US High Yield Fund

February 28, 2018 Class B Capitalization

SKY HARBOR GLOBAL FUNDS

Portfolio Commentary

Market

A hawkish interpretation of Jerome Powell's first congressional testimony as the new Chairman of the Federal Reserve ignited rising inflation fears and a repricing of interest rate-related risk. Despite a backdrop of quarterly earnings growth of nearly 15%, the equity market sold off and high yield registered its weakest monthly return in two years. WTI Crude Oil ended the month down $3.09 (or 4.77%) to $61.64/bbl which put pressure on the Energy high yield sector. During the month, the US Dollar Index was up 1.66% and the US Treasury curve steepened with the 2-yr Treasury higher by 12 bps to 2.25% and the 10-yr Treasury yield rose 17 bps to 2.89%.

HY mutual funds saw net outflows of $11.8bn while loan funds saw inflows of $1.1bn, as tracked by Lipper and Barclays, but the market slowed new issuance to create a cushion for the weak market. Bond new issuance decreased to $12.2bn, offset by $23.6bn in redemptions, leaving net supply at -$11.4bn, per Barclays. The loan market priced $83.3bn during the month, according to JP Morgan. The percentage of the HY bond market trading at distressed levels (below 70% of par) remained low at 2.7%; the comparable figure for the loan market (below 80% of par) also remained low at 2.3%. The par-weighted twelve-month HY bond default rate increased slightly to 1.25% at month-end, per BofA Merrill Lynch, and the loan market par-weighted trailing default rate increased to 2.52%, per JP Morgan.

The ICE BofAML US High Yield Index returned -0.93% in February, and the Credit Suisse Leveraged Loan Index returned 0.18%. The yield-to-worst for the high yield index increased 38 bps to 6.13% and spreads increased 20 bps to 346 bps. The BB, B and CCC bond sub-indices returned -1.16%, -0.77% and -0.59%, respectively. Returns were negative across all sectors for the month, with Energy the bottom performer, returning -1.88%. Across risk types (defined by duration and yield to worst), all segments posted negative returns for the month with the shortest duration, most defensive part of the market outperforming the longest duration, more equity-like part of the market. High yield outperformed large and small cap equities, represented by the S&P 500's -3.69% and the Russell 2000's -3.86% returns, as well as investment grade corporate bonds, represented by the ICE BofAML US Corporate Index's -1.50% return.

Strategy

SKY Harbor Global Funds–US High Yield Fund modestly underperformed the benchmark during the selloff in February. By risk type, security selection was a source of underperformance while allocation was a source of outperformance. The primary driver of underperformance was security selection within the most speculative, equity-like part of the market. This was partially offset by an overweight to the top-performing shortest duration segment of the market and an underweight to the lower-performing better-quality, more rate sensitive part of the market. By sector, weaker selection in speculative Energy was the primary source of underperformance, partially offset by strong selection in Basic Industry and Technology.

The largest positive contributor to returns was Rite-Aid Corp (RAD) 6.125% notes due 2023, which traded up during the month on an announced merger with grocery store company Albertsons. Last month's largest positive contributor, Approach Resources Inc. (AREX) was this month's largest bottom contributor, trading down along with the selloff in energy equities. Last month's largest bottom contributor, SFR Group (SFRFP) 7.375% notes due 2026, was among the bottom contributors to overall returns again this month.

Outlook

Despite the dramatic equity market selloff and spread widening in February, we maintain a consistent view of high yield market risks and opportunities and see little evidence to change our positioning at this point. Our greatest conviction remains around strong corporate fundamentals and generally synchronous global growth. We have acknowledged that valuations are tight, though less so after this past month, and rising rates present potential risks, but believe high yield could have further spread compression absent a general spike in risk premiums. Given the equity response in February, we believe equity investors have been underprepared for the impact of rising rates, unlike high yield investors who have been focused on this risk for quite some time. We nonetheless continue to have a high degree of conviction around the near-term fundamentals of high yield issuers and expect returns to benefit from the market income and below-average default losses so long as risks outside the high yield market remain in balance (e.g., trade wars do not escalate, etc.). As a result, our positioning has not fundamentally changed although we have been opportunistic purchasers during market volatility.

Our Broad High Yield Market portfolios remain underweight to the better-quality, more rate sensitive segment part of the market. We continue to look for opportunities to add income through credit picking among companies with improving earnings. While corporate fundamentals are strong, we believe we are generally not being paid to take "equity-like" risk at current market levels due to the underlying secular and/or cyclical changes that much of the remaining higher-yielding part of the market faces. Based on our view of risks and valuations across the market, we continue to believe Single-B rated credit offers the best opportunity for attractive returns through credit picking.

Investment Objective

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

Benchmark

ICE BofAML US High Yield Index (H0A0)

Launch Date

April 5, 2012

Lead Portfolio Manager

Hannah H. Strasser, CFA

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

Top 10 Holdings by Issuer Weight

Name	Ratings	Sector	Weight (%)
SPRINT CAPITAL CORPORATION	B2	Telecommunications	2.15
VALEANT PHARMACEUTICALS	BB3	Healthcare	1.54
HCA INC.	BB3	Healthcare	1.38
AMERICAN AXLE & MANUFACTURING INC.	B1	Automotive	1.12
CCO HOLDINGS LLC	BB2	Media	1.10
ALLY FINANCIAL INC.	BB2	Banking	1.09
AHERN RENTALS INC.	B3	Services	1.09
XPO LOGISTICS INC.	B1	Transportation	1.08
CALUMET SPECIALTY PRODUCTS	CCC2	Energy	1.05
INFOR (US) INC.	CCC2	Technology & Electronics	1.05

Fund Information	SHGF*	Benchmark
Market Value (mn/bn)	$326.9	$1,299.9
Average Credit Rating	B2	B1
Average Coupon (%)	7.0	6.4
Yield to Worst (%)	6.1	6.1
Yield to Maturity (%)	6.6	6.4
Current Yield (%)	6.9	6.4
Average Maturity (yrs)	6.2	6.2
Avg Mod. Dur. to Wst	3.5	4.0
Average Price	101.3	99.3
No of Issuers/Issues	264 / 342	883 / 1906
% of Top 10 Issuers	12.7	12.4

*securities portfolio only, excludes cash

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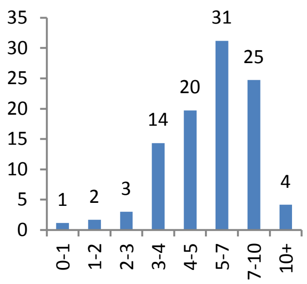
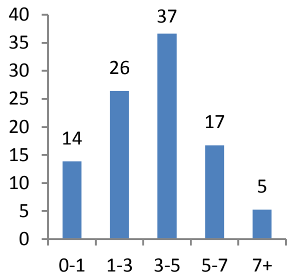
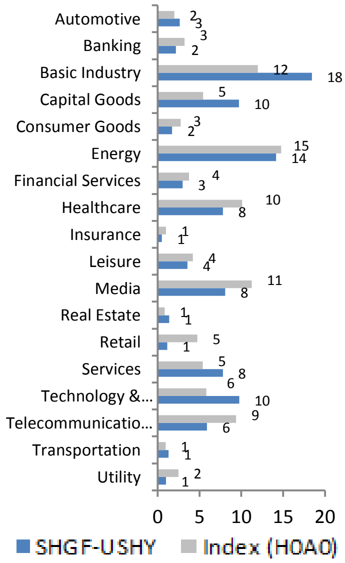
Maturity (%)



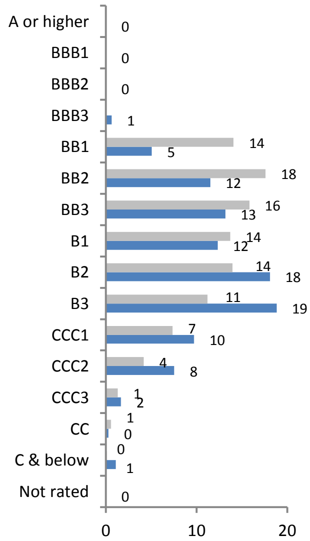
Modified Duration to Worst (%)



Sector (%)



Average Rating (%)



Fund Facts

Fund Type	Open-end
Legal Form	SICAV
Domicile	LUX
Countries of Registration	AT, BE, CH, DE, DK, ES, FI, FR, GB, IT, LU, NL NO, PT, SE
Min. Initial Inv	1M USD
Management Fee p.a.	75 bps
Order Cut-off	12:00 CET
Settlement	T+3
Custodian	JP Morgan Luxembourg
Fiscal Year End	31-Dec
Dealing Frequency	Daily
Valuation Frequency	Daily
Swing pricing	None

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Find all fund documents at:

www.skyharborglobalfunds.com

Net Performance

Currency	ISIN	Cumulative 1M	Cumulative 3M	Cumulative YTD	Ann. Since Inception
USD	LU0765422448	-1.00	-0.01	-0.47	5.34
EUR	LU0765422794	-1.15	-0.70	-0.79	4.44
GBP	LU0765422950	NA	NA	NA	NA
CHF	LU0765423172	NA	NA	NA	NA

Currency	ISIN	Cumulative 1M	Cumulative 3M	Cumulative YTD	Ann. Since Inception
SEK	LU0765423339	NA	NA	NA	NA
NOK	LU0765423503	-1.08	-0.38	-0.64	5.20
DKK	LU0765423768	NA	NA	NA	NA
ICE BofAML US High Yield Index (H0A0)†		-0.93	-0.01	-0.28	6.54

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

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

About SKY Harbor Capital Management

SKY Harbor Capital Management, LLC, an independent investment manager registered with the US Securities and Exchange Commission ("SKY Harbor"), is the appointed Investment Manager for SKY Harbor Global Funds. SKY Harbor offers Broad High Yield and Short Duration High Yield strategies for institutional investors and global wealth advisors. Senior leadership and co-founders Hannah Strasser and Anne Yobage have managed high yield investments as a team through multiple market cycles for nearly 30 years. Our process is grounded in fundamental analysis, then refined by quantitative and technical assessment, to identify income potential while effectively managing risk. SKY Harbor is based in Greenwich, CT USA. Visit www.skyhcm.com.

A Message to Investors

Supplementary Information for Swiss Investors

The representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich. The paying agent in Switzerland is Banque Cantonale Vaudoise, Place Saint-François 14, 1001 Lausanne, Switzerland. The relevant Fund documents such as the prospectus, the key investor information document (KIIDs), the articles of association, and the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.