

## INVESTMENT OPPORTUNITY

The Fund's investment objective is to maximize total return, which consists of income and capital appreciation from investments in emerging markets securities. The Fund normally will invest at least 80% of its net assets (plus borrowings for investment purposes) in emerging markets securities.

**Flexibility** - Managed portfolio of emerging markets fixed income securities structured to maximize total return potential and high current income with flexible asset allocation to local currency sovereign debt, hard currency sovereign debt, and emerging markets corporate debt.

**Portfolio Diversification** - Attractive total return and income potential with the possibility to diversify versus U.S. Dollar denominated assets.

**Depth of Experience in EMD** - Stone Harbor's demonstrated ability in managing emerging markets debt is rooted in teamwork with a 30-year history, a disciplined research and investment process, and the experience to make what are believed to be sound investment judgments.

NYSE Ticker	EDF
Inception Date	12/22/2010
Number of Investments	130
Market Price (\$)	4.31
Net Asset Value (\$)	4.47
Discount to NAV (%)	-3.58
Shares Outstanding (m)	28.97
Average Daily Volume	104,711
Total Net Assets (\$m)	129.41
Preferred Assets (\$m)	0.00
Reversed Repos (\$m)	28.39
Total Managed Assets (\$m)	157.80
Distribution Frequency	Monthly
Investment Adviser	Virtus Alternative Investment Advisers, Inc.
Investment Subadviser	Stone Harbor Investment Partners.

<b>52-Week Ranges</b>	<b>High</b>	<b>Low</b>
NAV (\$)	4.74	3.93
Market Price (\$)	5.51	3.60

## FUND MANAGEMENT



Stone Harbor is a global credit specialist with expertise in emerging and developed markets debt. With three decades of informed experience allocating risk in complex areas of the fixed income markets, Stone Harbor manages global credit portfolios for institutional clients around the world.

Stone Harbor is a division of Virtus Fixed Income Advisers, LLC ("VFIA"), an SEC registered investment adviser.

## INVESTMENT PROFESSIONALS

**Peter J. Wilby, CFA**

Industry start date: 1980

Start date Fund Portfolio Manager: 2010

**James E. Craig, CFA**

Industry start date: 1988

Start date as fund Portfolio Manager: 2010

**Kumaran Damodaran, Ph.D.**

Industry start date: 2000

Start date as fund Portfolio Manager: 2010

**Stuart Sclater-Booth**

Industry start date: 1992

Start date as fund Portfolio Manager: 2010

**David A. Oliver, CFA**

Industry start date: 1986

Start date as fund Portfolio Manager: 2010

**Darin Batchman**

Industry start date: 1997

Start date as fund Portfolio Manager: 2024

**Richard Lange**

Industry start date: 2002

Start date as fund Portfolio Manager: 2024

## AVERAGE ANNUAL TOTAL RETURNS (%) as of 12/31/2023

	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NAV	14.17	25.65	25.65	-1.73	0.80	1.13	1.41
Market Price	1.83	22.41	22.41	-6.30	-3.42	0.56	0.18

**Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please visit [virtus.com](http://virtus.com) for performance data current to the most recent month end.**

The fund class gross expense ratio is 3.02%. The net expense ratio is 3.02%, which reflects a contractual expense reimbursement in effect through 4/10/2024.

The Adviser has contractually agreed to limit the Fund's annual operating expenses (subject to exclusions such as investment advisory fees and expenses relating to financial leverage) to not exceed, on an annualized basis, 0.58%. For more details, see the most recent shareholder report. Expenses are estimated as a result of the reorganization between EDI and EDF. Excluding interest expense on borrowings, the estimated expense ratio would be 1.65%.

Performance reflects the deduction of Fund operating expenses. Performance does not reflect the incurrence of brokerage expenses, which typically apply to exchange traded products. Total return net of brokerage expenses would be lower than the total returns on market value shown in the table.

Average annual total return is the annual compound return for the indicated period. It reflects the change in share price and the reinvestment of all dividends and capital gains. Returns for periods of one year or less are cumulative returns.

## ANNUAL PERFORMANCE (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NAV	25.65	-24.03	-0.59	-2.21	12.13	-18.09	20.12	22.59	-8.07	-2.97
Market Price	22.41	-27.12	-7.77	-30.19	46.28	-17.35	25.06	42.12	-9.84	-4.96

SECTOR ALLOCATIONS	% Invested Assets
Sovereign Hard Currency	54.61
Corporate Hard Currency	25.83
Sovereign Local Currency	19.14
Corporate Local Currency	0.41

GEOGRAPHIC BREAKDOWN	% Invested Assets
Latin America	50.80
Africa	29.31
Asia	10.66
Middle East	5.42
Europe	3.82

FIXED INCOME CHARACTERISTICS	Fund
Effective Duration	4.28
Weighted Average Life	5.51

RATINGS DISTRIBUTION	% Invested Assets
BBB	26.39
BB	13.70
B	35.11
CCC & Below	18.10
Not Rated	6.70

TOP TEN COUNTRIES	% Fund
Mexico	22.79
Nigeria	6.89
Argentina	6.54
Colombia	6.09
Indonesia	5.26
El Salvador	4.65
Iraq	4.64
Angola	4.62
Egypt	4.53
Brazil	4.47

Holdings and sector weightings are subject to change.

#### DISTRIBUTION HISTORY

Ex-Date	Per Share
12/8/2023	\$0.0600
11/10/2023	\$0.0600
10/11/2023	\$0.0600
9/8/2023	\$0.0600
8/10/2023	\$0.0600
7/12/2023	\$0.0600

#### FOR MORE INFORMATION

Contact your financial representative for more information, or call Virtus Closed-End Funds for service at 1-866-270-7788. Information on the Fund is available at [www.virtus.com](http://www.virtus.com).

#### IMPORTANT RISK CONSIDERATIONS

**Non-Diversified:** The portfolio is not diversified and may be more susceptible to factors negatively impacting its holdings to the extent the portfolio invests more of its assets in the securities of fewer issuers than would a diversified portfolio. **Management:** The Fund is subject to management risk because it is an actively managed investment portfolio. Judgments by the Fund's subadviser about the attractiveness and potential appreciation of an investment may prove to be inaccurate and may not produce the desired results. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended. **Foreign Investing:** Investing in foreign securities subjects the portfolio to additional risks such as increased volatility; currency fluctuations; less liquidity; less publicly available information about the foreign investment; and political, regulatory, economic, and market risk. **Emerging Markets Investing:** Emerging markets securities may be more volatile, or more greatly affected by negative conditions, than those of their counterparts in more established foreign markets. Such securities may also be subject to Sanctions Risk. **Sanctions:** The imposition of sanctions and other similar measures could cause a decline in the value and/or liquidity of securities issued by or tied to the sanctioned country and increase market volatility and disruption in the sanctioned country and throughout the world. Sanctions and other similar measures could limit or prevent the Fund from buying and selling securities (in the sanctioned country and other markets), significantly delay or prevent the settlement of transactions, and negatively impact the Fund's liquidity and performance. **Currency Rate:** Fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect the value of the portfolio's shares. **Sovereign Debt Obligations:** 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. **Credit & Interest:** Debt instruments are subject to various risks, including credit and interest rate risk. The issuer of a debt security may fail to make interest and/or principal payments. Values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced with longer-term maturities. **Derivatives:** Derivatives may include, among other things, futures, options, forwards and swap agreements and may be used in order to hedge portfolio risks, create leverage, or attempt to increase returns. Investments in derivatives may result in increased volatility and the portfolio may incur a loss greater than its principal investment. **Reverse Repurchase Agreements Risk:** Reverse repurchase agreements subject the Fund to Leverage Risk and Counterparty Risk, and also to the risk that the market value of the securities that the Fund is obligated to repurchase under the agreements may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Fund's use of the proceeds of the agreement may be restricted pending determination by the other party, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities. **Counterparty:** There is risk that a party upon whom the portfolio

relies to complete a transaction will default. **High Yield Fixed Income Securities:** There is a greater risk of issuer default, less liquidity, and increased price volatility related to high yield securities than investment grade securities. **Leverage:** When the Fund leverages its portfolio, the Fund may be less liquid and/or may liquidate positions at an unfavorable time, and the value of the Fund's shares will be more volatile and sensitive to market movements. **Closed-End Funds:** Closed-end funds may trade at a discount or premium from their net asset values, which may affect whether an investor will realize gains or losses. They may also employ leverage, which may increase volatility. **No Guarantee:** There is no guarantee that the portfolio will meet its objective.

#### GLOSSARY

**Effective Duration:** The change in the value of a fixed income security that will result from a 1% change in interest rates while taking into account the way changes in rates will affect the expected cash flows of any bond with an embedded option such as call or prepayment option. This measure assigns a probability to the exercise of a call option, where applicable, based on specified shifts in the yield curve. Duration is expressed as a number of years, and generally, the larger the duration, the greater the interest rate risk or reward for a portfolio's underlying bond prices. **Weighted Average Life:** The length of time to repayment of principal on a security whereby the time to each principal payment is weighted by the proportional size of the corresponding payment.

#### NET ASSET VALUE VS. MARKET PRICE

Net Asset Value (NAV) represents the total value of all assets held by the Fund (minus its total liabilities), divided by the total number of common shares outstanding. The net asset value returns reflect the performance of the manager. Market Price is the price at which investors may purchase or sell shares of the Fund. Market Price is determined in the open market by buyers and sellers, based on supply and demand. The Fund's Market Price fluctuates throughout the day and may differ from its underlying NAV. Shares of the Fund may trade at a premium (higher than) or a discount (lower than) to NAV. This characteristic is a risk separate and distinct from the risk that the Fund's net asset value could decline. The Fund has no control over the market price. The difference between the market price and the NAV (Premium/Discount) is expressed as a percentage of NAV.

#### RATINGS DISTRIBUTION METHODOLOGY

The ratings issued by Nationally Recognized Statistical Rating Organizations assess the credit worthiness of a corporation's or government's debt issues. The ratings apply to the fund's holdings and not the fund. Ratings are provided by Standard & Poor's, Moody's, and Fitch. In determining the average credit quality of a security, Stone Harbor uses the following hierarchy: S&P; if S&P is unavailable, Moody's; if Moody's is unavailable, Fitch. If no rating is available, Stone Harbor applies its internal rating methodology to assign a rating. A security that has not been assigned a credit rating through Stone Harbor's methodology is listed as 'not rated'. Ratings have been converted to the equivalent S&P rating category. Cash and currency forwards generally are assigned the AAA rating. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C, and D are below-investment grade ratings.