or contributing to severe RBC impacts will likely also implicate Sustainability Factors that result in unacceptably elevated Sustainability Risk. In those instances, divestment would be more likely in accordance with SKY Harbor's selling discipline.

3.3 Engagement Policy

Engagement is the third pillar in the firm's socially responsible investing strategies.

A. The goals and roles of Engagement

As conveyed throughout this document, socially responsible investing is deeply rooted in SKY Harbor's investment process, and engagement is a critically important part of it. Our Engagement Policy is designed to help the investment research team achieve a comprehensive understanding of the often-complex issues influencing a company's journey to Corporate

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[24] Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises, p. 40. Available at: RBC-for-Institutional-Investors.pdf (oecd.org).

[25] Id.

Sustainability. Progress can be monitored in absolute terms or in relative terms by comparison to a high yield issuer's peer group.

Because below-investment-grade companies are at different stages of progress toward sustainability, our investment research team customizes our dialogue and expectations accordingly, but common purposes of our engagement efforts are not only to deepen our understanding of how corporations are managing the transition but also to advocate for improving the pace of change.

Notwithstanding the limited proxy voting rights afforded to bond investors, SKY Harbor shall engage directly with senior management of corporate bond issuers with the aim of performing due diligence, better understanding the ESG risks and opportunities of an issuer, and promoting investee companies to start, improve or bolster its ESG transparency and disclosure.

B. Direct engagement

Within the constraints imposed by the general dearth of sustainability data or corporate sustainability reports among high yield issuers, SKY Harbor's engagement attempts to focus primarily on topics directly implicating one or more of our identified Impact SRI Indicators. Each Indicator is representative of the larger category of Environmental, Social, Governance, and Human Rights. Investment analysts are trained in how to prepare and target topics for engagement with companies. Beyond impact indicator topics, analysts are encouraged to move on to adjacent topics within broader E, S, G, and HR^{ts} categories.

We customize our engagements for every company depending on what information we have obtained prior to the engagement and look to advance the topic and advocate change when possible. Finally, an important benefit of direct engagement not to be overlooked is that it facilitates dialogue with senior management. An open channel of communication is an invaluable tool in our efforts to encourage Corporate Sustainability among the high yield issuers in which we invest.

C. Collaborative engagements

We supplement direct engagement efforts by collaborating with other institutional investors and like-minded organizations in joint letter-writing campaigns or other initiatives.[26] We are not limited to a fixed income focus and will join collaborations when we believe the change is warranted. Illustrative of our collaboration engagements are the following initiatives:

- Principles for Responsible Investment ("PRI") sponsored collaborations
    - Statement on ESG in Credit Ratings
    - Climate Change Transition for Oil & Gas
- Thirty Percent Coalition sponsored collaborations

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[26] See supra FN 15.

  - Increasing diversity on corporate boards

- Equity Asset Manager led
  - Board letter to large public cable media company advocating acknowledgement and reporting on material sustainability factors

- FAIRR (Farm Animal Investment Risk & Return) Initiative & Ceres
  - Focus on six quick-service restaurant companies, urging supplier policy on sustainable animal protein sourcing, setting quantitative time-bound targets to reduce negative impacts from the supply chain and advocating for public disclosure on progress towards goals.

- CERES Paris Aligned Working Group
  - Exchanging best practices across asset managers' use of data, net zero commitment, policy implementation and advocacy.

The firm's engagement activities will also attempt to encourage corporate bond issuers to support ESG disclosure frameworks promulgated by the ISSB, TCFD and PRI.

D. Promoting the UN Global Compact and PRI and reporting progress

As signatories to the Compact and the UN-backed PRI and the principles promulgated thereunder, SKY Harbor's engagement efforts will also aim to encourage high yield issuers to join us in supporting the Compact and the PRI.

As a signatory to the PRI, SKY Harbor is committed to tracking our engagements with companies and coalitions. We commit to following the progress on the topics we engage with, even when the engagement is limited to obtaining information and not advocating for action. We commit to report on the number of engagements we embark upon annually and when possible to report on progress made across key topics as part of our obligation to the Annual PRI Reporting Framework.

3.4 Minimum Sustainable Investments Unaligned with EU Taxonomy

While the Sub-Funds do not have a specific sustainable investment objective, as of February 26, 2024, each Sub-Fund will have a minimum proportion of 15% of NAV comprising a combination of Sustainable Investments that contributes to an environmental and/or social objective. The respective proportion of environmental and social characteristics within the combined 15% minimum threshold will vary, but the environmental and social components are designed to each comprise at least 5% of the Sub-Funds' NAV. The calculation of the percentage of Sustainable Investments follows a proprietary selection method.

The content of this document applies to all Sub-funds set forth on the cover page.

Nota Bene:

The Sub-Funds' Sustainable Investments, however, do not qualify as "environmentally sustainable" as that term is defined or interpreted under the EU Taxonomy Regulation.

None of the Sub-Fund portfolios have sustainable investment objectives that satisfy the transparency obligations under SFDR Article 9, and the Sub-Funds' investments do not qualify as environmentally sustainable investments within the meaning of Article 3 of the Taxonomy Regulation.

3.4.1 Sustainable Investment Selection Methodology: Three Criteria

The minimum percentage of SFDR Sustainable Investment shall be satisfied by securities issued by companies that meet one of three criteria, any one of which will be sufficient to be deemed a "Sustainable Investment" for purposes of the respective minimum thresholds.

Criteria 1: satisfy the baseline Environmental (SKYSIS-E) or Social (SKYSIS-S) Scores respectively under Value Rubric methodology as explained in more detail in the section below.

Criteria 2: as set forth in more detail below, a minimum threshold Environmental or Social score respectively under the ISS SDG proprietary methodology; or

Criteria 3: a recognized environmental Green Bond or Social or Sustainability Linked Bond as disclosed in the offering documents.

3.4.2 Methodology Rationale

The rationale and underlying assumptions for the Fund's methodology, content, and presentation of Sustainable Investments is informed by the nature, scope, and size of the corporate US dollar-denominated corporate High Yield asset class, which comprises publicly listed and privately-owned companies domiciled or headquartered primarily in the US.

According to one estimate, at the beginning of 2023, the number of public companies approaches 6,000[27] in the US. The number of issuers in the High Yield Investable Universe approaches 1,000, but a large proportion of this universe (in recent years from 30 to 40%) are privately owned companies that are not subject to the same disclosure requirements imposed on public companies. Of the relatively smaller proportion of public companies in the Investable Universe (estimated at less than 10% of all US publicly listed companies) fewer High Yield issuers currently disclose complete ESG-related information in the form of key resource efficiency indicators such as on the use of energy, renewable energy, raw materials, water, and land, on the production of waste, and GHG emissions, or on the impact on biodiversity and circular economy.

Moreover, in meeting the sustainability preferences of investors, the absence of a US "green deal" contrasts with and fundamentally differs from the policies and objectives of the European

[27] NYSE and Nasdaq https://www.statista.com/statistics/1277216/nyse-nasdaq-comparison-number-listed-companies/#:~:text=As%20of%20March%202023%2C%20the,much%20higher%2C%20standing%20at%203%2C611.: listed companies comparison Q1 2023 | Statista; last visited August 7, 2023

Green Deal, the latter of which expressly has adopted policies and regulations (including mandatory ESG-related disclosures) with the specific aim of channeling investments to "transform the EU into a modern, resource-efficient and competitive economy," while seeking to reduce net GHG emissions to zero by 2050, decouple economic growth from resource use, and create an inclusive economy.[28] The differences in national policies and priorities drives important differences in corporate disclosure and transparency particularly with respect to environmentally-related data. These differences coupled with the essential characteristic of US High Yield companies – which by nature possess more limited resources, are often handicapped by legacy impairments, and shoulder heavier debt burdens than their investment grade brethren – in turn inform the approach to identifying and measuring Sustainable Investments in the Fund's socially responsible investment strategies.

The Fund's socially responsible investment objectives are built on the theory or belief that Corporate Sustainability in the US Corporate High Yield asset class can be meaningfully evaluated by embracing a holistic whole-of-company approach such as that which is incorporated into the proprietary Value Rubric; recognizing that no single one-size-fits-all sustainability artifact should be employed in determining whether a High Yield issuer possesses the necessary attributes of Corporate Sustainability to successfully transition to a decarbonized, resource-efficient, and inclusive stakeholder-conscious economy; nor should any single sustainability attribute or single category of sustainability attributes be employed in identifying a Sustainable Investment that contributes to an environmental, social, governance or human rights objective or a combination of said objectives in meeting the transparency obligations under SFDR Article 8(1) and related provisions.

3.4.3 Criteria 1: Sustainable Investment Screen ("SKYSIS") Scores

One of the three disjunctive criteria in meeting the minimum percentage of Environment or Social Sustainable Investments employed in the Fund's responsible investment Sub-Funds is a minimum baseline score expressed by the proprietary SKY Harbor Sustainable Investment Screen ("SKYSIS" or interchangeably with "Sustainable Investment Screen"). The following is a description of the methodology, content, and presentation of the SKYSIS Score.

The SKYSIS Score comprises two categories of threshold scores; one for Environment Sustainable Investments ("**SKYSIS-E**") and another for Social Sustainable Investments ("**SKYSIS-S**"), with sub-component attributes under each broad category. The SKYSIS Scores use a methodology that is similar to but distinct from that used in the Value Rubric by the manner in which the minimum threshold scores are tabulated. Only those issuers whose SKYSIS E or S Scores meet the minimum baseline standards shall comprise the 15% minimum share of Sustainable Investments engaged in an economic activity that contributes to an environmental or social objective.

A prohibitively negative Value Rubric score – which operates as a negative exclusion – is assigned to issuers with fossil fuel exposure and to issuers that are chemical producers, as those

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[28] See https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en. Last visited August 7, 2023.

two sectors are defined respectively by the Energy and Chemicals sub-sectors within the Industrials Category of the Investable Universe.

SKYSIS-E

Of the remaining issuers in the Investable Universe, a weighted Boolean Value Rubric score is assigned to issuers that exhibit one or more of the following six attributes: (i) publicly reported GHG emission metrics (ii) publicly disclosed absolute scope 1, 2 and 3 annual emissions of less than 1.000 tC02e; (iii) average GHG intensity of less than the average GHG intensity of the respective industry within the Investable Universe as calculated by the Investment Manager using ISS ESG data and reported as tC02e/Million of Revenue (currency); (iv) climate disclosure with at least three of the four pillars of the TCFD in publicly disclosing their climate action (Strategy, Risk Management, Governance, Metrics & Targets); and (v) a publicly disclosed net zero target and (vi) a water target.

A net zero target is more heavily weighted than the other five attributes. The individual Boolean scores for the six factors are aggregated, and the minimum baseline standard must be in the top quintile to be deemed an Environment Sustainable Investment that can be part of the 15% minimum proportion of Sustainable Investments presented in the pre-contractual and periodic disclosure templates mandated by the RTS.

SKYSIS-S

To qualify as a Social Sustainable Investment, an issuer must satisfy an aggregate score reflecting a combination of three sub-attributes comprising Social, Governance, and Human Rights Sustainability Factor characteristics.

Sub-attribute 1: The Social sub-attribute is further comprised of two components: (i) publicly reported improving employee health and safety expressed in a quantitative manner and/or (ii) publicly disclosed Diversity, Equity, and Inclusion (“DEI”) policies. An issuer must exhibit the presence of both components to satisfy this sub-attribute’s minimum baseline standard.

Sub-attribute 2: The Governance sub-attribute is comprised of the following components: (i) Board diversity (gender/racial/other greater than a third by composition); (ii) adoption of recognized reporting standards (e.g., TCFD, TNFD, ISSB, SASB, GRI, CPD); (iii) presence of a C-suite Sustainability Officer; or (iv) direct ownership by the Board of Directors. An issuer must exhibit the presence of at least three of these components to satisfy this sub-attribute’s minimum baseline standard.

Sub-attribute 3: Preliminarily, the Human Rights sub-attribute by default filters out any issuer that ISS-ESG has raised a “red flag” for violations of the “core normative framework” comprising the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles for Business and Human Rights. A red flag by ISS-ESG signals a verified failure to respect established norms within the core normative framework as determined by ISS-ESG based on their assessment methodology. Manufacturers of controversial weapons are also excluded by default.

Remaining issuers are credited for having the following components: (i) a publicly disclosed policy to prevent Human Rights violations; (ii) a publicly disclosed supplier code of conduct; or (iii) a grievance and/or whistleblower policy. An issuer must exhibit the presence of at least two components to satisfy this sub-attribute's minimum baseline standard.

An issuer must satisfy the minimum baseline standard in all three Social, Governance, and Human Rights sub-attributes to be deemed as engaged in an economic activity that qualifies as a "Social Sustainable Investment" and eligible for inclusion in meeting the 15% minimum proportion of Sustainable Investments presented in the pre-contractual and periodic disclosure templates mandated by the RTS.

3.4.4 Criteria 2: ISS ESG Solutions Methodology

Another one of the three disjunctive criteria in meeting the minimum percentage of Environment or Social Sustainable Investments employed in the Fund's responsible investment Sub-Funds is a minimum threshold Environmental or Social score respectively under the ISS SDG proprietary methodology.

ISS ESG is a product of the Institutional Shareholder Services group of companies ("ISS"), an independent provider of corporate governance and responsible investment solutions, market intelligence and other fund services and is majority owned by Deutsche Börse Group.

SDG Solutions Assessment® ("SDGA") is ISS ESG's proprietary methodology that attempts to measure the positive and adverse sustainability impacts of companies' product and service portfolios. It follows a thematic approach that encompasses 15 distinct sustainability objectives, using the UN Sustainable Development Goals (SDGs) as the reference framework to produce an SDG Environment score and an SDG Social Score. The product's focus is on assessing to what extent companies are making use of existing and emerging opportunities to contribute to the achievement of global sustainability objectives by offering products and services seen as having a positive real-world impact from an SDG Environment and/or Social perspective.

The SDGA applies a proprietary qualitative classification of products and services into five categories – significant contribution, limited contribution, no (net) impact, limited obstruction, and significant obstruction – based on their direct impact on the achievement of Social and Environmental sustainability objectives. For each thematic assessment, the share of net sales generated with relevant products and services is quantified per category.

The detailed results are also aggregated into top-level scores for each sustainability objective as well as an SDG Solutions Score (SDGS), which assesses the overall, aggregated impact of a company's product portfolio on the achievement of sustainability objectives as well as an SDGS Social and Environmental score, which assess the overall, aggregated impact on the achievement of social and environmental objectives, respectively.

The SDG Solutions Assessment thus provides a quantitative measure of a company's level of involvement in certain business activities in terms of revenue exposure, which is combined with qualitative assessments of the sustainability impacts of these activities, to arrive at overall conclusions.

The culmination of these analytical methods results in a range of Objective Scores within each of the five impact categories. To qualify as a Sustainable Investment, the SDGA Objective Score for an investee company shall closely approach or exceed the minimum baseline score of 5 for the "significant contribution" category under the Social or Environment Sustainable Investment.

The Investment Manager has not independently verified ISS ESG's methodology but believes after conducting reasonable due diligence that its methods, assumptions and Objective Scores are consistent with its stated purpose, suitable for evaluating investee companies in the Investable Universe and serve as an acceptable alternative criterion for defining Social and Environment Sustainable Investment for the purpose the Fund's extra-financial objectives.

ISS ESG makes no express or implied warranties, representations or fitness of purpose and disclaims any liability for the use of its SDGA methodology or Objective Scores.

3.4.5 Criteria 3: Green or Sustainability-Linked Bonds

Another one of the three criteria constituting a Sustainable Investment shall be a bond that is designated "green," "social," "sustainability-linked," or other such substantially similar designation as identified and disclosed in the offering prospectus or offering memoranda of such a bond and recognized by an appropriate sustainability code on the Bloomberg Terminal.

IV. ESG Resources, Controls, Monitoring and Reporting

4.1 Internal and external resources used in evaluating ESG risk factors

The ESG data we incorporate into our investment decision-making is primarily generated from in-house research carried out by the analysts and PMs/analysts. Our proprietary Value Rubric tracks KPIs and scores related to positive, and, to a lesser extent negative, ESG attributes/sustainability for 1000+ high yield companies. We look at ESG attributes and data, primarily based on company-reported information, and relevant industry-specific ESG factors to make issuer-specific assessments of ESG risks, opportunities, and momentum.

Our internal research is supplemented with industry reports and research from third-party data providers, institutional financial institutions, ESG-related organizations, financial press, and other public reports (NGOs, public agencies etc.).

In addition, SKY Harbor has retained ISS-ESG for several services to supplement the firm's in-house capabilities. ISS ESG is a product of the Institutional Shareholder Services group of companies ("ISS"), an independent provider of corporate governance and responsible investment solutions, market intelligence and other fund services and is majority owned by Deutsche Börse Group. ISS-ESG serves as a data provider for GHG emissions and Climate Impact on portfolio-wide basis. ISS-ESG also provides SKY Harbor with a Norms-Based

Research screen to help in monitoring and identifying possible violations of Global Compact principles and other internationally proclaimed norms or other controversial activities.

4.2 Controls and Monitoring ESG outcomes

The Fund has installed three levels of ESG controls to ensure compliance with the ESG objectives and criteria set forth in this document and in the Fund's Prospectus and promotional materials.

First level controls

- ✓ SKY Harbor Capital Management's pre-trade compliance engine ensures that portfolio level constraints are adhered to as portfolio managers enter trades for execution. From an ESG standpoint, this notably means that a portfolio manager is unable to purchase a bond which has a Value Rubric score below the minimum eligibility threshold of 1, or which belongs to a sector or country listed in the negative exclusions.
- ✓ ESG Working Group and Compliance monitors adherence to ESG Integration principles and procedures, negative exclusions, and engagements.
- ✓ Scores in the Value Rubric are maintained by the Investment team.
- ✓ UN-backed PRI annual assessment framework is completed each year by the ESG Working Group and filed with PRI and freely available to interested parties.
- ✓ Sustainability reports for all Sub-funds will be produced on a quarterly basis and the compliance with all ESG guidelines and objectives, along with the monitoring of the E, S, G, and HR^{ts} indicators selected by the Sub-funds (and a variety of additional metrics and indicators) are highlighted in these reports.

Second level of controls

- ✓ An automated compliance report generated by SKY Harbor's Risk Management function is verified on a daily basis ensures:

  i. Active or passive breaches are highlighted by the Post-trade compliance tool;

  ii. At least 90% of all the holdings in the Sub-funds have scores in the Value Rubric and all holdings in the Sub-funds must have a Value Rubric score no less than positive 1;

  iii. Negative exclusions and ESG screening (i.e., idiosyncratic exclusions of issuers based on the Rubric's scores) must lead to the exclusion of at least 20% of the Investable Universe;

  iv. That the total ESG score of the fund (based on the Value Rubric) is above that of the underlying universe;

v. At least 90% of the Sub-funds have a coverage for the Safety and Wellness indicator used for the Social dimension, and that the Sub-funds score better than the underlying universe according to that indicator;

vi. At least 70% of the Sub-funds have a coverage for the CSR Commentary indicator used for the Human Rights dimension, and that the Sub-funds score better than the underlying universe according to that indicator;

- ✓ Compliance reviews the compliance of portfolios with the ESG rules and objectives of the Sub-funds using the reports generated by the Chief Risk Officer;
- ✓ Compliance determines the controls that have to be implemented by Risk. The Investment Managers Operations Risk and Control Committee ("ORCC") reviews and approves these controls and members meet regularly throughout the year in regularly scheduled as well as ad hoc meetings; and
- ✓ Control exceptions or specific issues pertaining therewith are escalated to the ORCC.

Third level of controls

- ✓ Compliance and Risk Management monitors compliance with investment guidelines incorporating ESG constraints;
- ✓ Annual assessment of compliance with ESG policies and procedures performed by external compliance consultant intended to supplement the internal level 2 assessment of compliance and controls; and
- ✓ External audit assurance, if required by a recognized labeling authority, be performed to verify compliance with agreed upon procedures pertaining to ESG rules, policies, criteria, and objectives.

4.3 Reporting

The Funds progress toward achieving the extra-financial objectives expressed in its regulatory, compliance, and promotional documents are monitored and accessible to the Fund's Investment Manager and staff.

Cumulative ESG scores (based on the Value Rubric) of the Sub-funds are also monitored for comparison to the Investable Universe. Portfolio Managers can also assess their portfolios based on more comprehensive measures such as the performance of a Sub-fund relative to the Investable Universe according to one or more dimensions.

Sustainable Investments as a proportion of NAV is a new another indicator beginning as of February 26, 2024, when the Sub-funds will begin implementing a 15% minimum share of such investments in the portfolios.

The content of this document applies to all Sub-funds set forth on the cover page.

Finally, all investors will be able review the Fund's ESG progress and quality by accessing the Fund's Quarterly Sustainability reports and other SFDR-mandated pre-contractual, periodic, and website templates and disclosures, all of which are made available to investors on the Fund's website: http://skyharborglobalfunds.com/sustainability/

V. Principal Adverse Impact Statement

5.1 Summary

SKY Harbor's due diligence policies with respect to principal adverse impacts of investment decisions on Sustainability Factors is an evolving component of the firm's ESG-integrated investment process. The investment research team comprising senior portfolio managers and research analysts perform detailed analysis that includes not only the firm's proprietary financial models but also an evaluation of available quantitative metrics and qualitative factors that potentially may uncover heightened Sustainability Risks, particularly as it relates to climate change risk viewed on a portfolio-wide basis. As part of the evaluation of principal adverse impacts the due diligence process also evaluates an investee company's voluntary adherence to Responsible Business Conduct practices.

We expect the Value Rubric will continue to evolve over time as improving disclosure and transparency in the high yield corporate market develops.

5.2 Description of Principal Adverse Impact

SKY Harbor shall seek to identify and evaluate principal adverse impacts of a company's activities on matters covered by the OECD Guidelines with respect to negative externalities that may eventually implicate valuation risk and cause eventual loss of value or reputational harm if left unaddressed. The range of matters covered in the OECD Guidelines include the following matters: disclosure, human rights, employment and industrial relations, environment, bribery, bribe solicitation and extortion, consumer interests, competition, science and technology, and tax policy.

Broadly, key principal adverse impacts include failures or gaps in disclosure generally, failure to provide the public and workers with adequate, measurable and verifiable information on the potential environmental health and safety impacts of the investee company's activities, verifiable and material violations of internationally proclaimed human rights, abusive employment and labor practices, ethical sourcing, environmental degradation or pollution (of land, water and marine resources) and serious gaps in oversight and control as manifested by repeated or egregious instances of bribery, extortion and corruption.

With regard to specific investee companies, the identification of principal adverse impacts will be tailored to specific facts and circumstances of a company and the industry sector in which it belongs.

5.3 Policies to identify and prioritize principal adverse impacts

Each investee company is assigned to a research analyst who is responsible for evaluating a company's Sustainability Factors and Responsible Business Conduct policies and practices as part of the ESG-integrated investment process. The Sustainability Factors identified in the propriety Value Rubric must be addressed, evaluated, and scored by each analyst as part of the investment research process. Moreover, the deliberative process styled as "debated consensus" shall include a specific team evaluation and discussion of Sustainability Risk and Responsible Business Conduct alongside the discussion of underlying fundamentals, financial condition and market risks.

The highest priority with respect to identifying and evaluating principal adverse impacts would be an unforeseen but severely damaging event or incident such as an industrial accident or chemical leak resulting in serious environmental damage, loss of life, significant financial liability, and reputational harm. While such impacts are not generally susceptible to prediction, their occurrence would merit an immediate re-evaluation by the investment team and depending on facts and circumstances may result in partial or complete divestment.

The identification of Sustainability Factors that appear in need of improvement or lack appropriate disclosure and transparency will be another priority. Finally, negative externalities that are not necessarily caused by the company but whose products or services may be used or produced in a manner to contribute to negative externalities have a less immediate priority but shall be flagged for periodic monitoring.

5.4 Actions to address principal adverse impacts

The primary action to address principal adverse impacts that potentially can impact the Fund's investment returns is initially through direct or indirect collaborative engagement where our efforts will remonstrate with investee companies to remedy perceived principal adverse impacts, such as failure or gaps in disclosure or other matters covered by the OECD Guidelines for Multinational Enterprises. Depending on the outcome of engagement efforts or because of other facts and circumstances, consideration of partial or complete divestment of the breaching company's securities would be in scope. However, unless the adverse impact is unusually severe, as indicated in Section 3.2 (F), divestment should generally be a last resort for the reasons cited in that section.

One of the primary purposes of engagement is to exert influence as an investor in a company's debt securities. Principal adverse impacts that do not rise to the level of complete divestment shall be given priority in SKY Harbor's engagement efforts both in terms of direct engagement and joining with other like-minded entities in collaborative efforts such as joint letters or appeals to a company's board and senior management.

A priority of the Fund's sustainable investment strategies involves climate action, which is addressed by the Negative Exclusions relating to Metals and Mining, Energy and Utilities. In this regard, SKY Harbor has retained ISS-ESG, an independent third-party vendor to perform a Climate Impact Assessment on each of the Fund's sustainable strategies.

While particularized climate metrics unique to a high yield issuer are generally not readily available such metrics can, nevertheless, be estimated on a portfolio-wide basis. In that regard, SKY Harbor performs a periodic Climate Impact Assessment on the Fund's sustainable investment strategies based on climate-related metrics provided by ISS-ESG.

The Climate Impact Assessment reports on each portfolio's CO_2 e (CO_2 equivalent) emissions exposure, which includes emissions from direct energy use, energy use from purchased electricity, and indirect energy use (a/k/a scope 1, 2, and 3 emissions respectively), relative carbon footprint and carbon intensity, culminating in a weighted-average carbon risk rating. The report analyzes CO_2 e emissions exposure by sector contributions, identifying those sectors in the portfolio with the greatest contribution to CO_2e emissions. These metrics are compared to a general high yield index such as the ICE BofA US High Yield Index (ticker: H0A0) benchmark. The analysis evaluates the top 10 companies in the portfolio that are the largest contributors of portfolio emissions and also provides an emission attribution analysis that highlights the top sectors to emission attribution exposure compared to the benchmark. The highest emission-intensive issuers in the combined portfolio and high yield universe (as represented in the benchmark) are also identified along with corresponding scope 1 & 2 emissions and carbon risk rating. A section of the Climate Impact Assessment estimates the GHG emission intensity (a ratio of tCO_2 scope 1 & 2 emissions to revenue) of the top 10 companies in the portfolio. The Climate Impact Assessment, among other things, also analyzes each portfolio's compliance with a carbon budget scenario based on below 2 degrees Celsius as well as warming scenarios of 4 degrees and 6 degrees Celsius extending out to 2050.

A summary of the Climate Impact Assessment is expected to be issued as part of the Fund's periodic statement of principal adverse impacts.

5.5 Engagement policies

SKY Harbor's research analysts and portfolio managers seek to engage with the companies whose securities are purchased for client accounts. Engagement seeks, among other things, to obtain necessary information to enable scoring the subject company in accordance with Sustainability Factors set forth in the firm's proprietary Value Rubric. In some instances, multiple engagements with a subject company may be warranted as some topics may need more time or involve additional subject-matter experts from the company to participate. SKY Harbor's policy on engagements provides that an engagement must be two-way communication. An unanswered communication or a jointly signed letter for example, would not be deemed an engagement unless the subject company responds or acknowledges the attempted engagement in a manner that manifests a two-way communication.

5.6 International Standards

As signatories to PRI and the UN Global Compact, SKY Harbor supports the principles promulgated by those organizations including but not limited to the 17 Sustainable Development Goals. SKY Harbor is also a signatory to the Task Force on Climate-related Disclosures ("TCFD"). See Section 3.3 (C) above for additional collaborative initiatives.

VI. Remuneration Policy

SKY Harbor's approach to compensation (salary, bonus, benefits) is designed to align client, employee and the company's interests while encouraging retention by creating both short- and long-term incentives. First, the firm seeks to provide compensation that is highly competitive within the industry. Secondly, employee annual salary increases and bonus awards are determined by the Managing Director based on objective and subjective factors taking into consideration the profitability of the firm, individual contribution to the success of SKY Harbor and relative total compensation for comparable positions in the industry. Compensation is approved by the company's Board of Managers. Generally, the bonus award constitutes 25% to 300% of base salary.

Research analysts are judged on their ability to create positive investment outcomes across all investment strategies through portfolio-relevant idea generation, the integration of Sustainability Risk and idiosyncratic corporate news and market conditions into an updated view of key risks and opportunities, appropriate valuation insights, and effective and timely communication. Portfolio managers are judged on similar attributes as well as how successful they are in delivering against key portfolio and mandate objectives and constraints.

Founding Members Strasser and Yobage, who are members of the Investment Team, draw a salary but do not participate in the bonus pool as they receive distributions from the profitability of the firm.

VII. Shareholder Voting Policy

SKY Harbor is a leveraged credit asset manager, and our portfolios are not invested in equity securities to any meaningful extent. We have, nevertheless, a voting policy to govern our actions in the occasional instance we might be in a position to vote on a shareholder proxy proposal. Moreover, as investors of debt securities on behalf of its clients, SKY Harbor may have the right to vote on a corporate restructuring plan. Those requests are generally treated as corporate actions rather than proxy voting, and we respond accordingly.

To the extent that client investment guidelines provide for investment discretion in equity securities, the right to vote on proxies follows in the ordinary course of business. These policies and procedures are designed to reasonably ensure that SKY Harbor votes proxies in the best interest of those client accounts and can be summarized as follows:

- All communications regarding proxy voting issues or corporate actions are for the sole purpose of expressing SKY Harbor's concerns for its clients' interests
- SKY Harbor will not announce its voting intentions and will not participate in proxy solicitations
- SKY Harbor may choose to not vote the proxy under certain circumstances where in our judgment voting on proxies are not cost-effective
- Voting against management recommendations requires approval of the CCO
- In absence of specific client instructions, SKY Harbor will vote proxies in the best interest of each client, even where such a result may differ from client to client
- SKY Harbor will maintain all appropriate records as required

The content of this document applies to all Sub-funds set forth on the cover page.

VIII Disclaimers

The contents, analysis and the opinions expressed herein are intended solely for institutional and professional investors that are responsible for assessing their own risk tolerance under prevailing market conditions. SKY Harbor Global Funds and SKY Harbor Capital Management, LLC (together, "SKY Harbor") provide this document for informational purposes only. Nothing contained in this document is or should be construed as an advertisement, or an offer to enter any contract, investment advisory agreement, a recommendation to buy or sell securities of any kind, a solicitation of clients, or an offer to invest in any particular fund, product, investment vehicle, or derivative. Current Prospectus and KIIDs are available free of charge at: www.skyharborglobalfunds.com.

This document contains forward-looking statements that are based on SKY Harbor's current views and assumptions. Forward-looking statements such as the findings of our analytical research, our outlook for interest rates, central bank policy, the economy, high yield markets and the like, or our intended adjustments to the portfolios within our strategies are subject to inherent risks, biases and uncertainties that are beyond SKY Harbor's control and may cause actual results to differ materially from the expectations expressed herein.

The information contained herein is subject to change. Certain information contained in this document has been obtained from third-party sources and, although believed to be reliable, has not been independently verified, and its accuracy or completeness cannot be guaranteed.

Investing in securities involves risk of loss and past performance is not necessarily indicative of future results. Fixed income securities, especially high yield debt securities, are subject to loss of income and principal arising from credit risk, which is the risk that the issuer will be unable to make interest and principal payments when due. Material risks in investing in high yield debt securities also include, but are not limited to, opportunity cost (the risk that an issuer's credit trends deteriorate resulting in a higher level of compensation demanded by the market relative to the initial investment), interest rate risk, liquidity risk, selection risk, and overall market risk. In general, issuers of high yield debt securities have a greater likelihood of defaulting on the payment of interest or principal than issuers of investment grade bonds. There can be no assurance that the investment objectives described herein will be achieved or that substantial losses can be avoided.

SKY Harbor is not a tax or legal advisor. Prospective investors should consult their tax or legal advisors before making tax-related investment decisions.

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