Stone Harbor INVESTMENT PARTNERS

November 19, 2021

WEEKLY COMMENTS ON CREDIT

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Global Market Summary

Global credit markets were broadly weaker as the ongoing concerns around durable inflation and resurgence in Covid-19 cases in Europe outweighed more positive economic data in the US and the Euro-area. Consistent with last week's US inflation data, Eurozone inflation rose from 3.4% in September to 4.1% in October. On the positive side, US economic data continue to build the case for a broad reacceleration of growth into Q4. Retail sales, industrial production, and the homebuilders survey all improved compared to Q3 on balance and exceeded expectations. In the Euro-area, the latest GDP reading confirmed the economy grew 2.2% in Q3 and 3.7% on a y/y basis—both in-line with the preliminary readings; and employment grew 0.9% in Q3, marking the second consecutive quarter of gains. Oil prices declined in response to reports that the US White House was calling for a coordinated release of strategic government inventories. Emerging Markets (EM) sovereign hard currency debt underperformed US high yield debt in terms of excess returns over US Treasuries. The investment grade segment of the EM hard currency sovereign benchmark also underperformed US investment grade corporates. EM corporates, however, outperformed comparably rated US corporate debt. The US dollar index (DXY) advanced, and EM currencies declined, on average.

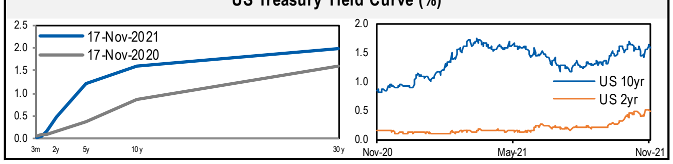
Emerging Markets

Index	Current Level (bps or %)	12 mos Change Spread or Yield (bps or %)	Weekly Change (bps)	12 mos Total Return
EMBI GD	354		7	0.50%
EMBI GD IG	141		1	-2.00%
EMBI GD HY	608		14	3.61%
Africa	592		21	3.93%
Asia	216		3	0.09%
Europe	281		16	0.90%
LATAM	374		2	-1.34%
Middle East	321		7	1.49%
CEMBI BD	264		-3	3.27%
CEMBI BD IG	145		-2	1.09%
CEMBI BD HY	473		-5	6.31%
GBIEM GD (%)	5.68		8	-4.75%
EM Blend (%)	5.18		10	0
		-150 0 150		Nov-20 May-21 Nov-21

Developed Markets

Index	Current Level (bps or %)	12 mos Change Spread or Yield (bps or %)	Weekly Change (bps)	12 mos Total Return
US HY	337		9	7.50%
US HY BB	239		8	5.74%
US HY B	387		10	6.52%
US HY CCC	679		18	16.78%
Pan Euro HY	312		6	5.20%
LSTA 100 (%)	3.84		2	6.96%
		-200 -100 0 100 200		
US Treasury 7-10 (%)	1.53		4	-3.90%
1M LIBOR (%)	0.09		0	0.11%
US Agg	35		1	-1.31%
US IG Corp	91		4	-0.04%
Global Agg	35		1	-0.95%
		-100 0 100 200		Nov-20 May-21 Nov-21

US Treasury Yield Curve (%)



Other Asset Classes
(12 mos Total Return)

	Level	Currency Return vs USD		Level	Commodities		Level	Equities
EURUSD	1.13	-4.58%	Gold	1,873	-1.99%	S&P500	4,689	29.90%
USDJPY	114.08	-8.71%	VIX	17	-24.66%	MSCI World	9,712	27.68%
EM FX		-4.14%	Brent	80	83.50%	MSCI EM	3,106	9.68%
		Nov-20 May-21 Nov-21			Nov-20 May-21 Nov-21			Nov-20 May-21 Nov-21

As of: November 17 2021. Source: Bloomberg. For illustrative purposes only. See disclosures at end of material for additional information.

Global Backdrop

United States

President Joe Biden signed the US$1.2 trillion infrastructure package paving the way for a raft of programs including improvement to broadband, bridges, transportation and utilities. Biden's focus will now likely turn to the much telegraphed social support and climate policy package.

Following a zoom call between President's Xi Jinping and Biden, restrictions on movements for journalists was relaxed. While only a small step, it is hoped that this may be the start of a move to relaxing increased tensions between the two countries.

Economic data over the week pointed to a rebound in activity after the slowdown in Q3. The Citi Surprise index rose to 27 from 5 last Tuesday, reflecting strong retail sales and a rebound in the Empire Manufacturing Index. Inflation surprised to the upside with year-over-year Consumer Price Index (CPI) recording a growth rate of 6.2% and core inflation rising 4.6%. Weakness in the Michigan Consumer Sentiment Index does hint at some negative impact on the consumer from rising prices notwithstanding the strong retail sales number.

Europe

ECB President Christine Lagarde once again reiterated that the central bank expects inflation to fall back below 2% and that it sees little likelihood of second round effects from the current elevated level of inflation. As noted last week, Germany and several other European counties, such as Norway and Denmark, are experiencing another wave of infections. This week saw the reintroductions on some movement restrictions in the Netherlands and Austria. Bank of England Governor Andrew Bailey made a number of interventions to explain why the guidance given on the direction of rate policy ahead of the no-move decision form the Monetary Policy Committee (MPC) did not mislead the market. This week's CPI read of 4.2% y/y will likely increase pressure on the MPC to move sooner rather than later.

Japan/Asia

Following his strong showing in the election, Prime Minister Fumio Kishida is now expected to deliver, over the coming days, a fiscal expansion package in excess of US$350 billion. Bank of Japan Governor Haruhiko Kuroda stated that the impact of the pandemic is now limited to some sectors. This has been read by some as indicating that pandemic-related easing measures may be gently scaled back.

Economist Corner

Seamus Smyth, PhD, Developed Markets

Steffen Reichold, PhD, Emerging Markets

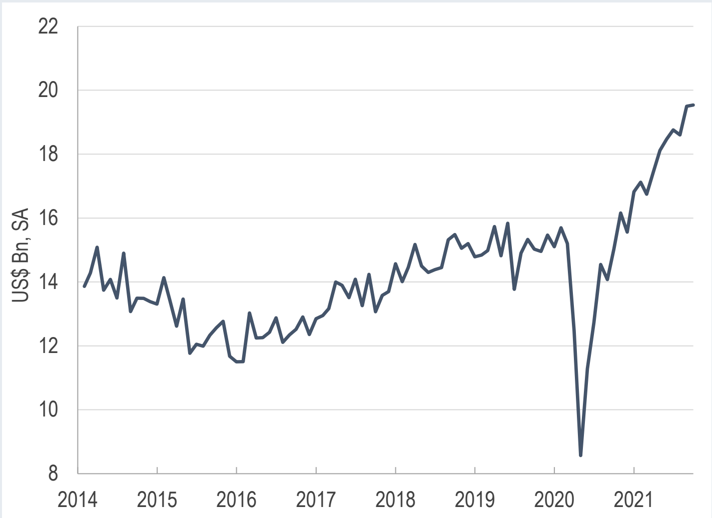
The Turkish lira continues to depreciate rapidly. As of this writing, it has lost 14% of its value this month alone, after having depreciated already by around 15% during September and October. The immediate trigger has been the continued interference of President Erdogan in Turkey's central bank and the resulting premature easing of monetary policy. Following the dismissal of three central bank governors within the span of two years, the continued pressure by President Erdogan prompted Turkey's central bank to cut rates by 400 bps over the past three months despite inflation reaching new highs. However, the pattern of running excessively loose monetary and credit policies has already been in place for years. The result has been little confidence in the currency, capital outflows by foreign investors, and, more importantly, ever increasing rates of dollarization by locals.

While this lack of macro stability has been creating substantial financial problems, especially for debtors who have borrowed in foreign currency, we are also now seeing the impact of the increasingly competitive currency on Turkey's export sector. Exports are booming and a very substantial increase already happened before the latest currency selloff. This dynamic is key for rebalancing Turkey's economy. Stronger exports combined with import compression will move the current account balance into surplus and ultimately improve the flow of foreign currency. However, in the near term capital flows dominate and we expect the weakness to persist until we see a meaningful policy shift. But if and when that happens Turkey will be in a good position to benefit from its increasingly competitive export sector.

Turkish Lira FX Spot Rate

As of 18 November 2021
Sources: Bloomberg, Stone Harbor Investment Partners LP

Turkish Exports



As of 30 September 2021
Sources: Turkish Statistical Institute, Haver Analytics, Stone Harbor Investment Partners LP

Emerging Markets Debt

External Sovereign Debt

External sovereign debt spreads widened 7 bps and the JP Morgan EMBI Global Diversified returned -1.1%. Non-investment grade bonds underperformed investment grade securities, on average. The top performers included Ecuador (+2.0%), Argentina (+1.0%), and Barbados (+0.2%). The bottom performers included Ghana (-6.5%), Lebanon (-4.7%), and Venezuela (-3.7%).

Local Currency Debt

The JP Morgan GBI EM Global Diversified returned -1.3%. EM currencies returned -1.0%, in aggregate. The Peruvian peso outperformed with spot FX return of 0.6%, followed by the Thai baht (0.4%) and the Chinese yuan (2.7%). Underperformers included Turkey (-7.4%), Chile (-3.8%), and Poland (-2.7%).

The yield of the JP Morgan GBI EM Global Diversified increased 8 bps to 5.68%. Turkey bonds underperformed with yields 40 bps higher, followed by Hungary and Russia bonds, which increased in yield by 33 bps and 23 bps, respectively. Peru outperformed with yields 9 bps lower, followed by Serbia (-3bps) and Indonesia, where yields remained unchanged.

In central bank actions, key rates were kept unchanged in Indonesia (3.50%), Philippines (2.00%), and China (1-year medium-term lending facility 2.95%). Rates increased in several other countries, including Mexico (25 bps to 5.00%), Uruguay (50 bps to 5.75%), and Hungary (30 bps to 2.10%). Turkey, on the other hand, cut 100 bps to 15.00%.

EM Corporate Debt

While the JP Morgan CEMBI Broad Diversified generated a small negative return for the week, returns diverged between Asia and the rest of emerging markets. Chinese homebuilders rallied following loosening of restrictions on mortgage lending and as several homebuilders raised current liquidity. The bonds of select investment grade-rated real estate developers rallied strongly after being under material selling pressure over the last several weeks. Accordingly, Chinese corporates and Asia in general outperformed. Outside of China, most of the major markets had negative returns. Both Ghana and Colombia declined as oil prices weakened. An increase in Russian military activity along the Ukrainian border resulted in negative returns for corporates in both countries. Brazil declined on continuing fiscal budget concerns ahead of the 2022 presidential election year. Conversely, Argentina corporates posted positive returns after the mid-term elections on 14 November delivered a number of victories for the opposition parties.

Flows/Issuance

In EM external sovereign debt, Gabon issued US dollar-denominated 10-year bonds totaling approximately US$800 million. In EM corporate debt, the new issue market was highlighted by a US$2.0 billion, two-tranche issue from Brazilian protein company, JBS.

According to Emerging Portfolio Fund Research (EPFR), EM fixed income funds saw net outflows of approximately US$778 million, primarily from local currency 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

Argentina

Argentina's ruling coalition is making efforts to remain united and to look for middle ground in order to pursue an IMF agreement. Local press reported that former president and current vice president Cristina Kirchner supports agreement with the IMF, though distance remains between the IMF and the current government. The government has extended ordinary sessions of Congress through December, likely to debate the IMF program. Local press also noted that the program to be considered by Argentina's congress will comprise medium-term commitments to reduce the fiscal deficit, to normalize the exchange rate market and gradually reform the tax system, but no sharp cuts in spending.

Chile

Chile held its final presidential debate earlier this week ahead of first round elections on Sunday, 21 November. Latest polls suggest that the general election will likely lead to a runoff between Jose Antonio Kast (far-right) and Gabriel Boric (far-left), as Chile's traditionally strong center-right and center-left parties are falling behind. Kast's far-right narrative in a country that recently elected a left-leaning Constitutional Assembly, and his support of Pinochet's legacy will challenge his ability to garner support from the voters in the center, which are crucial to winning in a second round, in our view. Kast is also the only Presidential candidate that actively opposed the Constitutional reform process supported by 78% of Chileans. Given Kast's rise in popularity, Boric has moderated some of his proposals, partially limiting the risks of a less market-friendly presidency. If the polls prove to be poor predictors, and Kast and Boric do not make it to the second round, market reaction to the likelihood of a more centrist administration could be positive. Nevertheless, the outcome of the elections remains uncertain due to a large pool of undecided voters.

Colombia

Colombia's 3Q GDP expanded 13.2% y/y compared to a consensus estimate of surveyed private economists of 12.5%, driven by a rebound in domestic demand due to the reopening of the economy. The strong September GDP proxy ISE, which jumped 3.2% m/m, showed both retail and construction sectors rebounding, with household consumption remaining very strong. This trend suggests that the output gap could close earlier than anticipated. The strong recovery and growth outlook, along with above-target inflation, open the possibility for the central bank to hike the policy rate to above its neutral level of 4.5% in 2022.

Ecuador

One of the most interesting developments, from our perspective, of the UN Climate Conference in Glasgow was the announcement that Ecuador will expand its Galapagos marine reserve by 60,000 square kilometers and finance it with a conservation debt swap. Similar to the debt for nature swaps that Costa Rica and Bolivia have executed, Ecuador's President Guillermo Lasso proposes the issuance of debt in order to create a trust that will allow the country to finance the preservation of the islands. Lasso provided no further details.

El Salvador

The IMF met with a delegation from El Salvador in Washington last week as the country tries to restart talks over a potential US$1 billion loan agreement. El Salvador's government will seek a fiscal adjustment of 4% of GDP in the coming years as part of negotiations with the IMF, according to Finance Minister Alejandro Zelaya. Separately, remittances increased to US$74.8 million in October, representing a 14% increase from a year ago and 12% more than in September, according to the central bank. Year-to-date, remittances amount to US$701.6 million, up 29% from the same period in 2020. Remittances account for roughly 30% of El Salvador's GDP.

Pakistan

Pakistan lawmakers approved a law that establishes the independence of the State Bank of Pakistan (SBP). The legislation changes the mandate, governance and autonomy of the SBP. The Pakistani government committed to central bank reforms as part of a US$6 billion IMF loan agreed in July 2019. The IMF has disbursed US$2 billion of the loan so far. In separate news, Pakistan's central bank moved forward its rate-setting meeting by a week to 19 November, after its currency declined to a record low and amid heightened concerns around inflation and the balance of payments. Growing concerns around the IMF's sixth review to secure a US$1 billion funding tranche has contributed to the recent slide in the currency. Pakistan's rupee strengthened following the news on Wednesday.

Philippines

The final deadline for parties to reconfigure their election line-ups passed on 15 November, and the presidential race is now set. Ferdinand Marcos, Jr., the son of the former president, leads the presidential contenders. Sara Duterte, the current president's daughter, who local press earlier indicated would not run, is running for the vice presidency, but she trails comedy actor and senate president Vicente Sotto III. President Duterte will seek a senate seat. The election is scheduled for 9 May 2022.

Sri Lanka

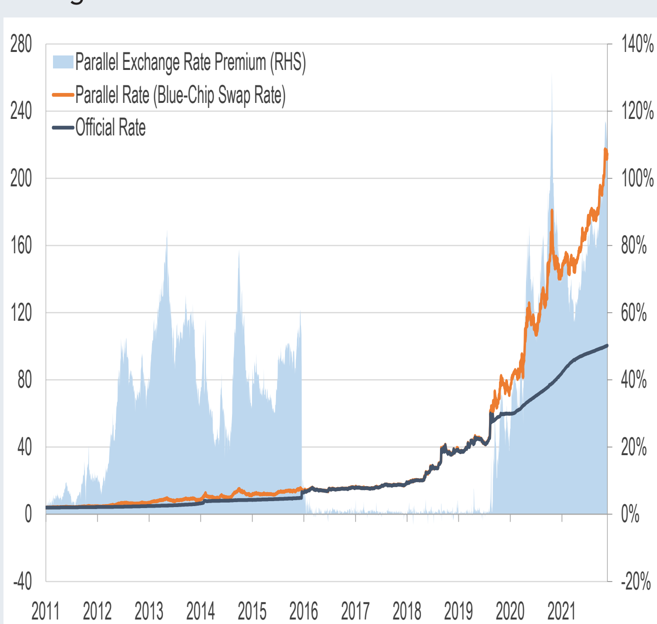
Demonstrators, led by the country's main opposition party the United People's Force, gathered in the capital Colombo on Tuesday to protest against deteriorating economic conditions that have resulted in low foreign reserves, as well as high food and energy prices. The protest occurred as the Parliament debated the national budget for 2022, which aims to narrow the fiscal deficit to 8.8% of GDP vs 11.1% in 2021 by increasing revenue and controlling spending. The budget proposal outlines a revenue increase of 47% to 2.3 trillion rupees (approximately US$11.4 billion) in 2022, primarily from improved tax collections; and a spending increase of roughly 15% to 3.9 trillion rupees. In terms of spending, the government plans to suspend construction of new government offices and cut fuel and electricity allowances, among other measures. However, allocation to public investment would increase by 60% and provide support to the economy as the country struggles to recover from the impact of the pandemic. Further dimming the fiscal outlook has been the declining foreign exchange reserves, which according to data released earlier this week, have fallen to the lowest since 2009 in October.

Thailand

Thailand's 3Q real GDP came in above consensus expectations at -0.3%. The better-than-expected result is attributed to a strong increase in inventories and government consumption. However, other major components on both the demand- and supply-side recorded a decline, reflecting the broad-based impact of the Covid-related disruptions on mobility and industrial production in July and August. For example, private consumption fell 6.0% q/q, seasonally adjusted annual rate (saar); gross fixed investment declined 9.9%q/q, saar; and manufacturing contracted 23.3%q/q, saar. Sequential growth is generally expected to improve in 4Q, due to higher mobility and activity normalization made possible by easing virus restrictions; however, our growth outlook is tempered by the uncertain recovery outlook of the tourism sector, which is key to an improvement in the economy.

Chart of the Week

Argentina Peso Parallel FX Rate vs Official FX Rate



As of 18 November 2021
Sources: Bloomberg, Stone Harbor Investment Partners LP

Argentina's currency remains under significant pressure. On Sunday, Argentina's left-populist governing coalition Frente de Todos suffered a significant defeat in the mid-term elections. They lost their majority in Senate and also lost seats in the house where they are now only marginally stronger than the main opposition coalition Juntos por el Cambio. The electorate clearly punished the government for poor economic results. Inflation is running above 50%, GDP has declined during this government, and the currency remains under heavy pressure with the parallel market premium rising to new highs. Such a clear political message of discontent with the results of the current populist policies could have been expected to improve the outlook for Argentine assets, but that did not happen. The main reason behind the market's skeptical take is the continued uncertainty over the internal dynamics within the government. At this time it remains unclear if this result strengthens the moderate or the radical wing within the government. Moreover, while a move towards the IMF is now more clearly on the agenda with the election behind us, the gap that needs to be bridged to reach an agreement remains very large. Implementing unpopular austerity measures will not be easy for a government with falling popular support. This is the background that explains the lack of change in market sentiment and especially among locals who continue to keep selling pressure on the Argentina peso. Given the tight capital controls, this pressure continues to be reflected in the wide parallel exchange rate premium.

Global High Yield

US High Yield

The US high yield market posted negative returns for five consecutive days -- its longest losing streak in four month – and declined 0.47% for the week. BB, B, and CCC indices all posted negative returns with CCC's underperforming with -0.66%. The negative sentiment was driven by rate volatility, inflation concerns, and weaker commodity prices. The index widened 9 bps to 337 and yield-to-worst widened 0.25% to 4.36%, more than an eight- month high. Accounts were better sellers and coupled with high dealer inventories, prices slipped and led to underperformance in liquid issues/sectors such as Media, Cable, Drillers, E&P, Chemical, and Food. Restaurant Brands International Inc. is acquiring Firehouse Restaurant Group Inc. for US$1 billion in an all-stock transaction. Dish Network Corp. and Sinclair Broadcast Group announced they have reached a new, multi-year carriage agreement, ensuring Sinclair's owned 144 local stations, across 86 markets nationwide, will remain on DISH TV.

Leveraged Loans

The loan market posted modestly positive returns this week as arrangers stepped up new issue announcements ahead of the Thanksgiving holiday. With market participants focused on the wave of deals, secondary market activity slowed. The S&P/LSTA Leveraged Loan Index returned 0.05%, the average bid price decreased 1bp to $98.64, and the spread-to-maturity tightened 1bp to L+398. Returns were consistent across all ratings categories, and with the exception of a handful of idiosyncratic credits, driving returns as a result of earnings or company specific news, sector performance had little dispersion. Nearly 40 deals launched with proceeds varying from M&A deals to opportunistic transactions. Two transactions of note include insurance broker, Hub International Ltd., launching an incremental term loan and high yield notes to fund a distribution to ownership as well as pre-fund expected acquisitions; and Great American Outdoors Group LLC, formerly known as Bass Pro Group, which is in the market to reprice its existing term loan and if completed would be the third largest repricing this year. Demand for floating rate assets remains robust. Lastly, there was one default this week. Riverbed Technology Inc. filed a prepackaged Chapter 11 to implement its previously announced restructuring plan.

European High Yield

The overall European high yield benchmark declined 0.11% for the week as macro volatility was mostly offset by improving technicals as flows and primary activity were both muted. Index spreads widened 6 bps for the week, with flat B spreads the outperformer, while BB spreads widened 6 bps. Energy bonds reversed their outperformance in the prior week as lower oil prices moved bonds lower. In Cable, Altice bonds underperformed after weaker-than-expected results and news that the company lent money to a related company outside of the bond group.

Flows/Issuance

The US high yield market saw an outflow of US$528 million primarily from institutional accounts, according to EPFR. New issuance was strong as borrowers were keen on raising cash amid signs of fading risk appetite. High yield priced 14 deals for US$14.09 billion led by a US$5.25 billion secured Dish DBS Corp. 5-year and 7-year deal to fund the purchase or wireless spectrum licenses. The Dish deal came tighter than original talk and is trading under new issue price. Similarly, most of the week's primary issuance has not had strong demand upon pricing with most trading around issue price.

In the loan market, we continued to see Collateralized Loan Obligation (CLO) formation to the tune of eleven deals for approximately US$6 billion, which brings the month-to-date issuance to US$11.4 billion. Additionally, we continued to see steady inflows into retail loan mutual funds and Exchange Traded Funds (ETFs).

For European high yield, EPFR data showed a pause from the recent weeks of strong flows with a small outflow of US$29 million, reducing November flows to an inflow of US$284 million. The primary market remained quiet with only two deals pricing for 650 million euros during the week.

Source: Lipper, EPFR

Industry Insights

Autos: First signs that the ongoing semiconductor shortage could finally be easing emerged this week. GM announced that November is the first quarter since February where the North American production plans were actually operating at full capacity. Additionally, Toyota said that December will be the first month that they expect to be able to produce enough cars to finally begin to catch up on previously lost production due to the shortage. While the global automotive industry has a long way to go in order to make up for the lost production this year, this is the first evidence that the worst of the semiconductor shortage could finally be behind us. As original equipment manufacturer production ramps this should boost the broader automotive supply chain and the various issuers throughout the high yield ecosystem.

Food and Beverage: After posting a strong 2020 due to pantry loading, the Food & Beverage (F&B) sector is now facing tough comps and rising raw material costs. During Q3, companies reported a 12% sequential increase in input costs, on average. Added to which, supermarkets are now charging fees for lower in-stock rates, as food manufacturers struggle with trucking and labor shortages. Managements have reacted by putting in price increases to flow through Q4 and early next year. Protein producers are one of the bright spots - with high demand and low inventories, protein producers are experiencing record high cutout values. Case in point, JBS a global protein processor, moved into investment grade after posting 2 years of record profits and aggressive debt reduction. We expect Kraft Heinz will also be upgraded to investment grade once their previously announced cheese asset sale closes. With these large issuer upgrades, the size of the high yield F&B index will be cut by 65% to US$18 billion. Chobani Yogurt also filed for an IPO this week and plans to use the proceeds for debt reduction. If successful, another US$1 billion could leave the F&B index.

Leisure: The recovery in the cruise industry has resumed after pausing in September with the rise of the Delta variant. The volume of new bookings compared to 2019 is now at the best point since the pandemic started, down 32% with only 50-70% of capacity operating. Booking volume for 2022 is up 23% compared to 2019 levels, even with lower Q1 inventory and sales. Booking volume for 2023 is up 39% compared to similar 2019 data. The cruise lines are using aggressive pricing to fill close in sailings in the next 30-90 days, some of which was only recently opened for sale as ships have been moved and added into service in recent weeks. However, prices for Q2 2022 and beyond are up double digits. Ship occupancy continues to improve with companies targeting 65-70% in Q4 compared to mid-40s in Q3.

Investment Grade

Governments

It was another eventful week for government bonds as we remain in an environment of heightened volatility. Treasury volatility, as measured by the ICE BofAML MOVE Index, ended the period 9 pts higher at 82. The surprise read in US inflation saw US 10-year yield rise to 1.6%, an increase of 12 bps over the week although yields remain unchanged on the month, emphasizing the high degree of current market volatility. Yield curves steepened modestly over the week, reversing the flattening seen earlier in the month. Ten year breakeven inflation rates rose to 2.73%, a level not seen since 2004. Real yields rose modestly to -1.15% but remain near historic lows.

UK 10-year yields rose 14 bps over the week to 96 bps, a move similar to the US and no doubt reflective of a similar inflation shock. Conversely, Bund yields rose only 5 bps to -25 bps.

Corporates

Investment grade corporates felt heavy all week as the markets were bombarded with new issue supply. Spreads widened 4 bps, leaving the Bloomberg corporate index at +91 bps, which is now only -6 bps better year-to-date. Secondary trading volumes showed decent flows but mostly skewed towards customer selling particularly in the portfolio trading platforms which quickly led to bloated dealer balance sheets and wider spreads. Buying from overseas accounts and some targeted buying in the long end to replace recently tendered issues helped balance out trading flows towards the end of the week but spreads never recovered.

Securitized

The mortgage current coupon was unchanged in spread this week. Mortgage refinancings dropped 5.1% on the week and declined 5.7% year-over-year. The MBA is projecting a 62% decline in refinancing volume for 2022 on higher rates. Brookfield is shopping their US$1.5 billion portfolio of WoodSpring Suites extended-stay hotels. This sector has done very well with several large portfolios trading in the past few years. CMBS spreads were relatively unchanged in light trading, and ABS widened slightly on heavy new issuance.

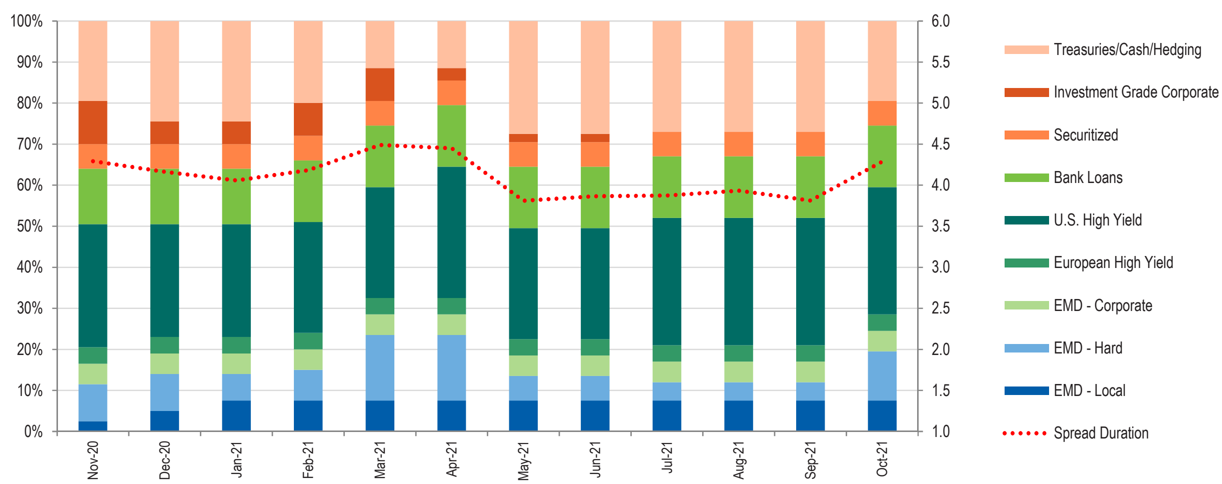
Flows/Issuance

In the investment grade corporates primary markets, roughly 57 deals priced for approximately US$55 billion in supply this week, surpassing street estimates of US$35 billion. Companies rushed to get deals into the market before the Thanksgiving holiday in the US, taking advantage of the low funding rates and strong demand. Given the elevated new issue, November supply should be up around US$100 billion, which would make it the ninth month this year to do so. Year-to-date, supply is roughly US$1.39 trillion or down 21% year-over- year.

High grade fund flows were positive by US$1.8 billion in the latest period according to EPFR after modest outflows last week. Corporate only funds and intermediate aggregate funds accounted for the bulk of the inflows, while short and long aggregate funds were the only two high grade categories to show outflows.

Source: EPFR, JP Morgan

Stone Harbor Multi-Asset Credit Target Allocations (%)



Stone Harbor Multi-Asset Credit Representative Target Allocation as of 31 October 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 November 17, 2021			Spread or Yield Change (bps or %)						Total Return (%)				
			Level	1W*	MTD	QTD	YTD	LTM	1W	MTD	QTD	YTD	LTM
EM	EMBI Global Diversified	EMBI G D	354	7	(2)	(1)	4	(25)	(1.1)	(0.5)	(0.5)	(1.8)	0.5
	CEMBI Broad Diversified	CEMBI B D	264	(3)	(2)	6	(6)	(54)	(0.1)	(0.1)	(0.6)	0.9	3.3
	GBI EM Global Diversified Yield	GBI EM GD	5.68	0.08	0.03	0.38	1.46	1.33	(1.3)	(0.7)	(2.0)	(8.3)	(4.8)
EM Sovereign Debt	EMBI Global Diversified	EMBI G D	354	7	(2)	(1)	4	(25)	(1.1)	(0.5)	(0.5)	(1.8)	0.5
	EMBI GD Investment Grade	EMBI IG	141	1	(10)	(6)	(8)	(17)	(0.9)	(0.2)	0.2	(2.8)	(2.0)
	EMBI GD High Yield	EMBI HY	608	14	8	14	0	(64)	(1.2)	(0.8)	(1.1)	(0.6)	3.6
EM Sovereign Debt Regions	Africa	Africa	592	21	2	31	36	(41)	(1.7)	(0.5)	(2.1)	(1.9)	3.9
	Asia	Asia	216	3	1	(10)	(16)	(23)	(0.7)	(0.7)	(0.0)	(0.2)	0.1
	Europe	Europe	281	16	(3)	3	16	(18)	(1.4)	(0.4)	(0.5)	(1.6)	0.9
	LATAM	LATAM	374	2	(4)	(2)	20	(14)	(0.9)	(0.5)	(0.2)	(4.2)	(1.3)
	Middle East	Middle East	321	7	(5)	(10)	(46)	(53)	(0.9)	(0.2)	(0.1)	0.6	1.5
EM Corporates	CEMBI Broad Diversified	CEMBI B D	264	(3)	(2)	6	(6)	(54)	(0.1)	(0.1)	(0.6)	0.9	3.3
	CEMBI BD Investment Grade	CEMBI IG	145	(2)	(6)	(2)	(24)	(43)	(0.2)	(0.1)	(0.4)	(0.2)	1.1
	CEMBI BD High Yield	CEMBI HY	473	(5)	4	18	(13)	(104)	0.1	(0.2)	(0.8)	2.5	6.3
US High Yield	US High Yield	US HY	337	9	0	4	(55)	(117)	(0.5)	0.0	(0.1)	4.5	7.5
	US High Yield BB	US HY BB	239	8	1	4	(42)	(82)	(0.5)	0.0	(0.2)	3.4	5.7
	US High Yield B	US HY B	387	10	(2)	3	(38)	(101)	(0.4)	0.1	(0.1)	4.0	6.5
	US High Yield CCC	US HY CCC	679	18	11	16	(123)	(295)	(0.7)	0.0	(0.4)	10.0	16.8
European High Yield	Barclays PanEur HY	BAR PanEur HY	312	6	8	14	(45)	(75)	(0.1)	0.4	(0.2)	3.5	5.2
	2% Ex Financials Yield	2% ExFin Yield	3.54	0.04	(0.10)	0.33	0.10	(0.35)	0.00	0.0	0.0	0.0	0.0
Bank Loans	LSTA Price	LSTA Price	98.7	(0.0)	0.1	0.0	2.5	4.0	0.1	0.2	0.5	5.0	7.0
	LSTA 100 Yield	LSTA 100 Yield	3.84	0.02	0.05	0.13	(0.14)	(0.43)	0.1	0.2	0.5	5.0	7.0
Investment Grade	US Treasury 7-10 Yield	US Tsy 7-10 Yld	1.53	0.04	0.02	0.10	0.75	0.77	(0.2)	(0.0)	(0.5)	(3.8)	(3.9)
	1M LIBOR	1M LIBOR	0.09	(0.00)	0.00	0.01	(0.06)	(0.06)	0.0	0.0	0.0	0.1	0.1
	US Aggregate	US AGG	35	1	2	2	(7)	(15)	(0.3)	(0.3)	(0.3)	(1.9)	(1.3)
	US Investment Grade Corporates	US IG Corp	91	4	4	7	(5)	(21)	(0.7)	(0.6)	(0.3)	(1.6)	(0.0)
	Global Aggregate	Global AGG	35	1	1	2	(1)	(6)	(0.3)	0.2	(0.1)	(1.5)	(1.0)
	Barclays 1-5 Year Credit	Barclays 1-5 Year Credit	43	3	2	6	2	(9)	(0.1)	(0.1)	(0.7)	(0.5)	0.0
FX	DXY (US dollar)	DXY	95.83	0.0	0.0	0.0	0.0	0.0	1.0	1.8	1.7	6.6	3.7
	GBI EM FX	GBI EM FX	0.0	0.0	0.0	0.0	0.0	0.0	(1.0)	(0.9)	(0.8)	(5.2)	(2.9)

1W reflects data from November 10 close through November 17 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 (HUC0); 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 genera int'l value of the USD. The USDX does this by averaging the exchange rated between the USD and major world currencies. The ICE U.S. computed this by using the rates supplies 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 (HUC0) 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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