Global Sustainable High Yield Fund

August 31, 2022

SKY HARBOR GLOBAL FUNDS
Responsible Investing for a Sustainable Future

Monthly Commentary

Market

The Fed's hawkish commentary reversed out the risk on sentiment that had moved risk assets higher early in the month. Chairman Powell's clear and convincing Jackson Hole speech led to better alignment between market expectations and the path of the Fed Funds rate as outlined in the June 2022 FOMC Survey of Economic Projections- higher for longer. Oil prices continued to come down in August, with WTI Crude closing down $9.07/bbl (9.20%) to $89.55/bbl. The US dollar was up 2.64% on the month, and US Treasury curve flattened slightly with the 2-yr Treasury increasing to 3.50and the 10-yr Treasury yield increasing to 3.20%.

High Yield market technicals were a tailwind in August with funds seeing inflows along with negative net supply for the month. High Yield mutual funds/ETFs saw inflows of $335mm, while loan funds experienced outflows of $2.5bn, as tracked by Lipper and reported by Barclays. High yield new issuance remained low in August at $8.1bn, as tracked by Barclays, with $10.1bn in bonds were redeemed or upgraded, leaving net supply at -$2.0bn for the month. The percentage of the market trading at distressed levels (below 70% of par) ended the month at 4.8%; the comparable figure for the loan market (below 80% of par) was 3.9% at month end, per JP Morgan. The par-weighted twelve-month high yield bond default rate increased to 1.17% at month-end, per BofA Merrill Lynch, and the loan market par-weighted trailing default rate ended August at 1.36%, per JP Morgan.

The ICE BofA Global High Yield Index returned -1.60% in August while the Credit Suisse Leveraged Loan Index returned 1.53%. The yield-to-worst (YTW) for the global high yield was higher at 8.53% and spreads decreased 2 bps to 554. By rating, the BB, B and CCC bond sub-indices returned -1.98%, -1.66% and 1.19%, respectively. Returns were mixed across sectors for the month with Real Estate the top performer, returning 1.47%, while Healthcare was the bottom performer, posting -4.37%. Across risk types (defined by duration and yield to worst), the more speculative securities and outperformed the better quality, most rate sensitive part of the market. Global High yield outperformed investment grade corporate bonds, represented by the ICE BofA US Corporate Index's -2.18% return, as well as large cap equities, represented by the S&P 500's -4.24% return, and small cap equities, represented by the Russell 2000's -2.66% return.

Strategy

SKY Harbor Global Funds – Global Sustainable High Yield Fund outperformed the index in August on a gross of fee basis and excluding currency impact. By risk type, both security selection and allocation were sources of outperformance. The primary drivers of relative returns were strong selection within the intermediate risk securities (yielding 7-9% and generally Single-B rated) partially offset by an underweight to the higher performing, most speculative securities (yielding 9%+). By sector, the primary drivers were strong selection within the Capital Goods and Basic Industry slightly offset by weaker selection in Media and lack of Energy exposure. By rating, lower quality led and strong selection in Single-B rated securities drove relative returns.

The largest positive contributor to returns was CP Atlas Buyer (AMBATH) 7% notes due 2028, which rallied on a short cover market move that coincided with solid earnings reported at month end. Last month's top contributor, IEA Energy Services (IEA) 6.625% notes due 2029, was a top contributor again in August. The largest bottom contributor to returns was Audacy Capital Corp. (CBSR) 6.5% notes due 2027 for the second consecutive month, continuing to trade down on negative investor sentiment towards advertising supported media.

Investment Objective

Global ESG socially responsible active investment strategy seeking to outperform the global high yield market with lower volatility by diversified investments in US and non-US dollar high yield corporate bonds of all available maturities and below-investment grade ratings.

Benchmark

ICE BofA Global High Yield Index (HW00) with discretion to derogate from index attributes.

Portfolio Management

Lead PM: Hannah H. Strasser, CFA

Fund Detail

Fund Inception	Apr 05, 2012
Fund AUM	$81.1 mn
Order Cut-off	12:00 CET
Settlement	T+3
Dealing Frequency	Daily
Valuation Frequency	Daily

Statistics on performance, risk measures and portfolio characteristics are presented in share class Fund Factsheets available online at:
http://skyharborglobalfunds.com/funds/globalsustainablehighyield.shtml

SKY HARBOR GLOBAL FUNDS
Responsible Investing for a Sustainable Future

Outlook

While Chairman Powell's speech at Jackson Hole had the effect of realigning the market's expectation of higher rates for longer, it did not materially change SKY Harbor's expectations for the path of rates over the next twelve months. Over the near term, we see limited risk of recession. Exceptions would be geopolitical induced shocks like a China-Taiwan conflict, further significant China Covid lockdowns, an extreme winter season in Europe combined with energy shortages and more aggressive behavior from Russia, forcing a larger conflict. In the intermediate term, we believe that inflation will continue to recede but prove sticky at the 4-5% level if labor markets remain tight. At that point, the Fed would need to either accept higher inflation for some period of time while acknowledging the longer term 2% path or reset expectations for further rate hikes. With additional rate pressure, business expansion and related hiring would likely flounder – tipping the economy into a recession by 2024 but creating labor market slack and eventually a lower rate of overall inflation.

Good, not great second quarter earnings also did not impact our forward view of corporate profitability over the next 6 months. We continue to believe that consumer focused industries, particularly retail, will remain under pressure as companies work through excess inventory. We expect current trends in consumer spending will deepen as the cost of heating for the winter season further pressures discretionary spending. The sectors where pricing power remains are also likely to ultimately be forced to roll back prices, although the negative impact on margins may be less severe if costs have been adequately managed. We expect some sectors to remain resilient, like those that are tied to government funded programs, such as semiconductor chip manufacturing on-shoring, EV battery production, and infrastructure build-out. Our focus is less on sector and industry-based risk taking and more on identifying those companies that have demonstrated solid execution in the face of what is now well-known headwinds and who have positioned their business for market share gains in a more constrained economy.

We still see the market spread of 500 bps as tight to fair value although are willing to adjust our recessionary spread target lower for a market that is higher in quality with more secured debt issuance and a lower average dollar price. Our probability-weighted scenario analysis moves from 630 to 600 when adjusted for "what's different" about today's high yield market although we acknowledge that projecting fair value spreads is an inexact science given the dynamic nature of the component of credit spreads that is not directly attributable to default risk.

We are biased towards up in quality but also mindful that when there is broad-based sentiment to "stay up in quality" that lower rated credit valuations become attractive even when discounted for economic and market headwinds. As a result, we remain disciplined credit pickers – opportunistic across the full ratings and maturity spectrums of our investment universe and believe that the broad portfolio repositioning we did in the second quarter positions our portfolios for attractive risk-adjusted returns over the next twelve months.

About SKY Harbor Capital Management

SKY Harbor Capital Management, LLC ("SKY Harbor"), an independent investment manager registered with the US Securities and Exchange Commission, is the appointed Investment Manager for SKY Harbor Global Funds. SKY Harbor offers a range of US high yield and leveraged loan strategies for global institutional investors and private 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. SKY Harbor's 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.

Contact

info@skyhcm.com
+49 69 75938622
+1 203 769 8800
Find all fund documents at:
www.skyharborglobalfunds.com

SKY HARBOR GLOBAL FUNDS

Responsible Investing for a Sustainable Future

A Message to Investors

This performance discussion and outlook ("Commentary") of SKY Harbor Global Funds (the "Fund") is provided by SKY Harbor Capital Management GmbH, the Fund's authorized principal distributor, and is designed to be read by institutional investors for marketing and summary information purposes only. This material is not intended as an offer or solicitation for the purchase or sale of any security. This Commentary does not consider the circumstances, investment objectives, risk tolerances, tax or legal situation of any investor. Investing in high yield below-investment-grade corporate debt securities entails risk of loss and may be unsuitable to your circumstances. Past performance is not indicative of future results. The information herein is subject to change without notice and is derived or obtained from sources believed to be reliable, but SKY Harbor Capital Management GmbH or its affiliates and their respective directors, officers, employees, and agents (collectively SKY Harbor) do not warrant its completeness or accuracy except with respect to any disclosures relative to SKY Harbor. Forward-looking statements such as our outlook for interest rates, Fed 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 the control of SKY Harbor and may cause actual results to differ materially from the expectations expressed herein. This document does not replace, revise or reinterpret the information, risk factors, and other important disclosures set forth in the Fund Prospectus, KIID, Annual and Semi-annual reports, which along with other disclosures (collectively, "Offering Materials") are available without charge from the following sources: (i) SKY Harbor Capital Management GmbH, located at: 4 an der Welle, 60322 Frankfurt, Germany; (ii) JPMorgan Bank Luxembourg S.A., the Fund's transfer agent, fund accountant and custodian located at: 6, route de Trèves, L-2633 Senningerberg, Luxembourg; (iii) online at the Fund's website at www.skyharborglobalfunds.com; or (iv) from the Swiss Representative (see below). It is every investor's responsibility to read with care the Fund Offering Materials before investing. SKY Harbor Global Funds is established and registered for public distribution in Luxembourg. The Fund is also registered for public distribution in a number of jurisdictions in Europe. Refer to Fund's website for a more complete listing of registered jurisdictions. The Fund may not be sold in jurisdictions where the Fund is not registered unless an applicable exemption from registration exists such as under a private placement regime. The Fund is not registered under the US Securities Act of 1933 nor the US Investment Company Act of 1940 and may not be offered or sold in the United States (or to a US person) absent registration or an applicable exemption from the registration requirements. SKY Harbor disclaims any liability or responsibility for any transaction in the Fund's shares by investors or sub-distributors not in compliance with law. Further information is available on request from your SKY Harbor relationship contact or by email at skyharborgmbh@skyhcm.com.

This document constitutes marketing communications concerning SKY Harbor Global Funds, a Luxembourg UCITS authorized in accordance with Article5 of Directive 2009/65/EC, as amended. Lemanik Asset Management S.A. (the "manco") is the appointed management company of the Fund and is responsible on a day-to-day basis under the supervision of the Board of Directors, for providing administration, marketing, distribution, investment management and advisory services in respect of all the Sub-Funds and has delegated part or all of such functions to third parties including but not limited to SKY Harbor Capital Management, LLC as investment manager and SKY Harbor Capital Management GmbH as Principal Distributor. The manco has the right to terminate arrangements made for the marketing of the shares of this UCITS in accordance with Article 93 of Directive 2009/65/EC, as amended.

Social responsible investing does not guarantee optimal asset allocation and may not necessarily comport with an investor's subjective, moral or ethical standards and aspirations.

Investor rights to file complaints regarding the operation of the Fund is set forth in the Fund's prospectus, which is available free of charge in English and French at www.skyharborglobalfunds.com, where the Fund's Key Investor Information Documents may also be accessed free of charge in English, French, German (including Swiss German), Spanish, Italian, Portuguese, Swedish, Danish, Norwegian, and Dutch.

The ICE BofA Index data referenced herein is the property of ICE Data Indices, LLC ("ICE BofA") and/or its licensors and has been licensed for use by SKY Harbor. ICE BofA PERMITS USE OF THE ICE BofA INDICES AND RELATED DATA ON AN "AS IS" BASIS, MAKES NO WARRANTIES REGARDING SAME, DOES NOT GUARANTEE THE SUITABILITY, QUALITY, ACCURACY, TIMELINESS, AND/OR COMPLETENESS OF THE BofA INDICES OR ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM, ASSUMES NO LIABILITY IN CONNECTION WITH THE USE OF THE FOREGOING, AND DOES NOT SPONSOR, ENDORSE, OR RECOMMEND SKY HARBOR OR ANY OF ITS PRODUCTS OR SERVICES.

Supplementary Information for Swiss Investors

This document is designed primarily for institutional investors for marketing, advertising, and information purposes only and is not intended as an offer or solicitation for the purchase or sale of any security. The foregoing additional disclaimers shall also apply to Swiss investors. The state of the origin of the fund is Luxembourg. In Switzerland, the Swiss Representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the paying agent is Banque Cantonale Vaudoise, Place Saint-François 14, 1001 Lausanne, Switzerland. The Prospectus, the Key Investor Information Documents, the articles of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the Swiss Representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

Supplementary Information for UK Investors

This communication is only directed at persons in the UK reasonably believed to be persons who (1) have professional experience in matters relating to investments, falling within Article 19(5) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Financial Promotion Order") or (2) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order or (3) are persons to whom such a document may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons or will be engaged in only with relevant persons.