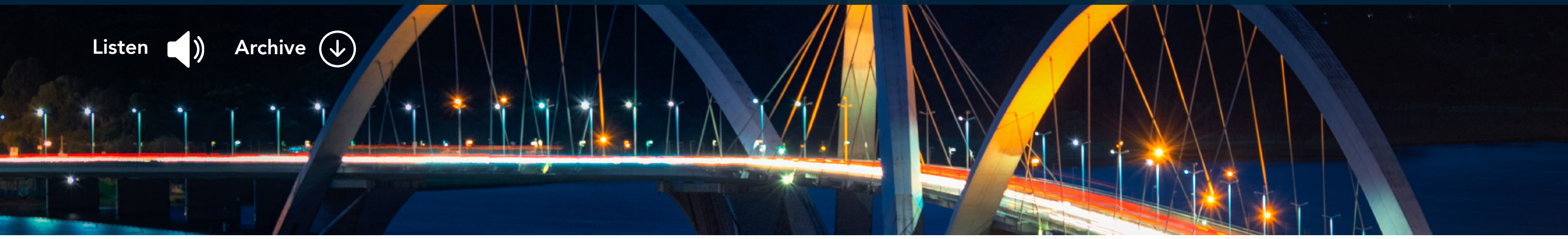
WEEKLY COMMENTS ON CREDIT

20 MAY 2022

Stone Harbor
INVESTMENT PARTNERS
A Virtus Investment Partner



GLOBAL MARKET SUMMARY

Global credit markets continued to focus on US inflation data, while stock markets remained under significant pressure in response to global growth concerns and rising recession risks. Market sentiment was also shaped by US economic data that showed weaker-than-expected US jobless claims and signs of softening in the consumer outlook. The uncertainty around the impact of a more aggressive tightening by the US Federal Reserve (Fed) continued to influence the US Treasury yields. Credit spreads widened and total returns were broadly negative across the major credit sectors. Within emerging markets (EM) hard currency debt, investment grade credits generally outperformed non-investment grade bonds. There was a notable yield differentiation in EM local debt, with yields in Dominican Republic increasing 69 basis points (bps), while yields in Turkey declined 79 bps. The US dollar was relatively unchanged against the euro, while spot currency performance in emerging markets was positive.

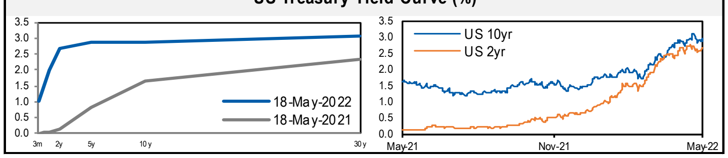
Emerging Markets

Index	Current Level (bps or %)	12 mos Change Spread or Yield (bps or %)	Weekly Change (bps)	12 mos Total Return
EMBI GD	481		10	-16.96%
EMBI GD IG	185		2	-16.92%
EMBI GD HY	814		21	-17.01%
Africa	799		22	-17.25%
Asia	314		3	-11.83%
Europe	643		1	-35.70%
LATAM	453		17	-14.45%
Middle East	365		0	-7.71%
CEMBI BD	347		15	-11.43%
CEMBI BD IG	202		5	-11.72%
CEMBI BD HY	576		30	-11.11%
GBIEM GD (%)	7.00		-6	-18.55%
EM Blend (%)	7.21		5	-15.66%
EMBI ESG	434		8	-17.99%
CEMBI ESG	349		18	-10.01%
GBI ESG (%)	6.95		-8	-19.64%
		-400 -200 0 200 400		May-21 Nov-21 May-22

Developed Markets

Index	Current Level (bps or %)	12 mos Change Spread or Yield (bps or %)	Weekly Change (bps)	12 mos Total Return
US HY	494		25	-7.93%
US HY BB	349		14	-7.54%
US HY B	542		34	-7.85%
US HY CCC	1049		58	-10.32%
Pan Euro HY	484		-20	-6.55%
LSTA 100 (%)	5.80		24	0.33%
		-400 -200 0 200 400		
US Treasury 7-10 (%)	2.89		-2	-8.76%
1M LIBOR (%)	0.93		7	0.14%
US Agg	53		3	-8.53%
US IG Corp	147		8	-11.10%
Global Agg	51		1	-6.76%
		-200 -100 0 100 200		May-21 Nov-21 May-22

US Treasury Yield Curve (%)



Other Asset Classes (12 mos Total Return)

	Level	Currency Return vs USD
EURUSD	1.05	-14.38%
USDJPY	128.23	-15.08%
EM FX		-10.05%

	Level	Commodities
Gold	1,822	-3.09%
VIX	31	45.08%
Brent	109	58.80%

	Level	Equities
S&P500	8,268	-3.58%
MSCI World	8,101	-7.67%
MSCI EM	2,520	-20.50%

May-21 Nov-21 May-22

As of: May 18 2022. Source: Bloomberg, Stone Harbor Investment Partners, LLC. For illustrative purposes only. See disclosures at end of material for additional information.

United States

Market participants continue to focus primarily on US inflation and growth data and its implications on central bank policy. However, there seems to be an increasing sensitivity to either weaker data and notably periodic equity market weakness. In particular, the decline in the Citi Surprise Index for the US to 0 from as high as 69 in mid-April points to increased risk and this, alongside the VIX volatility index, which remains elevated at around 32, have resulted in a sense of elevated uncertainty.

Producer Price Index again came in at a stronger-than-expected reading of 11% year-over-year and retail sales registered a strong 0.9% month-on-month gain alongside a marked upward revision to previous months data, which serves to strengthen forecasts for Q2 GDP. On the softer side, housing market and used car data point to some impact from the rising yield environment on the real economy, but not enough at this stage to change the US Fed's rhetoric.

Europe

The UK's GDP and industrial production highlighted the current sense of weakness in the economy. In particular, a reading of 0.8% for Q1 GDP with the March reading at -0.1% emphasized the sense of waning momentum. In the latter part of the week, firm jobs data and a CPI reading of 9% y/y painted a more balanced picture and perhaps highlights that the UK economy perhaps faces a more challenging growth and inflation mix than most.

European CPI data, like the US, remains elevated but there are notable divergences across countries with Spain and Germany registering 8.3% and 7.8%, respectively, and France coming in somewhat lower at 5.4%, reflecting its greater reliance on nuclear power for energy. Euro zone industrial production fell 1.8% in March capturing the impact of higher energy prices and the Ukraine conflict. Despite this, the EU surprise indices remain positive, highlighting the relatively subdued level of confidence that already exists in growth forecasts.

Japan/Asia

Weak industrial production and retail sales data speak to the challenges that China faces around the current bout of lockdowns. However, evidence of reduced coronavirus transmission in Shanghai gave some hope that lockdowns may begin to ease.

In Japan, a Q1 GDP reading of -1% was better than expected, but this result was offset by downward revisions to pervious reading.

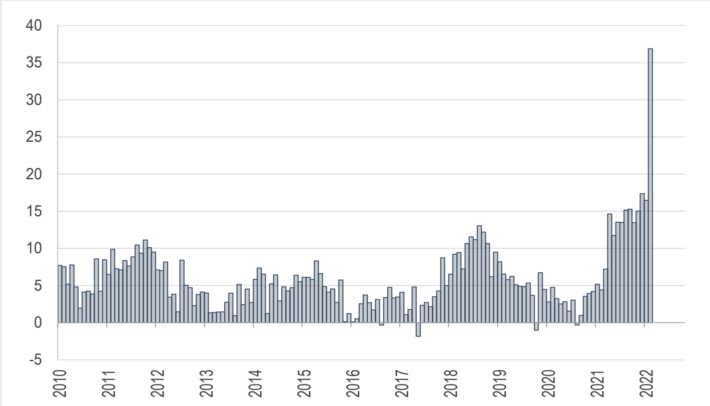
Economist Corner

Seamus Smyth, PhD, Developed Markets

Steffen Reichold, PhD, Emerging Markets

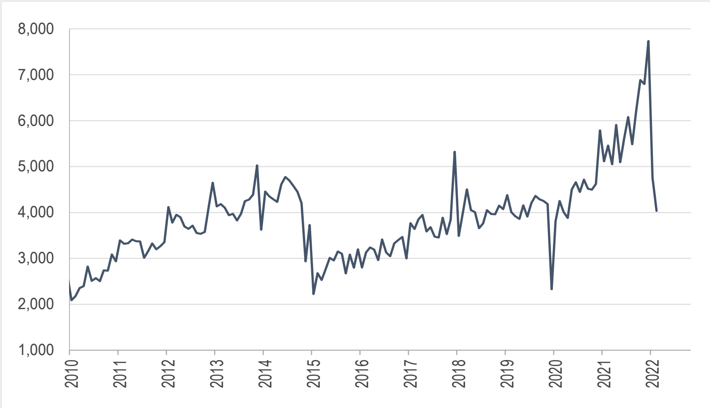
Russia reported a record current account surplus of US$37 billion for the month of April, far above pre-war levels. The size of the surplus is quite extraordinary with an annualized level around 23% of pre-war GDP. While the details have not yet been released, it seems clear that this has been driven by a collapse of imports while exports continued at a high pace as most countries have continued to buy hydrocarbons from Russia and prices have remained high. Over time, we expect exports to decline as the EU phases out oil purchases from Russia and future sanctions could target oil shipments. However, the main driver of the current account surge has been the extraordinary collapse in imports. Many Western companies have fully stopped selling to Russian clients. But this alone does not explain the extent of the import collapse. Importantly, the decline is not limited to imports from Western countries that imposed sanctions on Russia. Chinese exports to Russia have also declined sharply in March and April, contrary to some speculation early in the war that imports from China could replace imports from Western countries. We believe this is due to a combination of three factors. First, Chinese companies are more reluctant to trade with Russia in fear of potentially triggering secondary sanctions. Second, Russian consumers and firms have sharply cut purchases in anticipation of a deep recession. And third, the infrastructure to fund, insure, and pay for import shipments has been severely impacted. Over time, we expect a very severe economic impact from the lack of imports. Shortages of key components and inputs will only get larger over time, forcing substantial production cuts. In that regard, the evidence that China has not replaced Western imports is a positive sign.

RUSSIA CURRENT ACCOUNT
(SA, BIL.USD)



As of 30 April 2022.
Sources: Haver Analytics, IMF, WEO, Central Bank of the Russian Federation, Stone Harbor Investment Partners

CHINA EXPORTS TO RUSSIA
(SA, MIL.US$)



As of 30 April 2022.
Sources: Haver Analytics, IMF, WEO, General Administration of Customs, Stone Harbor Investment Partners

External Sovereign Debt

External sovereign debt spreads widened 10 bps and the JP Morgan EMBI Global Diversified returned -0.39%. Investment grade credits outperformed non-investment grade bonds. The top performers included Ukraine (10.6%), Sri Lanka (6.6%), and Venezuela (2.1%). The bottom performers included Lebanon (-9.8%), Tunisia (-8.3%), and El Salvador (-6.9%).

Local Currency Debt

The JP Morgan GBI EM Global Diversified returned 0.9%. EM currencies returned 0.5%, in aggregate. The Brazilian real outperformed this week with spot FX return of 3.3%, followed by the Uruguayan peso (2.8%), and the Czech koruna (2.3%). Underperformers included Turkey (-4.2%), Hungary (-1.1%), and Indonesia (-0.9%).

The yield of the JP Morgan GBI EM Global Diversified declined 6 bps to 7.00%. Turkey bonds outperformed with yields 79 bps higher, followed by Poland (-46 bps) and Peru (-17 bps) bonds. Dominican Republic, Colombia, and Mexico underperformed with yields 69 bps, 51 bps, and 7 bps higher, respectively.

In central bank actions, Mexico, Peru, and South Africa hiked their key rates by 50 bps each to 7.0%, 4.50%, and 4.75%, respectively. Uruguay hiked 75 bps to 9.25%. Philippines hiked 25 bps to 2.25%, as expected. China left the 1-year medium-term loan unchanged at 2.85%, as expected. Sri Lanka surprised and kept its key rate at 13.50% when a 125 bps hike had been expected. Egypt surprised with a larger-than-expected hike of 200 bps of its deposit and lending rates to 11.25% and 12.25%, respectively. A 100 basis point increase was expected.

EM Corporate Debt

The JP Morgan CEMBI Broad Diversified declined 0.49% for the week, bringing the YTD return to -12.09%. Asia was the largest underperformer compared to Latin America and Eastern Europe, driven principally by underperformance in the Macau gaming complex. Macau was especially impacted by continued concerns regarding tourist visits given China's zero-covid policy and increased restriction imposed on VIP gaming. On the positive side, Ukraine corporates generated positive returns of +6.67%, given stronger-than-anticipated 1Q earnings releases from several of the larger issuers. Year-to-date, however, Eastern Europe remains the greatest underperformer at -46.7%. Once again, the non-investment grade sector underperformed investment grade, reflecting the continued "risk off" sentiment.

Flows/Issuance

In EM corporate debt, debt issuance as expected remained particularly low given market volatility with only US$1.8 billion issued over the week, exclusively in the Asian IG sector.

According to Emerging Portfolio Fund Research (EPFR), EM fixed income funds saw net outflows of US$6.5 billion, predominantly from 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

CHINA On Monday, Shanghai reported no new Covid-19 cases for the third consecutive day, marking an important milestone with implications for easing mobility restrictions. As previously indicated by Shanghai's deputy mayor, the city is targeting normalization in activity by mid- to late-June.

Separately, Chinese financial authorities announced a further cut in mortgage loan interest rates in an attempt to buttress the property sector. The move reduces the lower limit of interest rates on home loans for first home purchases to 20 basis points, based on the corresponding tenor of benchmark Loan Prime Rates (LPRs), according to the People's Bank of China and China's Banking (PBOC) and Insurance Regulatory Commission. This rate cut augments other policies implemented during the first quarter of this year, including lowering down-payment and loosening purchase restrictions. The latest loan guidance also follows last Friday's PBOC data, which indicated new bank loans had dropped to the lowest level in more than four years in April, driven by Covid-related lockdowns and reduction in mortgage loans.

COLOMBIA Colombia's gross domestic product (GDP) expanded 8.5% in the first quarter compared the same period a year ago, reflecting increased activity from the reopening of the economy and effects of fiscal and monetary support. The statistics agency also revised Colombia's 2021 GDP up to 10.7% from 10.6%. Colombia's central bank raised its growth outlook for the year from 4.7% at its April meeting and currently expects growth of 5% this year.

Against the strong growth backdrop, we continue to monitor political developments ahead of the 29 May presidential elections. Colombia's last remaining rebel group – the Marxist National Liberation Army – announced this week a 10-day ceasefire between 25th and 29th of May to allow for a peaceful presidential election. According to recent opinion polls, Gustavo Petro is the favored front-runner against his biggest opponent, Federico Gutierrez.

ETHIOPIA Ethiopia and the World Bank signed an agreement earlier this week for a US$300 million grant to support the reconstruction and recovery efforts in the northern region of Tigray that has been affected by political conflict and violence. Areas in Amhara, Afar, Tigray and the regions of Oromia and Benishangul-Gumuz are slated to receive the funds.

PERU Peru's state-owned oil company Petro Peru has begun negotiations with creditors to delay the release of the 2021 financial statement in order to avoid a default before the end of this month. The state oil refiner is aiming to regain investor confidence after an audit was not approved earlier this year. Petro Peru's new president Humberto Campodonico said that the company reached an agreement with its auditor PwC and plans to deliver the final report before September. The news supported Pero Peru's US$2 billion notes due 2047, whose price reached record lows last week.

Peru's fiscal balance continued to improve in April, as revenues reached 22.6% of GDP, or 5.1% point higher relative to April

2021, and compares to 2.8% of GDP in 2019. At the same time, primary public sector expenditures have eased to 17.0% of GDP in April, compared to 22.4% last year. Higher revenues have been attributed to stronger commodity prices and payment of tax debts.

LEBANON Preliminary results from Sunday's parliamentary election indicate that Iran-backed Hezbollah and its allies are likely to lose their majority for the first time since 2018, while the Saudi-aligned, and reform-oriented Lebanese Forces are gaining support. The formation of a new government that can effectively implement reforms necessary for an economic recovery will be an important step towards an IMF program. We continue to monitor the situation to assess the potential impact of a fragmented government on IMF support.

MALAYSIA Malaysia's GDP grew 5% in the first quarter, following the 3.6% growth in the fourth quarter of last year. The expansion was primarily driven by the services and manufacturing sectors, particularly by continued demand for semiconductors and motor vehicles. Bank Negara Malaysia (BNM) said growth will be supported by continued expansion in global and domestic demand this year, and kept its 2022 economic growth forecast at between 5.3% and 6.3%. According to the Deputy Governor Marzunisham Omar, while price pressures persist, inflation in Malaysia at 2.2% remains moderate compared to other countries.

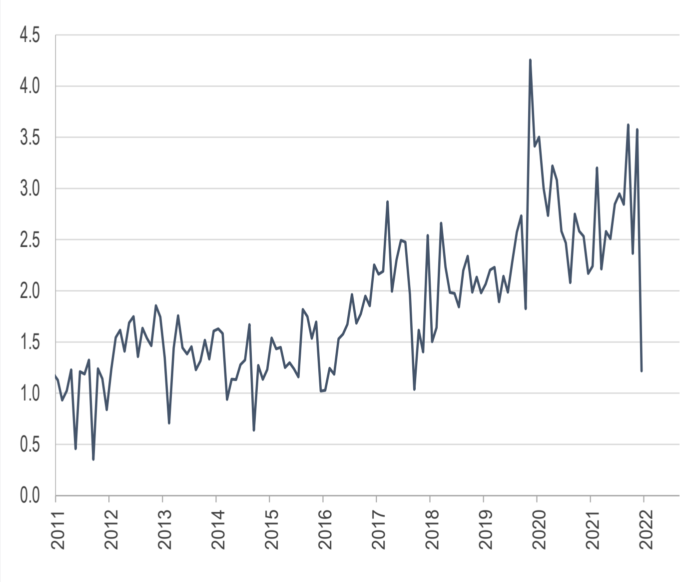
RUSSIA As confirmed by US Treasury Secretary Janet Yellen on Wednesday, the Biden Administration may block Russia's ability to pay US bondholders after a deadline expires on 25th of May. According to Ms. Yellen, though no final decision has yet been made, US Treasury Department's Office of Foreign Assets Control may allow a general license that had been issued after Russia's invasion of Ukraine in February to expire. The license allowed the Russian government to pay US dollar interest and principal on bonds held by US citizens until the expiration date, avoiding default. While OFAC has not confirmed that it will allow the waiver to expire, we expect the US Treasury will clarify its intent soon through its FAQ's on its website.

SRI LANKA Following the resignation of Prime Minister Mahinda Rajapaksa, President Gotabaya Rajapaksa appointed Ranil Wickremesinghe as the new Prime Minister in an attempt to bring about political stability amid worsening economic crisis and intense public discontent for the government's mismanagement of the economy. Wickremesinghe, who has support from the main opposition parties, stated in his address to the nation that it needs US$75 billion in foreign exchange to pay for essential imports and that the country only has petrol stocks to cover one day. Sri Lanka is in default on its external debt as a grace period for a coupon payment expired on 18 May. As of this writing, Wickremesinghe has announced the swearing in of four ministers, with more to be named soon. Local sources suggest that Wickremesinghe may assume the finance minister role given his experience in working with the IMF. A second round of technical discussions with the IMF is ongoing. Further steps in negotiating with the IMF, including fiscal policy implementation, require a cabinet minister's involvement.

Chart of the Week

China's monthly financing data showed a very sharp decline last month. This is even more striking considering the more supportive policy stance that China has adopted in recent months. Controlling the flow of funding to the economy has been the most important macro policy lever in the past but in the face of severe lockdowns it is not very effective. In our view, this decline in funding highlights the severe impact of the current Covid lockdowns and also the inability of demand-side support measures to offset genuine supply restrictions. Going forward, as the Shanghai lockdown is likely to ease in the coming weeks, we expect some reversal and catch-up in financing numbers. But the main driver for the Chinese growth outlook this year will not be policy stimulus but rather the extent of Covid-related lockdowns. With no change in the zero-Covid policy in the near term and likely continued flare-ups of Covid outbreaks, we expect growth to remain subdued this year.

CHINA: AGGREGATE SOCIAL FINANCING FLOWS TO THE REAL ECONOMY (SA, TN.YUAN)



As of 30 April 2022
Sources: Haver, IMF, WEO, People's Bank of China, Stone Harbor Investment Partners For illustrative purposes only

US High Yield

The ICE BofAML US High Yield Constrained Index returned -1.01% over the week driven by inflation concerns, Covid in China, and the Fed's policy toward rate increases. The decompression theme continued and was highlighted by the outperformance in BB's versus CCC's. This flight-to-quality trade drove a wide total return difference with BB's declining only

-0.57% to the -2.13% loss suffered by CCC's. The disparity was also noticeable in spreads as CCC's widened by +58 bps to only +14 bps in BB's versus +25 bps in the index for the week. Yields increased by 0.26% to finish at 7.79%, representing nearly a two-year high. The weekly total return among sectors showed a wide range of results. Nearly half outperformed losing less than the -1.01% of the index, while the others suffered due to a higher concentration of lower- quality CCC issuers. Retail Non-Food/ Drug declined the most on earnings misses by Walmart and Target.

Leveraged Loans

The leveraged loan market remained under pressure as concerns around a potential recession, inflation, Covid lockdowns, geopolitical uncertainty and corporate earnings weighed on markets. For the week, the S&P/LSTA Leveraged Loan Index (the "Index) returned -0.61%, the average bid price decreased 66 bps to US$95.04, and the spread-to-maturity widened 13 bps to L+470. Not surprisingly, given the wide-range of investor concerns, there was a flight to safety, which drove outperformance in the higher-quality BB portion, while the B and CCC portions of the market underperformed. From an industry perspective, returns were negative across all sectors, with industries exposed to inflationary input costs underperforming, while higher- quality less rate sensitive sectors outperformed. Lastly, there were no defaults in the Index last week.

European High Yield

The Bloomberg Barclays PanEuro High Yield 2% Cap Ex Financials Index rallied this week, posting a gain of 0.55% as some of the recent volatility eased and investors focused on earnings and company-specific news. CCCs underperformed with a gain of only 0.19% compared to increases of 0.58% for BBs and 0.55% for Bs. Index spreads tightened 19 bps for the week. Atalian bonds climbed 8 points after reports that private equity firm CD&R was in talks to buy and merge OCS Group with a division of Atalian. Casino bonds gained 2 points after the company confirmed that the company had begun the sale process for its renewables business GreenYellow.

Flows/Issuance

According to EPFR, the US high yield market lost $US3.437 billion for the week. US primary issuance in May is on track to be the slowest since the global financial crisis of 2008. This follows the slowest April in more than a decade. One deal priced and only the second of the month, Carnival Corp, a US$1 billion 8NC3 Senior Unsecured deal at 10.5% to refinance existing indebtedness and general corporate purposes.

In leveraged loans, one of the key drivers of year-to-date outperformance in the asset class has been consistent asset accumulation in the form of inflows from retail loan mutual funds and Exchange Traded Funds (ETFs), but this trend has reversed course and we are on track to see our second consecutive week of outflows in several months, which is a major driver of the weakness in the secondary market. Offsetting some of this weakness is demand from Collateralized Loan Obligation (CLO) investors that has allowed for the CLO market to price another 8 deals for US$3.74 billion. While demand for floating rate assets slowed this past week, so has supply. One notable deal that came to market was for interactive fitness product company, Peloton Inc., which priced a US$750 million 5-year term deal for general corporate purposes. The deal had a short marketing timeline, but the deal allocated within the initial price talk.

For European high yield, EPFR data showed outflows of US$345 million for the week, increasing May outflows to US$924 million.

Source: Lipper, EPFR

Industry Insights

EUROPEAN CABLE: European cable and wireless giant Altice reported its Q1'22 results for both of its credit silos this week. The company's international silo, comprising operations in Portugal and Israel, reported strong results with both revenues and earnings growing mid to high single digits y/y as those regions of Europe continue to recovery from Covid-19 headwinds. Altice France reported mixed results, with the majority of the headwinds involving one lost roaming contract that was € 100 million of annual EBITDA and that will anniversary itself after the current quarter. As we get into the second half of 2022, we are likely to see more of the underlying organic growth in SFR's core business.

FINANCIAL: This week credit card issuers reported consumer credit statics for April. Reporters spanned the credit spectrum from investment grade rated banks to both crossover and highyYield rated issuers. The common theme of all the companies reporting was that consumer credit is slightly worse than in the Spring and Summer of 2021. However, the Spring and Summer of 2021 was the strongest consumer credit metrics in over 10 years. Net charge off's were basically flat In April with the last four months. 30+ day delinquencies are also similar to the levels we saw in December 2021 and for the first four months of the year. This suggests that consumer credit held in well in April compared to the second half of 2021 and the start of 2022. A few credit card lenders to lower FICO score consumers have seen loan balances outstanding grow since December 2021. This is one area that we are watching.

FOOD & BEVERAGE: Grain costs continue to rise in response to low exports from Ukraine and Russia and unfavorable weather elsewhere. Bulk dry shipping is down 50% y/y in Ukraine and Russia, which, when combined, account for 13% of global wheat and 8% of global oilseed production in the world. Compounding these effects are weather-related crop issues in India and the US. Last Saturday, India banned wheat exports (3% of global exports) in order to control domestic prices, as a scorching heat wave curtailed output and domestic prices hit a record high. In the US, farmers are being hit with rising fertilizer prices and unfavorable weather conditions. Wet soil in the Corn Belt and drought conditions in Kansas and Nebraska are delaying the planting season. In Minnesota, one of the largest spring wheat states, only 2% of the crop is planted vs 93% this time last year. Year-to-date, wheat, corn and soybean are up 62%, 35% and 27%, respectively. As of April, the contribution from food to CPI inflation has risen to 0.8% in the US, the highest on record, going back to 1996. High yield food & beverage companies have, on average, put in two price increases YTD, and are poised for additional, if necessary.

Governments

The ICE BofAML MOVE Index continued its drift lower, a continuation of a move noted last week. Statements from Fed governors, especially those from Chairman Jerome Powell, have reiterated the Fed's intention to bring inflation under control and have left a sense that the Fed is willing to at least generate a growth recession to achieve this. Of note, 10-year US inflation swaps, which were trading in a 3-3.2% range have now moved to a 2.9-3% range, suggesting that Fed credibility might be rising. This alongside the elevated uncertainty in the equity market as measured by the VIX at 32% resulted in the US yield curve being broadly stable over the weak.

With a more stable US yield curve and modest signs of slowing in the Eurozone economy, 10-year yields fell 3 bps to 95 bps. The two-year yield recorded a sharp rise to 35 bps but last Wednesday's readings captured a particular dip in yields as equity markets swooned. A quick observation of data either side evidences little change over the week. The stronger jobs data in the UK towards the end of the week pushed UK 10-year yields higher

Ten-year Japanese government bond yields were unchanged over the week.

Corporates

Investment grade corporates performed poorly this week with cash spreads in many cases wider by more than 10 bps, while recent new issues also saw performance suffer as liquidity dried up and bonds had trouble finding clearing levels. Contributing to the lackluster tone was the underwhelming US$8 billion tender offer from AT&T, which took bonds wider in the sector but more so was the weak consumer outlook and margin compression reported by major retailers. Customers were better net sellers according to trading flows with the bulk of the selling coming from the intermediate part of the curve, while there remains some modest buying in the long end for deeply discounted bonds. Spreads on the Bloomberg corporate index widened by 8 bps this week leaving the OAS at year-to-date wide's of 147 bps, 2 bps wider than the prior wide's from mid-March. Investment grade CDX was wider by 7 bps week-over-week, widening as much as 92.625 bps at its worst from around 84 bps earlier in the week. Excess returns for the year continue to disappoint and are negative by -334 bps, while year-to-date total returns are some of the worst on record at -13.47%.

Securitized

In the broader market volatility, mortgages held in relatively well and the current coupon widened 6 bps to 128 bps, the highest level in two years. The MBA mortgage applications index dropped 11% on the week despite lower rates. Refis fell 9.5% on the week, down 76% year-over-year. The 30-year fixed mortgage rate fell 4 bps to 5.49%. The percentage ARMs stands at 10.3%, up from 3.3% at the end of 2021, as a response to rising fixed mortgage rates. Of note this week, American Express priced a large US$2.8 billion credit card ABS, and Discover is marketing their card ABS. While ABS issuance remains steady given the shorter duration, CMBS issuance has stalled. The new issue US$3 billion Cosmopolitan hotel SASB widened their price talk spreads by 20-25 bps.

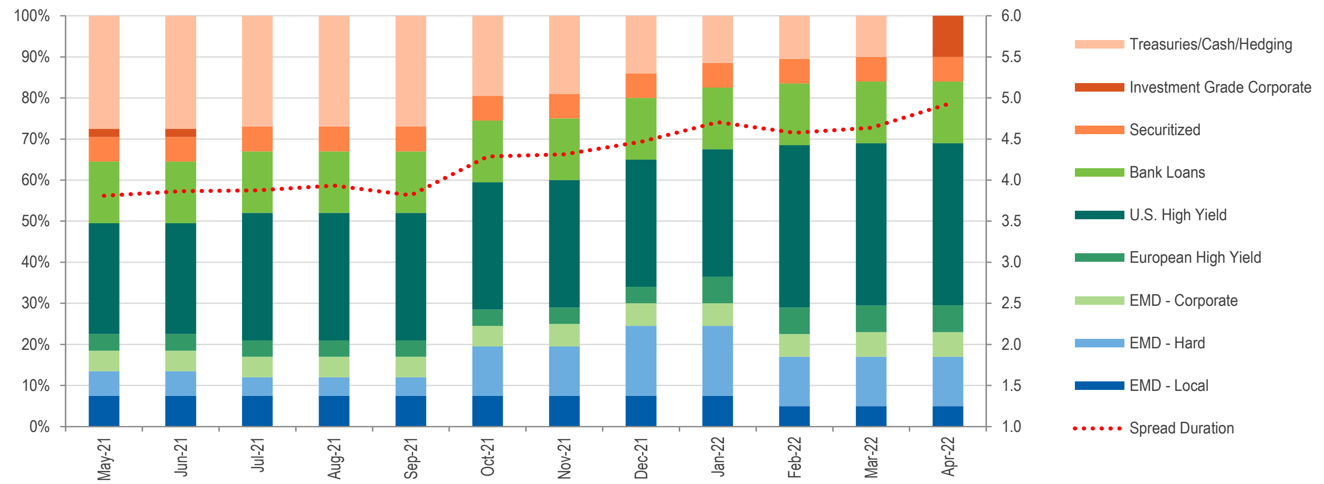
Flows/Issuance

In the investment grade corporate debt market, despite the inhospitable markets, 22 deals priced for roughly US$33.4 billion in supply. Demand for new deals was lackluster with oversubscription rates for many deals under 2x, while new issue concessions topped over 25 bps with some deals pricing at the original initial price talk. Larger deals for United Health Group, PayPal, and Citigroup saw decent demand, while smaller issuers garnered little support. May supply at US$77 billion is roughly half of what dealers expected for the month, while year-to-date supply is US$648.4 billion.

Fund flows for high grade bonds saw near record outflows of US$7.7 billion for the latest period, according to EPFR, making this the 11th consecutive week of outflows for this series. Outflows were driven by total return and aggregate accounts with outflows of US$2.952 billion and US$3.004 billion, respectively. Corporate only accounts also saw outflows totaling US$1.718 billion, which is a reversal from prior periods. Lipper reported outflows from high grade funds totaling US$8.4 billion, this is the 4th largest outflow on record and the 7th consecutive outflow for this series.

Source: EPFR, JP Morgan

STONE HARBOR MULTI-ASSET CREDIT TARGET ALLOCATIONS (%)



Stone Harbor Multi-Asset Credit Representative Target Allocation as of 30 April 2022. Actual allocations within any account may be significantly different from the target allocations shown here. For illustrative purposes only.

				Spread or Yield Change (bps or %)					Total Return (%)				
As of May 18, 2022			Level	1W*	MTD	QTD	YTD	LTM	1W	MTD	QTD	YTD	LTM
EM	EMBI Global Diversified	EMBI G D	481	10	42	82	114	150	(0.4)	(2.3)	(7.8)	(17.0)	(17.0)
	CEMBI Broad Diversified	CEMBI B D	347	15	44	44	75	98	(0.5)	(1.6)	(3.6)	(12.1)	(11.4)
	GBI EM Global Diversified Yield	GBI EM GD	7.00	(0.06)	0.23	0.77	1.28	2.02	0.9	(1.5)	(7.4)	(13.4)	(18.6)
EM Sovereign Debt	EMBI Global Diversified	EMBI G D	481	10	42	82	114	150	(0.4)	(2.3)	(7.8)	(17.0)	(17.0)
	EMBI GD Investment Grade	EMBI IG	185	2	19	35	41	46	(0.0)	(1.6)	(7.4)	(18.8)	(16.9)
	EMBI GD High Yield	EMBI HY	814	21	70	130	175	250	(0.8)	(3.0)	(8.1)	(15.0)	(17.0)
EM Sovereign Debt Regions	Africa	Africa	799	22	98	182	187	289	(0.9)	(4.7)	(11.5)	(15.1)	(17.3)
	Asia	Asia	314	3	37	64	95	109	0.1	(1.9)	(6.5)	(12.8)	(11.8)
	Europe	Europe	643	1	29	83	320	373	0.2	(0.7)	(4.9)	(35.0)	(35.7)
	LATAM	LATAM	453	17	34	71	72	119	(1.1)	(2.4)	(9.1)	(14.3)	(14.5)
	Middle East	Middle East	365	(0)	36	50	40	24	0.2	(2.0)	(5.9)	(9.8)	(7.7)
EM Corporates	CEMBI Broad Diversified	CEMBI B D	347	15	44	44	75	98	(0.5)	(1.6)	(3.6)	(12.1)	(11.4)
	CEMBI BD Investment Grade	CEMBI IG	202	5	24	29	51	50	(0.1)	(1.0)	(3.6)	(12.9)	(11.7)
	CEMBI BD High Yield	CEMBI HY	576	30	70	70	92	126	(0.9)	(2.2)	(3.6)	(11.2)	(11.1)
US High Yield	US High Yield	US HY	494	25	72	121	162	143	(1.0)	(3.1)	(6.6)	(10.8)	(7.9)
	US High Yield BB	US HY BB	349	14	46	82	114	93	(0.6)	(2.0)	(5.6)	(10.6)	(7.5)
	US High Yield B	US HY B	542	34	88	137	166	147	(1.3)	(3.8)	(7.1)	(10.3)	(7.8)
	US High Yield CCC	US HY CCC	1,049	58	173	290	355	394	(2.1)	(5.8)	(9.6)	(13.0)	(10.3)
European High Yield	Barclays PanEur HY	BAR PanEur HY	484	(20)	34	93	173	184	0.6	(1.1)	(4.0)	(7.8)	(6.5)
	2% Ex Financials Yield	2% ExFin Yield	7.00	(0.04)	0.51	1.73	3.44	3.80	0.00	0.0	0.0	0.0	0.0
Bank Loans	LSTA Price	LSTA Price	95.0	(0.7)	(2.4)	(2.6)	(3.6)	(2.8)	(0.6)	(2.3)	(2.1)	(2.2)	0.3
	LSTA 100 Yield	LSTA 100 Yield	5.80	0.24	1.06	1.43	1.92	2.12	(0.6)	(2.3)	(2.1)	(2.2)	0.3
Investment Grade	US Treasury 7-10 Yield	US Tsy 7-10 Yld	2.89	(0.02)	(0.02)	0.54	1.44	1.38	0.2	0.3	(3.9)	(10.3)	(8.8)
	1M LIBOR	1M LIBOR	0.93	0.07	0.12	0.48	0.83	0.83	0.0	0.0	0.1	0.1	0.1
	US Aggregate	US AGG	53	3	4	12	17	22	(0.2)	(0.2)	(4.0)	(9.7)	(8.5)
	US Investment Grade Corporates	US IG Corp	147	8	12	31	55	60	(0.7)	(0.8)	(6.3)	(13.5)	(11.1)
	Global Aggregate	Global AGG	51	1	3	9	16	19	(0.0)	(0.3)	(2.9)	(7.8)	(6.8)
	Barclays 1-5 Year Credit	Barclays 1-5 Year Credit	85	7	10	25	42	46	(0.2)	0.1	(1.3)	(4.9)	(5.4)
FX	DXY (US dollar)	DXY	103.81	0.0	0.0	0.0	0.0	0.0	(0.0)	0.8	5.6	8.5	15.7
	GBI EM FX	GBI EM FX	0.0	0.0	0.0	0.0	0.0	0.0	0.5	(0.6)	(4.7)	(3.4)	(8.7)

1W reflects data from May 11 close through May 18 close. Source: Stone Harbor Investment Partners, LLC; Bloomberg. For illustrative purposes only. See disclosures at end of material for additional 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 PanEuropean High Yield; IG Corp: Bloomberg 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 Treasury Index tracks the obligations of the U.S. Treasury with a remaining maturity of one year or more. The Bloomberg 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 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 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 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 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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