

April 23, 2021

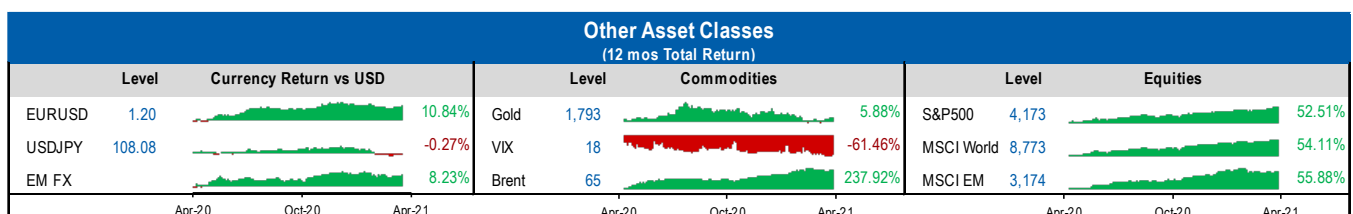
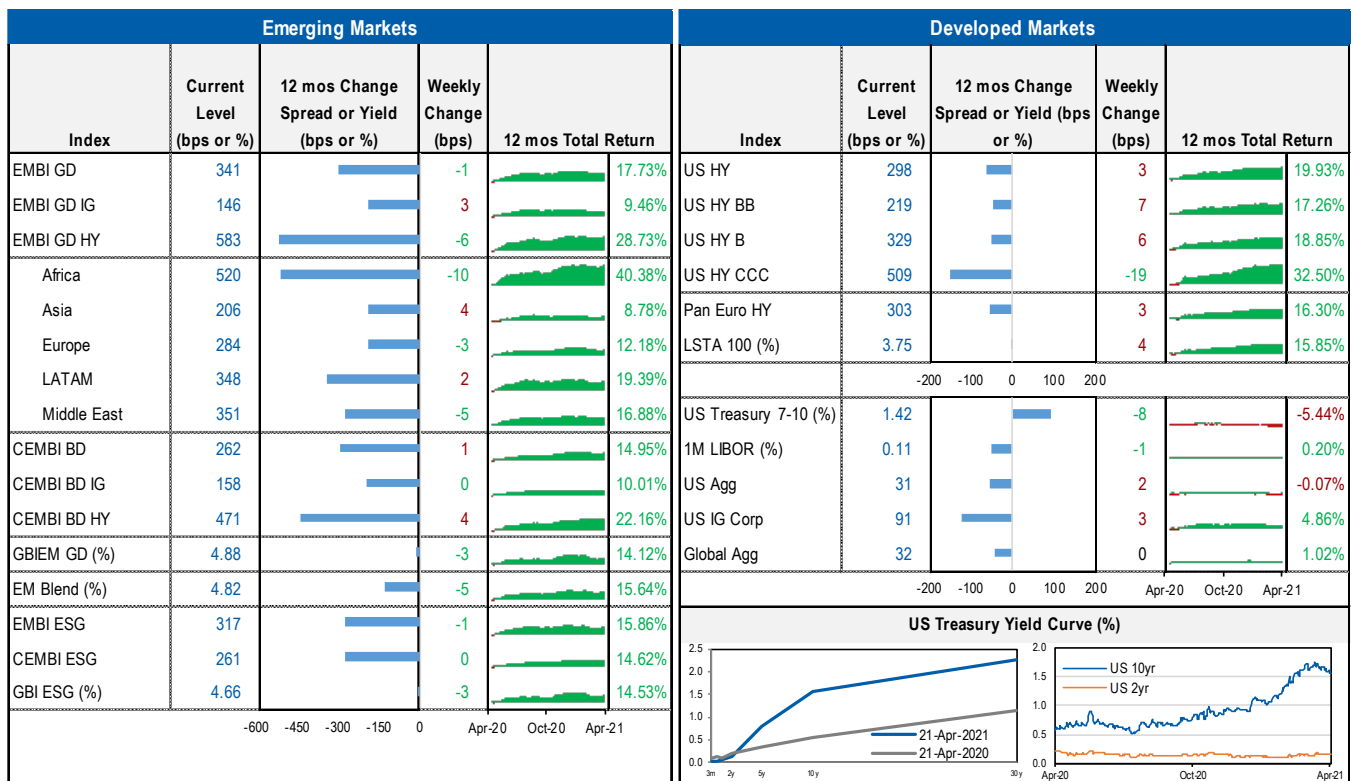
WEEKLY COMMENTS ON CREDIT

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Global Market Summary

Despite rising Covid-19 cases in select parts of the world, the virus and monetary backdrop in Europe is improving. The European Union (EU) approved the Johnson & Johnson (J&J) vaccine after a brief pause, and the European Central Bank (ECB) announced it will keep its policy rate unchanged and maintain the accommodative monetary policy stance. The ECB President Christine Lagarde stated that she expects “very fast” second half growth this year.

In the UK, latest data suggests that unemployment has stabilized as the economy re-opens. Similarly, initial jobless claims in the US trended lower. Credit spreads were mixed, while total returns were broadly positive, supported by stability in US Treasury yields. Emerging markets (EM) external sovereign debt and local currency debt outperformed. The US dollar declined vs the Euro, and EM currencies appreciated, on average.



As of: April 21, 2021. Source: Bloomberg. For illustrative purposes only. See disclosures at end of material for additional information.

Global Backdrop

United States

US economic data continued to surprise to the upside this week. US retail sales rose 9.8% month-over-month in March, small business optimism rose to a four-month high, housing starts rose 19.4% month-over-month, and the University of Michigan Current Conditions Index rose to 97.2 from 93.

Progress against Covid-19 continues. In particular, a number of states that were seeing rising cases are now experiencing stabilization, suggesting that the vaccination program is potentially overtaking the infection rate impact of unlocking. Despite this positive news, equity markets were weak in the early part of the week and the Treasury market has gained ground. This may be due to multiple factors. While economic data has been positive, it is surprising on the upside to a lesser extent. Growing infection rates in Asia and continued high rates in Latin America suggest an ongoing drag on global growth. Additionally, readings on long-term consumer inflation expectations, such as the University of Michigan survey point to well anchored expectations, giving credibility to the Federal Reserve's (Fed's) cautious approach to any policy reversal.

Europe

Overall, Covid case data continues to stabilize in Europe. A fall in test positivity rates is somewhat masked by a surge in testing levels, suggesting underlying improvements. European vaccination rates continue to improve, although remain below the UK and US, running at levels seen in the US two months ago. Pfizer committed to deliver an additional 50 million doses in Q2, more than offsetting the impact of the J&J vaccine delay.

President Macron has asked France's ministers to deliver plans for progressive unlocking through May and also indicated his expectation for international travel to open for the summer, although vaccinations may be necessary.

Despite continued improvement and political pressure from within the ruling conservative party to move more quickly, the UK government indicated that it will stick to its re-opening plan.

Political tensions de-escalated in Germany as Armin Laschet won clear backing to succeed Chancellor Angela Merkel. In Italy, Prime Minister Mario Draghi indicated that the government remains on course to submit its Covid recovery plan to the EU by the 30 April deadline.

Asia/Japan

New Indian Covid cases have now exceeded 300,000 on a daily basis. The existence of double mutation and potential triple mutation variants has raised concerns of an increased ability to escape vaccination. Countries have responded by further limiting travel between India and the UK, for example, placing India on its "red list" of banned countries.

Local authorities in Tokyo and Osaka have formally requested the central government to impose a new state of emergency in their localities. Hyogo and Kyoto are expected to be included in any announcement and the state of emergency is expected to last from 25 April to 11 May. Lockdown measures are expected to be more severe than previously in attempts to rapidly lower the case load, and proceed with the Summer Olympics. Vaccinations continue to progress, but remain behind other developed countries.

Economist Corner

Seamus Smyth, PhD, Developed Markets

One of the main transmission channels of higher interest rates to the real economy is through the housing market. With US 10-year rates currently up about 100 bps from their mid-2020 lows, the housing sector would typically be coming under some downward pressure. Though there is likely some drag from the higher mortgage rates, the sector still looks broadly healthy. Overall, we expect housing to add to but not drive the recovery over coming quarters.

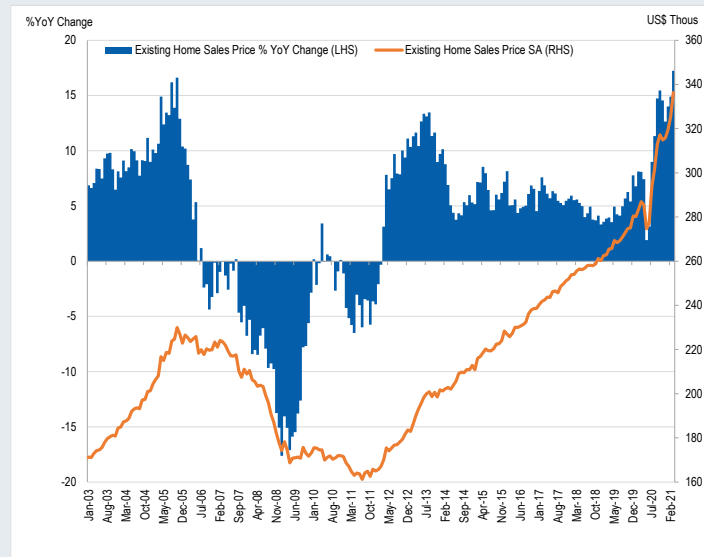
Some measures of the housing market are showing signs that could reflect higher rates exerting a malign influence. Existing home sales have dropped down to 6.01 million from a peak of 6.73 million in October, when rates were substantially lower. Also, the NAHB's Housing Market Index has dropped 7 points, to 83 from 90.

Despite these signs of modest retrenchment, we expect the housing sector to continue to buoy growth. The pullback in existing home sales appears to be at least partially related to a lack of supply. As the graph shows, median prices have been very strong despite the lower volume of sales, with the year-over-year growth rate rising above 15%. Buttressing the limited supply explanation, at the current sales rate, it would take only 2.1 months to sell all the homes currently on the market. On the construction side, after a pause in February—almost certainly related to the cold weather in the middle of the country—housing starts have rebounded and permits

Steffen Reichold, PhD, Emerging Markets

are firm. And at 83, the Housing Market Index mentioned above is actually very firm relative to its history. Covid-induced demand shifts look to be outweighing the drag from higher rates for now.

NaR Median Sales Price: Total Existing Homes, United States



Source: National Association of Realtors, Haver Analytics



Emerging Markets Debt

External Sovereign Debt

External sovereign debt spreads tightened 1 basis point (bp) and the JP Morgan EMBI Global Diversified returned 0.64%. Non-investment grade credits outperformed investment grade credits again this week. Only five countries in the index generated negative total returns. The top country performers included Lebanon (7.46%), Ecuador (3.55%), and Jordan (3.03%). The bottom performers included Sri Lanka (-3.20%), Peru (-1.29%), and Barbados (-0.45%). All regions posted positive total returns, and Africa led with a total return of 1.19%.

Local Currency Debt

The JP Morgan GBI EM Global Diversified returned 0.69%. EM currencies returned 0.45% in aggregate. The Brazil real outperformed, returning 2.06%. The Chilean peso and the South African rand were up 1.57% and 1.16%, respectively. The bottom performers were Peru (-2.09%), Russia (-1.31%), and Turkey (-0.98%). The yield of the JP Morgan GBI EM Global Diversified declined to 4.88%, helped by stability in US Treasury yields. Dominican Republic (-25 bps), Brazil (-24 bps), and Indonesia (-13 bps) were among the top performers.

Flows/Issuance

EM sovereign debt issuance this week included Euro-denominated issues from Philippines and US dollar-denominated issues from Colombia and Malaysia. Philippines issued a total of US\$2.5 billion in 4-year, 12-year, and 20-year notes; Colombia issued a total of approximately US\$3 billion in 11-year and 21-year notes; and Malaysia issued US\$1.3 billion of 10-year and 30-year bonds. In EM corporates, the developments around Huarong limited new issuance out of Asia, with only high quality issuers coming to market over the

past week. However, in Latin America, there were two debut issuers and re-tap from Colombian E&P issuer, Geopark, to fund a liability CEM management exercise.

EM Corporate Debt

Lower US Treasury rates were the main driver of performance for the CEMBI Broad Diversified, with Asia and Central and Eastern Europe, Middle East, Africa (CEEMEA) outperforming Latin America. High grade was up 0.41% vs 0.14% in high yield. Apart from US Treasury rates, country-specific developments drove returns in Peru and China. In Peru, new polling on the upcoming presidential election caused concern among investors about future policy direction. Peruvian corporate bond prices, in particular mining companies, were down on fears of possible changes in the regulatory scheme. In China, bond prices for Huarong Asset Management rebounded after the company announced it would be meeting a debt obligation that is maturing in the last week of April. The company is a large weighting in the index and has been a big driver of performance, both negative and positive, over the past several weeks.

According to Emerging Portfolio Fund Research (EPFR), EM fixed income funds saw net inflows of approximately US\$1.0 billion for the week through 20 April, driven almost equally by inflows into hard currency debt funds and local currency debt funds. We note that EPFR data provides a partial picture of portfolio flows as it accounts for a segment of the total market.

Source: EPFR

Sovereign Soundbites



Angola

Angola – Africa’s second largest oil producer – began selling state-run banks to gauge investor appetite for stakes in the country’s biggest companies. Following the privatization of the financial sector, the sale of diamond firm Endiama, national airline TAAG, and oil giant Sonangol are slated for 2022. The government announced plans to sell up to 30% of Sonangol, the state’s oil and gas company, which is estimated to be worth approximately US\$6.4 billion. As reported by the Economic Coordination Minister Manuel Nunes Junior, “the changes that have been instigated will help build a real democratic state and a market-based economy that is able to diversify away from oil,” and further added that Angola’s US\$4.5 billion IMF program has helped the country implement reforms and transparency. The IMF program ends at the end of this year. Angola’s external sovereign debt spreads tightened this week.

allocated to specific projects by lawmakers. Congress also approved a bill that allows the freezing of discretionary spending lines to ensure compliance with the spending cap. Details are yet to be disclosed. We view the current developments as evidence of the Bolsonaro administration’s intention to maintain fiscal discipline even while it continues to spend on pandemic-related health initiatives. Brazil’s external sovereign debt spreads tightened and the real appreciated.



Colombia

The government has unveiled a fiscal reform package designed to generate new revenue and savings equivalent to over 2% of GDP and maintain social programs created during the pandemic. The proposals broaden the reach of the fiscal rule to include regions and municipalities, strengthen social programs, raise taxes on the wealthiest segment of the population, and levy green taxes. The Colombian peso appreciated.



Brazil

Brazil’s Economy Minister Paulo Guedes announced early this week that the administration and Congress reached an agreement on the 2021 budget. The government’s twin commitments to health and fiscal responsibility stipulates that recurring spending must remain under the spending cap rule, while expenditures of a non-recurring nature will be excluded from the spending cap. Government Secretary Flavia Arruda confirmed that President Jair Bolsonaro will approve the budget, perhaps vetoing part of the amount that could be



Ecuador

Following Guillermo Lasso’s win in the presidential election on 11 April, the economic committee of Ecuador’s National Assembly unanimously passed a final draft of the Law to Defend Dollarization and submitted the bill for final vote by the unicameral parliament’s plenary. The key objective of the bill is to defend dollarization by strengthening the independence of the central bank. The legislature has until 25 April to review the fast-track bill or it will become law as submitted. Ecuador’s external sovereign bonds returned 3.55%, on average.





Pakistan

The UAE extended the repayment of a US\$2 billion loan by the Abu Dhabi Fund for Development in January 2019. The original loan amount was US\$3 billion, of which US\$2 billion was scheduled for repayment on 19 April. This latest support follows the announcement last month that the IMF had agreed to release the next tranche of US\$500 million, part of the US\$6 billion program, and China's support last year in the form of a US\$1.5 billion financing line to repay US\$2 billion Saudi Arabia debt. External sovereign debt spreads widened.



Peru

The latest Datum poll indicates that over 40% of voters now support left-wing presidential candidate Pedro Castillo, compared to 26% for market-friendly candidate Keiko Fujimori. The Ipsos poll over the weekend also showed Castillo at 42% vs 31% for Fujimori. Castillo has widely advocated rewriting the Constitution, while Fujimori has pushed for a free-market economic model to support growth. The second round of the presidential elections is on 6 June. Peru's external sovereign debt spread widened and the sol declined.



Poland

Recent data suggest a strong rebound in economic activity in Poland. March industrial output increased +18.6% month-over-month, +18.9% year-over-year compared to consensus expectations of +13.2% and +13.1%, respectively. March retail sales also increased +15.0% month-over-month, +15.2% year-over-year, compared to consensus of 11.8% and 10.5%, respectively. Increases in sales of clothing, footwear and motor vehicles, reflected a low base in the year-over-year comparison. Sales of furniture, household appliances, radio, TV and other electronic equipment also accelerated. Amid gradual reintroduction of restrictions and an increase in Covid-19 infections, an increase in online sales (+28.8% month-over-month) further supported overall retail sales with its share rising to 9.5% from 8.6%.



Russia

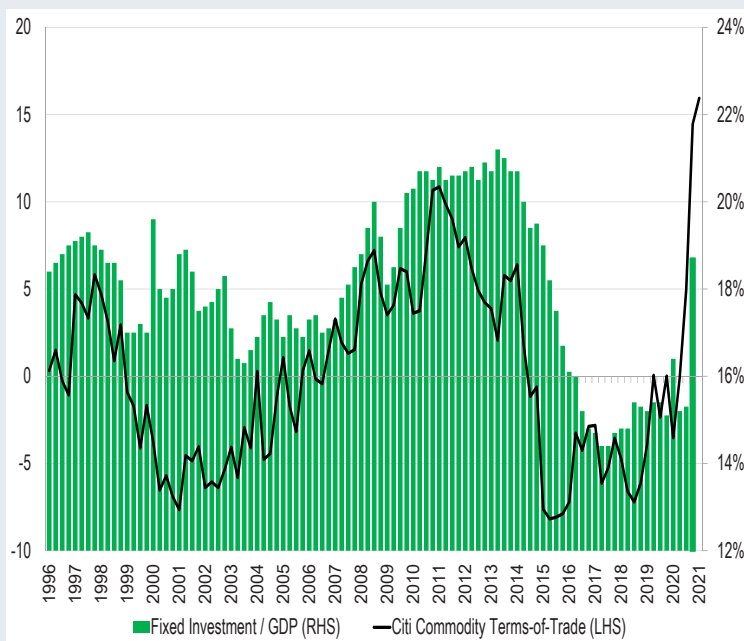
The most market-relevant piece of the US sanctions against Russia announced late last week was the decision to prevent US institutions from purchasing ruble-denominated sovereign debt after 14 June in the primary market. While the initial market response was negative, local bonds and the ruble recovered given that the new sanctions do not affect trading in the secondary market. In addition, Russia's high level of cash reserves suggest that the country faces no financing pressures. The Treasury Department also sanctioned six Russian technology companies that support the Russian intelligence cyber program, along with 32 entities and individuals. Another eight individuals were sanctioned for their role in the ongoing Crimea occupation. Russia's Defense Minister Sergei K. Shoigu stated on Thursday morning that Russian troops would withdraw from Ukraine's border region by 1 May, signaling a possible de-escalation of recent tensions. The Russian ruble recovered as concerns over potential conflict with Ukraine subsided, while external sovereign debt spreads tightened.



Zambia

The IMF noted this week that it hopes to reach a program deal with Zambia before August elections, but further progress will depend on the parameters of the program and endorsements of political leaders, according to the IMF's Africa Director Abebe Selassie. The timeline for an IMF deal takes into account that the parliament and President Edgar Lungu's cabinet must be dissolved three months before the elections and suggests that a deal may be agreed upon by mid-May. Zambia's external sovereign bonds returned 2.5% on average.

Brazil: Terms-of-Trade & Investment Rate



Sources: Haver Analytics, Bloomberg, Stone Harbor Investment Partners LP

The run-up in commodity prices has triggered a very large improvement in Brazil's terms-of-trade. Many of Brazil's key export products including iron ore, soy, corn, and crude oil participated in the price surge. This should be good news for Brazil's currency as export receipts are increasing but the currency has failed to participate in the commodity rally so far as several factors continue to weigh on market sentiment: in particular, the severity of the Covid pandemic and pressures on public finances.

However, we are seeing clear signs that commodity prices are already triggering important improvements in Brazil's economy. One is a moderate improvement in the external current account. But the most important and often overlooked reaction is the rebound in the investment rate. Investment correlates strongly with Brazil's commodity prices and has been a key driver of past growth cycles, both positive and negative. The exceptionally low investment rates of the past five years resulted in economic stagnation but this is already changing with a big investment rebound in Q4 2020. This is consistent with anecdotal evidence from some of Brazil's large corporates and higher-frequency investment indicators. If sustained, a meaningful pickup in Brazil's GDP growth rate should be expected, which in turn would help alleviate the fiscal pressures and improve market sentiment.



Global High Yield

US High Yield

The US high yield market was under pressure as the week progressed due to renewed concern about rising Covid cases globally, which overshadowed solid earnings as the reporting season begins. Treasuries stabilized at tighter yields and energy prices declined as a result. Riskier, levered assets in the airline and leisure sectors underperformed due to potential delays in global growth. Healthcare was also weaker on pharmaceutical headline risks associated with the opioid trials.

DISH Network Corp. selected Amazon Web Services Inc. as its preferred cloud provider and will construct its 5G network on their platform. This is part of a collaboration agreement under which both companies will work to transform how organizations and customers order and consume 5G services, or alternatively, create their own private 5G networks. United Rentals Inc. is buying General Finance, a provider of mobile storage and modular office space, for about US\$996 million. Middleby Corp. has acquired Welbilt Inc. in an all-stock transaction, enhancing the commercial foodservice platform, with an implied enterprise value of US\$4.3 billion.

Leveraged Loans

The tone in the loan market was more muted this week as investors digested a robust wave of new issuance, corporate earnings and additional macroeconomic data. The S&P/LSTA Leveraged Loan Index returned +0.01%, the average index bid price declined 5 bps to US\$97.76, and the spread-to-maturity widened 1 bp to L+408. Discounted CCC-issuers outperformed B, BB, and the broad index this week, as investors continue to seek yield. Energy related sectors were

the strongest performers, while lagging industries were mostly a function of idiosyncratic issues. We continue to see more mergers and acquisitions (M&A) and leveraged buyout (LBO)-related transactions come to market such as Mavis Tire Express Services Corp, which is being acquired by an investor group led by BayPine LP and TSG Consumer Partners LP, and a cross-border financing for Allied Universal's acquisition of British security services group G4S PLC. There were no defaults in the index this week.

European High Yield

Overall, European high yield returned -0.04% week-over-week. Performance across rating categories ranged from flat to -0.13% with BB-rated names holding better than B and CCC credits. Overall spreads were 3 bps wider, leaving spreads -10 bps tighter for the month-to-date. European equities performed poorly this week and credit markets felt heavy as well. Food and beverage as well as airlines underperformed in spread terms. Results releases in chemicals confirmed the sector's strong operating performance with INEOS Group reporting strong Q4 results and Synthomer increasing its 2021 EBITDA forecasts. Sector performance was muted though, given the relatively tight spread levels. Two notable large issuances priced or announced this week: Dufry, a B+ rated Swiss-based duty free operator, issued a EUR1 billion equivalent dual tranche in EUR and CHF, which underperformed post-issuance given tight pricing and a slow travel recovery. French frozen food retailer Picard, a strong cash generator during the pandemic, opportunistically announced a EUR 1.7 billion triple tranche with coupons linked to carbon emission reduction targets aimed at refinancing existing debt and paying dividends to sponsors. Pricing had yet to be finalized as of 22 April.

Flows/Issuance

US high yield flows were negative on the week led by redemptions from institutional accounts. ETF flows were erratic causing a negative basis to NAV, thereby causing them to be better sellers. The torrid primary calendar slowed with the market uncertainty but still priced US\$8 billion; US\$5.5 billion remains to price by week's end.

The primary market for loans heated up after a momentary lull, and over the past week, 18 issuers launched deals for approximately US\$13.9 billion. With new supply hitting the

market, demand for loan assets remains robust. Over the week, we saw over US\$1 billion of Collateralized Loan Obligation (CLO) issuance bringing month-to-date issuance to US\$3.97 billion. The loan market experienced its 14th consecutive week of inflows from retail mutual funds and Exchange Traded Funds (ETFs).

In Europe, EPFR data points to a small inflow of US\$94 million for the week, while US high yield saw US\$950 million in outflows.

Source: Lipper, JP Morgan

Industry Insights



Oil & Gas Exploration and Production: Despite the continued rise in oil prices, US exploration and production (E&P) companies continue to stress capital discipline, debt reduction, and a more pronounced ESG focus. The sector's outlook has improved dramatically with the rise in oil prices, improved liquidity, and access to capital markets. M&A within the sector continues as the bid-ask spread narrows and prices include a larger component of equity, as demonstrated with Diamond-back Energy doing its second Permian acquisition in four months.



Oil Field Services: As E&P companies focus on free cash flow vs production growth, oilfield services remain overbuilt and underutilized, especially those focused on US operations. International companies have fared better, with less fluctuations in capex spending. Street estimates have taken up year-end rig count estimates to 475 vs 400 previously, though they remain well below the roughly 800 rigs working pre-pandemic. Offshore rigs are currently suffering from low utilization rates as well, currently 81% globally in 1Q 2021, below last year's also weak 84%, despite marketed supply dropping almost 50 rigs. We expect further scrapping of excess equipment and consolidation in the sector as five offshore rig companies emerge from bankruptcy.



Media: Following Tuesday's close, Netflix released disappointing Q1 2021 results with subscriber net additions coming in at the slowest pace since Q2 2019. However, lost in all the market focus on subscriber growth trends, is the fact that year-over-year revenue and EBITDA were up ~25% and ~90%, respectively, demonstrating the extreme amount of operating leverage in the business. During the quarter, Netflix also reported essentially breakeven free cash flow generation, despite retiring a US\$500 million February 2021 maturity out of internally generated cash flow. We believe that as credit markets digest these results, investors will see that even after a challenging subscriber growth quarter, Netflix remains on track to becoming an investment grade credit.



Investment Grade

Governments

US Treasury market volatility, as measured by the ICE BofAML MOVE Index, drifted higher over the week but remained near its recent lows. The US Treasury curve saw a fall in yields with 10-year Treasuries declining from 1.63% to 1.57%, a level last seen on 12 March. The forward curve showed a noticeable decrease in the level of tightening expected from the Fed, although expectations remain above the Fed's own forecasts. 10-year real yields fell 6 bps over the week, while 10-year Breakevens were unchanged.

In contrast to Treasuries, core European government bonds were more mixed. Over the course of the week, the yield on 10-year Gilts fell 6 bps to 0.74% and the yield on the 10-year Bund was unchanged at -0.26%.

Corporates

Investment grade spreads widened this week as an increase in supply weighted on the markets. Supply was driven by bank deals, which surprised the markets with record size deals from the likes of Bank of America and JP Morgan. The Bloomberg/Barclays Corporate OAS finished the week at +91 bps, which is unchanged on the month and 3 bps wider on the week. Outside of the new issues, the market was focused on earnings, which seem to be more upbeat given the accelerated stage of vaccinations and lower rates of infection.

Issuers in the tobacco space widened by as much as 25 bps on the Biden administration's announcement regarding consideration of a ban on menthol cigarettes, as well as regulating the amount of nicotine in cigarettes to non-addictive levels. Spreads recovered some after the initial shock but remain wider by 8-10 bps with the most affected names being Altria and British American Tobacco.

Securitized

It was a relatively quiet week in the securitized sector where spreads were unchanged. Mortgage applications jumped 8.6% this week after falling 3.7% the prior week. Purchase applications were up 5.7% with the spring selling season in full swing. The average 30-year fixed rate mortgage was 3.2%, well above the current coupon of mortgage-backed securities (MBS), which is approximately 1.83%. The Fed's MBS purchase schedule was heavy this week and supportive of spreads. Asset-backed securities (ABS) year-to-date issuance is +45% vs last year's pace although the comparison is skewed by the market shut down last March and April. Hertz is moving closer to an exit from bankruptcy with two competing bidder groups. Their exit is targeted for this summer in anticipation of an upswing in travel.

Flows/Issuance

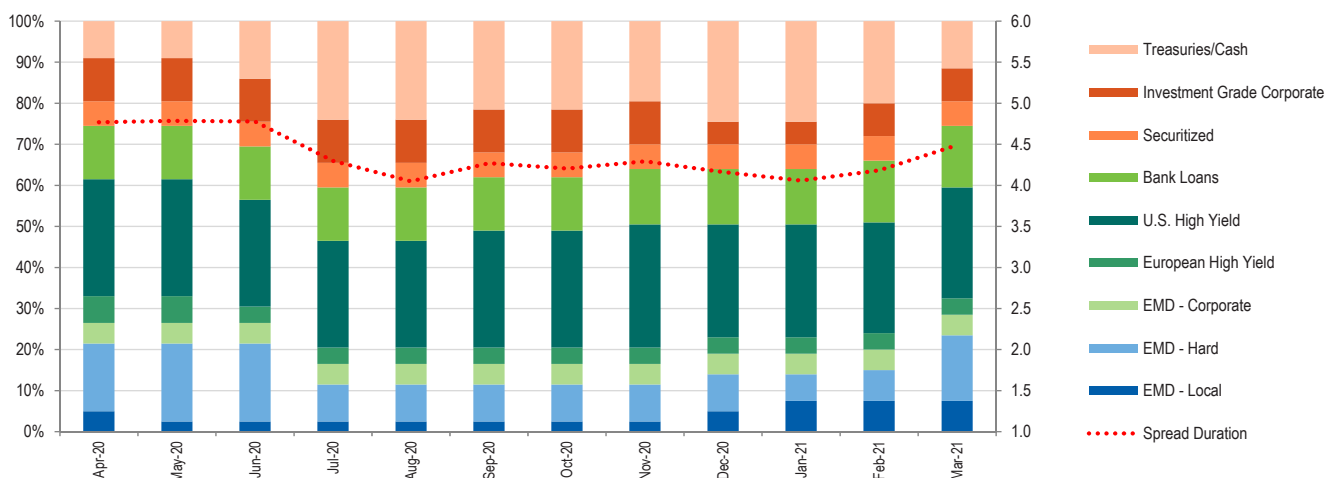
Flows into high grade corporate funds (Agg funds + Corp funds ex short-term) saw a large inflow of US\$6.56 billion according to EPFR. Corporate only and Aggregate funds took in US\$2.138 billion and US\$4.879 billion, respectively, while international funds saw outflows of US\$456 million. Mutual fund and ETF flows for the full month of March were released this week and were down to US\$15 billion vs US\$31 billion in February and US\$41 billion in January. This reflects the concerns of a higher rate environment and negative total returns. Corporate only funds drove the slowdown in flows for the month, while Aggregate demand remained robust.

Supply for the week looks more in line at around US\$30 billion after last week surprised with an elevated total of US\$39 billion.

Record sized bank deals from JP Morgan, which issued US\$13 billion, and a US\$15 billion deal from Bank of America (the largest bank deal ever issued), along with US\$7.5 billion from Morgan Stanley, and US\$7 billion from Goldman Sachs were the focus and created some significant underperformance within the banking space. The deals were concentrated in the long end where spread curves were flat to inverted. Generous concessions were offered and investor interest was keen as were the banks to issue given the cheap funding rates. Supply for the month has already exceeded expectations with just over US\$100 billion coming to market, US\$42.5 billion coming from the major Global Systemically Important Banks (GSIB's).

Source: EPFR

Stone Harbor Multi-Asset Credit Target Allocations (%)



Stone Harbor Multi-Asset Credit Representative Target Allocation as of 31 March 2021. Actual allocations within any account may be significantly different from the target allocations shown here. For illustrative purposes only.



Credit Market Indices Snapshot

As of April 21, 2021		Spread or Yield Change (bps or %)						Total Return (%)					
		Level	1W*	MTD	QTD	YTD	LTM	1W	March	MTD	QTD	YTD	LTM
EM	EMBI Global Diversified	341	(1)	(12)	(12)	(10)	(297)	0.6	(1.0)	2.2	2.2	(2.4)	17.73
	CEMBI Broad Diversified	262	1	5	5	(8)	(294)	0.3	(0.6)	0.5	0.5	(0.3)	14.95
	GBI EM Global Diversified Yield	4.88	(3)	(0.12)	(0.12)	0.66	(0.12)	0.7	(3.1)	2.5	2.5	(4.4)	14.12
EM Sovereign Debt	EMBI Global Diversified	341	(1)	(12)	(12)	(10)	(297)	0.6	(1.0)	2.2	2.2	(2.4)	17.73
	EMBI GD Investment Grade	146	3	4	4	(3)	(190)	0.4	(0.6)	1.1	1.1	(4.2)	9.46
	EMBI GD High Yield	583	(6)	(37)	(37)	(25)	(515)	0.9	(1.4)	3.5	3.5	(0.3)	28.73
EM Sovereign Debt Regions	Africa	520	(10)	(36)	(36)	(36)	(513)	1.2	(2.2)	3.7	3.7	(0.5)	40.38
	Asia	206	4	(7)	(7)	(26)	(188)	0.3	0.0	1.6	1.6	(1.1)	8.78
	Europe	284	(3)	(6)	(6)	19	(187)	0.6	(1.8)	1.4	1.4	(3.0)	12.18
	LATAM	348	2	(13)	(13)	(6)	(341)	0.5	(0.6)	2.9	2.9	(4.0)	19.39
	Middle East	351	(5)	(7)	(7)	(16)	(274)	0.9	(0.7)	1.7	1.7	(1.6)	16.88
EM Corporates	CEMBI Broad Diversified	262	1	5	5	(8)	(294)	0.3	(0.6)	0.5	0.5	(0.3)	14.95
	CEMBI BD Investment Grade	158	(0)	8	8	(11)	(194)	0.4	(0.7)	0.5	0.5	(1.2)	10.01
	CEMBI BD High Yield	471	4	1	1	(14)	(437)	0.1	(0.5)	0.5	0.5	1.0	22.16
US High Yield	US High Yield	298	3	(12)	(12)	(62)	(470)	0.1	0.1	0.7	0.7	1.6	19.93
	US High Yield BB	219	7	(8)	(8)	(45)	(327)	0.2	(0.3)	0.9	0.9	0.7	17.26
	US High Yield B	329	6	(5)	(5)	(50)	(436)	0.0	0.4	0.6	0.6	1.8	18.85
	US High Yield CCC	509	(19)	(39)	(39)	(149)	(1,010)	(0.0)	1.1	0.5	0.5	4.1	32.50
European High Yield	Barclays PanEur HY	303	3	(10)	(10)	(54)	(389)	(0.0)	0.5	0.4	0.4	2.0	16.30
	2% Ex Financials Yield	3.14	0.01	(0.11)	(0.11)	(0.27)	(5.21)	-	0.0	-	-	-	-
Bank Loans	LSTA Price	97.8	(0.1)	0.2	0.2	1.5	11.5	0.0	(0.0)	0.4	0.4	2.1	15.85
	LSTA 100 Yield	3.75	4	0.01	0.01	(0.23)	(3.92)	-	(0.0)	-	-	-	-
Investment Grade	US Treasury 7-10 Yield	1.42	(8)	(0.18)	(0.18)	0.64	0.90	0.6	(2.4)	1.5	1.5	(4.3)	(5.44)
	1M LIBOR	0.11	(1)	(0.00)	(0.00)	(0.03)	(0.51)	0.0	0.0	0.0	0.0	0.0	0.20
	US Aggregate	31	2	0	0	(11)	(54)	0.3	(1.2)	1.0	1.0	(2.4)	(0.07)
	US Investment Grade Corporates	91	3	0	0	(5)	(123)	0.2	(1.7)	1.2	1.2	(3.5)	4.86
	Global Aggregate	32	0	0	0	(4)	(45)	0.2	(0.4)	0.6	0.6	(1.9)	1.02
	Barclays 1-5 Year Credit	44	1	(4)	(4)	2	(111)	0.1	(0.3)	0.4	0.4	(0.2)	4.13
FX	DXY (US dollar)	91.33						(0.6)	2.6	(2.2)	(2.2)	1.4	(9.08)
	GBI EM FX							0.4	(1.7)	1.5	1.5	(2.2)	9.01

1W reflects data from April 14 close through April 21 close. Source: Stone Harbor; Bloomberg. For illustrative purposes only. See disclosures at end of material for additional information.

Important Information

Representative asset class benchmarks referenced herein are defined as follows: US HY: ICE BofAML U.S. High Yield Constrained Index (HUCO); EMD: J.P. Morgan EMBI Global Diversified; Loans: S&P/LSTA Leveraged Loan Index; EMDLC: J.P. Morgan GBI-EM Global Diversified; EMDCR: J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified; EUR HY: Bloomberg Barclays PanEuropean High Yield; IG Corp: Bloomberg Barclays Global Aggregate Corporate Index. The J.P. Morgan ESG Index applies a multidimensional approach to ESG investing for fixed income investors. It incorporates ESG score integration, positive screening (e.g. green bonds) as well as exclusions of controversial sectors and UN Global Compact violators. The S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. The MSCI World index captures large and mid-cap representation across 23 Developed Markets. Index constituents cover approximately 85% of the free float-adjusted market capitalization in each country. The index is a broad global equity benchmark without emerging markets exposure. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of January 2009 the MSCI Emerging Markets Index consisted of the following 23 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and the United Arab Emirates. The U.S. Dollar Index (USDX) indicated the general value of the USD. The USDX does this by averaging the exchange rates between the USD and major world currencies. The ICE U.S. computed this by using the rates supplied by some 500 banks. VIX is a real-time market index that represents the market's expectation of 30-day forward-looking volatility.

Investments may not be made directly in an index. The J.P. Morgan CEMBI Broad Diversified (CEMBI Broad Diversified) tracks total returns of U.S. dollar-denominated debt instruments issued by corporate entities in emerging market countries and consists of an investable universe of corporate bonds. The minimum amount outstanding required is \$350 mm for the CEMBI Broad Diversified. The CEMBI Broad Diversified limits the weights of those index countries with larger corporate debt stocks by only including a specified portion of these countries' eligible current face amounts of debt outstanding. The J.P. Morgan EMBI Global Diversified (EMBI Global Diversified) limits the weights of those index countries with larger debt stocks by only including specified portions of these countries' eligible current face amounts outstanding. The countries covered in the EMBI Global Diversified are identical to those covered by the EMBI Global. The J.P. Morgan GBI-EM Global Diversified (GBI EM Global Diversified) consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure. The weightings among the countries are more evenly distributed within this index. The ICE BofAML European Currency Non-Financial High Yield 2% Constrained Index contains all non-financial securities in the ICE BofAML European Currency High Yield Index but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face values of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. The Bloomberg Barclays Treasury Index tracks the obligations of the U.S. Treasury with a remaining maturity of one year or more. The Bloomberg Barclays Pan-European High Yield Index measures the market of non-investment grade, fixed-rate corporate bonds denominated in the following currencies: euro, pounds sterling, Danish krone, Norwegian krone, Swedish krona, and Swiss franc. Inclusion is based on the currency of issue, and not the domicile of the issuer. The ICE BofAML U.S. High Yield Constrained Index (HUCO) contains all securities in ICE BofAML U.S. High Yield Index but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face values of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. In the event there are fewer than 50 issues in the index, each is equally weighted and the face values of their respective bonds are increased or decreased on a pro-rata basis. The S&P/LSTA Leveraged Loan Index is a partnership between Standard & Poor's and the Loan Syndications and Trading Association, tracking returns in the leveraged loan market and capturing a broad cross-section of the U.S. leveraged loan market - including dollar-denominated, U.S.-syndicated loans to overseas issuers. The Bloomberg Barclays U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar-denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and assetbacked securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. The Bloomberg Barclays U.S. Corporate Investment Grade Index is a sub-index of the U.S. Aggregate Index. It measures the investment grade, fixed rate, taxable corporate bond market and includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers. The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multicurrency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging market issuers. The Bloomberg Barclays 1-5 Year Credit Index tracks publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity of between one and five years, liquidity, and quality requirements. Qualifying bonds must be SEC-registered.

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