

Stone Harbor Investment Partners (UK), LLP (“SHIPUK” or “Firm”) has produced the report below in order to comply with the requirements imposed by Regulatory Technical Standard 28 (“RTS 28”) of MIFID II. This qualitative summary is intended to accompany and supplement the quantitative report that is also provided on an annual basis in accordance with the requirements of RTS 28.

Best Execution Qualitative Information

A summary of the analysis and conclusions the firm draws from its detailed monitoring of the quality of execution obtained on the execution venues where it executed all client orders in the previous year

As outlined in the Firm’s Best Execution Policy, the Firm considers both quantitative and qualitative factors to evaluate best execution when executing transactions on behalf of its clients. The Firm seeks to execute transactions so that the client’s total cost is the most favourable under the circumstances.

b) Debt Instruments

As part of SHIPUK’s analysis of best execution in relation to debt instruments, reviews of externally verifiable reference prices (where available) were undertaken when pricing or checking the price of bids/offers and other best execution factors. Depending on the debt instrument, requests for quotes or reviews of the price of bids/offers may be conducted via phone, chat or electronic-trading platform.

Transaction Cost Analysis (“TCA”) reports were obtained from a third party vendor. The reports cover market impact analysis as well as costs. The results of the monitoring analysis are reviewed by the Firm’s Brokerage Committee.

The monitoring completed supported that best execution was obtained consistently with the approved counterparties and on the approved execution venues throughout the year.

(e) Currency Derivatives

As part of SHIPUK’s analysis of best execution in relation to currency derivatives, reviews of externally verifiable reference prices were undertaken when pricing or checking the price of bids/offers and other best execution factors. In some cases, prices may be monitored via electronic-trading platforms where counterparties provide competitive quotes. Certain FX transactions may be directed to the client’s custodian, such as if required by the client.

TCA reports were obtained from a third party vendor. The reports cover slippage analysis, examine costs and

	<p>confirm any outliers for review by the Firm’s Compliance Team. The results of the monitoring analysis are reviewed by the Firm’s Brokerage Committee.</p> <p>The monitoring completed supported that best execution was obtained consistently with the approved counterparties and on the approved execution venues throughout the year.</p>
<p>An explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution</p>	<p>SHIPUK seeks to take all sufficient steps to obtain the best possible results for its clients and views this as a key element in its commitment to act in the best interests of its clients, as well as being a regulatory requirement. The Firm takes into account ‘execution factors’ such as price, costs, speed, size, nature, likelihood of execution and settlement or any other consideration relevant to the execution of the order, including but not limited to such factors as a broker’s quality of execution, ability to execute the full-size of the trade and specialized expertise.</p> <p>The relative importance of the execution factors is judged on an order-by-order basis in line with the Firm’s industry experience and prevailing market conditions. In addition, key factors for relevant asset classes have been identified as follows:</p> <p>(b) Debt Instruments Due to the nature of debt instruments, the Firm will typically place price, size and the nature of the transaction as of primary importance.</p> <p>(e) Currency Derivatives (ii) Swaps, Forwards, and other Currency Derivatives Key factors considered are price, size and overall transaction costs. On occasion, preference is given to counterparties that are operationally easier to work with such as where time factors are a consideration.</p>
<p>A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders</p>	<p>Applies across all classes of financial instruments traded.</p> <p>The Firm does not have any close links, conflicts of interests or common ownerships with respect to the execution venues it uses to execute orders.</p>

<p>A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received</p>	<p>SHIPUK has not entered into any arrangements with its execution venues regarding payments made or received, discounts or non-monetary benefits that would compromise its ability to meet its obligations in regards to best execution, conflicts of interest or inducements.</p> <p>The Firm has determined that it will pay for research from its own resources and as such has arrangements in place to remunerate certain firms for the receipt of such research. Additionally, SHIPUK may on occasion receive or provide minor non-monetary benefits from execution venues. They must be received/provided in accordance with the Firm's inducements policy.</p>
<p>An explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred</p>	<p>Applies across all classes of financial instruments traded.</p> <p>The Firm regularly reviews the effectiveness of its Best Execution Policy and its execution arrangements to identify and, where appropriate, incorporate any changes to enhance the quality of execution obtained. The Compliance team conducts periodic reviews of the approved broker list to determine if brokers should be added to or removed from the list.</p>
<p>An explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements</p>	<p>Applies across all classes of financial instruments traded.</p> <p>While SHIPUK does take the characteristics of its clients into account when judging the relative importance of the execution factors, the Firm's clients are exclusively professional clients and so are treated with a consistent approach. Certain clients may restrict the Firm's use of particular brokers or execution venues.</p>
<p>An explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the</p>	<p>Applies across all classes of financial instruments traded.</p> <p>Not applicable. The Firm does not execute retail client orders.</p>

client	
<p>An explanation of how the Firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575</p>	<p>Applies across all classes of financial instruments traded.</p> <p>As indicated above, SHIPUK makes use of third party TCA and analytics tools relating to the quality of execution to facilitate its internal review process. Where the Firm directly executes transactions on behalf of its client with counterparties where the order relates to OTC products, the Firm takes steps to check the fairness of the price on offer such as by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products. SHIPUK has analysed various RTS 27 data issued by counterparties to review and compare published details about execution quality. RTS 27 reporting has not provided any data to indicate that the quality of execution received by SHIPUK is unsatisfactory.</p>
<p>Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.</p>	<p>Applies across all classes of financial instruments traded.</p> <p>As of the date of this report, the services of a Consolidated Tape Provider for non-equity products was not available.</p>

Please refer to <https://www.shiplp.com/rts-28-quantitative-reports/> for information on the top five execution venues used by SHIPUK, broken out by asset class, as reported in the Firm's quantitative reports.

25 March 2020