

**Stone Harbor Local Markets Fund**
**Statement of Investments**  
 August 31, 2021 (Unaudited)

	<u>Currency</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Principal Amount/Shares*</u>	<u>Value (Expressed in USD)</u>
<b>SOVEREIGN DEBT OBLIGATIONS - 85.97%</b>					
<b>Brazil - 4.83%</b>					
<i>Brazil Letras do Tesouro Nacional:</i>					
	BRL	0.00%	01/01/22	11,550,000	\$ 2,187,627(1)
	BRL	0.00%	01/01/24	9,990,000	1,572,167(1)
	BRL	10.00%	01/01/31	7,490,000	1,410,862
<i>Nota Do Tesouro Nacional:</i>					
	BRL	0.00%	07/01/22	1,190,000	215,962(1)
	BRL	10.00%	01/01/23	8,370,000	1,646,684
	BRL	10.00%	01/01/29	2,880,000	552,589
					<u>7,585,891</u>
<b>Chile - 1.42%</b>					
<i>Republic of Chile:</i>					
	CLP	4.50%	03/01/26	1,085,000,000	1,433,637
	CLP	4.70%	09/01/30	620,000,000	801,354(2)
					<u>2,234,991</u>
<b>China - 11.59%</b>					
<i>China Government Bond:</i>					
	CNY	3.19%	04/11/24	24,470,000	3,851,475
	CNY	1.99%	04/09/25	26,510,000	4,005,279
	CNY	3.13%	11/21/29	66,050,000	10,360,025
					<u>18,216,779</u>
<b>Colombia - 6.62%</b>					
<i>Bogota Distrio Capital</i>					
<i>Titulos De Tesoreria:</i>					
	COP	9.75%	07/26/28	10,114,000,000	2,885,455(3)
	COP	10.00%	07/24/24	6,917,000,000	2,084,221
	COP	7.50%	08/26/26	1,208,000,000	340,532
	COP	5.75%	11/03/27	2,465,000,000	634,125
	COP	6.00%	04/28/28	2,195,000,000	564,554
	COP	7.75%	09/18/30	9,296,000,000	2,606,094
	COP	7.00%	06/30/32	4,137,000,000	1,078,716
	COP	7.25%	10/18/34	801,000,000	209,532
					<u>10,403,229</u>
<b>Czech Republic - 3.56%</b>					
<i>Czech Republic Government:</i>					
	CZK	2.40%	09/17/25	3,970,000	189,392
	CZK	1.00%	06/26/26	36,500,000	1,639,867
	CZK	0.25%	02/10/27	42,980,000	1,842,155
	CZK	4.20%	12/04/36	32,050,000	1,929,036
					<u>5,600,450</u>
<b>Egypt - 0.99%</b>					
<i>Egypt Treasury Bill</i>					
	EGP	0.00%	09/28/21	5,000,000	315,554(1)

	Currency	Rate	Maturity Date	Principal Amount/Shares*	Value (Expressed in USD)
<b>Egypt (continued)</b>					
<i>Republic of Egypt</i>					
	EGP	13.77%	01/05/24	19,491,000	\$ 1,235,202
					1,550,756
<b>Indonesia - 11.66%</b>					
<i>Republic of Indonesia:</i>					
	IDR	7.00%	05/15/22	10,090,000,000	726,551
	IDR	11.00%	09/15/25	58,400,000,000	4,985,241
	IDR	8.38%	09/15/26	31,031,000,000	2,483,568
	IDR	6.50%	02/15/31	2,700,000,000	195,744
	IDR	8.25%	06/15/32	14,010,000,000	1,119,818
	IDR	6.63%	05/15/33	68,500,000,000	4,862,839
	IDR	8.38%	03/15/34	33,690,000,000	2,728,270
	IDR	7.50%	05/15/38	16,480,000,000	1,227,695
					18,329,726
<b>Malaysia - 4.40%</b>					
<i>Malaysia Government:</i>					
	MYR	3.91%	07/15/26	6,370,000	1,616,635
	MYR	3.50%	05/31/27	3,800,000	941,544
	MYR	3.90%	11/16/27	1,580,000	400,226
	MYR	3.73%	06/15/28	1,110,000	278,101
	MYR	3.89%	08/15/29	10,020,000	2,524,886
	MYR	4.50%	04/15/30	2,530,000	663,691
	MYR	2.63%	04/15/31	2,160,000	495,574
					6,920,657
<b>Mexico - 6.20%</b>					
<i>Mexican Bonos:</i>					
	MXN	6.75%	03/09/23	11,087,000	562,548
	MXN	8.00%	12/07/23	16,760,000	874,217
	MXN	8.00%	09/05/24	6,210,000	325,386
	MXN	5.75%	03/05/26	27,850,000	1,347,243
	MXN	7.75%	11/23/34	11,096,000	579,672
	MXN	10.00%	11/20/36	24,916,000	1,546,666
	MXN	8.50%	11/18/38	52,770,000	2,875,842
	MXN	7.75%	11/13/42	32,160,000	1,634,551
					9,746,125
<b>Peru - 1.49%</b>					
<i>Republic of Peru:</i>					
	PEN	6.15%	08/12/32	4,230,000	1,023,064
	PEN	5.40%	08/12/34	5,046,000	1,100,684
	PEN	5.35%	08/12/40	1,050,000	214,861
					2,338,609
<b>Poland - 5.75%</b>					
<i>Kfw</i>					
	PLN	1.70%	01/17/22	6,000,000	1,575,502
<i>Republic of Poland:</i>					
	PLN	4.00%	10/25/23	18,930,000	5,323,323
	PLN	2.75%	04/25/28	7,550,000	2,144,175
					9,043,000

	<u>Currency</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Principal Amount/Shares*</u>	<u>Value (Expressed in USD)</u>
<b>Romania - 3.04%</b>					
<i>Romania Government Bond:</i>					
	RON	5.00%	02/12/29	14,155,000	\$ 3,675,185
	RON	3.65%	09/24/31	4,700,000	1,110,625
					<u>4,785,810</u>
<b>Russia - 8.69%</b>					
<i>Russian Federation:</i>					
	RUB	7.60%	07/20/22	196,990,000	2,715,434
	RUB	7.40%	12/07/22	144,130,000	1,987,172
	RUB	7.95%	10/07/26	34,270,000	492,287
	RUB	7.05%	01/19/28	17,630,000	244,347
	RUB	8.50%	09/17/31	201,530,000	3,069,192
	RUB	7.70%	03/23/33	301,100,000	4,340,914
	RUB	7.70%	03/16/39	56,000,000	808,643
					<u>13,657,989</u>
<b>Serbia - 0.60%</b>					
<i>Serbia Treasury Bonds</i>					
	RSD	4.50%	08/20/32	85,700,000	949,383
<b>South Africa - 9.11%</b>					
<i>Republic of South Africa:</i>					
	ZAR	10.50%	12/21/26	36,480,000	2,859,100
	ZAR	8.88%	02/28/35	14,000,000	886,063
	ZAR	6.25%	03/31/36	170,190,000	8,404,922
	ZAR	8.50%	01/31/37	24,077,000	1,438,793
	ZAR	6.50%	02/28/41	15,780,000	739,413
					<u>14,328,291</u>
<b>Thailand - 3.41%</b>					
<i>Thailand Government:</i>					
	THB	2.88%	12/17/28	25,250,000	875,698
	THB	3.78%	06/25/32	41,620,000	1,552,696
	THB	1.59%	12/17/35	85,370,000	2,533,415
	THB	4.68%	06/29/44	8,950,000	391,180
					<u>5,352,989</u>
<b>Turkey - 1.99%</b>					
<i>Republic of Turkey:</i>					
	TRY	11.00%	03/02/22	2,900,000	337,424
	TRY	7.10%	03/08/23	7,690,000	799,098
	TRY	9.00%	07/24/24	6,100,000	598,887
	TRY	10.60%	02/11/26	4,090,000	396,877
	TRY	11.00%	02/24/27	5,610,000	534,591
	TRY	10.50%	08/11/27	4,900,000	453,977
					<u>3,120,854</u>
<b>Uruguay - 0.62%</b>					
<i>Republic of Uruguay:</i>					
	UYU	9.88%	06/20/22	28,360,000	682,200 <sup>(3)</sup>

	<u>Currency</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Principal Amount/Shares*</u>	<u>Value (Expressed in USD)</u>
<b>Uruguay (continued)</b>					
<i>Republic of Uruguay: (continued)</i>					
	UYU	8.50%	03/15/28	12,100,000	\$ 296,863 <sup>(2)</sup>
					979,063
<b>TOTAL SOVEREIGN DEBT OBLIGATIONS</b>					<u>135,144,592</u>
(Cost \$137,904,650)					
<b>CORPORATE BONDS - 6.24%</b>					
<b>Brazil - 1.91%</b>					
<i>Swiss Insured Brazil Power Finance Sarl</i>	BRL	9.85%	07/16/32	15,255,719	<u>3,000,608<sup>(2)</sup></u>
<b>Kazakhstan - 0.17%</b>					
<i>Development Bank of Kazakhstan JSC</i>	KZT	8.95%	05/04/23	116,250,000	<u>270,504<sup>(2)</sup></u>
<b>Mexico - 4.16%</b>					
<i>America Movil SAB de CV</i>	MXN	6.45%	12/05/22	90,680,000	4,531,957
<i>Petroleos Mexicanos</i>	MXN	7.47%	11/12/26	45,370,000	2,012,932
					<u>6,544,889</u>
<b>TOTAL CORPORATE BONDS</b>					<u>9,816,001</u>
(Cost \$11,744,394)					
<b>SHORT TERM INVESTMENTS - 3.48%</b>					
<b>Money Market Fund - 3.48%</b>					
<i>State Street Institutional Liquid Reserves Fund - Institutional Class (7-Day SEC Yield)</i>	USD	0.03%	N/A	5,467,685	<u>5,468,779</u>
<b>TOTAL SHORT TERM INVESTMENTS</b>					<u>5,468,779</u>
(Cost \$5,468,788)					
<b>Total Investments - 95.69%</b>					<u>150,429,372</u>
(Cost \$155,117,832)					
<b>Other Assets In Excess of Liabilities - 4.31%</b>					<u>6,778,284</u>
<b>Net Assets - 100.00%</b>					<u>\$ 157,207,656</u>

\* The principal amount/shares of each security is stated in the currency in which the security is denominated.

**Currency Abbreviations:**

BRL	-	Brazilian Real
CLP	-	Chilean Peso
CNH	-	Chinese Yuan Offshore
CNY	-	Chinese Yuan
COP	-	Columbian Peso
CZK	-	Czech Republic Koruna
EGP	-	Egyptian Pound
HUF	-	Hungarian Forint
IDR	-	Indonesian Rupiah
KZT	-	Kazakhstan Tenge
MXN	-	Mexican Peso
MYR	-	Malaysian Ringgit
PEN	-	Peruvian Nuevo Sol
PLN	-	Polish Zloty
RON	-	Romanian Leu
RSD	-	Serbian Dinar
RUB	-	Russian Ruble
THB	-	Thai Baht
TRY	-	Turkish Lira
USD	-	United States Dollar
UYU	-	Uruguayan Peso
ZAR	-	South African Rand

- (1) Issued with a zero coupon. Income is recognized through the accretion of discount.
- (2) Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may normally be sold to qualified institutional buyers in transactions exempt from registration. Total fair value of Rule 144A securities amounts to \$4,369,329, which represents approximately 2.78% of net assets as of August 31, 2021.
- (3) Securities were originally issued pursuant to Regulation S under the Securities Act of 1933, which exempts securities offered and sold outside of the United States from registration. Such securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. As of August 31, 2021, the aggregate fair value of those securities was \$3,567,655, which represents approximately 2.27% of net assets.

**OUTSTANDING FORWARD FOREIGN CURRENCY CONTRACTS**

Counterparty	Settlement Date	Fund Receiving	U.S. \$ Value at August 31, 2021	Fund Delivering	U.S. \$ Value at August 31, 2021	Unrealized Appreciation/ (Depreciation)
Citigroup Global Markets	09/02/21	BRL	808,966	USD	798,969	\$ 9,997
Citigroup Global Markets	09/14/21	USD	2,223,080	RON	2,218,032	5,048
Citigroup Global Markets	10/04/21	BRL	805,330	USD	794,432	10,898
Citigroup Global Markets	10/06/21	CZK	160,027	USD	157,992	2,035
Citigroup Global Markets	10/06/21	USD	160,316	CZK	160,027	289
Citigroup Global Markets	10/22/21	COP	253,012	USD	252,732	280
Citigroup Global Markets	10/29/21	CLP	174,058	USD	173,522	536
Citigroup Global Markets	10/29/21	USD	110,097	CLP	108,126	1,971
Goldman Sachs & Co.	09/02/21	BRL	1,145,111	USD	1,137,085	8,026
Goldman Sachs & Co.	09/30/21	RUB	799,803	USD	787,863	11,940
Goldman Sachs & Co.	10/04/21	BRL	1,139,964	USD	1,124,514	15,450
Goldman Sachs & Co.	10/06/21	CZK	2,438,708	USD	2,407,971	30,737
Goldman Sachs & Co.	10/06/21	HUF	1,566,202	USD	1,510,568	55,634
Goldman Sachs & Co.	10/06/21	PLN	1,925,299	USD	1,899,177	26,122
J.P. Morgan Chase & Co.	09/14/21	USD	953,123	RON	951,422	1,701
J.P. Morgan Chase & Co.	10/06/21	HUF	1,563,957	USD	1,506,755	57,202
J.P. Morgan Chase & Co.	10/06/21	PLN	1,247,300	USD	1,229,300	18,000
						<u>\$ 255,866</u>
Citigroup Global Markets	10/29/21	CLP	1,032,015	USD	1,050,675	\$ (18,660)
Citigroup Global Markets	09/29/21	THB	631,273	USD	639,303	(8,030)
Citigroup Global Markets	09/29/21	USD	61,404	THB	63,596	(2,192)
Citigroup Global Markets	10/22/21	USD	600,908	CNH	604,609	(3,701)
Citigroup Global Markets	10/22/21	USD	1,001,875	COP	1,029,421	(27,546)
Citigroup Global Markets	09/02/21	USD	797,826	BRL	808,966	(11,140)
Goldman Sachs & Co.	09/29/21	THB	2,730,292	USD	2,749,116	(18,824)
Goldman Sachs & Co.	10/29/21	USD	242,019	MXN	244,712	(2,693)
Goldman Sachs & Co.	10/18/21	USD	2,012,409	ZAR	2,031,261	(18,852)
Goldman Sachs & Co.	09/02/21	USD	1,129,297	BRL	1,145,111	(15,814)
HSBC	10/22/21	USD	2,096,144	CNH	2,109,060	(12,916)
J.P. Morgan Chase & Co.	10/04/21	BRL	1,743,028	USD	1,760,636	(17,608)
J.P. Morgan Chase & Co.	10/06/21	PLN	2,114,952	USD	2,120,599	(5,647)
J.P. Morgan Chase & Co.	09/29/21	THB	575,092	USD	582,407	(7,315)
J.P. Morgan Chase & Co.	10/29/21	USD	559,349	MXN	565,552	(6,203)
J.P. Morgan Chase & Co.	10/22/21	USD	1,062,815	COP	1,092,803	(29,988)
						<u>\$ (207,129)</u>

See Notes to Quarterly Statement of Investments

**I. ORGANIZATION**

Stone Harbor Investment Funds, which consists of Stone Harbor Emerging Markets Debt Fund, Stone Harbor High Yield Bond Fund, Stone Harbor Local Markets Fund, Stone Harbor Emerging Markets Corporate Debt Fund, Stone Harbor Strategic Income Fund, and Stone Harbor Emerging Markets Debt Allocation Fund (each, a "Fund" and together, the "Funds") is a Massachusetts business trust (the "Trust"), organized on February 20, 2007 and registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. Shares of each Fund are currently divided into two classes, designated Institutional Class Shares and Distributor Class Shares. As of the date of this report, Distributor Class shares were not offered for sale in each Fund. The Trust's Declaration of Trust permits the Trustees to create additional funds and share classes. The Trust also includes the Stone Harbor Emerging Markets Debt Blend Fund which had not commenced operations as of the reporting period.

The Emerging Markets Debt Fund's investment objective is to maximize total return. The Fund normally will invest at least 80% of its net assets (plus any borrowings made for investment purposes) in Emerging Markets Fixed Income Securities. "Emerging Markets Fixed Income Securities" include fixed income securities and derivative instruments (including, but not limited to, spot and currency contracts, futures, options and swaps) that economically are tied to countries with emerging securities markets or whose performance is linked to those countries' markets, economies or ability to repay loans. Emerging Markets Fixed Income Securities may be denominated in non-U.S. currencies or the U.S. dollar. A security or instrument is economically tied to an emerging market country if it is principally traded on the country's securities markets or the issuer is organized or principally operates in the country, derives a majority of its income from its operations within the country or has a majority of its assets within the country. Emerging Markets Fixed Income Securities also include derivatives and other instruments used to hedge or gain exposure to emerging securities markets (for example, futures or other derivatives whose return is based on specific emerging markets securities or indices).

The High Yield Bond Fund's investment objective is to maximize total return. The Fund will normally invest at least 80% of its net assets (plus any borrowings made for investment purposes) in High Yield Debt Securities. "High Yield Debt Securities" include fixed income securities and derivative instruments (including, but not limited to, spot and currency contracts, futures, options and swaps) rated below investment grade (or, if unrated, of comparable quality as determined by Stone Harbor Investment Partners LP (the "Adviser" or "Stone Harbor"). These types of securities and instruments are commonly referred to as "high yield" securities or "junk bonds," and may include, among other things, bonds, debentures, notes, equipment trust certificates, commercial paper, commercial loans, preferred stock and other obligations of U.S. and non-U.S. issuers. High Yield Debt Securities also include securities or other instruments whose return is based on the return of high yield securities, including derivative instruments and instruments created to hedge or gain exposure to the high yield markets.

The Local Markets Fund's investment objective is to maximize total return. The Fund normally will invest at least 80% of its net assets (plus any borrowings made for investment purposes) in Emerging Markets Investments. "Emerging Markets Investments" include fixed income securities and derivative instruments (including, but not limited to, spot and currency contracts, futures, options and swaps) that economically are tied to an emerging market country, which are denominated in the predominant currency of the local market of an emerging market country (an "Emerging Markets Currency") or whose performance is linked to those countries' currencies, markets, economies or ability to repay loans. Although under normal circumstances a significant portion of the Fund's investments will be denominated in Emerging Markets Currencies, Emerging Markets Investments may be denominated in non-Emerging Markets Currencies, including the U.S. dollar. A security or instrument is economically tied to an emerging market country if it is principally traded on the country's securities markets or the issuer is organized or principally operates in the country, derives a majority of its income from its operations within the country or has a majority of its assets within the country. Emerging Markets Investments also include Emerging Markets Currencies and derivatives and other instruments used to hedge or gain exposure to emerging securities markets or Emerging Markets Currencies (for example, futures or other derivatives whose return is based on specific emerging markets securities, emerging markets indices or Emerging Markets Currencies).

The Emerging Markets Corporate Debt Fund's investment objective is to maximize total return. The Fund normally will invest at least 80% of its net assets (plus any borrowings made for investment purposes) in Emerging Markets Corporate Debt Investments. "Emerging Markets Corporate Debt Investments" are debt instruments, including loans, issued by corporations or other business organizations that are economically tied to an emerging market country. A corporation or other business organization is economically tied to an emerging market country if it issues securities that are principally traded on the country's securities markets or if it is organized or principally operates in the country, derives a majority of its income from its operations within the country or has a majority of its assets within the country. Emerging Markets Corporate Debt Investments also include derivative instruments used for hedging purposes or to otherwise gain or reduce long or short exposure to Emerging Markets Corporate Debt Investments.

The Strategic Income Fund's investment objective is to maximize total return. The Fund is intended to provide broad exposure to global credit markets. The Fund, either directly or through investment in the underlying funds (defined below), may invest in a broad variety of fixed income and other income producing securities and instruments (including derivatives), and will not be limited in terms of type of instrument, geography, credit rating or duration. The Fund may invest all or a significant portion of its assets in Stone Harbor Investment Grade Fund, Stone Harbor High Yield Bond Fund, Stone Harbor Emerging Markets Debt Fund, Stone Harbor Local Markets Fund and Stone Harbor Emerging Markets Corporate Debt Fund and other funds sponsored or advised by the Adviser (together, the "underlying funds"). The Fund is not required to invest in the underlying funds, and from time to time may not be invested in any underlying fund. In addition to investing in the underlying funds, the Fund may invest directly in fixed income securities and in other instruments and transactions.

The Emerging Markets Debt Allocation Fund's investment objective is to maximize total return. The Fund will normally invest, either directly or through investment in the underlying funds (defined below), at least 80% of its net assets (plus any borrowings made for investment purposes) in Emerging Markets Investments. Emerging Markets Investments include fixed income securities and derivative instruments (including, but not limited to, spot and currency contracts, futures, options and swaps), that economically are tied to an emerging market country or whose performance is linked to those countries' currencies, markets, economies or ability to repay loans. The Fund may invest all or a significant portion of its assets in Stone Harbor Emerging Markets Debt Fund and Stone Harbor Local Markets Fund (together, the "underlying funds"). The Fund is not required to invest in the underlying funds, and from time to time may not be invested in any underlying fund. In addition to investing in the underlying funds, the Fund may invest directly in fixed income securities and in other instruments and transactions.

The Emerging Markets Debt Fund and Local Markets Fund are each classified as "non-diversified" under the 1940 Act. As a result, these Funds can invest a greater portion of the respective Funds' assets in obligations of a single issuer than a "diversified" fund. These Funds may therefore be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence. The High Yield Bond Fund, Emerging Markets Corporate Debt Fund, Investment Grade Fund, Strategic Income Fund, and the Emerging Markets Debt Allocation Fund. The Emerging Markets Corporate Debt Fund was previously classified as a non-diversified investment company for purposes of the 1940 Act. As a result of ongoing operations, the Emerging Markets Corporate Debt Fund is now classified as a diversified company.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND RISK DISCLOSURES

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. Each Fund is considered an investment company for financial reporting purposes under generally accepted accounting principles in the United States of America ("GAAP"). The policies are in conformity with GAAP. The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**Investment Valuation:** Sovereign debt obligations, corporate bonds, convertible corporate bonds, and U.S. Treasury bonds, are generally valued at the mean between the closing bid and asked prices provided by an independent pricing service. The pricing services generally use market models that consider trade data, yields, spreads, quotations from dealers and active market makers, credit worthiness, market information on comparable securities, and other relevant security specific information. Asset backed/commercial mortgage backed securities are generally valued at the mean between the closing bid and asked prices provided by an independent pricing service. The pricing services generally use models that consider trade data, prepayment and default projections, benchmark yield and spread data and estimated cash flows of each tranche of the issuer. Bank loans are primarily valued by a loan pricing provider using a composite loan price at the mean of the bid and ask prices from one or more brokers of dealers. Credit Linked securities are generally valued using quotations from broker through which the Fund executed the transaction. The broker's quotation considers cash flows, default and recovery rates, and other security specific information. Equity securities for which market quotations are available are generally valued at the last sale price or official closing price on the primary market or exchange on which they trade. If on a given day, a closing price is not available on the exchange, the equity security is valued at the mean between the closing bid and asked prices, as such prices are provided by a pricing service. Publicly traded foreign government debt securities are typically traded internationally in the over the counter ("OTC") market, and are valued at the mean between the bid and asked prices as of the close of business of that market. When prices are not readily available, or are determined not to reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Funds calculate their net asset value, the Funds may value these investments at fair value as determined in accordance with the procedures approved by the Funds' Board of Trustees (the "Board"). Short term obligations with maturities of 60 days or less are valued at amortized cost, which approximates market value. Open end funds and money market mutual funds are valued at their net asset value. Futures contracts are ordinarily valued at the settlement price established by the securities or commodities exchange on which they are traded, except that S&P 500 futures contracts are priced at the last transaction price before 4:00 p.m. Eastern time (generally at approximately 3:59 p.m. Eastern time) on the commodities exchange on which they are traded. OTC traded options are priced by Markit and exchange traded options are valued by the securities or commodities exchange on which they are traded. OTC traded credit default swaps are valued by the independent pricing source using a mid price that is calculated based on data an independent pricing source receives from dealers. OTC traded foreign currency options are valued by an independent pricing source using mid foreign exchange rates against USD for all currencies at 4:00 p.m. Eastern Standard Time ("EST"). Derivatives which are cleared by an exchange are priced by using the last price on such exchange. Foreign currency positions including forward currency contracts are priced at the mean between the closing bid and asked prices at 4:00 p.m. EST.

A three-tier hierarchy has been established to measure fair value based on the extent of use of “observable inputs” as compared to “unobservable inputs” for disclosure purposes and requires additional disclosures about these valuations measurements. Inputs refer broadly to the assumptions that market participants would use in pricing a security. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the security developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the security developed based on the best information available in the circumstances.

The three-tier hierarchy is summarized as follows:

Level 1— Unadjusted quoted prices in active markets for identical assets or liabilities that a Fund has the ability to access.

Level 2— Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curve, rates, and similar data.

Level 3— Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The following is a summary of each Fund’s investments and financial instruments based on the three-tier hierarchy as of August 31, 2021:

Investments in Securities at Value*	Level 1	Level 2	Level 3	Total
<b>Stone Harbor Emerging Markets Debt Fund</b>				
Sovereign Debt Obligations	\$ —	\$ 1,014,123,609	\$ —	\$ 1,014,123,609
Corporate Bonds	—	395,756,500	—	395,756,500
Credit Linked Notes	—	—	7,656,637	7,656,637
Short Term Investments	30,254,453	—	—	30,254,453
<b>Total</b>	<b>\$ 30,254,453</b>	<b>\$ 1,409,880,109</b>	<b>\$ 7,656,637</b>	<b>\$ 1,447,791,199</b>

**Other Financial Instruments\*\***

<b>Assets</b>				
Forward Foreign Currency Contracts	\$ —	\$ 673,979	\$ —	\$ 673,979
<b>Liabilities</b>				
Forward Foreign Currency Contracts	—	(109,474)	—	(109,474)
<b>Total</b>	<b>\$ —</b>	<b>\$ 564,505</b>	<b>\$ —</b>	<b>\$ 564,505</b>

Investments in Securities at Value*	Level 1	Level 2	Level 3	Total
<b>Stone Harbor High Yield Bond Fund</b>				
Corporate Bonds				
Exploration & Production	\$ —	\$ 12,661,912	\$ —	\$ 12,661,912
Other	—	88,895,302	—	88,895,302
Bank Loans	—	1,658,131	—	1,658,131
Common/Preferred Stocks	254	—	40	294
Short Term Investments	1,512,681	—	—	1,512,681
<b>Total</b>	<b>\$ 1,512,935</b>	<b>\$ 103,215,345</b>	<b>\$ 40</b>	<b>\$ 104,728,320</b>

Investments in Securities at Value*	Level 1	Level 2	Level 3	Total
<b>Stone Harbor Local Markets Fund</b>				
Sovereign Debt Obligations	\$ —	\$ 135,144,592	\$ —	\$ 135,144,592
Corporate Bonds	—	9,816,001	—	9,816,001
Short Term Investments	5,468,779	—	—	5,468,779
<b>Total</b>	<b>\$ 5,468,779</b>	<b>\$ 144,960,593</b>	<b>\$ —</b>	<b>\$ 150,429,372</b>

**Other Financial Instruments\*\***

<b>Assets</b>				
Forward Foreign Currency Contracts	\$ —	\$ 255,866	\$ —	\$ 255,866
<b>Liabilities</b>				
Forward Foreign Currency Contracts	—	(207,129)	—	(207,129)
<b>Total</b>	<b>\$ —</b>	<b>\$ 48,737</b>	<b>\$ —</b>	<b>\$ 48,737</b>



Investments in Securities at Value*	Level 1	Level 2	Level 3	Total
<b>Stone Harbor Emerging Markets Corporate Debt Fund</b>				
Corporate Bonds	\$ -	\$ 6,582,433	\$ -	\$ 6,582,433
Short Term Investments	236,403	-	-	236,403
<b>Total</b>	<b>\$ 236,403</b>	<b>\$ 6,582,433</b>	<b>\$ -</b>	<b>\$ 6,818,836</b>

Investments in Securities at Value*	Level 1	Level 2	Level 3	Total
<b>Stone Harbor Strategic Income Fund</b>				
Open-End Funds	\$ 20,018,177	\$ -	\$ -	\$ 20,018,177
Asset Backed/Commercial Mortgage Backed Securities	-	684,696	-	684,696
Corporate Bonds	-	4,784,706	-	4,784,706
U.S. Government Agency Mortgage Backed Securities	-	2,596,680	-	2,596,680
U.S. Treasury Bonds/Notes	-	1,858,112	-	1,858,112
Short Term Investments	1,650,638	-	-	1,650,638
<b>Total</b>	<b>\$ 21,668,815</b>	<b>\$ 9,924,194</b>	<b>\$ -</b>	<b>\$ 31,593,009</b>

Other Financial Instruments**	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Forward Foreign Currency Contracts	\$ -	\$ 5,139	\$ -	\$ 5,139
Future Contracts	10,709	-	-	10,709
Credit Default Swap Contracts	-	980	-	980
<b>Liabilities</b>				
Forward Foreign Currency Contracts	-	(4,457)	-	(4,457)
Credit Default Swap Contracts	-	(57,617)	-	(57,617)
Future Contracts	(29,933)	-	-	(29,933)
<b>Total</b>	<b>\$ (19,224)</b>	<b>\$ (55,955)</b>	<b>\$ -</b>	<b>\$ (75,179)</b>

Investments in Securities at Value*	Level 1	Level 2	Level 3	Total
<b>Stone Harbor Emerging Markets Debt Allocation Fund</b>				
Open-End Funds	\$ 19,074,111	\$ -	\$ -	\$ 19,074,111
Short Term Investments	12,515	-	-	12,515
<b>Total</b>	<b>\$ 19,086,626</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,086,626</b>

Other Financial Instruments**	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Forward Foreign Currency Contracts	\$ -	\$ 6,936	\$ -	\$ 6,936
<b>Liabilities</b>				
Forward Foreign Currency Contracts	-	(1,931)	-	(1,931)
<b>Total</b>	<b>\$ -</b>	<b>\$ 5,005</b>	<b>\$ -</b>	<b>\$ 5,005</b>

\* For detailed Industry/Country descriptions see accompanying Statement of Investments.

\*\* Other financial instruments are derivative instruments reflected in the Statement of Investments. The derivatives shown in this table are reported at their unrealized appreciation/(depreciation) at measurement date, which represents the change in the contract's value.

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value:

**Stone Harbor Emerging Markets Debt Fund**

Asset Type	Balance as of May 31, 2021	Accrued Discount/premium	Return of Capital	Realized Gain/(Loss)	Change in Unrealized Appreciation/Depreciation	Purchases	Sales Proceeds	Transfer into Level 3	Transfer Out of Level 3	Balance as of August 31, 2021	Net change in unrealized appreciation/(depreciation) attributable to Level 3 investments held at August 31, 2021
Credit Linked Notes	\$ 8,326,868	\$ 43,132	\$ -	\$ (5,862)	\$ 10,020	\$ -	\$ (717,521)	\$ -	\$ -	\$ 7,656,637	\$ 10,020
	\$ 8,326,868	\$ 43,132	\$ -	\$ (5,862)	\$ 10,020	\$ -	\$ (717,521)	\$ -	\$ -	\$ 7,656,637	\$ 10,020

**Stone Harbor High Yield Bond Fund**

Asset Type	Balance as of May 31, 2021	Accrued Discount/premium	Return of Capital	Realized Gain/(Loss)	Change in Unrealized Appreciation/Depreciation	Purchases	Sales Proceeds	Transfer into Level 3	Transfer Out of Level 3	Balance as of August 31, 2021	Net change in unrealized appreciation/(depreciation) attributable to Level 3 investments held at August 31, 2021
Corporate Bonds	\$ 40	\$ 3,775	\$ -	\$ (423,604)	\$ 419,829	\$ -	\$ (40)	\$ -	\$ -	\$ -	\$ -
Common/Preferred Stocks	-	-	-	-	-	40	-	-	-	40	-
	\$ 40	\$ 3,775	\$ -	\$ (423,604)	\$ 419,828	\$ 40	\$ (40)	\$ -	\$ -	\$ 40	\$ -

All level 3 investments have values determined utilizing third party pricing information without adjustment.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

In the event a Board approved independent pricing service is unable to provide an evaluated price for a security or the Adviser believes the price provided is not reliable, securities of the Funds may be valued at fair value as described above. In these instances the Adviser may seek to find an alternative independent source, such as a broker/dealer to provide a price quote, or by using evaluated pricing models similar to the techniques and models used by the independent pricing service. These fair value measurement techniques may utilize unobservable inputs (Level 3).

On at least a quarterly basis, the Adviser presents the factors considered in determining the fair value measurements and presents that information to the Board which meets at least quarterly.

**Security Transactions and Investment Income:** Security transactions are accounted for on a trade date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as practical after the Funds determine the existence of a dividend declaration after exercising reasonable due diligence. Dividend income received from underlying affiliated funds is generally reinvested back into the underlying fund. If applicable, any foreign capital gains taxes are accrued, net of unrealized gains, and are payable upon the sale of such investments. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults on an expected interest payment, the Funds' policy is to generally halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default.

**Foreign Currency Translation:** The books and records of the Funds are maintained in U.S. dollars. Investment valuations and other assets and liabilities initially expressed in foreign currencies are converted each business day into U.S. dollars based upon current exchange rates. Prevailing foreign exchange rates may generally be obtained at the close of the NYSE (normally, 4:00 p.m. EST). The portion of realized and unrealized gains or losses on investments due to fluctuations in foreign currency exchange rates is not separately disclosed and is included in realized and unrealized gains or losses on investments, when applicable.

**Foreign Securities:** The Funds may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the ability to repatriate funds, less complete financial information about companies and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

**Credit Linked Notes:** The Funds may invest in credit linked notes to obtain economic exposure to high yield, emerging markets or other securities. Investments in a credit linked note typically provide the holder with a return based on the return of an underlying reference instrument, such as an emerging market bond. Like an investment in a bond, investments in credit-linked securities represent the right to receive periodic income payments (in the form of distributions) and payment of principal at the end of the term of the security. In addition to the risks associated with the underlying reference instrument, an investment in a credit linked note is also subject to liquidity risk, market risk, interest rate risk and the risk that the counterparty will be unwilling or unable to meet its obligations under the note.

**Segregation and Collateralization:** In cases in which the 1940 Act and the interpretive positions of the U.S. Securities and Exchange Commission ("SEC") require that a Fund either deliver collateral or segregate assets in connection with certain investments (e.g., foreign currency exchange contracts, securities with extended settlement periods, and swaps) or certain borrowings (e.g., reverse repurchase agreements), the Fund will segregate collateral or designate on its books and records cash or other liquid securities having a value at least equal to the amount that is required to be physically segregated for the benefit of the counterparty. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit cash or securities as collateral for certain investments. Cash collateral that has been pledged to cover obligations of the Funds and cash collateral received from the counterparty, if any, is reported separately on the Statements of Assets and Liabilities as "Deposits with brokers" or "Payable due to brokers", respectively. Securities collateral pledged for the same purpose is noted on the Statements of Investments.

**Line of Credit:** On May 5, 2017, the Trust entered into a credit agreement (“Credit Agreement”) with State Street Bank and Trust Company (the “Bank”) in which the Funds may borrow through a revolving line of credit. Borrowings under the Credit Agreement are secured by investments held in the Funds. For the period ended August 31, 2021, the Funds did not borrow under the Credit Agreement. Credit Agreement provides for an aggregate commitment amount of \$50,000,000 with an annual commitment fee of 0.35% allocated on a pro-rata basis between the Funds based on their net assets, with the exception of the Stone Harbor Emerging Debt Allocation Fund and the Strategic Income Fund. The Credit Agreement will expire on April 29, 2022.

**Loan Participations and Assignments:** The Funds may invest in loans arranged through private negotiation between one or more financial institutions. The Funds’ investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Funds generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower and the Funds may not benefit directly from any collateral supporting the loan in which they have purchased the participation.

While some loans are collateralized and senior to an issuer’s other debt securities, other loans may be unsecured and/or subordinated to other securities. Some senior loans, such as bank loans, may be illiquid and generally tend to be less liquid than many other debt securities.

The Funds may also invest in unfunded loan commitments, which are contractual obligations for future funding. Information regarding unfunded commitments is included at the end of the Funds’ Statements of Investments.

The Funds assume the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Funds and the borrower. In the event of the insolvency of the lender selling the participation, the Funds may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower. Loans may not be considered “securities”, and purchasers, such as the Funds, therefore may not be entitled to rely on the anti-fraud protections of the federal securities laws.

**Inflation-Indexed Bonds:** Certain Funds may invest in inflation-indexed bonds. Inflation-indexed bonds are fixed-income securities whose principal value is periodically adjusted to the rate of inflation. The interest rate on these bonds is generally fixed at issuance at a rate lower than typical bonds. Over the life of an inflation-indexed bond, however, interest will be paid based on a principal value which is adjusted for inflation. Any increase or decrease in the principal amount of an inflation-indexed bond will be included as interest income on the Statements of Operations, even though investors do not receive their principal until maturity.

**Mortgage-Related and Other Asset-Backed Securities:** Certain Funds may invest in mortgage-related and other asset-backed securities. These securities include mortgage pass-through securities, collateralized mortgage obligations, commercial mortgage-backed securities, stripped mortgage-backed securities, asset-backed securities, collateralized debt obligations and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. Mortgage-related and other asset-backed securities are interests in pools of loans or other receivables. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans. These securities provide a monthly payment which consists of both interest and principal payments. Interest payments may be determined by fixed or adjustable rates. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may have the effect of shortening or extending the effective duration of the security relative to what was anticipated at the time of purchase. The timely payment of principal and interest of certain mortgage-related securities is guaranteed with the full faith and credit of the U.S. Government. Pools created and guaranteed by non-governmental issuers, including government sponsored corporations, may be supported by various forms of insurance or guarantees, but there can be no assurance that the private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements.

**U.S. Government Agencies or Government-Sponsored Enterprises:** Certain Funds may invest in securities of U.S. Government agencies or government-sponsored enterprises. U.S. Government securities are obligations of and, in certain cases, guaranteed by, the U.S. Government, its agencies or instrumentalities. Some U.S. Government securities, such as Treasury bills, notes and bonds, and securities guaranteed by the Government National Mortgage Association (“GNMA” or “Ginnie Mae”), are supported by the full faith and credit of the U.S. Government; others, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Department of the Treasury (the “U.S. Treasury”); others, such as those of the Federal National Mortgage Association (“FNMA” or “Fannie Mae”), are supported by the discretionary authority of the U.S. Government to purchase the agency’s obligations. U.S. Government securities may include zero coupon securities, which do not distribute interest on a current basis and tend to be subject to greater risk than interest-paying securities of similar maturities.

Government-related guarantors (i.e., not backed by the full faith and credit of the U.S. Government) include FNMA and the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"). FNMA is a government-sponsored corporation. FNMA purchases conventional (i.e., not insured or guaranteed by any government agency) residential mortgages from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. Government. FHLMC issues Participation Certificates ("PCs"), which are pass-through securities, each representing an undivided interest in a pool of residential mortgages. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the U.S. Government.

**Forward Commitments:** Certain Funds may contract to purchase securities for a fixed price at a transaction date beyond the customary settlement period (i.e., "when-issued," "delayed-delivery," "forward commitment," or "To Be Announced ("TBA") transactions") consistent with a Fund's ability to manage its investment portfolio and meet redemption requests. These transactions involve a commitment by a Fund to purchase securities for a predetermined price or yield with payment and delivery taking place more than three days in the future or after a period longer than the customary settlement period for that type of security. No interest will be earned by a Fund on such purchases until the securities are delivered; however, the market value may change prior to delivery. A Fund will not engage in these transactions for investment leverage.

When-issued securities involve the risk that the yield obtained in the transaction will be less than that available in the market when delivery takes place. Securities purchased on a when-issued basis are recorded as an asset and are subject to changes in value based upon changes in the value of the security or general level of interest rates. In when-issued and delayed-delivery transactions, a Fund relies on the seller to complete the transaction; the seller's failure to do so may cause a Fund to miss an advantageous price or yield.

The Funds may enter into TBA commitments. TBA commitments are forward agreements for the purchase or sale of mortgage-backed securities for a fixed price, with payment and delivery on an agreed upon future settlement date. The specific securities to be delivered are not identified at the trade date. However, delivered securities must meet specified terms, including issuer, rate and mortgage terms. The Funds generally enter into TBA commitments with the intent to take possession of or deliver the underlying mortgage-backed securities but can extend the settlement or roll the transaction. Regulatory developments may limit the ability of a Fund to engage in TBA transactions to the extent desired.

Unsettled TBA sale (purchase) commitments are valued at the current market value of the underlying securities. The contract is adjusted to market value daily, and the change in market value is recorded by the Fund as an unrealized gain or loss. Outstanding TBA commitments and related deliverables are reflected on the Statement of Assets and Liabilities in Payable for investments purchased and Receivable for investments sold, respectively. If the TBA sale (purchase) commitment is closed through the acquisition of an offsetting purchase (sale) commitment, the Fund realizes a gain or loss from the sale of the securities based upon the unit price established at the date the commitment was entered into.

**Emerging Market Risk:** Emerging market countries often experience instability in their political and economic structures. Government actions could have a great effect on the economic conditions in these countries, which can affect the value and liquidity of the assets of a Fund. Specific risks that could decrease a Fund's return include seizure of a company's assets, restrictions imposed on payments as a result of blockages on foreign currency exchanges, expropriation, confiscatory taxation and unanticipated social or political occurrences. In addition, the ability of an emerging market government to make timely payments on its debt obligations will depend on the extent of its reserves, interest rate fluctuations and access to international credit and investments. A country with non-diversified exports or that relies on specific imports will be subject to a greater extent to fluctuations in the pricing of those commodities. Failure to generate adequate earnings from foreign trade would make it difficult for an emerging market country to service foreign debt. Disruptions resulting from social and political factors may cause the securities markets of emerging market countries to close. If this were to occur, the liquidity and value of a Fund's assets invested in corporate debt obligations of emerging market companies would decline. Foreign investment in debt securities of emerging market countries may be restricted or controlled to varying degrees. These restrictions can limit or preclude foreign investment in debt securities of certain emerging market countries. In addition, certain emerging market countries may also restrict investment opportunities in issuers in industries deemed important to national interests.

**Interest Rate Risk:** Changes in interest rates will affect the value of the Fund's investments. In general, as interest rates rise, bond prices fall, and as interest rates fall, bond prices rise. Interest rate risk is generally greater for funds that invest a significant portion of their assets in high yield securities. However, funds that generally invest a significant portion of their assets in higher-rated fixed income securities are also subject to this risk. The Fund also faces increased interest rate risk if it invests in fixed income securities paying no current interest (such as zero coupon securities and principal-only securities), interest-only securities and fixed income securities paying non-cash interest in the form of other securities. Many financial instruments use or may use a floating rate based on LIBOR, which is the offered rate for short-term Eurodollar deposits between major international banks. The administrator of LIBOR announced an intention to delay the phase out of a majority of the U.S. dollar LIBOR publications until mid-2023, with the remainder of LIBOR publications to end at the end of 2021. At this time, there remains uncertainty regarding the future utilization of LIBOR and the nature of any replacement rate. The transition process away from LIBOR may lead to increased volatility and illiquidity in markets that currently rely on LIBOR to determine interest rates, and the eventual use of an alternative reference rate may adversely affect the Fund's performance. In addition, the usefulness of LIBOR may deteriorate in the period leading up to its discontinuation, which could adversely affect the liquidity or market value of securities that use LIBOR.

**Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell at the time that a Fund would like or at the price that the Fund believes such investments are currently worth. Certain of the Funds' investments may be illiquid. Illiquid securities may become harder to value, especially in changing markets. A Fund's investments in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price or possibly require the Fund to dispose of other investments at unfavorable times or prices in order to satisfy its obligations, which could prevent the Fund from taking advantage of other investment opportunities. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. Derivatives, securities that involve substantial interest rate or credit risk and bank loans tend to involve greater liquidity risk. In addition, liquidity risk tends to increase to the extent a Fund invests in securities whose sale may be restricted by law or by contract, such as Rule 144A and Regulation S securities.

**Foreign Investment Risk:** The securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, issuers of foreign (non-U.S.) securities are usually not subject to the same degree of regulation as U.S. issuers. Reporting, accounting, auditing and custody standards of foreign countries differ, in some cases significantly, from U.S. standards. Global economies and financial markets are becoming increasingly interconnected, and conditions and events in one country, region or financial market may adversely impact issuers in a different country, region or financial market. Also, nationalization, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect a Fund's investments in a foreign country. In the event of nationalization, expropriation or other confiscation, a Fund could lose its entire investment in foreign (non-U.S.) securities. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated. Foreign (non-U.S.) securities may also be less liquid and more difficult to value than securities of U.S. issuers.

**Credit and Market Risk:** The Funds invest in high yield and emerging market instruments that are subject to certain credit and market risks. The yields of high yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Funds' investment in securities rated below investment grade typically involves risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Funds. The Funds' investment in non-U.S. dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations. Investments in derivatives are also subject to credit and market risks.

**CORONAVIRUS (COVID 19) PANDEMIC:** An outbreak of respiratory disease caused by a novel coronavirus designated as COVID-19 has resulted in, among other things, extreme volatility in the financial markets and severe losses, reduced liquidity of many instruments, significant travel restrictions, significant disruptions to business operations, supply chains and customer activity, lower consumer demand for goods and services, service and event cancellations, reductions and other changes, strained healthcare systems, as well as general concern and uncertainty. The impact of the COVID-19 outbreak has negatively affected the global economy, the economies of individual countries, and the financial performance of individual issuers, sectors, industries, asset classes, and markets in significant and unforeseen ways. Pandemics may also exacerbate other pre-existing political, social, economic, market and financial risks. The ongoing effects of the outbreak in developing or emerging market countries with less established health care systems and supply chains may be greater due to slower COVID-19 vaccine distribution and potential new outbreaks of the disease. The COVID-19 pandemic has resulted in, and may continue to result in, travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand, and increased market uncertainty. This could prolong or reignite a sustained economic downturn or a global recession, ongoing market volatility and/or decreased liquidity in the financial markets, exchange trading suspensions and closures, higher default rates, domestic and foreign political and social instability and damage to diplomatic and international trade relations. The foregoing could impair the Funds' ability to maintain operational standards (such as with respect to satisfying redemption requests), disrupt the operations of the Funds' service providers, adversely affect the value and liquidity of the Funds' investments, and negatively impact the Funds' performance and your investment in the Funds.

**Distributions to Shareholders:** Dividends and distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-date. Income distributions, if any are generally declared and paid on a quarterly basis, except for any distributions paid by the Local Markets Fund and the Emerging Markets Debt Allocation Fund, which are declared and paid annually. Capital gain distributions, if any, are declared and paid at least annually. A portion of the Fund's distributions made for a taxable year may be recharacterized as a return of capital to shareholders. This may occur, for example, if the Fund's distributions exceed its "earnings and profits" for the taxable year or because certain foreign currency losses may reduce the Fund's income. This recharacterization may be retroactive. A return of capital will generally not be taxable, but will reduce a shareholder's basis in his or her Fund shares and therefore result in a higher gain or lower loss when the shareholder sells the shares.

**Expenses:** Direct expenses are charged to each Fund; expenses of the Trust are generally allocated to the Funds based on each Fund's relative net assets.

**Federal and Other Taxes:** No provision for income taxes is included in the accompanying financial statements, as the Funds intend to distribute to shareholders all taxable investment income and realized gains and otherwise comply with Subchapter M of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies.

The Funds evaluate tax positions taken (or expected to be taken) in the course of preparing the Funds' tax provisions to determine whether these positions meet a "more-likely-than-not" standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the "more-likely-than-not" recognition threshold is measured to determine the amount of benefit to recognize in the financial statements.

As of and during the period ended August 31, 2021, the Funds did not have a liability for any unrecognized tax benefits. The Funds file U.S. federal, state, and local tax returns as required. The Funds' tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations which is generally three years after the filing of the tax return for federal purposes and four years for most state returns. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

### **3. DERIVATIVE INSTRUMENTS**

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**Risk Exposure and the Use of Derivative Instruments:** The Funds' investment objectives allow the Funds to enter in various types of derivatives contracts. In doing so, the Funds employ strategies in differing combinations to permit them to increase, decrease, or change the level or types of exposure to market factors. Central to those strategies are features inherent to derivatives that may make them more attractive for this purpose than equity or debt securities; they require little or no initial cash investment, they can focus exposure on only certain selected risk factors, and they may not require the ultimate receipt or delivery of the underlying security (or securities) to the contract. This may allow the Funds to pursue their objectives more quickly and efficiently than if they were to make direct purchases or sales of securities capable of affecting a similar response to market factors.

The Funds' use of derivatives can result in losses due to unanticipated changes in the risk factors described in Note 2 and the overall market. In instances where the Funds are using derivatives to decrease, or hedge, exposures to market risk factors for securities held by the Funds, there are also risks that those derivatives may not perform as expected resulting in losses for the combined or hedged positions.

Derivatives may have little or no initial cash investment relative to their market value exposure and therefore can produce significant gains or losses in excess of their cost. This use of embedded leverage allows each Fund to increase its market value exposure relative to its net assets and can substantially increase the volatility of the Funds' performance.

Additional associated risks from investing in derivatives also exist and potentially could have significant effects on the valuation of the derivative and the Funds. Typically, the associated risks are not the risks that the Funds are attempting to increase or decrease exposure to, per their investment objectives, but are the additional risks from investing in derivatives.

Examples of these associated risks are liquidity risk, which is the risk that the Funds will not be able to sell or close out the derivative in a timely manner, and counterparty credit risk, which is the risk that the counterparty will not fulfill its obligation to the Funds. Associated risks can be different for each type of derivative and are discussed by each derivative type below in the notes that follow.

Derivatives are also subject to the risk of possible regulatory changes, which could adversely affect the availability and performance of derivative securities, make them more costly and limit or restrict their use by the Fund, which could prevent the Fund from implementing its investment strategies and adversely affect returns. The SEC has issued a proposed rule under the 1940 Act providing for the regulation of registered investment companies' use of derivatives and certain related instruments. The ultimate impact, if any, of possible regulation remains unclear, but the proposed rule, if adopted, could, among other things, restrict the Funds' ability to engage in derivatives transactions and/or increase the costs of such derivatives transactions such that the Funds may be unable to implement their investment strategy.

**Forward Foreign Currency Contracts:** Certain Funds engaged in currency transactions with counterparties during the period ended August 31, 2021, to hedge the value of portfolio securities denominated in particular currencies against fluctuations in relative value, to gain or reduce exposure to certain currencies, or to generate income or gains. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The contract is marked-to-market daily and the change in value is recorded by the Funds as an unrealized gain or loss. When a forward foreign currency contract is extinguished, through delivery, the Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it was extinguished.

Forward foreign currency contracts involve elements of market risk in excess of the amounts reflected in the Statements of Assets and Liabilities. The Funds bear the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

**Futures Contracts:** Certain Funds invested in futures contracts during the period ended August 31, 2021, in accordance with their investment objectives. A futures contract provides for the future sale by one party and purchase by another party of a specified quantity of the security or other financial instrument at a specified price and time. A futures contract on an index is an agreement pursuant to which two parties agree to take or make delivery of an amount of cash equal to the difference between the value of the index at the close of the last trading day of the contract and the price at which the index contract was originally written. Futures contract transactions may result in losses in excess of the amount invested in the futures contract. There can be no guarantee that there will be a correlation between price movements in the hedging vehicle and in the portfolio securities being hedged. An incorrect correlation could result in a loss on both the hedged securities in a Fund and the hedging vehicle so that the portfolio return might have been greater had hedging not been attempted. There can be no assurance that a liquid market will exist at a time when a Fund seeks to close out a futures contract or a futures option position. Lack of a liquid market for any reason may prevent a Fund from liquidating an unfavorable position, and the Fund would remain obligated to meet margin requirements until the position is closed. In addition, a Fund could be exposed to risk if the counterparties to the contracts are unable to meet the terms of their contracts. With exchange-traded futures contracts, there is minimal counterparty credit risk to the Funds since futures contracts are exchange-traded and the exchange's clearinghouse, as counterparty to all exchange-traded futures contracts, guarantees the futures contracts against default.

When a purchase or sale of a futures contract is made by a Fund, the Fund is required to deposit with its broker a specified amount of liquid assets ("initial margin"). The margin required for a futures contract is set by the exchange on which the contract is traded and may be modified during the term of the contract. The margin is reported on the Statement of Assets and Liabilities as "Deposit with brokers for futures contracts". The initial margin is in the nature of a performance bond or good faith deposit on the futures contract that is returned to a Fund upon termination of the contract, assuming all contractual obligations have been satisfied. Each day a Fund may pay or receive cash, called "variation margin," equal to the daily change in value of the futures contract. Such payments or receipts are recorded for financial statement purposes as unrealized gains or losses by a Fund. Variation margin does not represent a borrowing or loan by a Fund but is instead a settlement between a Fund and the broker of the amount one would owe the other if the futures contract expired. When the contract is closed, a Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

**Swap Agreements:** Certain Funds invested in swap agreements during the period ended August 31, 2021. Swap agreements are bilaterally negotiated agreements between a Fund and a counterparty to exchange or swap investment cash flows, assets, or market-linked returns at specified, future intervals. Swap agreements are privately negotiated in the over the counter market ("OTC swaps") or may be executed in a multilateral or other trade facility platform, such as a registered exchange ("centrally cleared swaps"). In a centrally cleared swap, immediately following execution of the swap agreement, the swap agreement is novated to a central counterparty (the "CCP") and the Fund's counterparty on the swap agreement becomes the CCP. The Fund may enter into credit default swaps, interest rate swaps, total return swaps on individual securities or groups or indices of securities for hedging, investment or leverage purposes. In connection with these agreements, securities or cash may be identified as collateral or margin in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Swaps are marked-to-market daily and changes in value, including the accrual of periodic amounts of interest, are recorded daily. Daily changes in valuation of centrally cleared swaps, if any, are recorded as a receivable or payable for the change in value as appropriate ("variation margin") and also reflected in the change in unrealized appreciation/(depreciation) on credit default swap contracts in the Statement of Operations. Each day the Fund may pay or receive cash, equal to the variation margin of the centrally cleared swap. Changes in value for OTC swaps are reflected in the unrealized appreciation/(depreciation) of the position until a periodic payment is made by either party.

Swap payments received or paid at the beginning of the measurement period represent premiums paid or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, interest rates, and other relevant factors). Generally, the basis of the swap is the unamortized premium received or paid. Periodic payments received or made by the Fund are recorded as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities. For centrally cleared swaps, these amounts are included in the deposits with brokers for swap contracts while OTC swaps are displayed as a swap premium paid/received. When the swap is terminated, the Fund will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Fund's basis in the contract, if any.

**Credit Default Swap Contracts:** Certain Funds entered into credit default swap contracts during the period ended August 31, 2021, for hedging purposes to gain market exposure or to add leverage to its portfolio. When used for hedging purposes, a Fund is the buyer of a credit default swap contract. In that case, the Fund is entitled to receive the par (or other agreed upon) value of a referenced debt obligation, index or other investment from the counterparty to the contract in the event of a default by a third party, such as a U.S. or foreign issuer, on the referenced debt obligation. In return, the Fund would pay to the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no event of default occurs, the Fund has spent the stream of payments and received no benefit from the contract. When the Fund is the seller of a credit default swap contract, the Fund receives the stream of payments but is obligated to pay upon default of the referenced debt obligation. As the seller, the Fund effectively adds leverage to its portfolio because, in addition to its total assets, the Fund is subject to investment exposure on the notional amount of the swap.

In addition to the risks applicable to derivatives generally, credit default swaps involve special risks because they may be difficult to value, are highly susceptible to liquidity and credit risk and generally pay a return to the counterparty only in the event of an actual default by the issuer of the underlying obligation, as opposed to a credit downgrade or other indication of financial difficulty.

**Purchased Options:** When the Funds purchase an option, an amount equal to the premium paid by the Funds are recorded as an investment and is subsequently adjusted to the current value of the option purchased. If an option expires on the stipulated expiration date or if the Funds enter into a closing sale transaction, a gain or loss is realized. If a call option is exercised, the cost of the security acquired is increased by the premium paid for the call. If a put option is exercised, a gain or loss is realized from the sale of the underlying security, and the proceeds from such sale are decreased by the premium originally paid. Purchased options are non-income producing securities.

#### 4. AFFILIATED COMPANIES

Funds may invest in certain securities that are considered securities issued by affiliated companies. As defined by the Investment Company Act of 1940, as amended, an affiliated person, including an affiliated company, is one in which a Fund owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control with the Fund. The purchases, sales, dividend income, capital gains, return of capital distributions received, shares and value of investments in affiliated companies for the period ended August 31, 2021, were as follows:

##### Stone Harbor Strategic Income Fund

Security Name	Market Value as of May 31, 2021	Purchases	Sales	Change in Unrealized Gain/(Loss)	Realized Gain/Loss	Share Balance as of August 31, 2021	Dividends
Stone Harbor Emerging Markets Corporate Debt Fund	\$ 1,599,911	\$ 22,485	\$ -	\$ 10,499	\$ -	175,392	\$ 22,485
Stone Harbor Emerging Markets Debt Fund	7,041,069	78,871	-	86,924	-	725,037	78,871
Stone Harbor High Yield Bond Fund	8,694,885	96,135	-	86,518	-	1,079,992	96,135
Stone Harbor Local Markets Fund	2,311,117	-	-	(10,237)	-	255,938	-
	\$ 19,646,982			\$ 173,704	\$ -	2,236,359	\$ 197,491

##### Stone Harbor Emerging Markets Debt Allocation Fund

Security Name	Market Value as of May 31, 2021	Purchases	Sales	Change in Unrealized Gain/(Loss)	Realized Gain/Loss	Share Balance as of August 31, 2021	Dividends
Stone Harbor Emerging Markets Debt Fund	\$ 8,871,942	\$ 238,504	\$ (24,038)	\$ 110,089	\$ (150)	925,186	\$ 100,795
Stone Harbor Local Markets Fund	9,794,152	154,048	(26,892)	(42,897)	(647)	1,098,750	-
	\$ 18,666,094			\$ 67,192	\$ (797)	2,023,936	\$ 100,795