Stone Harbor
INVESTMENT PARTNERS

April 9, 2021

WEEKLY COMMENTS ON CREDIT

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Global Market Summary

Accelerating vaccine distribution and stimulus benefits continued to boost the US economy. The addition of one million US jobs in March represented the largest employment gain since August of last year. The ISM Services Purchasing Managers' Index (PMI) increased over eight points to an all-time high of 64 from 55 in February. In US Treasuries, the yield on ten-year notes dropped to 1.64%. The US Federal Open Market Committee (FOMC) minutes indicated commitment to maintaining the current policy stance, as expected. Credit spreads tightened and total returns of major credit market indices were positive. Emerging markets (EM) local currency debt outperformed. The US dollar depreciated relative to the Euro, and EM currencies appreciated, on average.

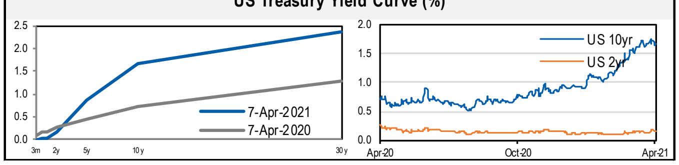
Emerging Markets

Index	Current Level (bps or %)	12 mos Change Spread or Yield (bps or %)	Weekly Change (bps)	12 mos Total Return
EMBI GD	348		-5	16.77%
EMBI GD IG	141		0	10.21%
EMBI GD HY	609		-11	25.31%
Africa	537		-19	33.70%
Asia	210		-2	10.91%
Europe	291		1	11.45%
LATAM	356		-5	17.80%
Middle East	356		-3	16.49%
CEMBI BD	257		0	18.34%
CEMBI BD IG	152		2	12.45%
CEMBI BD HY	467		-3	27.13%
GBIEM GD (%)	4.91		-8	15.05%
EM Blend (%)	4.90		-8	16.76%
EMBI ESG	324		-4	15.25%
CEMBI ESG	257		0	18.04%
GBI ESG (%)	4.69		-8	15.36%
		-600 -450 -300 -150 0		Apr-20 Oct-20 Apr-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	290		-20	25.03%
US HY BB	210		-17	22.24%
US HY B	315		-19	23.87%
US HY CCC	516		-32	38.12%
Pan Euro HY	304		-9	20.41%
LSTA 100 (%)	3.68		-6	19.21%
		-200 -100 0 100 200		
US Treasury 7-10 (%)	1.53		-7	-5.03%
1M LIBOR (%)	0.11		0	0.24%
US Agg	31		0	0.95%
US IG Corp	89		-2	8.99%
Global Agg	32		-1	1.80%
		-200 -100 0 100 200		Apr-20 Oct-20 Apr-21

US Treasury Yield Curve (%)



Other Asset Classes
(12 mos Total Return)

	Level	Currency Return vs USD		Level	Commodities		Level	Equities
EURUSD	1.19	8.96%	Gold	1,742	3.44%	S&P500	4,080	53.42%
USDJPY	109.85	-0.98%	VIX	17	-63.25%	MSCI World	8,612	54.33%
EM FX		6.22%	Brent	63	98.18%	MSCI EM	3,177	56.14%

As of: April 7, 2021. Source: Bloomberg. For illustrative purposes only. See disclosures at end of material for additional information.

Global Backdrop

United States

Attention this week was focused on the US payroll data, which came in stronger than expected as 916,000 jobs were added in March. Last month's rebound was accompanied by an upward revision to February's figure, which was adjusted from 379,000 to 468,000. Employment in the services industries saw a notable pickup as the economy re-opened and vaccinations ramped up. The unemployment rate fell 0.2% to 6.0%. Optimism was further catalyzed by President Biden's announcement that all American adults will be eligible for a vaccine by 19 April—two weeks ahead of the previous target. Covid-19 cases drifted higher once again this week, likely a result of re-openings, but vaccinations gained more momentum. Over 42% of adults have now received at least one dose of vaccine while 25% have been fully vaccinated. Consistent with Chair Powell's remarks, the FOMC meeting minutes reflect a unified view that it would likely take some time until "substantial further progress towards the committee's maximum-employment and price-stability goals would be realized."

Europe

EU and UK regulators found a possible connection between the AstraZeneca vaccine and rare blood clots; however, they maintain that the benefits outweigh the risks. The UK's vaccine advisory committee recommends individuals under the age of 30 be offered an alternative vaccine, where possible, while Germany, France and Italy recommend the AstraZeneca vaccine for individuals over 60. Despite this setback, the UK government expressed reassurance that the country remains on track to offer the first dose of vaccine to all adults by the end of July. The UK began rolling out Moderna, the third vaccine approved, on Wednesday.

Economic data indicated improving sentiment as regional manufacturing PMIs generally came in better than initial estimates. France, Italy and Spain all reached 6-month highs, while the most notable pickup occurred in Germany, where manufacturing PMI grew from 60.7 to 66.6—its highest rate of change since mid-2020.

Japan/Asia

Manufacturing PMIs in Asia generally pointed to further expansion with Japan's index rising from 51.4 to 52.7, while South Korean and Taiwanese manufacturing remain elevated at their one-year highs.

Vaccinations in Australia and Japan continue to lag behind other developed countries but further progress was made this week with 3.6% and 1.1% of the respective populations having received at least one dose of vaccine.

Economist Corner

Seamus Smyth, PhD, Developed Markets

Steffen Reichold, PhD, Emerging Markets

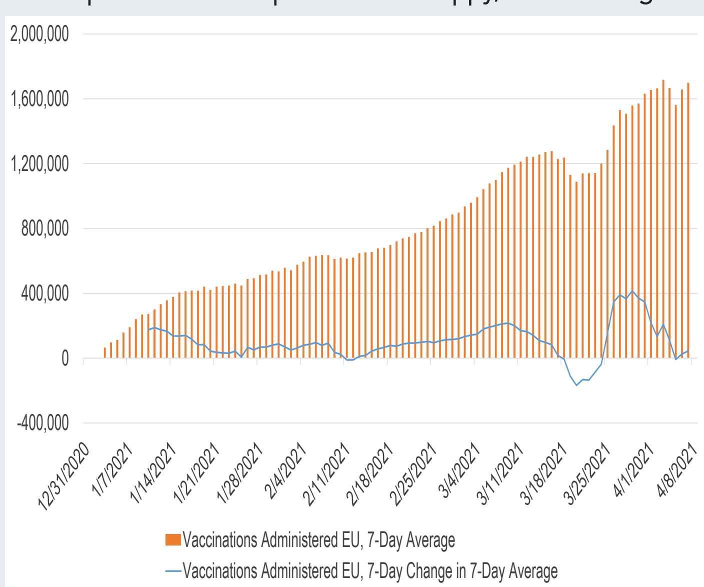
Europe continues to make meaningful progress on vaccinations, though the pace is slower than ideal. In broad terms, we think the Eurozone is lagging the US by 6-8 weeks and expect improvement to continue as we transition into summer.

To be clear, the European vaccination effort has been beset by issues. Specifically, governments have given mixed messages on the efficacy of the various vaccines, experienced procurement issues, and tied blame to exports. Despite these obstacles, progress continues as the accompanying graph shows: since the start of March the 7-day moving average of vaccines dispensed has nearly doubled. Remember that the initial rollout in the US—where things are now going well—was also beset by issues, issues that were resolved as all the various arms of the government and private sector involved in distribution figured out how to best proceed. We think a similar process will become evident in Europe.

Looking forward, we expect the pickup in vaccinations to continue. Indeed, there is potential for closing some of that 6-8 week gap. Once the US gets to the point where vaccine supply is no longer the constraint, we expect some to get diverted to Europe; all the while, global vaccine manufacturing capacity continues to increase.

It is also important to note that economic activity, at least so far, seems to be holding up better in the face of Europe's latest pickup in cases. Recently released services PMIs for Europe broadly improved in March. Whether that persists in the face of additional measures remains to be seen, but it's a modest positive sign.

European Vaccine Improvement Choppy, But Meaningful



Source: Bloomberg, Stone Harbor Investment Partners Calculations

Emerging Markets Debt

External Sovereign Debt

External sovereign debt spreads tightened 5 basis points (bps) and the JP Morgan EMBI Global Diversified returned 0.85%. Non-investment grade credits outperformed. The top country performers included Ecuador (4.51%), Tunisia (3.92%), and Angola (3.50%). The bottom performers included Lebanon (-2.09%), Ukraine (-1.21%), and Mozambique (-0.86%). Africa posted a total return of 1.71%, leading all regions, each of which posted positive total returns.

Local Currency Debt

The JP Morgan GBI EM Global Diversified returned 1.49%, comprising returns from spot FX of 0.93% and the remainder from carry and capital gains from interest rate movements. Among currencies, the Peruvian sol outperformed, returning 3.5% on a reversal of dollar accumulation heading into the presidential election this weekend. The Polish zloty, the Czech koruna, and the Hungarian forint appreciated 2.8%, 2.4%, and 2.3%, respectively, supported by the euro strength. The Russian ruble underperformed and declined 2.1% on concerns over a reported military build-up near the Ukraine border. The yield of the JP Morgan GBI EM Global Diversified declined by 8 bps to 4.91%. Turkey was the biggest outperformer with yields 55 bps lower. Colombia yields also declined (-32 bps), as did Mexico (-26 bps), Indonesia (-23 bps), and South Africa (-20 bps). Brazil (+27 bps) and Russia (+21 bps) were the big underperformers, driven by ongoing fiscal and pandemic concerns in Brazil, and geo-political concerns in Russia.

In central bank actions, key rates remained unchanged in India (4.00%) and Poland (0.10%).

EM Corporate Debt

In a week shortened by holidays in many regions, the CEMBI Broad Diversified generated a modest positive return of 0.25%. All of the three main regions performed generally in-line with one another. High grade widened 2 bps, but still had a positive return, boosted by lower US Treasury rates. Among major markets, Turkey was an outperformer as the new Central Bank Governor tried to reassure the market that an interest rate cut was not a given, resulting in a strengthening of the lira. The stronger lira subsequently supported the bonds of Turkish banks. China corporate bonds were under some pressure after Huarong Asset Management, whose majority shareholder is the Chinese Ministry of Finance, delayed the release of their financial statements with little explanation. Ukraine was also an underperformer as tensions with Russia remained elevated.

Flows/Issuance

EM sovereign debt issuance this week included Euro-denominated issues from Romania and US dollar-denominated issues from Mexico. Romania issued a total of US$3.5 billion in 12-year and 20-year notes, while Mexico issued US$2.5 billion of a new 20-year bond. In EM corporate debt, given the holiday-shortened week, issuance was muted.

According to Emerging Portfolio Fund Research (EPFR), EM fixed income funds saw net inflows of approximately US$1.2 billion for the week through 6 April, driven almost entirely by flows into hard 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

Benin

Protests erupted in select areas of Benin earlier this week, just days before the 11 April presidential election in which President Patrice Talon is seeking a second term after serving five years. While President Talon is most likely to win the election against two opponents – Alassane Soumanou from the FCBE party, who won a quarter of the votes in May's local elections, and Corentin Kohoue, an independent -- the risk of political violence has gained headline attention. President Talon has represented market-friendly policy.

Bolivia

In our research call with the International Monetary Fund (IMF) this week, we gained further insight into their latest assessment of Bolivia's growth outlook, financing needs, and policy direction of the current administration as they attempt to re-engage after Bolivia's current socialist government rejected the US$350 Rapid Financing Instrument (RFI) earlier this year. One key area of focus continues to be inconsistent policies (e.g., fixed FX rate, deficit monetization by the central bank, large public spending), which have led to a deterioration in the financial account and a fairly pronounced decline in central bank reserves. The fiscal deficit, financed by the central bank, remains around -10% of GDP in 2020 and is expected to be around -9% of GDP in 2021, while the FX reserves have declined from US$15 billion in 2014 to US$4.7 billion today. The FX regime remains fixed at 6.9 Bolivian boliviano vs the US dollar as it has since 2011. In our view, despite signs of economic recovery, and improved current account, Bolivia's fragile policy direction is a concern. We continue to monitor its progress as the IMF plans to hold its virtual Article IV meeting with Bolivian authorities in May 2021.

Brazil

Brazil's Economy Minister Paulo Guedes announced this week that the government expects a budget agreement "well before" the official 22 April deadline, even as early as Friday. The US$264 billion budget was approved by Congress in March but not approved by President Jair Bolsonaro. The key concern is reaching a budget that incorporates a more realistic level of spending than initially proposed, according to the Treasury. The Brazil real appreciated on the news of potential budget resolution.

China

Services sector activity grew in March more than anticipated; the Caixin services PMI increased from 51.5 in February to 54.3 in March, and follows the manufacturing PMI reading we reported last week of 50.6 from 50.9 previously. Separately, China's central bank has asked lenders to tighten credit supply as concerns about asset bubbles and financial stability has re-emerged following the surge of lending that sustained the country's Covid-19 recovery. New loan growth reached 16% in the first two months of the year, which prompted the People's Bank of China to guide domestic and foreign lenders operating in the country to keep new loans in the first quarter of the year at roughly the same level as last year, if not lower, according to people with knowledge of the situation.

Nigeria

A call with the IMF Mission Chief this week provided support for our current view and outlook for Nigeria. Although Nigeria's government has under-delivered on its commitments made in last year's rapid financing agreement with the IMF as they pertain to reforms, an economic recovery is underway, with a significant potential upside linked to increased oil production and oil prices. Nigeria's 2021 budget is based on oil production of 1.68 million barrels per day (mbpd) including condensates, at an oil price of US$40 per barrel. Finance Minister Zainab Ahmed projects oil production of 1.86 mbpd in 2021 vs 1.79 mbpd in 2020. Oil revenues may increase further if and when the Dangote refinery - the state-of-the-art 650,000 barrels per day refinery - begins production in 2023.

Peru

The presidential race remains highly fragmented heading into the 11 April elections, as indicated by the final round of surveys published this past weekend. Two local polling agencies, Datum and Ipsos continue to show Accion Popular candidate Yonhy Lescano ahead, though losing support, and market-friendly candidate Hernando De Soto gaining momentum, with a large number of voters still undecided. Peru's former Finance Minister Alfredo Thorne, who now works as an analyst for Global Source, suggested this week that while De Soto appears to be gaining in polls, the more likely scenario is a Lescano victory. In our view, Lescano's party could have an advantage as it is relatively well structured and could have significant representation in Congress, which could in turn help him build a coalition that could bring initial political stability to the new administration. Peru's bond markets generally rallied this week; the country's external bond spread tightened, local bond yields dropped, and the new sol appreciated relative to the US dollar.

Poland

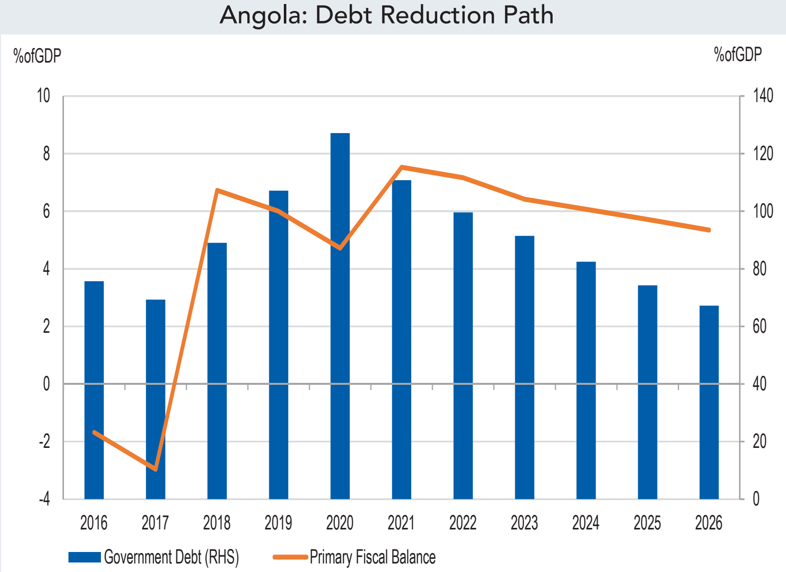
Polish banks came under pressure as they await the Supreme Court guidance on disputes that stem from Swiss franc-denominated loans issued by local banks. A decision that was expected next week may be delayed once more. CHF mortgage loans were issued to take advantage of low interest rates in Switzerland prior to 2015, when the Swiss National Bank abandoned its EUR/CHF peg. As more borrowers ask Polish courts to convert their loans into local currency, the Supreme Court is now tasked to deliberate on the key questions, which include: 1) If a loan's FX provision is considered abusive, can it be amended or replaced by one consistent with Polish law? 2) If not, can the remainder of the contract stand alone? 3) If the contract is deemed invalid and must be annulled, how will the resulting claims on past cash flows be addressed? 4) In the case of annulment, are banks entitled to compensation for the use of capital during the loan's lifetime? The expectation is that the Supreme Court's verdict will allow for consistency in lower court decisions, as well as expedited decisions. The Polish zloty depreciated to its lowest point in 12 years against the euro.

Ukraine

Escalation of Russian military activity along the eastern Ukrainian border has brought the international community together in support of Ukraine and delivering a unified warning for Russia to refrain from further "provocations." President Biden affirmed US support for "Ukraine's sovereignty and territorial integrity in the face of Russia's ongoing aggression." Separately, we note that Ukraine's government has made only modest progress in bringing the current lending program back on track with the IMF's requirements. Since the IMF's last review, Ukraine has lifted a cap on gas prices and has approved a law on asset declaration responsibility. But several outstanding issues, including strengthening governance at the central bank, remain before the IMF can set a date for the next review of the program. Ukraine sovereign debt spreads widened.

Chart of the Week

Angola: Debt Reduction Path



Sources: International Monetary Fund, Haver Analytics, Stone Harbor Investment Parters LP

Angola is continuing on the path of fiscal consolidation by aiming for a record high primary budget surplus of 7.5% of GDP in 2021. This should allow government debt to drop by more than 15% of GDP according to the new IMF World Economic Outlook (WEO) forecast released on Wednesday. The goal is to initiate a virtuous circle in which lower debt loads allow room to relax the tight fiscal stance over time while continuing to further reduce debt. The IMF is supporting Angola in this effort by providing financing and technical assistance for structural reforms under the current Extended Fund Facility (EFF) program. Angola also benefits from agreements last year with Chinese creditors to reschedule debt. Since China holds about 40% of Angola's debt, the reprofiling of these obligations creates significant near-term debt service relief until the country is in a stronger position to repay.

Global High Yield

US High Yield

Expectations of robust economic growth through supportive policy commitments has accelerated a rush into US high yield bonds, driving CCC spreads down to near record 7-year lows at 516 bps. The start of a new quarter, rates stabilization from recent highs, positive retail flows, and US$21 billion of coupon/calls/tenders over the next two weeks, all combined to drive index returns 0.65%, evenly skewed among rating classes. These positive technicals provided renewed interest in the higher quality subset as recently experienced in higher beta names, although spread tightening was more pronounced in lower quality issues offering more yield. Energy, leisure, and retail sectors again outperformed. Graham Holdings Co. has agreed to acquire Leaf Group Ltd in an all cash transaction valued at US$323 million. Bombardier Inc. increased the size of its previously announced tender offer by US$471 million to US$1.57 billion, which market participants took favorably with bonds moving up on the news.

Leveraged Loans

The loan market had a firmer tone this week as the market reacted favorably to a potential infrastructure spending package, a strong employment report, and less market volatility. The S&P/LSTA Leveraged Loan Index returned +0.26%, the average Index bid price increased to US$97.9, and the spread-to-maturity tightened 3 bps to L+410. Returns were more balanced across ratings categories than previous weeks with lower-quality CCC and B-rated issues only modestly outperforming the broader index. We continued to see sectors tied to the theme outperform along with some commodity-related sectors, while industry laggards were mostly tied to idiosyncratic credit events. Loan market technicals remain supportive. First, while investors were focused on incoming quarterly amortization payments, arrangers launched roughly US$12 billion worth of deals across 13 issuers. Arrangers are in the market with two large LBO transactions including the multi-billion dollar term loan backing the buyout of CoreLogic Inc. by Stone Point Capital and Insight Partners, as well as the term loans backing the LBO of Michaels Companies Inc by Apollo. Both deals are in the marketing phase and have been well received by investors. Arrangers are also marketing a multi-billion dollar debt package for Organon & Co. Proceeds from the term loans and bonds, together with cash on the balance sheet, are being used to pay a dividend to Merck & Co. related to Organon's spinout from Merck & Co. There were no defaults in the index last week.

European High Yield

European high yield returned 0.41% week-over-week, with CCC-rated names outperforming. Overall, spreads were 9 bps tighter leaving spreads 53 bps tighter for the year-to-date. Cyclicals continued to outperform led by industries such as restaurants and leisure.

Flows/Issuance

In US high yield, falling borrowing costs are fueling an issuance surge as companies look to the primary market to fund buyouts, refinance higher costing debt, and extend debt maturities. Over the holiday-shortened week, US$7 billion has priced with US$10 billion yet to price over next two days. EPFR fund flows showed a strong gain of US$4 billion, primarily coming from ETFs and US$891 million from institutional accounts.

In leveraged loans, coinciding with an active new issue calendar is further strength in Collateralized Loan Obligation (CLO) formation continued with roughly US$3.5 billion of deals being priced, bringing YTD total to US$19.67 billion, more than double last year's figure.

In European high yield volumes of new issuance were muted this week. Of note, Ryanair reported weaker than expected earnings on continued. Covid-19 led lockdowns in Europe. Management guidance was taken negatively as passenger guidance for fiscal year 2022 was at the low end of the previous guidance of 80-120 million passengers. The weakness in the Ryanair complex weighted on the tone in the airlines sector more broadly. According to EPFR data, inflows were modest for the week at US$111 million.

Source: Lipper, EPFR, JP Morgan

Industry Insights

Leisure: The Centers for Disease Control and Prevention (CDC) indicated cruises could resume by mid-summer with restrictions after Carnival Corp., the largest operator, threatened to relocate ships to other markets. The industry has been pressuring the CDC, saying it is restricting their return to seas, while other hospitality industries (i.e., hotels and theme parks) reopen. Cruise industry equity and bond prices moved higher and remain well bid. Movie Theater bonds bounced as the US opening of Godzilla vs. Kong had three-day box-office revenue over US$32 million, compared to estimates of US$25 million; the highest since theaters closed in March 2020. California will lift capacity limits on June 15. While the industry awaits a full reopening in the movie business, companies continue to focus on liquidity concerns. AMC Entertainment seeks approval to issue an added 500 million shares with proceeds potentially used to reduce debt.

Metals & Mining: After a strong rally in early 2021 from global stimulus measures, the rollout of effective Covid vaccines, strong construction demand, and supply curtailments, metals and mining commodity prices have begun to moderate. This, while China has started to temper its stimulus programs to rebalance its economy away from investment while other regions begin to see a greater post-Covid lockdown recovery in the more asset-light, services side of their economies. Although robust investment spending should be sustained in 2021 on ongoing stimulus and early-cyclical recovery, its global growth profile is expected to slow, while elevated commodity prices should continue to induce new and returning supply, resulting in an expected moderate decline in metals and mining commodity prices for the duration of 2021 and into 2022.

Oil: Last week, OPEC+ agreed to gradually increase output by 1.1 million barrels per day (mbpd). The increase will be spread over the next three months, starting in May. While unexpected, the increase was tempered with Saudi Arabia's announcement of rolling back the voluntary extra 1 mbpd cut over the same three-month period. As such, May's oil increase is now expected to be +600 thousand barrels per day (kbpd) (+350,000 OPEC and +250,000 Saudi) vs previous estimate of +1 mbpd, all from the Saudis. OPEC+ remains cautious ahead of summer demand estimates and global vaccination rollouts, and reiterated their flexible stance. This week, the US and Iran agreed to participate in talks to revive the 2015 Iran Nuclear Agreement. While we view these as first steps in a long journey, we currently estimate 500 kbpd of Iranian crude to return to the market in the second half of 2021.

Investment Grade

Governments

Following their recent run up, government bond yields consolidated lower this week with the yield on 10-year and 30-year Treasuries drifting 7 bps and 5 bps lower to 1.68% and 2.36%, respectively. Volatility, as measured by the ICE BofAML MOVE Index, eased off the recent highs and settled in at an elevated 63. Demand was seen across all maturities, but shorter maturities saw stronger demand over longer-dated bonds, causing the curve to bull steepen with 5s30s rising 2 bps to 149 bps. 10-year Breakevens stabilized and ended the week 3 bps lower to 2.34%.

Core European government bonds also saw better demand with the yield on 10-year Bunds and Gilts falling 3 bps and 7 bps to -0.32% and 0.77%, respectively. The spread on peripherals were little changed with 10-year Spanish government bonds flat at 0.34%, while Italian BTPS widened 2 bps over Bunds to 0.69%.

The yield on 10-year Australian and Japanese government bonds were unchanged at 1.68% and 0.10%, respectively.

Corporates

High grade corporates saw mixed spreads this week with moderate trading volumes that were skewed to better customer buying. A combination of tighter spreads and lower yields caused the market to pause after the rush of buying that occurred at month-end. Spreads on the Bloomberg/Barclay's corporate index are approaching post-pandemic tights with the OAS at +89 bps, roughly 2 bps better on the week. . The BBB/A spread difference is down to only 40 bps as more A-rated credits transition to BBB. JPMorgan noted in a recent research piece that we should continue to see downgrades into the BBB-rating buckets as the costs to do so are negligible. As it stands, BBB's make up the greater share of the corporate index at approximately 52%, while 92% of the index comprises a combination of BBB's and A-rated bonds. JP Morgan is also expecting something in the order of US$284 billion of high yield debt will be upgraded to investment grade by the end of 2022, which would further increase the BBB proportion of the index.

Securitized

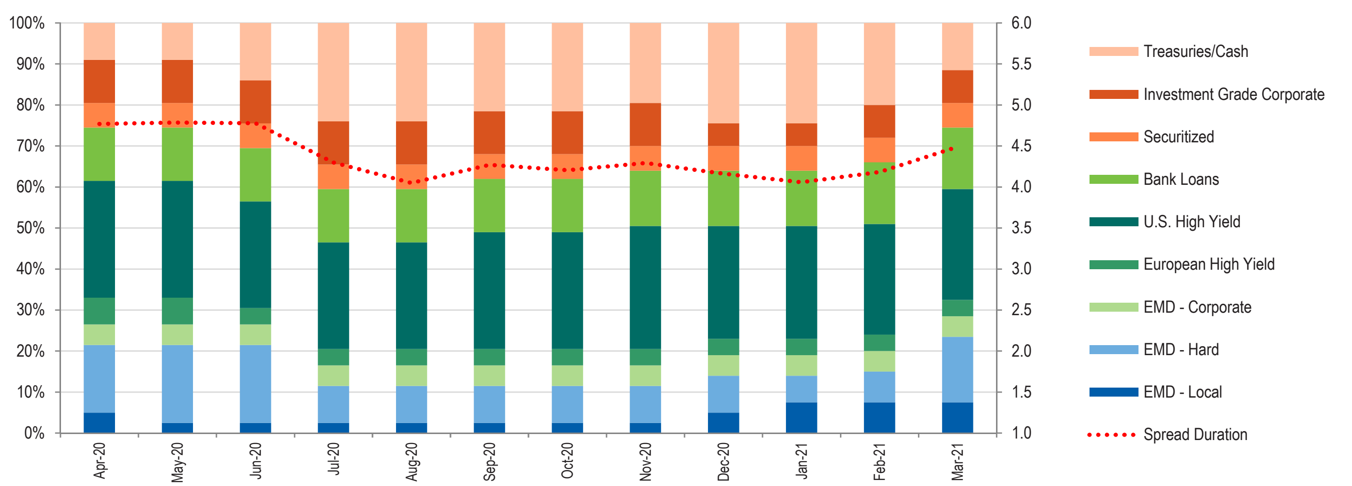
On lower rates, mortgages were unchanged in spread for the week, commercial mortgage-backed securities (CMBS) were 7-10 bps tighter and asset-backed securities (ABS) were 2-4 bps tighter. March prepayments for Federal National Mortgage Association (FNMA) 30-years increased 11% (3.6% in CPR terms), driven mostly by an increase in daycount. Next month's prepayments are expected to drop on the impact of the rate rise. The Consumer Financial Protection Bureau (CFPB) is proposing an extension of mortgage forbearance to 31 December from September to continue accommodations for Covid-impacted borrowers. Toyota is launching a new auto lease platform with a US$950 million ABS deal. The Manheim Used Car Price Index hit a new high, rising 5.9% month-over-month and 26.3% year-over-year on constrained inventory and a consumer supported by fiscal stimulus and tax refunds.

Flows/Issuance

In the primary market, high grade corporate supply for the week was moderate and slightly under expectations with roughly US$18 billion coming to market. The lighter supply only accentuates the demand for new deals, as is evident in the negligible concessions and robust oversubscription rates. It was another week with modest yet positive fund flows into high grade bond funds. Flows were positive by US$589 million, according to EPFR with Aggregate funds producing inflows of US2.173 billion, while corporate only and international had outflows of US$459 million and US$1.126 billion, respectively.

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 7, 2021		Spread or Yield Change (bps or %)						Total Return (%)				
		Level	1W*	MTD	QTD	YTD	LTM	1W	MTD	QTD	YTD	LTM
EM	EMBI Global Diversified	348	(5)	(5)	(5)	(2)	(274)	0.8	0.8	0.8	(3.7)	16.8
	CEMBI Broad Diversified	257	(0)	(0)	(0)	(13)	(338)	0.3	0.3	0.3	(0.5)	18.3
	GBI EM Global Diversified Yield	4.91	(0.08)	(0.08)	(0.08)	0.70	(0.50)	1.5	1.5	1.5	(5.3)	15.0
EM Sovereign Debt	EMBI Global Diversified	348	(5)	(5)	(5)	(2)	(274)	0.8	0.8	0.8	(3.7)	16.8
	EMBI GD Investment Grade	141	(0)	(0)	(0)	(7)	(188)	0.6	0.6	0.6	(4.7)	10.2
	EMBI GD High Yield	609	(11)	(11)	(11)	1	(453)	1.1	1.1	1.1	(2.6)	25.3
EM Sovereign Debt Regions	Africa	537	(19)	(19)	(19)	(18)	(420)	1.7	1.7	1.7	(2.4)	33.7
	Asia	210	(2)	(2)	(2)	(22)	(208)	0.6	0.6	0.6	(2.0)	10.9
	Europe	291	1	1	1	26	(165)	0.3	0.3	0.3	(4.0)	11.5
	LATAM	356	(5)	(5)	(5)	2	(317)	1.1	1.1	1.1	(5.7)	17.8
	Middle East	356	(3)	(3)	(3)	(12)	(257)	0.7	0.7	0.7	(2.6)	16.5
EM Corporates	CEMBI Broad Diversified	257	(0)	(0)	(0)	(13)	(338)	0.3	0.3	0.3	(0.5)	18.3
	CEMBI BD Investment Grade	152	2	2	2	(17)	(218)	0.2	0.2	0.2	(1.5)	12.4
	CEMBI BD High Yield	467	(3)	(3)	(3)	(18)	(508)	0.3	0.3	0.3	0.7	27.1
US High Yield	US High Yield	290	(20)	(20)	(20)	(70)	(593)	0.6	0.6	0.6	1.5	25.0
	US High Yield BB	210	(17)	(17)	(17)	(54)	(422)	0.7	0.7	0.7	0.5	22.2
	US High Yield B	315	(19)	(19)	(19)	(64)	(560)	0.6	0.6	0.6	1.8	23.9
	US High Yield CCC	516	(32)	(32)	(32)	(142)	(1,239)	0.6	0.6	0.6	4.2	38.1
European High Yield	Barclays PanEur HY	304	(9)	(9)	(9)	(53)	(469)	0.4	0.4	0.4	2.0	20.4
	2% Ex Financials Yield	3.18	(0.15)	(0.11)	(0.11)	(0.26)	(6.64)	-	-	-	-	-
Bank Loans	LSTA Price	97.9	0.2	0.2	0.2	1.6	13.9	0.3	0.3	0.3	2.0	19.2
	LSTA 100 Yield	3.68	(0.06)	(0.06)	(0.06)	(0.30)	(4.44)	-	-	-	-	-
Investment Grade	US Treasury 7-10 Yield	1.53	(0.07)	(0.07)	(0.07)	0.75	0.83	0.6	0.6	0.6	(5.2)	(5.0)
	1M LIBOR	0.11	0.00	0.00	0.00	(0.03)	(0.75)	0.0	0.0	0.0	0.0	0.2
	US Aggregate	31	0	0	0	(11)	(59)	0.4	0.4	0.4	(3.0)	0.9
	US Investment Grade Corporates	89	(2)	(2)	(2)	(7)	(174)	0.6	0.6	0.6	(4.1)	9.0
	Global Aggregate	32	0	0	0	(4)	(47)	0.3	0.3	0.3	(2.2)	1.8
	Barclays 1-5 Year Credit	44	(3)	(3)	(3)	3	(166)	0.2	0.2	0.2	(0.4)	5.9
FX	DXY (US dollar)	92.07						(0.8)	(0.8)	(0.8)	2.8	(7.5)
	GBI EM FX							0.9	0.9	0.9	(2.7)	7.7

1W reflects data from March 31 close through April 7 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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