



RI TRANSPARENCY REPORT

2020

SKY Harbor Capital Management

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2020 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		🔒	n/a							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	🔒	n/a							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	✓	Public							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	✓	Public							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership in private equity investments	🔒	n/a							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Private							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		✓	Private							✓
SG 14	Long term investment risks and opportunity	✓	Private	✓						
SG 14 CC		✓	Private							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Private							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Incorporation strategies applied	✓	Public	✓						
FI 02	ESG issues and issuer research	✓	Private	✓						
FI 03	Processes to ensure analysis is robust	✓	Public	✓						
FI 04	Types of screening applied	✓	Public	✓						
FI 05	Examples of ESG factors in screening process	✓	Private	✓						
FI 06	Screening - ensuring criteria are met	✓	Public	✓						
FI 07	Thematic investing - overview	🔒	n/a	✓						
FI 08	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 09	Thematic investing - assessing impact	🔒	n/a	✓						
FI 10	Integration overview	✓	Public	✓						
FI 11	Integration - ESG information in investment processes	✓	Public	✓						
FI 12	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 13	ESG incorporation in passive funds	🔒	n/a	✓						
FI 14	Engagement overview and coverage	✓	Private		✓					
FI 15	Engagement method	✓	Private	✓	✓					
FI 16	Engagement policy disclosure	✓	Public	✓	✓					
FI 17	Financial/ESG performance	✓	Private							✓
FI 18	Examples - ESG incorporation or engagement	✓	Private	✓	✓					
FI End	Module confirmation page	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year`s PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year`s PRI data	✓	Public							✓
CM1 05	External assurance	🔒	n/a							✓
CM1 06	Assurance or internal audit	✓	Public							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 End	Module confirmation page	✓	-							

SKY Harbor Capital Management

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2

Additional information. [Optional]

Founded in August 2011 SKY Harbor Capital Management, LLC focuses on the management of portfolios and funds of US high yield bonds and leverage loans for a global institutional and private wealth management client base. The firm offers separately managed accounts and commingled options in its signature Broad High Yield and Short Duration High Yield strategies. The firm also provides customized solutions within its high yield strategies to meet client-directed guidelines related to regulatory requirements, ESG policies, quality objectives and liquidity. SKY Harbor is an independent SEC-registered investment adviser based in Greenwich, CT and has a wholly owned regulated subsidiary in Frankfurt, Germany.

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

United States

OO 02.2 | Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 | Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

23

OO 02.4 | Additional information. [Optional]

All portfolio management, credit research, trading, compliance and operations personnel including senior management are located at the firm's Greenwich, CT headquarters. Client service, promotional support & distribution-related activities are also conducted at headquarters. Authorized marketing, sub-distribution and investor services are conducted by European-based employees of the firm's regulated marketing subsidiary in Frankfurt, Germany.

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1 | Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1 | Indicate the year end date for your reporting year.

31/12/2019

OO 04.2 | Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		5	382	223	434
Currency	USD				
Assets in USD		5	382	223	434

Not applicable as we are in the fund-raising process

OO 04.4

Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year

	trillions	billions	millions	thousands	hundreds
Total AUM			26	945	328
Currency	USD				
Assets in USD			26	945	328

Not applicable as we do not have any assets under execution and/or advisory approach

OO 06.1

Select how you would like to disclose your asset class mix.

 as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	100	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

 as broad ranges

OO 06.2

Publish asset class mix as per attached image [Optional].

OO 06.3 | Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

OO 06.5 | Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

OO 09 | **Mandatory** | **Public** | **Peering** | **General**

OO 09.1 | Indicate the breakdown of your organisation's AUM by market.



Asset class implementation gateway indicators

OO 10 | **Mandatory** | **Public** | **Gateway** | **General**

OO 10.1 | Select the active ownership activities your organisation implemented in the reporting year.

Fixed income Corporate (financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (non-financial) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Public	Gateway	General
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OO 11.1 Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Fixed income - corporate (financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - corporate (non-financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

OO 12	Mandatory	Public	Gateway	General
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OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Fixed Income

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

Closing module

- Closing module

Peering questions

OO FI 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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OO FI 01.1

Provide a breakdown of your internally managed fixed income securities by active and passive strategies

Corporate (financial)	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100
	Total	100%
Corporate (non-financial)	Passive	0
	Active - quantitative (quant)	0
	Active - fundamental and active - other	100
	Total	100%

OO FI 03

Mandatory

Public

Descriptive

General

Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 03.2

Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	100%

If you are invested in private debt and reporting on ratings is not relevant for you, please indicate below

OO FI 03.2 is not applicable as our internally managed fixed income assets are invested only in private debt.

SKY Harbor Capital Management

Reported Information

Public version

Strategy and Governance

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Other, specify (1) engagement as fixed income investors <input checked="" type="checkbox"/> Other, specify(2) industry participation	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

SKY Harbor's investment process is built around the unique risks of the high yield market. We are guided by an investment philosophy that seeks superior long-term returns built through the compounding of income over time and the avoidance of principal losses. Our investment approach intends to capitalize on the inefficient pricing of risk in the high yield market by selecting fundamentally and technically secure securities that produce the desired income stream with less volatility than the high yield market. Our process targets issuers with sustainable business models, long-term operating potential and financial flexibility, transparent governance and management teams attentive to improving creditworthiness.

Fundamental to this process is the consideration and inclusion of ESG factors. In our view, companies which embark on sustainable and responsible business practices that promote diversity and inclusion, good governance principles, responsible use of natural resources and moderate carbon emissions are companies positioned for the future. Over time, companies that operate with higher standards are more likely to lower financial risks and generate excess returns.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

From an investment perspective, SKY Harbor's process is designed to identify, value and manage specific High Yield market risks, which inherently includes ESG factors. As is the case for our analysis of all risk factors, the goal of ESG analysis is best characterized by systematic identification and monitoring to manage how these risks affect issuers and industries over time. Specifically, we look for sustainability and responsible behavior in the companies we invest in, and their ability and willingness to service debt obligations. Among other risks, ESG factors are incorporated in our fundamental credit analysis to assess, for example, environmental and product liabilities, employee training and retention, and corporate governance and legal risks. We recognize the potential for a high correlation between companies that manage ESG factors well and superior investment returns.

SKY Harbor utilizes a risk-based methodology for assessing and evaluating ESG factors pertinent to the issuers in which we invest. This approach is applied across all strategies. Certain individual portfolios may be further defined by client-directed ESG criteria or regulatory requirements as in the case of UCITS funds for which SKY Harbor is the investment manager.

No

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6
CC

Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

As a boutique firm specializing solely in corporate high yield bond portfolios, SKY Harbor Capital is keenly attuned to identifying risks and opportunities in pursuit of our mission to provide superior risk-adjusted returns and world-class investment information to our clients and investors. Our investment teams and product working groups employ a variety of traditional techniques as well as proprietary quantitative investment models. Together these methods, sometimes referred to as the "mosaic" approach to investment analysis, attempt to capture what we believe are all the relevant public, non-public, material and non-material information about a high yield issuer to determine the long term value of the securities that we include in our clients' investment portfolios.

We explicitly recognize that environmental and climate-related risks and opportunities (as well as social, governance and other environmental factors) are an important part of the mosaic in evaluating high yield issuers. For example, in 2015, we divested our client portfolios of securities in the business of coal mining after concluding that the damage to the climate from these activities were no longer sustainable within the investment time horizon of our flagship strategies and products (which generally range from 1 to 5 years). Beginning in late 2016 we also began to underweight investment in the fossil fuel industry and in December 2018 launched a product that, among other things, explicitly excludes companies in the coal and fossil fuel sectors.

Our research framework integrates macro economic and market themes into a dynamically weighted fundamental analysis, the key pillars of which are: Industry Outlook, Business Due Diligence, Financial Analysis, and ESG Risk Factors. Our in-house research analysts utilize this framework to present the key risks and opportunities of the credits we analyze. A key component of that analysis is the ESG pillar, which is specific climate-related transition and physical risk analysis.

While not every Issuer has the same degree of exposure to climate-related physical and transition risk, but where relevant we specifically evaluate physical risk factors such as extreme weather, environmental degradation or remediation, GHG emissions, water usage and waste. Transitioning to a lower-carbon economy needs to be a top management priority, which is often manifested by such data points as: public sustainability reporting, periodic sustainability commentary, emissions disclosure, and the presence or absence of products that contribute to a lower-carbon economy. Each of the foregoing items are factor inputs to our analysis that we apply to each company that our analysts cover.

We have embarked on a project, an enhanced framework, that will incorporate a more detailed rubric that is intended to take the analysis further by incorporating principles and concepts set forth by the TCFD and SASB. We expect to be working on this enhancement throughout the remainder of 2020.

No

SG 01.7
CC

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

2014: inherit client portfolio with exposure to coal

2015: coal mining exclusion

2016: preliminary assessment of fossil fuel exclusion

2017: underweight fossil fuel, metals and mining, and energy sectors

2018: launched a ESG UCITS fund specifically excluding companies with significant revenue from coal or fossil fuels

2019: retained vendor to perform emissions analysis of the flagship strategies

2020: enhancing the sustainability factors in the firm's proprietary rubric; becoming a member of the SASB Alliance

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

SKY Harbor abides by the principles of each organization to which we are a signatory. With respect to the more climate-related coalitions, we became a signatory to UNPRI in 2015 and joined the PRI Fixed Income engagement in 2016. In 2017 the firm became a signatory to the UN Global Compact and committed to the SDGs. In 2018 we joined the PRI engagement on climate change transition for oil and gas companies, and in that same year we subscribed to the TCFD. The Investment Committee and investment strategy working groups have specific climate-related investment risk & opportunities data points that must be addressed in producing a complete issuer analysis. As part of each employee's job performance senior management expressly evaluates the extent to which employees have incorporated these standards in their performance. In addition SKY Harbor has also established a specific Sustainability Working Group that works alongside the Investment Working Groups to promote and assist in the systematic identification of material climate-related and other sustainability risks and opportunities.

No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

SG 02

Mandatory

Public

Core Assessed

PRI 6

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment

URL

URL

http://www.skyhcm.com/documents/SKY_Harbor_Capital_Management_Responsible_Investing_Policy.pdf

Attachment (will be made public)

Fiduciary (or equivalent) duties

URL/Attachment

URL

URL

http://www.skyhcm.com/documents/SKY_Harbor_Capital_Management_Responsible_Investing_Policy.pdf

Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment

URL

URL

http://www.skyhcm.com/documents/SKY_Harbor_Capital_Management_Responsible_Investing_Policy.pdf

Attachment (will be made public)

Other, specify (1)

Other, specify (1) description

engagement as fixed income investors

URL/Attachment

URL

URL

http://www.skyhcm.com/documents/SKY_Harbor_Engagement_Statement_Dec2018.pdf

Attachment (will be made public)

Other, specify (2)

Other, specify (2) description

industry participation

URL/Attachment

URL

URL

http://www.skyhcm.com/documents/SKY_Harbor_Capital_Management_Responsible_Investing_Policy.pdf

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

http://www.skyhcm.com/documents/SKY_Harbor_Capital_Management_Responsible_Investing_Policy.pdf

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

http://www.skyhcm.com/documents/SKY_Harbor_Capital_Management_Responsible_Investing_Policy.pdf

- Attachment
- Time horizon of your investment
- ESG incorporation approaches

URL/Attachment

URL

URL

http://www.skyhcm.com/documents/SKY_Harbor_ESG_Strategic_Update_September_2017.pdf

- Attachment
- Active ownership approaches

URL/Attachment

URL

URL

http://www.skyhcm.com/documents/SKY_Harbor_Engagement_Statement_Dec2018.pdf

- Attachment
- Reporting

URL/Attachment

URL

URL

http://www.skyhcm.com/documents/SKY_Harbor_Capital_Management_Responsible_Investing_Policy.pdf

- Attachment
- Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

URL

http://www.skyhcm.com/strategies/short_maturity_sustainable_high_yield.shtml

Attachment

We do not publicly disclose any investment policy components

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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SKY Harbor recognizes that potential conflicts of interest may arise in conducting the business of an investment manager and has clearly stated compliance policies and procedures designed to address potential conflict that may arise. Such policies and procedures include, but are not limited to, side-by-side management, trade allocation, brokerage practices and asset valuation and liquidity determinations. Operationally, systems and risk controls have been constructed to identify possible conflicts, which if detected, are escalated to the Chief Compliance Officer and Chief Risk Officer for appropriate mitigation. Conflicts of interest in personal trading are mitigated by the firm's Code of Ethics, which requires employees to obtain Compliance approval for trading securities of an issuer of below-investment-grade debt. SKY Harbor's Conflicts of Interest Policy is stated in our Compliance Manual and SKY Harbor conflicts of interest are disclosed in the Part 2A of the Firm's Form ADV filed with the SEC.

No

SG 04	Voluntary	Public	Descriptive	General
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SG 04.1	Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.
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Yes

No

SG 04.2	Describe your process on managing incidents
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Every member of the investment team has access to real-time data feeds from a number of financial data vendors and news organizations. The information from these sources are monitored continuously by the portfolio managers, traders, research analysts and compliance. Any developments concerning investee entities, particularly of a negative nature or involving adverse regulatory circumstances, would be immediately picked up not only by the analyst assigned to that investee entity but by the rest of the investment team as well.

Given our strong fundamental research experience, when we observe negative information, including ESG-related incidents, either directly regarding the issuer or tangentially from economic or sector sources, we will initiate an immediate review of the credit. If the investment team believes the trends or risk profile will remain negative, we will sell the position or initiate an engagement with the company, determined by severity of the incident on a case-by-case basis.

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1 Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
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SG 07.1 Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
Heads of Investing and Research

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)

Other description (1)

Sustainable Themes and ESG Integration

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)
- External managers or service providers

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
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Co-founder and Managing Director Hannah Strasser continues to lead SKY Harbor'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. We note that stakeholders across the globe continue to embrace the shared goals of sustainable development, recognizing the strong business case for investment decisions that include analyzing the risks and opportunities posed by environmental, social, and governance factors, particularly with respect to the high yield universe. Looking toward the coming decade we believe the trend toward sustainability reporting by the business community will increase in pace and across industries world-wide.

Equally important and perhaps with more immediate impact than anticipated, we foresee significant involvement by governments and regulators, all of which we expect will potentially create or reveal significant physical and transition risks implicating regulatory disclosure, compliance, public policy and a broadened stakeholder universe of rights.

Having achieved much our integration and education goals concerning the investment process, and in response to the growing complexity underlying the accelerating regulatory trend, we have adapted our original model by moving away from of a single dedicated Transversal ESG Analyst and have established the SKY Harbor Sustainable Themes and ESG Integration Working Group. This new working group sits along-side our Short Duration and Broad High Yield investment strategy working groups. Hannah Strasser and the Head of Investing provide investment process integration and portfolio management expertise within this working group. The GC & CCO is a member of this working group and 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 four-person Sustainable Themes and ESG Integration Working Group is rounded out by the addition of an individual who is tasked with ESG Data Management, supporting our proprietary quantitative assessment of our high yield issuer universe. We believe this expanded working group bolsters SKY Harbor's ability to respond thoughtfully and

effectively in the management of our clients' assets in light of the profound and ongoing developments in corporate sustainability.

SG 07.3 Indicate the number of dedicated responsible investment staff your organisation has.

Number

4

SG 08	Voluntary	Public	Additional Assessed	General
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SG 08.1 Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

Board members/Board of trustees

SG 08.1b RI in personal development and/or training plan

Responsible investment included in personal development and/or training plan

SG 08.2 Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.

In addition to subscribing to pertinent newsletters, blogs, and other information sources, Board members have attended investment industry conferences where Sustainable Investment topics are presented and discussed.

None of the above

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee

SG 08.1a RI in objectives, appraisal and/or reward

Responsible investment KPIs and/or goals included in objectives

Responsible investment included in appraisal process

Variable pay linked to responsible investment performance

None of the above

SG 08.1b RI in personal development and/or training plan

Responsible investment included in personal development and/or training plan

None of the above

Other C-level staff or head of department

Heads of Investing and Research

SG 08.1a | RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b | RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Portfolio managers

SG 08.1a | RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b | RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Investment analysts

SG 08.1a | RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b | RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Dedicated responsible investment staff

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

Other role (1) [from SG 07]

Sustainable Themes and ESG Integration

SG 08.1a RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

SG 08.1b RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

SG 08.3

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

In addition to internal credit meetings, client and prospect interactions also provide management with opportunities to encourage and reward personal development. Because of the growing interest in responsible investment, the firm is frequently requested throughout the year to respond to questions in meetings, RFPs, and periodic due diligence reports concerning our responsible investment policies and procedures. In the process of preparing for in-person client/prospect meetings or answering specific RFP or Due Diligence questions, members of the investment team (comprising portfolio managers, research analysts, traders) as well as by the Heads of Marketing, Client Service, and Legal & Compliance must review the work product of relevant staff in relation to responsible investing. This process allows for a continuous interaction among all relevant teams in relation to responsible investment. Moreover, to supplement these opportunities, SKY Harbor also conducts periodic in-person training sessions attended by all employees specifically on the topic of Sustainability and the firm's integration of ESG in the investment process. We believe these topics are continuously evolving and that is why the organization dedicates resources to attend ESG, Sustainability, SRI and Impact Investing conferences regularly and summarizes the key points so that all members of the team can benefit from new information and best practices. The transparency of internal and external dialogue and communication in these activities keeps Sustainability/responsible investment goals and objectives top of mind throughout the organization. Where relevant to job functions, employee contribution to the firm's commitment to Sustainable/Responsible Investing is evaluated as part of the annual performance review of each employee by the Managing Director.

Promoting responsible investment

SG 09

Mandatory

Public

Core Assessed

PRI 4,5

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Since participating in the Fixed Income initiative for Credit Ratings Agencies, we have attended a number of PRI events, engaged with peers on RI topics, and committed to participating in a thematic engagement, specifically relating to climate change. The firm also signed the PRI-backed joint letter to the G20 leaders in July 2017, urging their commitment to the Paris Agreement. We have also participated in a collaborative engagement with a fellow PRI signatory (equity manager) urging a large public company to issue a sustainability report.

Member of the PRI oil and gas engagement group; participant in group calls

Signatory to PRI public comment letter to US Securities and Exchange Commission advocating against the Commission's 2019 proposal to change rules on shareholder proposals and proxy advisors, which would impede ESG integration.

SKY Harbor is a dedicated fixed income high yield investment manager among very few in the PRI signatory base.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AVCA: Sustainability Committee
- France Invest – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Climate Action 100+
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- HKVCA: ESG Committee
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

SKY Harbor became a UN Global Compact participant in 2017, submitting a CEO statement of commitment, followed by a commitment to the UN Women's Empowerment Principles.

- Other collaborative organisation/initiative, specify

Thirty Percent Coalition

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

SKY Harbor committed to joining the Thirty Percent Coalition in late 2017, as well as publishing a statement on the firm's gender diversity initiatives and goals. The statement is publicly available on the firm's website.

Supported the Coalition's comment letter to the US Securities and Exchange Commission advocating against proposed reform affecting shareholder proxy eligibility requirements.

- Other collaborative organisation/initiative, specify

TCFD

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
 Moderate
 Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Publicly available statement by the CEO in support of the TCFD initiative.

TCFD guidelines included in ESG-related engagements with companies where relevant.

Provided relevant CO2 equivalent emissions data to investors

- Other collaborative organisation/initiative, specify

Joined the FAIRR Initiative in 2019 and signatory to FAIRR CERES Global Investor Engagement on Meat Sourcing.

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

SG 10.2 Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description

Continued direct engagement with clients, consultants, prospective investors, and our PE partner to promote understanding and adoption of RI approaches. Assisted new clients in implementing their RI objectives.

Provided in-person training on the topic and Sustainable Investing with specific references to PRI, TCFD, GRI and SASB. Discussed further steps to integrating ESG in the firm's investment process.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Provided financial support for academic or industry research on responsible investment

Provided input and/or collaborated with academia on RI related work

Description

Submitted materials to publications regarding ESG integration in high yield

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description

We support the TCFD and with companies that we directly engage advocate for increased transparency and disclosure.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI

Description

Openly discuss our participation with PRI and other organizations with asset owners, consultants and our PE sponsor, and the efficacy of the commitment for other organizations

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media

	Description
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Organized media campaign relating to newly-launch SKY Harbor Global Funds Short Maturity Sustainable High Yield Bond Fund, a sustainability-themed UCITS, which included discussion intended to foster understanding of tenets of RI and application in high yield investing.

	Frequency of contribution
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- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
- A member of PRI advisory committees/ working groups, specify
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Other, specify
- No

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1	Indicate whether your organisation uses investment consultants.
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- Yes, we use investment consultants
- No, we do not use investment consultants.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

	Describe
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In 2019, our flagship high yield portfolios were analyzed for carbon equivalent emissions at the sector and issuer levels. Climate scenario analysis based on alignment with 2, 4 and 6 degrees Celsius over a time horizon up to 2050. Physical and transition climate risk were also specifically assessed.

No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3 Additional information. [OPTIONAL]

ESG and sustainability issues are considered in our risk-based analysis at the sector and industry level and can impact allocation decisions. For example, SKY Harbor continues to avoid investment in companies whose primary business is thermal coal and is increasingly divesting from the energy sector. The decision to avoid this type of risk was largely based upon our view that financial flexibility and future profitability for the US coal sector and now the high yield energy sector is increasingly pressured by global investment restrictions and costs associated with environmental-based regulatory and compliance measures.

Communication

SG 19	Mandatory	Public	Core Assessed	PRI 2, 6
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SG 19.1 Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Fixed income

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	<input type="radio"/> Broad approach to RI incorporation <input checked="" type="radio"/> Detailed explanation of RI incorporation strategy used
Frequency	<input type="checkbox"/> Quarterly <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input checked="" type="checkbox"/> Ad hoc/when requested
URL	http://www.skyhcm.com/approach/responsible_investing.shtml
URL	http://www.skyhcm.com/documents/SKY_Harbor_ESG_Strategic_Update_September_2017.pdf

SKY Harbor Capital Management

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed fixed income

Implementation processes

FI 01	Mandatory	Public	Gateway	PRI 1
FI 01.1	Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.			

Corporate (financial)	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	100
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0 100%
Corporate (non-financial)	Screening alone	0
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	100

	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
		100%

FI 01.2 Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

SKY Harbor's investment process is designed to identify, value and manage specific high yield market risks, which inherently includes ESG factors. It has long been our view that ESG factors play a material role in identifying potential investment risks and can, through analysis and consistent monitoring, be integral to investment decision-making and performance. We recognize the potential for a high correlation between companies that manage ESG factors well and superior investment returns, and, accordingly, ESG integration in our fundamental credit analysis and overall investment process is applied to all assets under management. We also implement sector and issuer level screening based on a combination of our top-down and bottom-up views of risks relating to ESG factors; for example, that we don't invest in coal extraction companies or companies that are in violation of international norms.

Additionally, a portion of our AUM is managed with client-directed ESG screens, and another portion is in (UCITS) funds which comply with the Convention on Cluster Munitions and do not invest in companies that manufacture cluster bombs and anti-personnel mines.

FI 03 **Mandatory** **Public** **Additional Assessed** **PRI 1**

FI 03.1 Indicate how you ensure that your ESG research process is robust:

- Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- Other, specify
- None of the above

FI 03.2 Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is displayed on front office research platforms
- ESG information is a standard item on all individual issuer summaries, research notes, ‘tear sheets’, or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

FI 03.3 Additional information. [Optional]

Since the last report, SKY Harbor has become a member of the SASB Alliance, which we expect will enhance our efforts to further integrate ESG into our investment process.

(A) Implementation: Screening

FI 04 **Mandatory** **Public** **Gateway** **PRI 1**

FI 04.1 Indicate the type of screening you conduct.

Select all that apply

	Corporate (financial)	Corporate (non-financial)	
Negative/exclusionary screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Positive/best-in-class screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Norms-based screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

FI 04.2 Describe your approach to screening for internally managed active fixed income

Negative/exclusionary screening has long been a part of our investment process, for both client-directed and UCITS compliance-based screens (e.g., for the Convention on Cluster Munitions.) More recently, SKY Harbor has applied a screen on companies that we have determined to have dominant risks related to ESG factors such as coal miners, private prison operators, companies with increasing ESG-related legal liabilities and, increasingly, energy companies with impaired access to capital due to increasingly negative investor and lender sentiment.

We have recently launched a sustainability-focused fund that prohibits investment in the energy sector, thermal coal mining, utilities that use thermal coal as a major input, gaming, alcohol and tobacco-related companies.

Positive/best-in-class and norms-based screening are somewhat newer in our investment process, and have been directed by our increased awareness of how international frameworks, like the UN Global Compact, can guide how investment managers can align their investment processes with asset owner values, particularly with European-based clients. Our recently launched sustainability fund emphasizes through higher concentrations

within the portfolio issuers that show increased transparency and reporting, increased stakeholder awareness and engagement and strong and diverse governance structures.

FI 06	Mandatory	Public	Core Assessed	PRI 1
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FI 06.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.
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Type of screening	Checks
Negative/exclusionary screening	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
Positive/best-in-class screening	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above
Norms-based screening	<input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above

(C) Implementation: Integration

FI 10	Mandatory	Public	Descriptive	PRI 1
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FI 10.1	Describe your approach to integrating ESG into traditional financial analysis.
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SKY Harbor's investment process is designed to identify, value and manage specific High Yield market risks, which inherently includes ESG factors. It has long been our view that ESG factors play a material role in identifying potential investment risks and can, through analysis and consistent monitoring, be integral to investment decision-making and performance. We recognize the growing body of evidence of a high correlation between companies that manage ESG factors well and superior investment returns. Accordingly, we have prioritized ESG integration in our fundamental credit analysis. The ESG-integrated investment process applies to all assets under management, not solely to assets in our Sustainable Strategies.

Paramount to our fundamental process is a focus on the debt securities of companies that have sustainable business models in light of the globalization of economies and the interrelatedness of capital markets, which, together can lead to rapid shifts in high yield issuer financial flexibility. As such, we look for themes that both support and sustain corporate profitability and enhance financial flexibility. We develop and retest specific themes through quarterly earnings trends, aggregate industry and economic data, ESG specific research and anecdotal evidence collected broadly which is then weighed against valuation opportunities and market realities.

FI 10.2	Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.
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	Corporate (financial)
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SKY Harbor's research integration of ESG factors for corporate issuers in banking and financial services follows the same approach as that for non-financial corporates, but with a different weighting on certain factors more relevant to the financial industry and guided by SASB industry materiality factors.

	Corporate (non-financial)
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SKY Harbor's research process and credit selection targets issuers with solid credit characteristics, a high level of financial flexibility and strong operating potential. Analysts perform in-depth analysis to identify risks associated with an issuer's Industry Outlook, Operating Potential or Financial Flexibility.

Analysts consider a broad range of ESG factors depending on the issuer and industry at various stages of our research process. Certain Governance issues are applicable across all industries, including corporate board and ownership structures, alignment of executive pay, and accounting. Other social and environmental factors, may have greater relevancy in one industry versus another. Industry ESG-related risk is guided by SASB materiality factors.

The identification, analysis and ongoing monitoring of ESG factors through our credit research process is integral to our risk-based approach, security selection and positive investment outcomes.

FI 11	Mandatory	Public	Core Assessed	PRI 1
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FI 11.1	Indicate how ESG information is typically used as part of your investment process.
----------------	--

Select all that apply

	Corporate (financial)	Corporate (non-financial)	
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is used to adjust the internal credit assessments of issuers.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is used to adjust forecasted financials and future cash flow estimates.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis impacts the ranking of an issuer relative to a chosen peer group.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation.	<input type="checkbox"/>	<input type="checkbox"/>	
ESG analysis is integrated into portfolio weighting decisions.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other, specify in Additional Information	<input type="checkbox"/>	<input type="checkbox"/>	

FI 12	Mandatory	Public	Additional Assessed	PRI 1
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FI 12.1	Indicate the extent to which ESG issues are reviewed in your integration process.
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	Environment	Social	Governance
Corporate (financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

FI 12.2 Please provide more detail on how you review E, S and/or G factors in your integration process.

Corporate (financial)

SKY Harbor's research integration of ESG factors for corporate issuers in banking and financial services follows the same approach as that for non-financials companies detailed below, but with a few distinctions. Because the sector is highly regulated, our ESG analysis of financial companies places particular emphasis on business ethics, customer privacy, data protection, and lending practices which may materially adversely impact an issuer via regulatory investigations, fines and reforms. Indirect social factors include compliance with regulations against predatory lending and adherence to standards for equal opportunity lending and the community reinvestment act. Environmental factors are also assessed, but typically have a lower impact relative to social and governance factors in this industry. Our industry assessment is guided by SASB materiality and our assessment of a company's preparedness for those material ESG-related risks.

Corporate (non-financial)

SKY Harbor's research process and credit selection targets issuers with solid credit characteristics, a high level of financial flexibility and strong operating potential. Analysts perform in-depth analysis to identify risks associated with an issuer's Industry Outlook, Operating Potential or Financial Flexibility. Our analysis of the risks associated with an issuer's industry evaluates cyclical and secular trends, the efficacy of industry sustainability and the regulatory environment to assess the external forces in place or looming that may impact the outlook for an issuer and its peer group. Our analysis of the risks associated with an issuer's operating potential takes the form of a full Business 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. Our analysis of the risks associated with an issuer's financial flexibility takes the form of a robust Financial Model that is designed to assess an issuer's long-term ability to operate within its existing capital structure and service its debt. This proprietary financial 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.

Analysts consider a broad range of ESG factors depending on the issuer and industry at various stages of our research process. Certain Governance issues are applicable across all industries, including corporate board and ownership structures, alignment of executive pay, and accounting. Other social and environmental factors, may have greater relevancy in one industry versus another. Examples of ESG factors regularly examined include:

- **Environmental:** industrial practices, waste management, GHG emission, physical and transition climate-related risks, safety procedures and capital expenditure/cost to maintain high standards in these areas.
- **Social:** worker rights and benefits, pay practices, workforce diversity, employee training and retention; also consumer demographics, community engagement and charitable contributions, product liability potential, and reputation

- **Governance:** management stability and credibility, board structure, legal risk, tax patterns, and historical treatment of bondholders.

In addition, we track the company's transparency and disclosure in these topics and regularly engage with companies to request further information and encourage public dissemination related to various ESG topics.

The identification, analysis and ongoing monitoring of ESG factors through our credit research process is integral to our risk-based approach, security selection and positive investment outcomes.

Fixed income - Engagement

FI 16	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
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FI 16.1	Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.
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Yes

FI 16.2	Please attach or provide a URL to your fixed income engagement policy document. [Optional]
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	URL
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http://www.skyhcm.com/documents/SKY_Harbor_Engagement_Statement_Dec2018.pdf

No

SKY Harbor Capital Management

Reported Information

Public version

Confidence building measures

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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CM1 01.1 Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
 - Whole PRI Transparency Report has been internally verified
 - Selected data has been internally verified
- Other, specify
- None of the above

CM1 02	Mandatory	Public	Descriptive	General
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CM1 02.1 We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

CM1 03	Mandatory	Public	Descriptive	General
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CM1 03.1 We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ESG audit of holdings

CM1 03.4 Describe the process of external/third party ESG audit of holdings, including which data has been assured.

We have provided portfolio holdings to invested and prospective clients who have conducted audits/screens. When these audits have resulted in constituent level flags, we have assessed the concerns and communicated our investment case where applicable (i.e., reason for remaining invested or divestment.)

These are private, ad hoc audits.

- Other, specify
- None of the above

CM1 04	Mandatory	Public	Descriptive	General
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CM1 04.1 Do you plan to conduct third party assurance of this year's PRI Transparency report?

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

CM1 06	Mandatory	Public	Descriptive	General
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CM1 06.1 Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year)

What RI processes have been assured

- Data related to RI activities
- RI policies
- RI related governance
- Engagement processes
- Integration process in listed assets
- Screening process in listed assets
- Thematic process in listed assets
- Other

When was the process assurance completed(dd/ mm/yy)

31/12/2019

Assurance standard used

- IIA's International Standards for the Professional Practice of Internal Auditing
- ISAE 3402
- ISO standard
- AAF 01/06
- SSE18
- AT 101 (excluding financial data)
- Other

Specify

In-house compliance officer reviewed and cleared policies/processes.

CM1 07	Mandatory	Public	Descriptive	General
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CM1 07.1 Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed

Who has conducted the verification

- CEO or other Chief-Level staff

Sign-off or review of responses

- Sign-off
- Review of responses
- The Board
- Investment Committee
- Compliance Function
- RI/ESG Team
- Investment Teams
- Legal Department
- Other (specify)