Stone Harbor Investment Partners is a division of
Virtus Fixed Income Advisers, LLC,
an SEC registered investment adviser.

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This Brochure provides information about the qualifications and business practices of Stone Harbor Investment Partners, a division of Virtus Fixed Income Advisers, LLC ("VFIA"), an SEC registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. If you have any questions about the contents of this Brochure, please contact us at 212-548-1200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Stone Harbor and VFIA also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

During 2023, Stone Harbor Investment Partners completed its transition to a dedicated Emerging Markets Debt asset manager. The non-emerging markets debt strategies, including global high yield, investment grade corporate credit, and multi-asset credit (with the exception of the emerging market debt exposure), and the investment personnel responsible for managing them, moved to Newfleet Asset Management, also a division of VFIA. Stone Harbor is responsible for the management of the emerging markets debt sleeves of the Multi-Asset credit strategies which are managed by Newfleet Asset Management. The descriptions and risks associated with the multi-asset credit strategy were removed from the Stone Harbor strategies and risks sections.

Additional changes include:

Item 4: Stone Harbor now manages a Wrap account, Stone Harbor Emerging Markets Bond Strategy.

Item 8: ESG disclosure has been updated to provide more detail.

Item 10: Stone Harbor's global affiliates were restructured and renamed.

Item 11: Stone Harbor employees that are not registered representatives of the broker–dealer are now permitted to accept or provide gifts or other gratuities from clients or individuals seeking to conduct business with Stone Harbor in the amount of $250 instead of the previous amount of $100.

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Item 4 – Advisory Business

Stone Harbor is a boutique fixed income manager, specializing in emerging markets debt strategies. Stone Harbor's investment teams and strategies were originally formed in the 1990s at Stone Harbor's predecessor firm(s) – Salomon Brothers/Citigroup Asset Management. In 2006, founding members of the Stone Harbor investment team spun out of Citigroup and founded Stone Harbor as an independent fixed income investment manager focused on global credit and emerging markets debt strategies for institutional investors.

Stone Harbor became a wholly owned subsidiary of Virtus Investment Partners ("Virtus") as of January 1, 2022. Virtus, a publicly traded firm (NASDAQ: VRTS), is a partnership of boutique investment managers committed to the long-term success of individual and institutional investors. Virtus provides investment management products and services through its affiliated managers and select sub-advisers, each with a distinct investment style, autonomous investment process, and individual brand.

On July 1, 2022, Virtus reorganized its three fixed income subsidiaries to operate as separate divisions under a single legal entity named Virtus Fixed Income Advisers, LLC. VFIA is a wholly owned subsidiary of Virtus and is an SEC registered investment adviser. The three divisions of VFIA, including Stone Harbor, maintain their distinct investment process and philosophy, portfolio management teams, investment culture and brand. They operate under the d/b/a names of:

Stone Harbor Investment Partners ("Stone Harbor")

Newfleet Asset Management ("Newfleet")

Seix Investment Advisors ("Seix")

This Brochure provides information about Stone Harbor. Two other brochures are available upon request which provide information about Newfleet and Seix.

Stone Harbor primarily provides investment management advice with respect to emerging markets debt securities, including but not limited to debt securities issued by the US or foreign governments (in external (typically USD/EUR/JPY) or local currency), foreign governmental agencies or supranational organizations, corporate debt securities, Brady bonds, Euro bonds, repurchase agreements and reverse repurchase agreements, forward contracts, currency transactions, Rule 144A securities, senior and subordinated loans and loan participations and, fixed and floating rate securities, fixed and floating rate commercial loans, distressed debt, payment in-kind securities (PIKs), zero-coupon bonds, inflation protected securities, step-up securities and derivative instruments (such as options, swaps, credit default swaps, interest rate swaps, credit linked notes, interest only (IOs) and principal only (POs) investments, structured instruments and derivatives

thereof). Stone Harbor also provides advice in connection with common stocks, preferred stock, debentures, notes, commercial paper, certificates representing securities (such as American Depository Receipts, Global Depository Receipts, and European Depository Receipts), closed-end funds, exchange traded funds, private issues, equipment trust certificates, municipal securities, and real estate investment trusts. Stone Harbor may purchase securities on a when-issued, delayed delivery or forward basis. Stone Harbor may make use of derivative securities (including options on securities, securities indices or currencies, forward currency contracts, and interest rate, currency, or credit default swaps) for the purposes of reducing risk and/or obtaining efficient investment exposure. In general, Stone Harbor enters into derivatives transactions on an incidental basis to the fixed income strategy which it is implementing; however, Stone Harbor may seek active exposure through derivatives from time to time in its implementation of certain strategies.

Stone Harbor focuses on building long-term value for its clients through its emerging markets debt strategies. Stone Harbor seeks to tailor the investment guidelines and restrictions of separately managed accounts in order to satisfy each client's credit strategy requirements. Clients may impose restrictions or limitations on securities, including but not limited to limitations by asset class, benchmark, credit rating, or country weighting. Stone Harbor also serves as an adviser and sub-adviser to US and non-US pooled investment vehicles that have investment guidelines that are not subject to specific requirements of underlying fund investors.

Stone Harbor acts as manager for a Wrap Program. The Wrap account is managed in a similar fashion as separately managed Client accounts with certain differences. Due to the smaller size of Wrap accounts and regulatory restrictions, they are not eligible to participate in privately offered securities (Rule 144A bonds) while most of the separately managed accounts are eligible. Further, Wrap accounts cannot participate in the vast majority of newly issued bond offerings due to the underlying wrap sponsor being in the underwriting syndicate for the newly issued bonds. Stone Habor receives a portion of the Wrap fee for its services. Stone Harbor may not be provided with sufficient information by the underlying wrap sponsor to perform an assessment as to the suitability of Stone Harbor's services for the client. Stone Harbor will rely on the wrap sponsor who, within its fiduciary duty, must determine not only the suitability of Stone Harbor's services for the client, but also the suitability of the wrap program for the client.

As of December 31, 2023, Stone Harbor managed approximately $6,370,579,940 in total assets (total managed assets). Of this figure, approximately $188,926,515 constituted assets managed for non-discretionary client accounts. The total assets under management of VFIA inclusive of all divisions (Stone Harbor, Newfleet and Seix) was $32,594,685,100 (discretionary) and $188,926,515 (non-discretionary), as of December 31, 2023. Stone Harbor's assets under management includes assets in the emerging markets debt sleeves of multi-asset credit strategies which are managed by Newfleet Asset Management, another division of VFIA. Stone Harbor is responsible for the

management of the emerging markets debt sleeves.

All descriptions in this brochure of Stone Harbor's practices are qualified in their entirety with respect to each separately managed account or pooled investment vehicle by the applicable investment advisory agreement or offering and organizational documents, respectively, governing such account or vehicle.

Item 5 – Fees and Compensation

In general, all fees are subject to negotiation based on the circumstances of the client and other factors, including but not limited to the type and size of the account and the type of advisory and client-related services to be provided to the account.

Stone Harbor's portfolio management fees generally range from 0.15% to 1.50% per annum of assets under management. In addition, from time to time, consistent with applicable laws and regulations including Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), Stone Harbor may negotiate incentive (performance-based) fee arrangements in addition to (or in lieu of) asset-based management fees.

Stone Harbor's fees typically are based on the value and performance of the assets held in the client account. Stone Harbor generally does not price securities or other assets for purposes of determining fees. However, to the extent permitted by applicable laws, Stone Harbor may be charged with the responsibility to, or have a role in, determining asset values with respect to accounts from time to time. For example, Stone Harbor may be required to price a portfolio holding, in accordance with applicable valuation procedures, when a market price is not readily available or when Stone Harbor has reason to believe that the market price is unreliable. To the extent Stone Harbor's fees are based on the value or performance of client accounts, Stone Harbor would benefit by receiving a fee based on the impact, if any, of an increased value of assets in an account. When pricing a security, Stone Harbor attempts, in good faith and in accordance with applicable laws, to determine the fair value of the security or other assets in question. Stone Harbor generally relies on prices provided by a third-party pricing source or a broker-dealer for valuation purposes.

Fees are generally payable either monthly or quarterly in arrears. The specific manner in which fees are charged by Stone Harbor is established in a client's written agreement with Stone Harbor. Stone Harbor does not deduct fees from client accounts. Stone Harbor generally sends an invoice on a quarterly or monthly basis to clients or their custodians. In certain cases, a client will send payment directly to Stone Harbor based upon its or its custodian's calculation of the fee amount due.

Stone Harbor's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Please see Item 12 for further discussion of Stone Harbor's brokerage practices. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire

transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and other commingled funds also charge internal management and other fees, which are disclosed in a fund's prospectus.

The charges, commissions, fees, and expenses described in the preceding paragraph are exclusive of and in addition to Stone Harbor's fees, and Stone Harbor will not receive any portion of these charges, commissions, fees, and expenses.

In certain instances, Stone Harbor may allocate all or a portion of a client's account to a commingled fund for which Stone Harbor or an affiliate of Stone Harbor serves as the investment manager or sub-adviser and receives a management fee. Stone Harbor may receive a higher management fee for investment management services that it provides to Virtus Stone Harbor funds than it receives for separately managed accounts implementing a similar strategy, which poses a conflict of interest to Stone Harbor when making such allocation decisions. However, should any assets of a client's separately managed account be invested by Stone Harbor in a Virtus Stone Harbor fund at any time, the fee paid by the client's separately managed account shall be reduced to reflect that client account's pro rata share of the investment management fee paid by such fund to Stone Harbor. Stone Harbor also faces a conflict of interest from investing its separately managed account client assets in Virtus Stone Harbor funds to the extent that Stone Harbor receives any other benefit from such allocations. Potential benefits include improved marketability of the vehicles that Stone Harbor manages as a result of having greater assets under management, and improved name or brand recognition. Moreover, as further described below in Item 7, Stone Harbor faces a conflict of interest to the extent that certain portfolio managers or related persons hold shares in such Virtus Stone Harbor funds, as increasing the assets managed by a fund could contribute to greater economies of scale and could enable the fund to meet minimum purchase or sale amounts for certain investment opportunities more easily.

Stone Harbor does not generally permit or require clients to pay fees in advance. However, if a client and Stone Harbor agree to a fee arrangement that entitles Stone Harbor to receive fees in advance, then upon termination of the applicable investment advisory contract (or partial redemption of an investment), fees will be rebated to the client (or underlying fund investor if applicable) on a pro-rated basis so that the client only pays fees for the period during which Stone Harbor actually provided advisory services.

Neither Stone Harbor nor any of its supervised persons accepts compensation for the sale of securities or other investment products, such as asset-based sales charges or service fees from the sale of mutual funds.

Item 6 – Performance-Based Fees and Side-By-Side Management

As discussed in Item 5 above, Stone Harbor may negotiate incentive (performance-based) fee arrangements or may charge a combination of performance-based and asset-based fees.

Performance-based fee arrangements may be viewed as creating an incentive for Stone Harbor to recommend investments which may be riskier or more speculative than those

which would be recommended under a different fee arrangement. Performance fee arrangements also create an incentive for an investment manager to favor performance fee accounts over other accounts in the allocation of investment opportunities because strong investment returns increase the performance-based fee paid to the investment manager, whereas the investment manager would receive an asset-based fee regardless of the performance of the account, although performance may affect the level of assets and, consequently, the asset-based fee. Notwithstanding the type of fee, fee arrangements generally create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

However, Stone Harbor has adopted and implemented procedures designed to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. Stone Harbor's allocation decisions may vary from transaction to transaction and will depend upon factors including, but not limited to, investment guidelines and restrictions, the type of investment, the amount of securities purchased or sold, minimum order size, the size of the account, and the size of an existing position in a client account, and considerations related to any applicable dual-hatting arrangements. Investment team members of at least one VFIA division serve as portfolio managers and traders of at least one registered investment company advised by another registered Virtus investor adviser. Such personnel will use a rotation method of allocating trades for accounts / funds of these advisers. Stone Harbor may base its allocations on factors including but not limited to: achieving certain positions by percentage, cash position, country weightings, relative value and position maintenance. Such decisions are not based upon fee structure. In addition, Stone Harbor's Legal & Compliance Team regularly monitors all portfolios for compliance with the firm's trade allocation policy.

Even though Stone Harbor's trade allocation policy is to treat all clients fairly and equitably over time, there is no guarantee this will occur because market events may intervene.

In addition, Stone Harbor makes investment decisions for each account independently from those of other accounts managed by Stone Harbor and may give competing or conflicting advice to different clients. Moreover, because of different investment objectives or legal and regulatory requirements in a client's jurisdiction, a particular security may be purchased for one or more accounts when one or more other accounts are selling the same security. Thus, at any particular

time, two or more accounts may seek to purchase or sell the same securities. If such securities are not available in sufficient quantities, or if Stone Harbor is otherwise unable to purchase or sell all of such securities, then Stone Harbor will allocate transactions in such securities among applicable accounts in a manner that Stone Harbor deems fair and equitable to all.

In addition, Stone Harbor may aggregate client trades in these circumstances. More information about the trade allocation and trade aggregation policies of Stone Harbor and VFIA can be found in Item 12.

Item 7 – Types of Clients

Stone Harbor primarily provides portfolio management services to a wide variety of U.S. and non-U.S. institutional accounts, including, but not limited to, retirement plans including pension and profit sharing plans, state and municipal government entities, supranational organizations, charitable organizations, multi-employer unions, corporations and other business entities. In addition, Stone Harbor is the investment adviser or sub-adviser to various pooled investment vehicles including U.S. registered investment companies (open-end, closed-end funds and ETFs), collective investment trusts, private funds, and registered offshore funds such as Irish UCITS and Irish qualifying investor alternative investment funds. Stone Harbor also acts as investment manager for Clients in wrap-fee programs.

In particular, Stone Harbor serves as investment adviser or sub-adviser to one or more investment companies (or certain series of mutual funds therein) or other pooled investment vehicles within the following fund complexes (as of the date of this document; not intended to be a complete list):

- Virtus Opportunities Trust
- Virtus Stone Harbor Emerging Markets Income Fund
- Virtus Stone Harbor Emerging Markets High Yield Bond ETF
- Stone Harbor Investment Funds plc
- Stone Harbor Global Funds plc
- Stone Harbor Collective Investment Trust
- Dunham International Opportunity Bond Fund

Stone Harbor's clients may use the services of investment consultants who have introduced those clients and other clients to Stone Harbor. Stone Harbor may purchase products or services, such as portfolio analytics or access to databases from such investment consultants or may pay to attend conferences hosted by such investment consultants. In these circumstances, a consultant may have a conflict of interest in recommending the investment advisory services of Stone Harbor to clients because the consultant has received revenue from Stone Harbor in connection with other aspects of the consultant business.

Stone Harbor generally requires that a client invest at least $25 million to open and maintain a separately managed account. Stone Harbor may, in its full discretion, waive an account minimum or increase an account minimum to open and maintain a separately managed account. Each pooled investment vehicle for which Stone Harbor serves as an adviser or sub-adviser maintains separate account opening and maintenance requirements, such as minimum investment amounts and one or more investor sophistication requirements. These requirements are generally set forth in each such pooled investment vehicle's offering documents.

Stone Harbor's portfolio managers and other personnel and affiliates may invest in the pooled investment vehicles that Stone Harbor manages. In certain cases, portfolio managers or related persons may hold shares of and/or may have provided seed capital for pooled investment vehicles that Stone Harbor has established, and which are offered

to external investors. Such arrangements may be viewed as creating an incentive for portfolio managers to favor the pooled investment vehicles in which their own or other employee or related person assets are invested over other accounts in the allocation of investment opportunities. However, Stone Harbor has adopted and implemented procedures designed to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. Please refer to Item 6 above for additional information about Stone Harbor's allocation decisions.

Privacy Policy

Stone Harbor's goal is to protect non-public personal client information. Stone Harbor does not disclose or share any non-public personal client information with anyone (including affiliates), except as permitted by or disclosed to the client, required by law or otherwise provided in Stone Harbor's Privacy Policies and Procedures. As a division of a registered investment adviser, Stone Harbor is subject to the requirements of Regulation S-P, which seeks to prevent the disclosure of certain non-public client information to third parties, and requires that Stone Harbor establish administrative, technical and physical safeguards that are reasonably designed to: (1) ensure the security and confidentiality of client records and information; (2) protect against any anticipated threats or hazards to the security or integrity of client records and information; and (3) protect against unauthorized access to or use of client records or information that could result in substantial harm or inconvenience to any client. Regulation S-P applies to non-public personal information about natural persons who obtain financial products or services primarily for personal, family or household purposes from certain types of institutions, including investment advisers. Regulation S-P does not apply to information about companies or institutions or about natural persons who obtain financial products or services primarily for business, commercial or agricultural purposes. In addition, Stone Harbor complies with the requirements of the European Union General Data Protection Regulation ("GDPR"), and therefore processes "personal data" (as defined by GDPR) in a manner that ensures the security, confidentiality, and integrity of the personal data by implementing appropriate technical and organizational measures.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Stone Harbor offers several principal investment strategies as described below. Any particular client account may utilize one or more of these investment strategies described below. Stone Harbor may, pursuant to client instruction, manage variations of these principal investment strategies, such as a "concentrated", "opportunistic" / "focused" or "restricted" version of a particular strategy, or variations which apply ratings restrictions. Stone Harbor may also implement versions of these strategies which exclude or overweight certain industries due to client directions related to sustainability and responsible investment. In addition to managing portfolios according to client directed criteria related to sustainability, Stone Harbor offers ESG enhanced strategies as noted below.

Investing in securities and other financial instruments involves the risk of loss, including principal, which clients should be prepared to bear. While Stone Harbor seeks to achieve each client's stated investment objective, there is no guarantee that it will

succeed. This section provides more information about the material risks that may apply to a client account depending on its investment strategy. The results of Stone Harbor's investment activity may differ significantly between clients. Stone Harbor may give competing or conflicting advice to different clients.

ESG Policy

Stone Harbor engages in fundamental analysis that integrates a review of ESG factors to evaluate the creditworthiness of issuers in which it may invest on behalf of its clients. As set forth in their respective investment policies and investment guidelines, certain managed accounts and pooled funds may apply additional investment criteria to meet certain regulatory requirements, filings and disclosures to further ensure that these portfolios promote specific sustainability characteristics and practices.

Stone Harbor believes that sustainability factors are critical elements of thorough fundamental credit analysis. Stone Harbor considers engagement with issuers and policymakers to be an important component of such analysis, and an important aspect of its fiduciary responsibility to clients. Through its investment decision making and active engagement as a market participant, Stone Harbor aims to create incentives for corporate and sovereign issuers to improve their ESG performance and thereby ultimately support their economic development and financial results. Although ESG factors cover a broad range of topics, Stone Harbor has identified certain key sustainability risks that it believes are important to consider when conducting credit analysis.

In our assessment of the sustainability risk of a particular sovereign credit, our ESG research draws on a variety of inputs, both quantitative and qualitative. Stone Harbor has developed a proprietary ESG scoring methodology that utilizes data, from multiple external sources for specific factors that impact sovereign issuers (e.g. greenhouse gas emissions, corruption, civil rights, etc.), and complements our traditional credit analysis. For managed accounts and pooled funds that require sustainable investments consistent with the definition outlined in SFDR Article 2 [17], Stone Harbor has developed a proprietary sustainable methodology for identifying corporate debt securities that are required to pass four independent tests: (1) Investment contributes to an Environmental and/or Social Objective, (2) Investment does no significant harm to any of those objectives, (3) Issuer follows good governance practices, (4) Additional safeguards. The process followed to make this assessment is subject to robust oversight to ensure that regulatory standards are met. It also includes steps to ensure ongoing compliance with the requirements.

Further information on the ESG factors considered by Stone Harbor in respect of the portfolios it manages can be found in its ESG Policy Statement available on this website and in the relevant prospectus.

Emerging Markets Debt Strategies

Emerging markets debt strategies are offered in dedicated and blended separately managed accounts and commingled funds managed by Stone Harbor, as well as within multi-asset credit strategies managed by Newfleet Asset Management, another division of VFIA.

Emerging Markets Debt (Hard Currency Sovereign)
The Emerging Markets Debt strategy seeks to achieve attractive risk-adjusted returns by investing in a diversified portfolio of emerging markets hard currency sovereign and quasi-sovereign credits with tactical allocations to emerging markets local currency and corporate hard currency debt.

Stone Harbor believes the emerging debt markets offer attractive long-term return opportunities due to the secular trend of improving credit quality in many emerging markets countries, coupled with significant inefficiencies in these markets. In addition, emerging markets debt has a relatively low historical correlation with other major asset classes, suggesting that significant benefits may be derived from a diversified portfolio. Stone Harbor regularly monitors the entire emerging markets debt universe for opportunities to capitalize on market inefficiencies, seeking to enhance our portfolios' long-term performance.

Stone Harbor believes attractive risk-adjusted returns can be achieved in the emerging debt markets through superior country selection based on fundamental analysis, quantitative fixed income analysis focusing on market inefficiencies among sectors and securities in each country and a focus on reducing risk through active management. In addition, Stone Harbor believes that attractive risk- adjusted returns can be achieved through its disciplined investment process.

This strategy may be implemented either as a broad portfolio that invests in both investment grade and non-investment grade debt instruments of emerging markets issuers, or as a dedicated portfolio of investment grade instruments or a portfolio of non-investment grade debt instruments, based on client guidelines.

Emerging Markets Local Currency Debt
The Emerging Markets Debt Local Currency strategy seeks to achieve attractive risk-adjusted returns by investing in a diversified portfolio of emerging market credits in various local currency denominations. Stone Harbor believes the local currency emerging debt markets, primarily sovereign-debt, offer attractive long-term return opportunities due to the secular trend of improving credit quality in many emerging markets countries, coupled with significant inefficiencies in the local currency markets. In addition, emerging markets local currency debt has a relatively low correlation with other major asset classes, suggesting that benefits may be derived from a diversified portfolio. Stone Harbor believes mandates with the broadest degree of allocation ranges present the greatest opportunity to generate alpha. A typical emerging markets debt local currency portfolio would permit investments in any country meeting the World Bank definition of an emerging or "low income" country or which are included in the J.P. Morgan GBI-EM Global Diversified bond index.

Stone Harbor's strives to outperform the strategy benchmark's return with a level of volatility similar to the benchmark. Stone Harbor actively monitors the emerging markets universe for improving credit quality opportunities and undervalued currencies with high real return potential.

This strategy may be implemented either as a broad portfolio that invests in both investment grade and non-investment grade debt instruments of emerging markets issuers, or as a

dedicated portfolio of investment grade instruments or a portfolio of non-investment grade debt instruments, based on client guidelines.

Emerging Markets Debt Global Allocation

The Emerging Markets Debt Global Allocation (or Blended) strategies seek to achieve attractive risk-adjusted returns by actively allocating across the broad universe of hard and local currency emerging markets sovereign debt and emerging markets hard currency corporate debt. Stone Harbor believes that this combination offers attractive long-term opportunities for the following reasons: long term historical correlations between hard currency and local currency debt are relatively low; investor concentration in domestic bond and external debt markets is limited; and the range and variability of returns provides opportunities for exploiting relative value both within and between sectors.

Stone Harbor believes the investment process enables the portfolio managers to determine optimal weightings of local and external debt by combining Stone Harbor's overall market view with fundamental country analysis and quantitative and technical sector and security analysis. The EMD investment team weighs these factors in the context of Stone Harbor's assessment of risk momentum, growth trends and the long-term investment outlook. Periodic meetings of the EMD investment team along with Stone Harbor's asset allocation meetings help enable the portfolio managers to regularly reassess and recalibrate tactical asset allocation decisions based on changing market conditions and relative value. Stone Harbor believes that strong risk-adjusted returns can be achieved through its disciplined investment process and experience in tactical asset allocation.

This strategy may be implemented either as a broad portfolio that invests in both investment grade and non-investment grade debt instruments of emerging markets issuers, or as a dedicated portfolio of investment grade instruments or a portfolio of non-investment grade debt instruments, based on client guidelines.

Emerging Markets Corporate Debt

The Emerging Markets Corporate Debt strategy seeks to achieve attractive risk-adjusted returns by investing in a diversified portfolio of emerging market corporate credits. Stone Harbor believes the emerging debt corporate markets offer attractive long-term return opportunities due to the growth of corporate issuance and improving credit quality in many emerging markets countries, coupled with significant inefficiencies in these markets.

Stone Harbor believes attractive risk-adjusted returns can be achieved in the emerging debt corporate markets through the economic outlook for the country or countries in which the issuer operates, the prospects for the industry or industries in which the issuer operates the strength of the issuer's financial resources and sensitivity to economic conditions and trends; the issuer's operating history; and the experience and track record of the issuer's management.

Individual security selection is driven by Stone Harbor's analysis of the issuer's credit quality paired with an assessment of valuation. Stone Harbor selects those individual investments that it believes to be most undervalued and to offer the highest potential returns relative to the amount of credit, interest rate, liquidity and other risks presented.

Stone Harbor generally allocates investments across a broad range of issuers, industries, and countries, which may help to reduce risk.

This strategy may be implemented either as a broad portfolio that invests in both investment grade and non-investment grade debt instruments of emerging markets corporate issuers, or as a dedicated portfolio of investment grade instruments or a portfolio of non-investment grade debt instruments, based on client guidelines.

Emerging Markets Debt Total Return

The Emerging Markets Debt Total Return strategy seeks to achieve attractive risk-adjusted returns by investing in a diversified portfolio of emerging market credits using derivatives, local currencies, and leverage. The strategy attempts to enhance returns by asset allocation within the account or by allowing the use of leverage through borrowing, including loans from certain financial institutions and the use of reverse repurchase agreements. Stone Harbor's Emerging Markets Debt Total Return strategy utilizes the same emerging markets debt investment philosophy and process as the traditional Emerging Markets Debt Global Allocation strategy and includes all emerging markets debt sectors in its investable universes (i.e. hard, local, and corporate debt).

In addition, subject to client investment guidelines, Stone Harbor may invest a portion of assets under management in emerging markets equity, primarily via either single country or regional exchange-traded funds (ETFs).

Emerging Markets Explorer

Based on Stone Harbor's research and long experience in the emerging markets, the Emerging Markets Debt portfolio management team has developed a number of opportunistic/focused and total return strategies, including the Emerging Markets Explorer strategy, which takes a concentrated, high conviction, unconstrained approach to investing in emerging markets debt. Stone Harbor's Emerging Markets Explorer strategy is a total return strategy that includes all emerging markets debt sectors in its investable universes (i.e. hard, local, and corporate debt, along with currency forwards) and can be managed with or without leverage, subject to client preference. We believe that opportunities in this strategy may include: improving credit stories, monetary policy cycles, FX valuation themes and technically-related undervalued credit.

Stone Harbor believes that credit analysis, specifically seeking to avoid default losses, is increasingly important in a low yield environment, and Stone Harbor's portfolio managers perform rigorous credit analysis to identify suitable investments over a credit cycle. Country and currency decisions are based on our disciplined investment process, which includes an assessment of macroeconomic fundamentals, policies and politics, as well as the attractiveness of spreads, currencies and interest rates. Corporate investment decisions combine judgments of the relative attractiveness of industries with the credit fundamentals of individual companies.

The Emerging Markets Explorer strategy generally results in unconstrained portfolios of Stone Harbor's high conviction investments in an effort to generate superior risk-adjusted returns. Portfolios implementing the Emerging Markets Explorer or other opportunistic/focused strategies generally are benchmark agnostic and can also be

tailored to a low-volatility approach by hedging currency risk to client preferences.

Sustainable Emerging Markets Debt Strategies
Stone Harbor's traditional EMD strategies integrate analysis of the risk factors commonly referred to as Environmental, Social and Governance (ESG) and engagement with issuers into the fundamental investment process. The Enhanced ESG Emerging Markets Debt blended strategy aims to take this further through: (a) negative screening of countries and corporates, (b) utilizing ESG screened versions of the traditional EMD indices and (c) typically maintaining a larger relative weight to green, social, sustainable and sustainability linked bonds. Stone Harbor has constructed a proprietary model that combines a large set of environmental, social and governance indicators to assist its investment team in the identification of issuers that meet the Enhanced ESG strategy's criteria.

RISKS

Credit Risk
(Credit Risk is applicable to all strategies.)

Credit risk is the risk that an issuer of, for example, a fixed income security, leveraged loan or preferred stock, or the counterparty to a derivatives contract, will be unable to make interest, principal, dividend, or other payments when due. In general, lower rated (including defaulted) securities and leveraged loans carry a greater degree of credit risk. If rating agencies lower their ratings of securities in a client's portfolio, the value of those obligations could decline. In addition, the underlying revenue source for a fixed income security, a preferred stock or a derivatives contract may be insufficient to pay dividends, interest, principal, or other required payments in a timely manner.

Because a significant primary source of income for a client is the dividend, interest, principal and other payments on the fixed-income securities, preferred stocks, and derivatives in which it invests, any default by an issuer of such an instrument could have a negative impact on a client's ability to receive dividends. Even if the issuer does not actually default, adverse changes in the issuer's financial condition may negatively affect its credit rating or presumed creditworthiness.

These developments would adversely affect the market value of the issuer's obligations or the value of credit derivatives if Stone Harbor has sold credit protection.

Interest Rate Risk
(Interest Rate Risk is applicable to all strategies.)

Interest rate risk is the risk that investments will decline in value because of changes in market interest rates. When interest rates rise the market value of fixed-income securities generally will fall. Stone Harbor's investment in such securities means that the price of certain securities may decline if market interest rates rise. Global interest rates are currently high relative to levels experienced over more than a decade. During periods of declining interest rates, an issuer of fixed-income securities may exercise its option to redeem or prepay securities prior to maturity, which could result in Stone Harbor having to

reinvest in lower yielding fixed-income securities or other types of securities. This is known as call or prepayment risk. During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected payments. This may lock in a below market yield, increase the security's duration, and reduce the value of the security. This is known as extension risk. Investments in debt securities with long-term maturities may experience significant price declines if long-term interest rates increase. This is known as maturity risk.

Duration Risk
(Duration Risk is applicable to all strategies.)

Duration is the measure of the expected life of a fixed income instrument that is used to determine the sensitivity of a security's price to changes in interest rates. As duration increases, volatility increases as applicable interest rates change.

Liquidity Risk
(Liquidity Risk is applicable to all strategies.)

Liquidity risk is the risk that the investment will be sold at a price below its fair value, where that fair value is indicated by a recent transaction in the market. The primary measure of liquidity is the spread between the bid and asked price by a broker. Generally, the wider the spread, the greater the liquidity risk. Stone Harbor may invest client assets in investments that may be or may become illiquid. Low trading volume, lack of a market maker, large position size, or legal restrictions may limit or prevent the firm from selling particular securities or closing derivative positions at the desired time or price. Derivatives, bank loans and securities that involve substantial interest rate or credit risk tend to involve greater liquidity risk. In addition, liquidity risk tends to increase to the extent that the sale of the securities is restricted by law or by contract, such as Rule 144A and Regulation S securities. The illiquidity of a client portfolio may increase when liquidity is most needed, such as during periods of market turmoil or high redemptions.

Counterparty Risk
(Counterparty Risk is applicable to all strategies.)

Counterparty risk is the risk that the other party to the contract will not fulfill its contractual obligations, which may cause losses or additional costs to the strategy. As a by-product of investing, counterparty exposure is an unavoidable risk for Stone Harbor's client accounts. Stone Harbor seeks to preserve the ability of clients to take advantage of investment opportunities while prudently mitigating counterparty risk through counterparty selection and monitoring, trading discipline and dedicated operational functions that oversee confirmation of trades, collateral management, and pricing. Our traders generally execute transactions only with approved counterparties. Stone Harbor periodically reviews trading counterparties. We believe these reviews reduce the risk that a counterparty default will have a major impact on client accounts; however, such reviews cannot guarantee that investment losses associated with a counterparty default will be averted.

Managed Portfolio Risk
(Managed Portfolio Risk is applicable to all strategies.)

As actively managed portfolios, the value of a portfolio's investments could decline because the financial condition of an issuer may change (due to factors such as management performance, reduced demand or overall market changes), financial markets may fluctuate, or overall prices may decline, or Stone Harbor's investment techniques could fail to achieve the stated investment objective for a given strategy.

Corporate Debt Risk
(Corporate Debt Risk is primarily applicable to the Emerging Markets Corporate Debt Investment Grade, Emerging Markets Broad Corporate Debt, Emerging Markets Corporate Debt High Yield, Emerging Markets Total Return, FOCUS (unconstrained) Emerging Markets Corporate Debt and ESG strategies.)

Stone Harbor may invest in debt securities of non-governmental issuers. Like all debt securities, corporate debt securities generally represent an issuer's obligation to repay to the investor (or lender) the amount borrowed plus interest over a specified time period. A typical corporate bond specifies a fixed date when the amount borrowed (principal) is due in full, known as the maturity date, and specifies dates when periodic interest (coupon) payments will be made over the life of the security.

Corporate debt securities come in many varieties and may differ in the way that interest is calculated, the amount and frequency of payments, the type of collateral, if any, and the presence of special features (*e.g.*, conversion rights). Stone Harbor's investments in corporate debt securities may include, but are not limited to, senior, junior, secured and unsecured bonds, notes and other debt securities, and may be fixed rate, floating rate, zero coupon and inflation linked, among other things. Stone Harbor may invest in convertible bonds and warrant structures, which are fixed income securities with imbedded warrants that are exercisable into other debt or equity securities. Upon conversion of such securities into equity securities, the equity securities will be sold.

Prices of corporate debt securities fluctuate and, in particular, are subject to several key risks including, but not limited to, interest-rate risk, credit risk, prepayment risk and spread risk. The market value of a corporate bond may be affected by the credit rating of the corporation, the corporation's performance and perceptions of the corporation in the market place. There is a risk that the issuers of the corporate debt securities in which Stone Harbor may invest may not be able to meet their obligations on interest or principal payments at the time called for by an instrument.

High Yield Securities Risk

(High Yield Securities Risks are primarily applicable to dedicated Emerging Markets Sovereign and Corporate Debt strategies but can also be applicable to Emerging Markets Local Currency Debt, Emerging Markets Blended and Asset Allocation strategies, Emerging Markets Debt Total Return, FOCUS (unconstrained) strategies, and ESG strategies.)

Stone Harbor's investments in fixed-income securities and preferred stocks of below investment grade quality (commonly referred to as "high yield" or "junk bonds"), if any, are predominantly speculative because of the credit risk of their issuers. While offering a greater potential opportunity for capital appreciation and higher yields, such below investment grade securities entail greater potential price volatility and may be less liquid than higher-rated securities. Issuers of below investment grade quality securities are more likely to default on their payments of interest and principal owed to a client, and such defaults will reduce the client's account value and income distributions. The prices of these lower quality securities are more sensitive to negative developments than higher rated securities.

Adverse business conditions, such as a decline in the issuer's revenues or an economic downturn, generally lead to a higher non-payment rate. In addition, such a security may lose significant value before a default occurs as the market adjusts to expected higher non-payment rates.

Foreign Securities Risk
(Foreign Securities Risks are primarily applicable to Emerging Markets Local Currency Debt and Emerging Markets Blended and Asset Allocation Strategies, but can also be applicable to Emerging Markets Debt, Emerging Markets Debt Total Return, FOCUS (unconstrained) strategies and ESG strategies.)

Investing in foreign securities involves certain special considerations that are not typically associated with investments in the securities of U.S. issuers. Foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards and may have policies that are not comparable to those of domestic issuers. As a result, there may be less information available about foreign issuers than about domestic issuers. Securities of some foreign issuers may be less liquid and more volatile than securities of comparable domestic issuers.

There is generally less government supervision and regulation of securities markets, brokers, and issuers than in the United States. In addition, with regard to certain foreign countries, there is a possibility of expropriation or confiscatory taxation, political and social instability, or diplomatic developments, which could affect the value of investments in those countries. The costs of investing in foreign countries frequently are higher than the costs of investing in the United States. Although Stone Harbor endeavors to achieve the most favorable execution costs in portfolio transactions, trading costs in non-U.S. securities markets are generally higher than trading costs in the United States.

Investments in securities of foreign issuers often will be denominated in foreign currencies. Accordingly, the value of a client's assets, as measured in U.S. dollars, may be affected favorably or unfavorably by changes in currency exchange rates and in exchange control regulations. A client may incur costs in connection with conversions between various currencies.

Certain foreign governments levy withholding or other taxes on dividend and interest income. Although in some countries a portion of these taxes are recoverable, the non-recovered portion of foreign withholding taxes will reduce the income received from

investments in such countries.

From time to time, Stone Harbor may have invested in certain sovereign debt obligations that are issued by, or certain companies that operate in or have dealings with, countries that become subject to sanctions or embargoes imposed by the U.S. government and the United Nations and/or countries identified by the U.S. government as state sponsors of terrorism. Investments in such countries may be adversely affected because, for example, the credit rating of the sovereign debt security may be lowered due to the country's instability or unreliability or the company may suffer damage to its reputation if it is identified as a company which operates in, or has dealings with, such countries. As an investor in such companies, a client will be indirectly subject to those risks.

Investments in Emerging Market Countries Risk
(Risks associated with Investments in Emerging Markets are applicable to Emerging Markets Debt, Emerging Markets Local Currency Debt, Emerging Markets Corporate Debt, Emerging Markets Blended and Asset Allocation, Emerging Markets Debt Total Return, FOCUS (unconstrained) strategies and ESG strategies.)

Investing in the securities of issuers located in emerging market countries involves special considerations not typically associated with investing in the securities of other foreign or U.S. issuers. Such considerations may include heightened risks of expropriation and/or nationalization, armed conflict, confiscatory taxation, restrictions on transfers of assets, lack of uniform accounting and auditing standards, less publicly available financial and other information, and potential difficulties in enforcing contractual obligations.

The economies of individual emerging market countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position.

Governments of many emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector, including ownership or control of companies. Accordingly, government actions could have a significant effect on economic conditions in an emerging market country and on market conditions, prices and yields of securities in a client's portfolio.

Moreover, the economies of developing countries generally are heavily dependent upon international trade and, consequently, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. With regard to any emerging market country, there is the possibility of nationalization, expropriation or confiscatory taxation, political changes, government regulation, overburdened and obsolete or unseasoned financial systems, environmental problems, less developed legal systems, economic or social instability or diplomatic developments (including war), which could affect adversely the economies of such countries or the value of a client's

investments in those countries. It also may be difficult to obtain and enforce a judgment in a court outside of the United States.

In addition, the economies of emerging market countries have become more interrelated in recent years, which may vitiate any attempt by Stone Harbor to reduce risk through geographic diversification of its portfolio investments.

Investments in emerging market countries may entail purchasing securities issued by or on behalf of entities that are insolvent, bankrupt, in default or otherwise engaged in an attempt to reorganize or reschedule their obligations or in entities that have little or no proven credit rating or credit history. In any such case, the issuer's poor or deteriorating financial condition may increase the likelihood that a client will experience losses or diminution in available gains due to bankruptcy, insolvency, or fraud.

Investments in emerging market countries may also be exposed to an extra degree of custodial and/or market risk, especially where the securities purchased are not traded on an official exchange or where ownership records regarding the securities are maintained by an unregulated entity (or even the issuer itself).

Sovereign Debt Obligations Risk

(Risks associated with investments in Sovereign Debt Obligations are primarily applicable to Emerging Markets Debt, Emerging Markets Local Currency Debt, Emerging Markets Corporate Debt, Emerging Markets Blended and Asset Allocation strategies, Emerging Markets Debt Total Return and FOCUS (unconstrained) strategies.)

Investments in emerging market countries' government debt obligations involve special risks. Certain emerging market countries have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations, large amounts of external debt, balance of payments and trade difficulties and extreme poverty and unemployment. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt.

A debtor's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation and, in the case of a government debtor, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the government debtor's policy towards the International Monetary Fund and the political constraints to which a government debtor may be subject. Government debtors may default on their debt and may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearages on their debt.

The commitment on the part of these governments, agencies, and others to make such disbursements may be conditioned on a debtor's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations.

Failure to implement such reforms, achieve such levels of economic performance or repay

principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the government debtor, which may further impair such debtor's ability or willingness to service its debts on a timely basis. Holders of government debt, including a client of Stone Harbor, may be requested to participate in the rescheduling of such debt and to extend further loans to government debtors. Restructuring arrangements may include reducing and rescheduling interest and principal payments by negotiating new or amended credit agreements and obtaining new credit to finance interest payments.

As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, Stone Harbor may have limited legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt securities to obtain recourse may be subject to the political climate in the relevant country.

In addition, the holders of more senior fixed income securities, such as commercial bank debt, may contest payments to the holders of other foreign government debt securities in the event of default under their commercial bank loan agreements.

Investments in emerging market countries' government debt securities involve currency risk.

Foreign Currency Risk
(Risks associated with Foreign Currency are primarily applicable to Emerging Markets Local Currency Debt and Emerging Markets Blended and Asset Allocation strategies, but can also be applicable to Emerging Markets Debt, Emerging Markets Corporate Debt, Emerging Markets Debt Total Return, FOCUS (unconstrained) strategies and ESG strategies.)

Stone Harbor may invest client assets in securities that are not denominated in U.S. dollars. As a result, a client is subject to the risk that those currencies will decline in value relative to the value of the U.S. dollar.

The values of the currencies of the emerging market countries in which Stone Harbor may invest may be subject to a high degree of fluctuation due to changes in interest rates, the effects of the monetary policies of the United States, foreign governments, central banks or supranational entities, the imposition of currency controls or other national or global political or economic developments. Therefore, a client's exposure to foreign currencies may result in losses to the client.

In addition to changes in the value of clients' portfolio investments resulting from currency fluctuations, a client may incur costs in connection with conversions between various currencies. Foreign exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Stone Harbor will conduct its foreign currency exchange transactions either on a spot (*i.e.*, cash) basis at the spot rate prevailing in the foreign currency exchange market or in the derivatives markets, including through entering into forward, futures or options contracts to purchase or sell foreign currencies.

Currency exchange rates may be negatively impacted by rates of inflation, interest rate levels, balance of payments and governmental surpluses or deficits in the emerging market countries in which Stone Harbor invests.

Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries. Governments that issue obligations may engage in certain techniques to control the value of their local currencies. Such techniques include central bank intervention, imposition of regulatory controls or the imposition of taxes that may impact the exchange rates of the local currencies in which the debt securities are denominated. Emerging market countries may also issue a new currency to replace an existing currency or may devalue their currencies. The liquidity and market values of the investments of Stone Harbor clients in emerging markets may be impacted by such government actions.

Stone Harbor may, from time to time, seek to protect the value of some portion or all of its portfolio holdings against currency risks by engaging in currency hedging transactions. Such transactions may include entering into forward currency exchange contracts, currency futures contracts and options on such futures contracts, the use of other derivatives, as well as purchasing put or call options on currencies, in U.S. or foreign markets. Currency hedging involves special risks, including possible default by the other party to the transaction, illiquidity and, to the extent Stone Harbor view as to certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if they had not been used. In addition, in certain countries in which Stone Harbor may invest, currency hedging opportunities may not be available.

Derivatives Risk
(Derivatives Risks are generally applicable to all of the strategies.)

The value of a derivative instrument depends largely on (and is derived from) the value of an underlying security, currency, commodity, interest rate, index or other asset (each referred to as an underlying asset). In addition to risks relating to the underlying assets, the use of derivatives may include other, possibly greater, risks, including counterparty, leverage and liquidity risks. Counterparty risk is the risk that the counterparty to the derivative contract will default on its obligation to pay the amount owed or otherwise perform under the derivative contract. Derivatives create leverage risk because they do not require payment up front equal to the economic exposure created by owning the derivative. As a result, an adverse change in the value of the underlying asset could result in sustaining a loss that is substantially greater than the amount invested in the derivative, which may make the returns more volatile and increase the risk of loss. Derivative instruments may also be less liquid than more traditional investments and the strategy may be unable to sell or close out its derivative positions at a desirable time or price. This risk may be more acute under adverse market conditions, during which the strategy may be most in need of liquidating its derivative positions. Also, derivatives used for hedging or to gain or limit exposure to a particular market segment may not provide the expected benefits, particularly during adverse market conditions.

Structured Notes

(The risks associated with Structured Notes are primarily applicable to Emerging Markets Debt, Emerging Markets Local Currency Debt, Emerging Markets Corporate Debt, Emerging Markets Blended and Asset Allocation strategies, Emerging Markets Debt Total Return, FOCUS (unconstrained) strategies, and ESG strategies.)

Structured notes are derivative debt instruments with principal and/or interest payments linked to the value of an underlying reference instrument. Structured notes for which the reference instrument is a bond or other debt instrument are often called "credit linked notes." Investments in structured notes involve certain risks, including the risk that the issuer may be unable or unwilling to satisfy its obligations to pay principal or interest, which are separate from and in addition to the risk that the note's reference instruments may move in a manner that is disadvantageous to the holder of the note. Structured notes are often illiquid and are subject to market risk, liquidity risk and interest rate risk. Structured notes may be more volatile than the underlying reference instrument.

Leverage Risk

(*Risks associated with leverage are primarily applicable to the Emerging Markets Debt Total Return strategy.*)

Certain client accounts may utilize leverage, typically, but not exclusively, by entering into reverse repurchase agreements or borrowing money. Leveraging is a speculative technique and there are special risks and costs involved. The use of leverage would result in more risk to a client account than if leverage had not been used and can magnify the effect of any losses. If the income and gains from securities to which a client account has exposure through the use of leverage do not cover the payments due in connection with the leverage used, the return will be less than if such leverage had not been used. As a result, leveraging may cause a client account to set aside or liquidate portfolio assets to satisfy its obligations.

Stone Harbor generally is paid its management fees in such circumstances based on the total assets under management (i.e. inclusive of leverage). Because the fees paid to Stone Harbor are higher when a client account is levered, Stone Harbor may be incentivized to lever an account in order to increase fees, which results in a conflict of interests between Stone Harbor and the client.

Exchange-Traded Fund Risk

(*Risks associated with Exchange-Traded Funds are primarily applicable to the Emerging Markets Debt Total Return strategy.*)

Stone Harbor may gain exposure to emerging markets equity through investments in equity exchange-traded funds (ETFs). Such ETFs are subject to the risks of the underlying emerging markets equity securities in which the ETF invests. For instance, the market price of common stocks and other equity securities may go up or down, sometimes rapidly or unpredictably. Equity securities may decline in value due to factors affecting equity securities markets generally, particular industries represented in those markets, or the issuer itself. In addition, investors in an ETF bear their share of the ETF's

expenses, in addition to any management or performance fees charged by Stone Harbor. Investments in ETFs involve the risk that the ETF's performance may not track the performance of the index or markets the ETF is designed to track. In addition, ETFs often use derivatives to track the performance of the relevant index and, therefore, investments in those ETFs are also subject to risks associated with investing in derivatives.

Business Continuity Risk
(Business continuity risks are applicable to all strategies.)

Stone Harbor has adopted a business continuity plan to outline recovery strategies to be executed in restoring the processing environment in response to an unplanned interruption in normal business operations. The ultimate goal of Stone Harbor's contingency plan and recovery process is to facilitate and expedite the resumption of business after a disruption of vital information systems and operations, and to restore normal operations as quickly and efficiently as possible. The plan is designed to limit the impact on clients from any business interruption or disaster, including those related to third party service providers. Nevertheless, our ability to conduct business may be curtailed by a disruption in the infrastructure that supports our operations and the regions in which our offices are located, including by force majeure events of unanticipated scale and magnitude. See also, risks related to Force Majeure Events below. While Stone Harbor and its service providers have established business continuity plans in order to ensure that normal business operations proceed without interruption, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified.

General Investment and Trading Risks
(General investment and trading risks are applicable to all strategies.)

All investments present a risk of loss of capital. Supply and demand for securities and other financial instruments change rapidly and are affected by a variety of factors. Such factors include investment-specific price fluctuations as well as macro-economic, market and industry-specific conditions, including, but not limited to, national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments (such as the results of operations, financial condition, sales and product lines of corporate issuers), national and international politics, governmental events and changes in interest rates and income tax laws. In addition, events such as political instability, terrorism, natural disasters, and regional and global health epidemics may occur. Stone Harbor may have only limited ability to vary its investment portfolio in response to changing economic, financial, investment and other conditions. No guarantee or representation can be made that Stone Harbor's investment program will be successful. The market price of securities and other financial instruments selected by Stone Harbor for its client portfolios or funds may go up or down, sometimes unpredictably, and investment results may vary substantially.

Force Majeure Events
(*Risks associated with force majeure events are applicable to all strategies.)*

Securities selected for client portfolios by Stone Harbor may be affected by force majeure

events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemics or other serious public health concerns, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, governmental policies and social instability). Some force majeure events may adversely affect the ability of a party (including Stone Harbor, an issuer, a counterparty or a service provider) to perform its obligations until it is able to remedy the force majeure event. Furthermore, force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on Stone Harbor, an issuer, a counterparty or a service provider. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in a country in which Stone Harbor has invested specifically.

Cybersecurity Risk

(*The risks associated with cybersecurity apply to all strategies.*)

In addition to the risks associated to the value of investments, there are various operational, systems, information security and related risks involved in investing, including but not limited to "cybersecurity" risk. A breach in cybersecurity refers to both intentional and unintentional events that may cause an account to lose proprietary information such as misappropriating sensitive information, access to digital systems to obtain client and financial information, corrupting data, or causing operational disruption. Similar adverse consequences could result from cybersecurity incidents affecting counterparties with which we engage in transactions, third-party service providers (e.g. a client account's custodian), governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. Stone Harbor has in place risk management systems and business continuity plans which are designed to reduce the risks associated with these attacks, although there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed especially since we do not directly control the cybersecurity systems of issuers or third-party service providers.

ESG Risks

The incorporation of ESG factors may affect a strategy's investment performance relative to similar strategies that do not apply ESG restrictions or adhere to ESG selection criteria to a lesser degree. In addition, ESG based exclusionary criteria may result in a strategy foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their ESG characteristics when it might be disadvantageous to do so. Additionally, a strategy's adherence to ESG criteria in connection with identifying and selecting fixed income investments, particularly in emerging market issuers often require subjective analysis, and data availability may be more limited with respect to emerging market issuers than developed country issuers.

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Clients should refer to their investment management agreement and related investment guidelines and restrictions for a more detailed discussion of applicable risks. Clients and prospective clients in any pooled investment vehicle or investment company managed by Stone Harbor should also review the relevant prospectus or offering memorandum for additional information about the risks associated with such investment.

Item 9 – Disciplinary Information

As a registered investment adviser, VFIA is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of VFIA or the integrity of VFIA's management. Neither VFIA nor Stone Harbor has been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

Item 10 – Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration Status

VFIA is not registered as a broker-dealer and does not have any pending applications for registration.

An affiliate of VFIA, VP Distributors, LLC ("VPD") is a registered broker-dealer. VPD is a limited purpose broker-dealer that serves as principal underwriter and distributor of certain open-end mutual funds and ETFs advised or sub-advised by Virtus affiliates, including Stone Harbor as a division of VFIA.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

VFIA is registered with the Commodity Futures Trading Commission ("CFTC") as commodity pool operator ("CPO") in connection with certain of the pooled investment vehicles for which it serves as investment adviser or sub-adviser. In addition, certain VFIA employees are registered with the CFTC as associated persons and principals of the CPO. Certain of VFIA's affiliated investment advisers listed below also are registered as commodity pool operators or commodity trading advisors in connection with their management activities.

VFIA is not registered as a futures commission merchant or commodity trading adviser. VFIA does not have any pending applications for registration as a futures commission merchant or commodity trading adviser.

C. Material Relationships or Arrangements with Industry Participants

VFIA has relationships with its affiliates that you may consider material. These relationships are described below, along with an explanation of how we address what may be considered to be material conflicts of interest. Stone Harbor is a division of VFIA, which is wholly owned by VPI, whose parent company is Virtus. Certain officers and directors of Virtus serve as officers and/or directors of VFIA and Stone Harbor.

VFIA is comprised of three divisions: Stone Harbor Investment Partners, Newfleet Asset Management and Seix Investment Advisors. The three divisions of VFIA maintain their distinct investment process and philosophy, portfolio management teams, investment culture and brand, and operate under their "d/b/a" names. Certain VFIA officers and directors serve in the same or similar capacity at each of its three divisions as well as other Virtus affiliates. Certain VFIA officers, directors and employees also serve on the board of directors for various funds that are advised or sub-advised by VFIA or other Virtus affiliated investment advisers. From time to time, portfolio managers and traders employed by VFIA operate in a "dual hatted" capacity in which the individual provides investment management services to more than one investment adviser (such as to more than one division of VFIA and/or to another Virtus affiliated investment adviser). Such personnel are subject to the policies and procedures of each investment adviser and will use a rotation method of allocating trades for accounts / funds that are managed pursuant to a dual- hatting arrangement.

In addition, Stone Harbor utilizes the personnel and/or services of one or more of VFIA's affiliates in the performance of Stone Harbor's business, including without limitation certain administrative and operational services including trade support services, finance, accounting, compliance, legal and technology, client service, marketing, and human resources. In order to perform certain of these services, certain individuals employed by VFIA's shared servicing affiliates will have information about the portfolios managed Stone Harbor including their investments.

Certain employees of a related person of Stone Harbor, Virtus International Management, LLP ("Virtus International"), also promote the services of Stone Harbor as well as the products managed by Stone Harbor. Virtus International's representatives are permitted to introduce Stone Harbor's investment advisory services to institutional entities and sovereign wealth funds and other foreign official institutions within the United Kingdom and in other jurisdictions globally, to the extent permitted by the laws of each applicable jurisdiction. In the Asia-Pacific region, approved persons of Virtus Global Partners PTE. LTD ("Virtus Singapore") (UEN 201018015Z), which is authorized and regulated by the Monetary Authority of Singapore ("MAS"), are permitted to introduce the investment advisory services of Stone Harbor and certain of its affiliates to institutional entities, sovereign wealth funds, and other foreign official institutions. Certain employees of a related person of Stone Harbor, seconded to Virtus International Fund Management Limited ("VIFM") (Ref. No. C182357),

which is authorized and regulated by the Central Bank of Ireland, carry out sales and marketing activity of certain Irish-domiciled funds to which Stone Harbor is the appointed sub-investment manager, to the extent permitted by applicable law.

Global Subsidiaries

A description of VFIA's global subsidiaries follows below.

Virtus International Management LLP ("VIRTUS UK") is located in the United Kingdom and is a Financial Conduct Authority authorized MiFID trading firm. Virtus International Services Limited is the majority owner of VIRTUS UK, and employs individuals who provide various marketing, operation, portfolio management and other services to VIRTUS UK, VFIA and other Virtus affiliates. The VIRTUS UK portfolio managers are also investment officers of the Stone Harbor or Newfleet division of VFIA.

Virtus International Fund Management Limited (the "MANCO") is incorporated in Ireland as a private limited company. The MANCO is authorized by the Central Bank of Ireland to act as a management company to UCITS funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, and as a European Union alternative investment fund manager in accordance with the E.U. Directive on Alternative Investment Fund Managers ("AIFMD") and the AIFMD Regulations.

Virtus Global Partners Pte. Ltd. ("Virtus Singapore") holds a Capital Markets Services License issued by the Monetary Authority of Singapore. Virtus Singapore supports sales and client service in the APAC region and provides certain marketing, fund management and/or portfolio management services to certain Virtus affiliates.

VFIA has entered into solicitation or referral arrangements with one or more of its global affiliates.

(1) Investment Companies

As noted in Item 7 above, Stone Harbor, as a division of VFIA, acts as an adviser or sub-adviser to various investment companies registered under the Investment Company Act of 1940, including multiple Virtus/Stone Harbor investment companies (open-end and closed-end mutual funds) that are distributed by VPD. (Please refer to Item 7 for additional information about these and other investment companies and pooled investment vehicles that Stone Harbor manages.) Other service providers to the Virtus/Stone Harbor mutual funds sub-advised by Stone Harbor include VPD; Virtus Fund Services, LLC ("VFS"), the Administrator, Fund Accountant and Transfer Agent; and Bank of New York Mellon, the Custodian. VFS may engage other firms to provide administrative, fund accounting and transfer agency services to these Vitus/Harbor mutual funds.

(2) Investment Advisers/Broker-Dealers

VFIA has material business relationships with Virtus Alternative Investment Advisers, Inc. and Virtus Fund Advisers, LLC (collectively, the "Virtus Advisory Entities"). VFIA, through its Stone Harbor division, has contracted with the Virtus Advisory Entities to sub-advise and provide portfolio management, research and analysis to certain pooled investment vehicles, including Virtus/Stone Harbor mutual funds. [Additionally, other divisions of VFIA have entered into solicitation or referral arrangements with VFA.]

As stated previously, certain VFIA and Stone Harbor officers and employees are also officers and employees of one or more or all affiliates.

The following advisers are all subsidiaries of VPI and are affiliates of VFIA:

> AlphaSimplex Group LLC • Ceredex Value Advisors LLC • Duff & Phelps Investment Management Co. • Kayne Anderson Rudnick Investment Management, LLC, • NFJ Investment Group, LLC • Seix CLO Management LLC • Silvant Capital Management, LLC • Sustainable Growth Advisers, LP • Virtus Alternative Investment Advisers, Inc. • Virtus ETF Advisers LLC • Virtus Fund Advisers, LLC • Virtus Investment Advisers, Inc. • Westchester Capital Partners, LLC • Westchester Capital Management, LLC

VFIA wholly owns the general partner of Seix CLO Management LP. Seix CLO Management LP wholly owns Seix CLO Management LLC, which is a SEC registered investment adviser formed to meet the requirement of the "risk retention" rules promulgated by U.S. federal regulators under the Dodd-Frank Wall Street Reform and Consumer Protection Act signed into federal law on July 21, 2010 ("Dodd-Frank Act") and the European Union's regulations regarding risk retention in securitized assets ("EU Risk Retention Rules"). The Dodd-Frank Act risk retention rules no longer apply to open market CLOs as of May 2018. Seix CLO Management LLC acts as collateral manager for Mountain View CLO 2016-1 Ltd. and Mountain View CLO 2017-1 Ltd. and may act as collateral manager for future CLOs. Certain VFIA/Seix officers and employees are also either directors or officers of Seix CLO Management LLC.

As noted in Item 7 and in this Item 10 above, VFIA acts as an adviser or sub-adviser to various pooled investment vehicles (not all of which may be listed), including investment companies registered under the Investment Company Act of 1940, collective investment trusts, private funds, and registered offshore funds such as Irish UCITS and Irish qualifying investor funds. Affiliates of VFIA serve in one or more capacities for certain of these funds as disclosed in the relevant fund offering materials.

(3) Private Partnerships

VFIA (by and through its divisions), or its affiliates, may serve as, or in a capacity substantially similar to, general partner or managing member of other private funds now or in the future. As stated previously, Stone Harbor, as a division of VFIA, serves in this capacity for one or more private funds.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Stone Harbor, as a division of VFIA, serves as adviser or sub-adviser to certain of the Virtus mutual funds and other pooled investment vehicles. When appropriate, Stone Harbor may recommend investment in these affiliated mutual funds and investment vehicles. To the extent that a client chooses to invest all or a portion of its account in an affiliated mutual fund and investment vehicles, Stone Harbor does not charge an advisory fee on assets invested in affiliated mutual funds and investment vehicles, in addition to the advisory fees embedded in the mutual funds and investment vehicles which are payable to Stone Harbor.

Stone Harbor does not recommend or select other investment advisers for its clients.

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Stone Harbor is aware of and has procedures to manage its fiduciary duties and any potential conflicts that may arise related to providing services through affiliates.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics of VFIA (the firm)

We endeavor to ensure that the investment management and overall business of the firm complies with both our firm and Virtus (parent) policies and applicable U.S. federal and state securities laws and regulations. We have adopted the Virtus Code of Conduct and the Code of Ethics (the "Codes") in accordance with Rule 204A-1 of the Investment Advisers Act of 1940, as amended. The Codes have been reasonably designed to prevent and detect possible conflicts of interest with client trades. Compliance with the Codes is a condition of employment. All of our supervised persons must acknowledge terms of the Codes, annually, or as amended. Any employee found to have engaged in improper or unlawful activity faces appropriate disciplinary action. Each employee is responsible for ensuring that they and those they manage, conduct business professionally and comply with our firm's policies and procedures. Employees must immediately report (to their supervisor, a compliance officer or corporate legal counsel) their knowledge any wrongdoing or improper conduct. Failure to do so may result in disciplinary action being taken against that individual. Our reporting procedures are supported by a telephone number and similar on-line reporting technology available 24-hours/day to any employee to confidentially report, or request assistance concerning

possible violations of the Codes and other firm policies. This technology and reporting platform is administered by an independent, third- party.

Our officers and employees are encouraged to invest in shares of investment products that we and/or our affiliates advise. Subject to limitations described herein and set forth by our Codes, our officers and/or associated personnel may buy, hold, or sell the same investments for their own accounts as are held or to be held or sold for a client account and they may engage in the following:

- Recommend that clients buy or sell securities or investment products in which we or a related person have some financial interest; and/or
- Buy or sell securities or investment products that our firm and/or our officers and associated personnel or a related person recommends to our clients.

Our Codes are designed to prevent and detect conflicts of interest in regard to the above.

None of our officers and Access or Advisory persons may buy or sell any security or any option to buy or sell such security, such that they hold or acquire any direct or indirect beneficial ownership as a result of the transaction, if they know at the time of such transaction that such a security or option is being bought, sold, or considered for purchase or sale for a client account, unless one or more of the following conditions exist:

- They have no influence or control over the transaction from which they will acquire a beneficial interest;
- The transaction is non-volitional on their part or the client's;
- The transaction is a purchase under an automatic dividend reinvestment plan or pursuant to the exercise of rights issues, pro-rata to them and other holders of the same class of the issuer's securities; or
- They have obtained, in advance, approval from someone authorized to grant such approval when circumstances indicate no reasonable likelihood of harm to the client or violation of applicable laws and regulations.

Code of Conduct

The following highlights some of the provisions of the Virtus Code of Conduct:

- Compliance with Applicable Laws, Rules and Regulations
- Insider Trading
- Conflicts of Interest
- Corporate Opportunities
- Fair Dealing
- Protection and Proper Use of Company Assets
- Confidentiality
- Recordkeeping
- Interaction with Government Officials and Lobbying
- Contract Review and Execution
- Company Disclosures and Public Communications
- Information Protection Policies

- Human Resource Policies
- Use of Social Media
- Intellectual Property
- Designation of Compliance Officers
- Seeking Guidance About Requirement of the Code
- Reporting Violations
- Waivers, Discipline and Penalties

Code of Ethics

Employees are categorized as either Supervised, Access or Advisory Persons under our Code of Ethics.

All Supervised Persons are required to comply with the following:

- Instruct their brokers to directly provide our Compliance Department with duplicate copies of brokerage statements and trade confirmations or the electronic equivalent.
- Provide Initial Holdings Reports, Quarterly Transaction Reports, and Annual Certification and Holdings Reports, which our Compliance Department reviews for trading activity.
- Conduct their personal transactions consistent with the Code of Ethics and in a manner that avoids any actual or potential conflict of interest.

In addition to the above, those employees classified as Access Persons are further required to comply with the following:

- Pre-clear all non-exempt transactions with respect to which an employee is beneficial owner in order to prevent the employee from buying or selling at the same time as the firm.
- Hold all covered securities no less than 30-days.

Employees classified as Advisory Persons are further prohibited from directly or indirectly acquiring or disposing of a security on the date of, and within seven calendar days before and after the portfolio(s) associated with that person's portfolio management activities.

Any covered employee not in observance of the above may be subject to a variety of disciplinary actions.

Other Related Policies and Procedures

We have adopted the Insider Trading Policy and Procedures designed to mitigate the risks of our firm and its employees misusing and misappropriating any material non-public information that they may become aware of, either on behalf of our clients or for their own benefit. Personnel are not to divulge or act upon any material, non-public information, as defined under relevant securities laws and in our Insider Trading Policy and Procedures. The policy applies to each of our Supervised, Access and Advisory Persons and extends

to activities both within and outside their duties to our firm, including for an employee's personal account.

In addition to the above, our policies set limitations on and require reporting of gifts, entertainment, business meals, sponsorships, business building and charitable donations, whether given or received. Generally, our employees are prohibited from accepting or providing gifts or other gratuities from clients or individuals seeking to conduct business with us in excess of $250. Employees that are registered representatives of a broker dealer, VP Distributors, LLC, are prohibited from accepting or providing gifts or other gratuities from clients or individuals seeking to conduct business with us in excess of $100.

Our personnel may, under certain conditions, be granted permission to serve as directors, trustees, or officers of outside organizations. Prior to doing so, approval must be provided by Compliance.

A complete copy of our Code of Conduct and/or our Code of Ethics is available by sending a written request to Virtus Fixed Income Advisers, LLC, Stone Harbor division, Attn: Corporate Compliance, One Financial Plaza, Hartford, CT 06103 or by emailing a request to us at: legal@shiplp.com.

B. Participation or Interest in Client Transactions and Personal Trading

Subject to the provisions of the Code of Ethics, Stone Harbor's officers and employees may from time to time acquire or sell for their personal accounts securities which may also be purchased or sold for the accounts of Stone Harbor's clients. As described below and in Items 5 and 7 above, Stone Harbor has adopted policies and procedures to address conflicts that have the potential to arise as a result of Stone Harbor employees or related persons investing in the same securities that Stone Harbor Stone recommends to its clients.

As stated above in Item 7, Stone Harbor's portfolio managers and other personnel and VFIA affiliates may invest in the pooled investment vehicles that Stone Harbor manages, including providing seed capital for pooled investment vehicles that Stone Harbor has established and which are offered to external investors. Purchases and sales by Stone Harbor employees or related persons of shares in pooled investment vehicles that Stone Harbor manages are reported in accordance with the terms of VFIA's personal trading policies and procedures.

Moreover, Stone Harbor and VFIA's affiliates act as investment adviser to numerous client accounts. Stone Harbor employees and VFIA affiliates may invest in securities they also recommend to clients and may give advice and take action with respect to client accounts they manage, or for their own accounts, that may differ from action taken by Stone Harbor or VFIA's affiliates on behalf of other client accounts. As these situations may represent a potential conflict of interest, Stone Harbor and VFIA's affiliates have adopted restrictive

policies and procedures wherever deemed appropriate to detect and mitigate or prevent potential conflicts of interest. Stone Harbor and its employees are not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that Stone Harbor, VFIA's affiliates or their respective Access Persons, as defined under the 1940 Act and the Advisers Act, may buy or sell for their own accounts or for the accounts of any other client. Stone Harbor is not obligated to refrain from investing in securities held by client accounts that it manages except to the extent that such investments violate the Code of Ethics adopted by Stone Harbor, and the Virtus mutual funds or any other regulatory or client-imposed restrictions or guidelines. From time to time, Stone Harbor, its officers, directors, and employees may have interests in securities owned by or recommended to Stone Harbor clients.

In addition, the existence of intercompany arrangements, business relationships and investment practices between Stone Harbor, its parent company and affiliates creates the potential for conflicts of interest. Stone Harbor has adopted restrictive policies and procedures wherever deemed appropriate to detect and mitigate or prevent potential conflicts of interest. Known conflicts and Stone Harbor's handling of such conflicts are disclosed below.

Stone Harbor portfolio management and trading personnel may at times simultaneously purchase or sell the same investments for Stone Harbor clients as they purchase for accounts managed under dual-hatting relationships, or their own or related accounts. Restrictive policies and procedures for information protection, client account access, cross trading, and trade allocations

have been implemented. Information sharing restrictions and policies and procedures have been implemented to protect client account information access.

Due to the use of separate trading desks, it is possible that inadvertent cross-trades may occur between accounts managed by Stone Harbor and accounts managed by the other two divisions of VFIA, Newfleet and Seix. Potential cross-trades reports are reviewed on a regular basis by compliance personnel from each VFIA division to identify any inadvertent cross-trades. The facts and circumstances regarding any inadvertent cross-trades are investigated by compliance and documented. In addition, each VFIA division may compete for allocations of newly issued bonds and bank loans for their respective client accounts with similar investment guidelines or investment strategies. Seix, Newfleet and Stone Harbor will not share allocations of newly issued bonds and bank loans with each other.

Stone Harbor has a policy of not purchasing or recommending the purchase of securities issued by its parent company, Virtus. This policy also applies to the voting securities of a publicly held company if a director or senior officer of Virtus or its affiliates sits on the board. Restricted security information is available on request.

In connection with its investment activities, Stone Harbor may receive information that is not generally available to the public. Stone Harbor is not obligated to make such information available to its clients or to use such information to effect transactions for its clients. Also, at times, Stone Harbor's partners or employees may come into possession

of material, non-public information. Under applicable law, Stone Harbor is prohibited from improperly disclosing or using such information, including for the benefit of a client. As stated above VFIA maintains policies and procedures that preclude trading on the basis of, or taking any other action to take advantage of, material non-public information. These procedures may limit Stone Harbor from being able to purchase or sell securities of the issuer to whom the material, non-public information pertains.

Item 12 – Brokerage Practices

Stone Harbor generally has the authority to make all determinations regarding securities to be purchased or sold, the amount of such securities to be purchased or sold, the use of broker- dealers and commissions paid.

In placing orders, Stone Harbor seeks to obtain best execution taking into account factors such as the overall performance and dealer's spread or mark-up, general execution and operational facilities of the broker or dealer, the stability of the broker or dealer, execution and settlement capabilities, time required to negotiate and execute the trade and research services. While Stone Harbor generally seeks the best price in placing its orders, an account may not necessarily be paying the lowest price available. Stone Harbor allocates transactions according to its trade allocation policy. This policy is discussed above in Item 6.

Stone Harbor does not utilize soft dollars and does not "pay-up" for research. Except as described below, Stone Harbor receives, without cost and unrelated to the execution of securities transactions, a broad range of research services from broker-dealers, including information on the economy, industries, groups of securities and individual companies, statistical information, market data, accounting and legal interpretations, political developments, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and other information which may affect the economy and/or security prices. Stone Harbor may, however, pay for research in circumstances where it is necessary to comply with non-U.S. regulations related to the execution of transactions, such as the European MIFID II regulation. Stone Harbor may also pay broker-dealers and their affiliates from its own capital for certain specialized data and services, such as benchmark information, that are also unrelated to the execution of securities transactions.

Certain pooled funds that Stone Harbor manages have entered into selling agreements with broker-dealers. To the extent that a broker-dealer places shares for any pooled fund that Stone Harbor manages, Stone Harbor could realize a benefit (i.e. additional fee revenue) if the broker- dealer activity causes the fund's assets under management to increase. In selecting or recommending broker-dealers, Stone Harbor does not consider whether Stone Harbor, an affiliate or any fund managed by Stone Harbor receives client referrals from such broker-dealer. Furthermore, Stone Harbor does not select or recommend broker-dealers based upon financial, personal, blood and/or affinity relationships shared between the personnel of such broker-dealers and Stone Harbor.

Certain Stone Harbor clients may be broker-dealers through which Stone Harbor may also execute transactions. Stone Harbor may be viewed as having an incentive to select these broker- dealers to execute client transactions. However, Stone Harbor has

developed procedures that are intended to ensure that Stone Harbor is complying with its obligation to seek best execution. For example, on a periodic basis, Stone Harbor will monitor and evaluate the performance and execution capabilities of the broker-dealers through which Stone Harbor executes trades.

Stone Harbor may accept directed brokerage arrangements, subject to several conditions, including, but not limited to, an understanding that Stone Harbor retains its obligation to seek best execution and that the client requesting such an arrangement provides Stone Harbor with targets for multiple broker-dealers.

Stone Harbor generally executes foreign exchange transactions through broker–dealers it selects in its discretion. Stone Harbor will use a client's custodian to execute foreign exchange transactions when mandated to by the client, due to local market restrictions or in situations when Stone Harbor believes the custodian offers best execution. For example, certain clients require all foreign currency transactions to be effected through the client's designated custodian. A client may also select a custodian who does not permit third party execution in a particular local market.

To the extent permitted by applicable law, Stone Harbor's compliance policies and procedures, and a client's investment management agreement and investment guidelines, Stone Harbor may exercise its discretion to execute "cross trades" between different clients subject to client consent and applicable policies and procedures. Cross trades may benefit clients on both sides of the trade by eliminating the need to pay a spread, mark-up, or commission to a counterparty.

However, cross trades also present a potential conflict of interest because Stone Harbor represents the interests of both the selling account and the buying account in the same transaction. As a result, clients for whom Stone Harbor executes cross trades bear the risk that one counterparty to the cross trade may be treated more favorably than the other party, particularly in cases where one party pays Stone Harbor higher management fees. Additionally, there is a risk that the price of a security bought or sold through a cross trade may not be as favorable as it might have been had the trade been executed in the open market.

Stone Harbor has adopted various procedures to seek to address potential conflicts of interest and risks involving cross trades. First, Stone Harbor always seeks to ensure that internal cross trades are fair and in the best interests of all participating accounts, and that only eligible clients participate. Second, Stone Harbor receives no additional fee, and seeks best execution for each participating client. Stone Harbor may also execute cross trades on behalf of clients subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Such transactions will be structured in accordance with the applicable requirements of ERISA.

As noted in Item 6 above, Stone Harbor does periodically aggregate client trades. Clients participating in aggregated orders will generally receive the same average price. In certain instances, Stone Harbor may need to execute multiple trades in the same fixed-income security through different broker-dealers because a particular broker-dealer may not be able or willing to trade in the quantity or price that Stone Harbor seeks.

In such cases, the aggregation of such orders is not practically possible as most trade orders for fixed-income securities are executed or filled when they are placed and as a result each fixed- income trade order placed with a different broker-dealer is considered a separate order and different accounts will not participate in an average price.

Aggregation of trades will not be done across the three divisions of VFIA.

As described in Item 13, Stone Harbor's policy is to reimburse a client for losses resulting from a guideline breach or trade error that exceeds $30. From time to time, custodians or broker counterparties may also make a claim or claim payment in connection with Stone Harbor's active management of a Client's account. Claim payments are typically transaction expenses assessed by custodian banks as overdraft charges or by broker counterparties for compensation related to the counterparty's use of funds. Stone Harbor maintains policies and procedures addressing such claims. Counterparties frequently establish de minimis amounts (typically $500.00) below which they will not reimburse the client for a claim. Stone Harbor has also established a de minimis amount of $500.00 below which it generally will not reimburse the client for a claim, unless Stone Harbor is responsible for the claim. For claims exceeding $500.00 that do not represent trade errors, Stone Harbor may elect, in its sole discretion, to reimburse the client for some or all of the claim amount. Further, the client may elect to pursue recovery of any claim amount directly from the counterparty.

Item 13 – Review of Accounts

Stone Harbor convenes a monthly investment policy meeting to discuss broad economic and financial trends, and to set global investment policy. Meeting participants include senior investment professionals across all fixed income asset classes. This monthly discussion addresses investment outlook in efforts to develop an investment framework across asset classes, extending over a 12-month period. Meeting participants seek to identify economic scenarios and alternative risk scenarios across the markets in order to determine possible areas of opportunity. In addition, Stone Harbor's executive officers and portfolio managers meet periodically to review investment selections and opportunities, market developments, adherence to client objectives, and related matters of general relevance to various lines of Stone Harbor's business. Portfolio managers responsible for a particular strategy monitor and review their respective client accounts periodically with a view to all facets of portfolio management, including client objectives, market diversification, yield and current market activity and trends. The appropriate senior portfolio manager reviews client investment profiles, generally on an annual basis.

In addition, Compliance personnel conduct pre- and post-trade screening of accounts for compliance with client investment guidelines and restrictions, as well as with certain regulatory requirements. In connection with the oversight of client investment guidelines and trading, Compliance personnel and portfolio managers interact on a regular basis. Compliance personnel also help identify scenarios related to client investment guidelines monitoring, as determined by the specific client agreement.

Stone Harbor's clients generally receive annual and either monthly or quarterly written statements regarding their accounts that include details pertaining to the activity, yield

and current market value of such accounts during the applicable reporting period.

Depending on the nature of services to be provided and the client's objective, however, Stone Harbor may provide reports to a client on other than a monthly or quarterly and annual basis and may vary the content of those written reports in consultation with that client. For clients with investment consultants, Stone Harbor may also provide reports to such client's investment consultant in addition to or in lieu of providing reports to the client directly. Stone Harbor also may provide information directly to certain investment consultants about Stone Harbor's strategies or market outlook in addition to any client specific reporting. As a result, clients who use the services of investment consultants may have access to more information about Stone Harbor and its strategies than clients who do not use the services of investment consultants, which could enable a client to make investment decisions based on information that other clients have not had the opportunity to consider.

Clients may also receive monthly statements and confirmations of transactions from the custodian for the client's account. Finally, investors in the pooled investment vehicles advised by Stone Harbor will receive various periodic and annual written reports as set forth in each such fund's offering documents, and/or as required by regulation.

Error Correction Policy

Although Stone Harbor exercises due care in making and implementing its investment decisions and allocating its trades, nonetheless, guideline breaches and trade errors (including certain operational and settlement errors) inadvertently occur from time to time. When a breach or error occurs, Stone Harbor will seek to rectify the breach or error with an objective of putting the client in the position that it would have been in had the breach or error not occurred. Subject to the particular circumstances and applicable legal and contractual requirements, Stone Harbor may take various corrective steps, including but not limited to cancelling the trade, revising an allocation and reimbursing the client account. If the correction of the event of a breach or trade error results in a gain, the client retains the gain. If the client suffers a loss as a result of the breach or trade error that was caused by Stone Harbor, Stone Harbor will reimburse the client. Subject to specific contractual obligations, the client may receive compensation by wire, check or a reduction in the management fee. Stone Harbor generally will not reimburse *de minimis* losses ($30 or less). Stone Harbor employees escalate all guideline breaches and trade errors to senior management and clients as appropriate. The Chief Compliance Officer and as necessary senior management generally review all guideline breaches and trade errors on a periodic basis.

Item 14 – Client Referrals and Other Compensation

As discussed in Item 10, above, Stone Harbor has third-party promoter arrangements with Virtus International Management, LLP ("Virtus International"), and Virtus Global Partners PTE. LTD ("Virtus Singapore"), each of which is an affiliate of Stone Harbor, whereby Stone Harbor compensates those entities for referrals in certain circumstances. The compensation paid by Stone Harbor to Virtus International and Virtus Singapore for these referral arrangements generally is structured as being all or a portion of any variable compensation

paid by the affiliate to its employee(s) relating to assets under management by Stone Harbor that were referred by such employee(s), and in some cases the compensation also includes a percentage of the affiliate's costs with respect to employment of the individual(s).

With respect to Stone Harbor's sub-investment management of certain Irish-domiciled funds, Stone Harbor or any of its affiliates providing investment management to such funds, at its discretion and only where permitted by applicable law, can rebate, or cause to rebate, part or all of the investment management fees charged to any fund shareholder or use part of such investment management fees to remunerate certain financial intermediaries of such funds for services provided to fund shareholders.

From time to time, Stone Harbor enters into referral or solicitation arrangements with non-affiliated persons or entities to which Stone Harbor pays fees for the referral of business.

Any such arrangements are pursuant to written arrangements consistent with Rule 206(4)-3 of the Advisers Act. Stone Harbor and/or the solicitation agent will make appropriate disclosures of such arrangements to the client. Any referral or solicitation fees are paid by Stone Harbor – the client does not bear the cost of such referral or solicitation fees, nor is the advisory fee higher than the advisory fee to other clients because of such payments.

Item 15 – Custody

Except as described in the paragraph below, VFIA does not maintain custody of client accounts. All clients' accounts are held in custody by unaffiliated broker/dealers, banks, or other institutions. It is Stone Harbor's understanding that custodians send statements directly to the account owners. Clients should carefully review these statements and should compare these statements to any account information provided by Stone Harbor.

Though VFIA does not provide custodial services to Clients, under the SEC's Custody Rule, VFIA is deemed to have custody in some situations due to the fact that one or more divisions of VFIA has the authority to inform the custodians of certain clients to remit investment advisory fees directly to VFIA.

VFIA, through its Stone Harbor division, serves as the manager of one or more private funds that are not registered under the Investment Company Act (the "private fund"). The private fund(s) has retained an unaffiliated custodian to be responsible for the custody and safekeeping of the private fund assets. Although Stone Harbor will not have physical custody of such private fund's assets, the Advisers Act defines custody broadly, and Stone Harbor believes that, like any other private fund manager, Stone Harbor is deemed to have custody of the private fund's assets by reason of serving as its manager. In accordance with applicable custody requirements under the Advisers Act, an accountant registered with and subject to inspection by the Public Company Accounting Oversight Board ("PCAOB") will conduct an annual audit of the private fund and investors in the private fund will receive audited financial statements annually.

Item 16 – Investment Discretion

Stone Harbor generally manages client accounts on a discretionary basis. Stone Harbor

usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives, guidelines, and restrictions for the particular client account and by applicable law.

For pooled investment vehicles, including, but not limited to, U.S. registered investment companies, collective investment trusts, private funds, and registered offshore funds such as Irish UCITS and Irish qualifying investor funds, Stone Harbor's authority to trade securities may also be limited by the applicable offering documents (including, in the case of U.S. registered investment companies, the Prospectus and Statement of Additional Information).

Investment guidelines and restrictions typically are agreed to by Stone Harbor and the client in writing.

Item 17 – Voting Client Securities

As part of its responsibilities as an investment manager, Stone Harbor may be required by the investment management agreement to vote proxies on behalf of its clients. In certain instances, a client may retain the authority to vote proxies or delegate such authority to an independent third party. In certain other instances, a client may direct how Stone Harbor will vote proxies in a specific matter. In voting proxies, Stone Harbor is responsible for making investment decisions that seek to add value to its client assets and that are in the best interest of its clients. Stone Harbor has adopted proxy voting policies, general guidelines, and procedures. As an adviser that primarily invests in fixed-income securities, Stone Harbor does not frequently have to vote proxies on behalf of its clients.

In voting proxies, Stone Harbor is guided by general fiduciary principles. Stone Harbor's goal is to act prudently, solely in the best interest of the beneficial owners of the accounts it manages, and, in the case of ERISA accounts, for the exclusive purpose of providing economic benefits to such persons. Stone Harbor attempts to consider all factors of its vote that could affect the value of the investment and will vote proxies in the manner that it believes will be consistent with efforts to maximize such value.

It is anticipated that Stone Harbor will generally follow its proxy voting general guidelines. If deemed to be in the best interests of a client, a portfolio manager may override the general guidelines without consultation with the Compliance & Risk Committee, unless the situation involves a conflict of interest. All overrides are subject to review by the Compliance & Risk Committee.

In addition to proxies, Stone Harbor will need to make decisions on behalf of its clients with regard to certain corporate actions, including but not limited to tender offers, restructurings, and covenants. In such circumstances, the portfolio manager or analyst will generally make the decision.

In voting client proxies or making decisions with regard to corporate actions, Stone Harbor may encounter various potential conflicts of interest, such as when voting proxies pertaining

to existing clients, potential clients, existing vendors, or lenders. In any case involving a potential or known conflict of interest, Stone Harbor personnel will consult with the Compliance & Risk Committee in an attempt to resolve an actual or potential conflict. In addition, the Compliance & Risk Committee reviews the proxy voting guidelines and portfolio manager overrides on at least an annual basis.

Clients may obtain a copy of Stone Harbor's proxy voting policies and procedures by contacting their relationship manager or by contacting Stone Harbor at 212-548-1200. In addition, clients may obtain information about how Stone Harbor voted their proxies or discuss any particular solicitation by contacting their relationship manager.

Unless specifically agreed otherwise, Stone Harbor will not take action or render advice involving legal action on behalf of a client with respect to securities or other investments held in the client's account or issuer's thereof, which become the subject of legal notices or proceedings, including securities class actions and bankruptcies.

Item 18 – Financial Information

VFIA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.