

No consideration of sustainability adverse impacts

We are required to disclose whether we consider adverse sustainability impacts in our investment decision making within the meaning of SFDR.

Stone Harbor Investment Partners LP and its affiliates globally (including but not limited to its Ireland-domiciled affiliate, Stone Harbor Investment Partners Limited) (collectively "Stone Harbor", "we" and "our") support the objectives of recent legislation and regulation which encourages financial market participants to systematically integrate and consider sustainability risk within investment decision making. We view environmental, social, and governance (ESG) factors as integral components of our investment process – it is our view that material sustainability factors are elements of thorough fundamental credit analysis. Notwithstanding this longstanding approach to credit analysis, for the time being Stone Harbor has determined it is not practical to consider the adverse impacts of our investment decisions on sustainability factors within the meaning of Article 4(1)(a) of SFDR as we do not believe we could currently do so in a systematic and consistent manner at a reasonable cost to clients. This is in part because underlying companies or issuers (which are domiciled globally and include emerging markets) are not widely obligated to, and overwhelmingly do not currently, report by reference to the same data. This is also due to the size, nature and scale of the funds under management (each a "Fund", together the "Funds"), and in the absence of the finalised regulatory technical standards relating to this disclosure. Stone Harbor will review its position on this matter at least annually by reference to market developments. Nevertheless, we are focused on creating long-term value and are actively investing in relationships, systems and procedures which will enable Stone Harbor over time to gather more and more granular data on the adverse impacts of our investment decisions.

Reference to SFDR above is to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

2 March 2021