

Period ending June 30, 2020

Performance (%)	1 Week	MTD	Q2	YTD
SHGF-USHY USD A Cap (net)	-1.25	0.98	7.37	-4.16
ICE BofA US HY Index	-1.63	0.97	9.61	-4.78
Alpha	0.38	0.01	-2.23	0.61

Key Characteristics	YTW	MTD Δ	YTD Δ	DTW	MTD Δ	YTD Δ	OAS	MTD Δ	YTD Δ
SHGF-USHY	7.09	0.28	2.22	3.96	0.11	1.61	695	55	390
ICE BofA US HY Index	6.90	-0.22	1.53	4.02	0.17	1.08	650	-23	291

Month ending June 30, 2020

The IMF downgraded its expectation for US and global growth and highlighted risks associated with an unprecedented synchronized global downturn. High yield market returns turned sharply negative in the second half of the month, led lower by those sectors most impacted by concerns that economic activity would be slower to recover as US virus cases continue to escalate away from the northeast. Valuations after a strong recovery from the market wided also served as a drag on further spread tightening as the month wore on. Technicals also became more challenging as mutual fund inflows weakened – in line with tighter spreads – while new issue volume broke seasonal record. Our broad high yield portfolios and funds lagged somewhat early in the month and recovered relative performance during market volatility to close the month generally in line with the market. We were active participants in the new issue market although valuation discipline often resulted in us being sellers in the secondary market. Valuation discipline also left us sellers of some higher rated debt that had generally returned to pre-COVID-19 levels. Buys away from the new issue calendar were weighted towards add-ons to high conviction holdings as well as smaller new exposures to the bonds of companies that have near-term challenges associated with operating restrictions but have sufficient financial flexibility to weather low utilization rates through the balance of this year and low levels of activity through 2021. Our overall risk positioning was largely unchanged for the month as we generally are weighted towards the higher yielding part of the market and somewhat underweight short duration risk in the broad high yield portfolios. We are integrating risks that are better positioned for a US election that is biased towards a Democratic win, remain willing to add to smaller issues that continue to offer excess income all else being equal versus larger issues, and are willing to take more cyclical risk generally on the basis of valuation versus defensive sectors.

SHGF-USHY: Sector				Index: Sector			
MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)	MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)
Automotive	5.9	4.61	0.21	Real Estate	1.9	3.33	0.06
Capital Goods	9.1	4.00	0.32	Automotive	5.3	3.02	0.16
Real Estate	1.9	3.68	0.05	Energy	12.8	2.59	0.31
Healthcare	9.7	-0.21	0.01	Utility	2.5	-0.88	-0.02
Leisure	3.6	-0.12	-0.01	Healthcare	9.7	-0.84	-0.08
Financial Services	0.6	-0.12	0.00	Leisure	5.3	-0.64	-0.03

Sectors most tied to the “reopening” theme led the market higher until the last week when those sector gains faded with growing threats to the pace of reopening across the US and elsewhere. Energy sector returns remained volatile with risks tied to global GDP, the November US elections and ongoing decarbonization trends. Fund relative performance was most impacted by positive security selection and a large overweight to the Capital Goods sector, offset by the Fund’s limited exposure to the Energy sector. Our long-standing positive bias towards the Capital Goods sector is predicated on business models that typically lend themselves to leverage over time. Within Capital Goods, our high conviction weight to aerospace

related Triumph Group was more than enough to offset the Fund's lack of exposure to the recovering but still stressed Bombardier capital structure. Our key packaging names were also contributors to positive security section within the sector as were a number of other off-the-run issues that had lagged earlier in the market's recovery but legged forward as the breadth of the market recovery expanded beyond the flow-driven large market capital structures. The Fund's Automotive sector security selection has been a source of positive relative return after being a drag last month.

SHGF-USHY: Rating				Index: Rating			
MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)	MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)
BBB	2.2	1.85	0.03	BBB	0.0	1.36	0.00
BB	25.9	0.84	0.23	BB	55.1	1.02	0.56
B	44.6	1.66	0.70	B	32.6	0.22	0.08
CCC	23.2	1.63	0.38	CCC	12.3	2.63	0.33
Non Rated	0.4	-2.76	-0.03				
Cash	3.5	0.01	0.00				
Total	100.0	1.31	1.31	Total	100.0	0.97	0.97

Our overweight to lower-rated credit was a source of positive relative return, offset by weaker security selection within the CCC-rated part of the market. Our CCC-rated holdings are biased towards the bonds of companies that we believe do not have near-term default or restructuring risk and would typically lag in a low dollar price driven market. Security selection within the B-rated part of the Fund accelerated as the month progressed and a number of our high conviction holdings outperformed.

SHGF-USHY: Risk				Index: Risk			
MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)	MTD	Average Weight (%)	Total Return (%)	Contribution to Return (%)
More Speculative (ex-energy)	21.1	3.81	0.80	More Speculative (ex-energy)	13.7	3.86	0.53
Speculative Energy	1.0	-1.29	-0.01	Speculative Energy	5.0	6.14	0.31
Intermediate Risk	19.8	1.72	0.34	Intermediate Risk	11.6	1.48	0.17
Interest Rate Sensitive	28.4	0.40	0.11	Interest Rate Sensitive	37.1	-0.13	-0.05
Short Duration	23.9	0.54	0.13	Short Duration	32.4	0.03	0.01
Cash	3.5	0.01	0.00				
New Issue & Exchanged	2.3	0.65	-0.06				
Total	100.0	1.31	1.31	Total	100.0	0.97	0.97

Investor perception that valuations were ahead of current risks and opportunities led to underperformance for both longer duration better quality risk and short duration risk for the month. When viewed using SKY Harbor's custom risk segmentation (which does not rely on ratings), it's evident that our lack of exposure to Speculative Energy (Energy that began the period with a yield over 9%) was the largest drag on relative performance, offset by an overweight to non-Energy speculative risk. Excess cash from subscriptions and transaction costs associated with investing in a rising market were also a drag on relative returns.

Forward Outlook

We have believed that investors have been focused on the timing and pace of an economic recovery and have been willing to ignore potential risks around trade relations with China, large US deficits, and the potential for a changing political landscape. Investor surveys now suggest that investor concerns regarding the US election are increasing. Market volatility around election outcome probabilities will increase and risks are likely to reprice themselves according to how well they are expected to fair with different election outcomes. Our positioning is evolving towards those sectors where those risks are either over-discounted or under-discounted.

Our central scenario has not changed. We expect rising default risk in the Energy, Retail, Leisure, and potentially the Transportation sectors despite an eventual stabilization of coronavirus-related impact to demand in the second half of the year. Defaults away from these key sectors appears to be rapidly declining as markets are willing to bridge many stressed capital structures to the time when end market demand is sufficiently robust. Fiscal and monetary stimulus

around the globe appears ready to resize and evolve on an as-needed basis and development of both a treatment protocol and a vaccine appears to be likely. Spread compression is likely to continue as a result. We are managing our portfolios to rebuild returns back into the positive territory and believe the market has excess return opportunity associated with credit picking given the high level of dispersion in the market.

To support our risk-taking, we are focused on consumer and business behavior as restrictions are lifted around the globe. We believe current positioning suggests good potential market capture to the upside so long as Energy is not the driver of the upside but are mindful that low-dollar bonds are likely to gap higher in the absence of further selling pressure. Given the secular and cyclical demand destruction, and historically low oil prices, we do not see speculative Energy being a driver of sustained upside returns.

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 info@skyhcm.com.

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.