

Stone Harbor Emerging Markets Income Fund  
Form N-Q  
October 31, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**  
**MANAGEMENT INVESTMENT COMPANY**

**Investment Company Act file number: 811-22473**

**Stone Harbor Emerging Markets Income Fund**

(Exact name of registrant as specified in charter)

1290 Broadway, Suite 1100

Denver, CO 80203

(Address of principal executive offices) (Zip code)

**Adam J. Shapiro, Esq.**

**c/o Stone Harbor Investment Partners LP**

**31 West 52nd Street, 16th Floor**

**New York, NY 10019**

(Name and address of agent for service)

*With copies To:*

**John M. Loder, Esq.**

**Ropes & Gray LLP**

**One International Place**

**Boston, MA 02110-2624**

**Registrant's telephone number, including area code: (303) 623-2577**

Date of fiscal year end: **November 30**

Date of reporting period: **June 1, 2011 August 31, 2011**

**Item 1. Schedule of Investments.**

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Stone Harbor Emerging Markets Income Fund

Statement of Investments  
August 31, 2011 (Unaudited)

					Market Value
			Maturity	Principal	(Expressed
	Currency	Rate	Date	Amount *	in U.S. \$)
<b>SOVEREIGN DEBT OBLIGATIONS - 43.76%</b>					
<b>Argentina - 10.44%</b>					
<i>Republic of Argentina:</i>					
	ARS	2.000%	09/30/2014	\$ 16,106,738	\$ 3,465,686 <sup>(1)</sup>
		7.000%	10/03/2015	20,000,000	18,735,000 <sup>(2)</sup>
		7.000%	04/17/2017	7,978,587	7,004,978 <sup>(2)</sup>
		8.280%	12/31/2033	10,996,216	8,741,992 <sup>(2)</sup>
	EUR	0.000%	12/15/2035	8,299,166	1,695,860 <sup>(1)</sup>
					39,643,516
<b>Brazil - 0.10%</b>					
<i>Republic of Brazil</i>					
		4.875%	01/22/2021	332,000	368,686
<b>Croatia - 0.43%</b>					
<i>Croatian Government</i>					
		6.375%	03/24/2021	1,637,000	1,618,584 <sup>(3)</sup>
<b>Ghana - 0.32%</b>					
<i>Republic of Ghana</i>					
		8.500%	10/04/2017	1,077,000	1,223,741 <sup>(4)</sup>
<b>Iraq - 0.73%</b>					
<i>Republic of Iraq</i>					
		5.800%	01/15/2028	3,100,000	2,778,375 <sup>(4)</sup>
<b>Malaysia - 2.01%</b>					
<i>Malaysian Government:</i>					
	MYR	5.094%	04/30/2014	16,380,000	5,756,063
	MYR	4.012%	09/15/2017	5,500,000	1,889,876
					7,645,939
<b>Mexico - 12.71%</b>					
<i>Mexican Bonos:</i>					
	MXN	8.000%	06/11/2020	76,810,000	7,144,536
	MXN	6.500%	06/10/2021	40,850,000	3,420,820
	MXN	8.500%	05/31/2029	195,630,000	18,375,210
	MXN	8.500%	11/18/2038	165,420,000	14,967,129
<i>United Mexican States:</i>					
		5.125%	01/15/2020	326,000	366,343
		5.750%	10/12/2110	4,040,000	3,989,500
					48,263,538

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**Philippines - 0.17%**

*Republic of Philippines*

PHP

4.950%

01/15/2021

26,000,000

630,210

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					Market Value
					(Expressed
	<u>Currency</u>	<u>Rate</u>	<u>Date</u>	<u>Principal</u>	<u>Amount *</u>
					<u>in U.S. \$)</u>
<b>Russia - 3.83%</b>					
<i>Russian Federation:</i>					
		11.000%	07/24/2018	\$ 3,041,000	\$ 4,363,835 <sup>(2)(4)</sup>
		12.750%	06/24/2028	5,704,000	10,181,640 <sup>(2)(4)</sup>
					14,545,475
<b>South Africa - 9.54%</b>					
<i>Republic of South Africa:</i>					
	ZAR	8.250%	09/15/2017	70,000,000	10,427,487
		6.875%	05/27/2019	570,000	704,663
	ZAR	6.750%	03/31/2021	143,940,000	19,081,685
	ZAR	10.500%	12/21/2026	34,900,000	6,023,393
					36,237,228
<b>Ukraine - 1.09%</b>					
<i>Ukraine Government:</i>					
		6.875%	09/23/2015	2,000,000	2,057,500 <sup>(3)</sup>
		7.750%	09/23/2020	2,000,000	2,072,500 <sup>(2)(4)</sup>
					4,130,000
<b>Uruguay - 0.13%</b>					
<i>Republic of Uruguay</i>					
		9.250%	05/17/2017	385,000	513,975
<b>Venezuela - 2.26%</b>					
<i>Republic of Venezuela</i>					
		12.750%	08/23/2022	9,791,600	8,567,650 <sup>(2)(4)</sup>
<b>TOTAL SOVEREIGN DEBT OBLIGATIONS</b>					<b>166,166,917</b>
(Cost \$167,783,152)					
<b>BANK LOANS - 3.88%<sup>(5)</sup></b>					
<b>Brazil - 0.52%</b>					
<i>Virgolino de Oliveira - GVO Loan</i>					
		5.273%	03/11/2015	2,000,000	1,982,500
<b>Indonesia - 3.36%</b>					
<i>PT Bumi Tranche A</i>					
		0.000%	03/02/2012	7,157,442	7,085,868
<i>PT Bumi Tranche B</i>					
		0.000%	03/02/2012	5,712,558	5,655,432
					12,741,300

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**TOTAL BANK LOANS**

14,723,800

(Cost \$14,870,000)

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				Market Value	
	Currency	Rate	Maturity Date	Principal Amount *	(Expressed in U.S. \$)
<b>COMMON STOCK - 2.11%</b>					
<b>Russia - 2.11%</b>					
Vallares PLC	GBP	0.000%		\$ 500,000	\$ 8,015,032 <sup>(6)</sup>
<b>TOTAL COMMON STOCK</b>					8,015,032
(Cost \$8,089,306)					
<b>CORPORATE BONDS - 30.72%</b>					
<b>Argentina - 0.65%</b>					
Capex SA		10.000%	03/10/2018	1,413,000	1,298,123 <sup>(3)</sup>
<i>Empresa Distribuidora Y Comercializadora Norte:</i>					
		9.750%	10/25/2022	500,000	452,500 <sup>(4)</sup>
		9.750%	10/25/2022	511,000	462,455 <sup>(3)</sup>
Tarjeta Naranja SA		9.000%	01/28/2017	250,000	255,605 <sup>(3)</sup>
					2,468,683
<b>Barbados - 0.40%</b>					
Columbus International, Inc.		11.500%	11/20/2014	1,439,000	1,539,730 <sup>(4)</sup>
<b>Brazil - 2.72%</b>					
Banco Cruzeiro do Sul SA		8.875%	09/22/2020	2,372,000	2,134,800 <sup>(4)</sup>
BR Malls International Finance Ltd.		8.500%	01/21/2049	512,000	535,040 <sup>(3)</sup>
General Shopping Finance Ltd.		10.000%	11/09/2015	1,239,000	1,263,780 <sup>(3)</sup>
Hypermarcas SA		6.500%	04/20/2021	2,000,000	1,952,000 <sup>(3)</sup>
Mirabela Nickel Ltd.		8.750%	04/15/2018	297,000	277,695 <sup>(3)</sup>
NET Servicos de Comunicacao SA		7.500%	01/27/2020	508,000	593,090
Odebrecht Finance Ltd.		7.000%	04/21/2020	200,000	219,000 <sup>(4)</sup>
OGX Petroleo e Gas Participacoes SA		8.500%	06/01/2018	1,532,000	1,543,490 <sup>(3)</sup>
Petrobras International Finance Co.		5.375%	01/27/2021	257,000	276,532
Virgolino de Oliveira Finance Ltd.		10.500%	01/28/2018	1,500,000	1,528,125 <sup>(4)</sup>
					10,323,552
<b>China - 1.68%</b>					
Country Garden Holdings Co.		11.125%	02/23/2018	750,000	749,025 <sup>(3)</sup>
Evergrande Real Estate Group Ltd.		13.000%	01/27/2015	367,000	349,567 <sup>(4)</sup>
Kaisa Group Holdings Ltd.		13.500%	04/28/2015	1,300,000	1,124,500 <sup>(4)</sup>
MIE Holdings Corp.		9.750%	05/12/2016	1,532,000	1,470,720 <sup>(3)</sup>
Texhong Textile Group Ltd.		7.625%	01/19/2016	1,000,000	855,000 <sup>(4)</sup>
West China Cement Ltd.		7.500%	01/25/2016	2,000,000	1,830,000 <sup>(3)</sup>
					6,378,812

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**Colombia - 0.31%**

<i>Emgesa SA ESP</i>	COP	8.750%	01/25/2021	911,000,000	553,568 <sup>(3)</sup>
<i>Empresas Publicas de Medellin ESP</i>	COP	8.375%	02/01/2021	1,030,000,000	607,747 <sup>(3)</sup>

1,161,315

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					Market Value
	<u>Currency</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Principal Amount *</u>	<u>(Expressed in U.S. \$)</u>
<b>Dominican Republic - 0.88%</b>					
<i>Cap Cana SA:</i>					
		10.000%	04/30/2016	\$ 3,182,011	\$ 1,166,710 <sup>(4)</sup>
		10.000%	04/30/2016	3,621,970	2,173,182 <sup>(4)</sup>
					3,339,892
<b>Indonesia - 1.90%</b>					
<i>Bakrie Telecom Pte Ltd.</i>					
		11.500%	05/07/2015	1,666,000	1,382,780 <sup>(4)</sup>
<i>BLT Finance BV</i>					
		7.500%	05/15/2014	1,098,000	627,022 <sup>(4)</sup>
<i>BSP Finance BV</i>					
		10.750%	11/01/2011	1,000,000	975,000
<i>Bumi Investment Pte Ltd.</i>					
		10.750%	10/06/2017	200,000	221,000 <sup>(4)</sup>
<i>European Bank for Reconstruction &amp; Development</i>					
	IDR	7.200%	06/08/2016	32,570,000,000	4,021,725
					7,227,527
<b>Kazakhstan - 2.30%</b>					
<i>BTA Bank JSC</i>					
		10.750%	07/01/2018	8,930,945	6,162,352 <sup>(4)(7)</sup>
<i>KazMunayGas National Co.:</i>					
		8.375%	07/02/2013	635,000	685,007 <sup>(4)</sup>
		9.125%	07/02/2018	309,000	374,276 <sup>(3)</sup>
<i>Zhaikmunai LLP</i>					
		10.500%	10/19/2015	1,521,000	1,521,000 <sup>(4)</sup>
					8,742,635
<b>Mexico - 3.63%</b>					
<i>America Movil SAB de CV</i>					
		2.375%	09/08/2016	2,300,000	2,281,324
<i>BBVA Bancomer SA</i>					
		4.500%	03/10/2016	404,000	408,040 <sup>(4)</sup>
<i>Cemex Espana Luxembourg</i>					
		9.250%	05/12/2020	1,110,000	910,200 <sup>(4)</sup>
<i>Cemex SAB de CV:</i>					
		5.246%	09/30/2015	3,784,000	2,904,220 <sup>(1)(3)</sup>
		9.000%	01/11/2018	1,000,000	830,000 <sup>(4)</sup>
		9.000%	01/11/2018	2,983,000	2,475,890 <sup>(3)</sup>
<i>Geo Maquinaria</i>					
		9.625%	05/02/2021	4,056,730	3,975,595 <sup>(3)</sup>
					13,785,269
<b>Peru - 0.81%</b>					
<i>Inkia Energy Ltd.</i>					
		8.375%	04/04/2021	3,000,000	3,060,000 <sup>(3)</sup>
<b>Russia - 1.60%</b>					
<i>Metalloinvest Finance Ltd.</i>					
		6.500%	07/21/2016	1,737,000	1,697,917 <sup>(3)</sup>
<i>Russian Agricultural Bank OJSC Via RSHB</i>					
<i>Capital SA</i>					
		7.750%	05/29/2018	3,000,000	3,431,250 <sup>(3)</sup>
<i>VimpelCom Holdings BV</i>					
		7.504%	03/01/2022	1,000,000	953,750 <sup>(3)</sup>

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6,082,917

**Turkey - 0.51%**

*Yüksel Insaat AS*

9.500%

11/10/2015

2,152,000

1,936,800<sup>(4)</sup>

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					Market Value
			Maturity	Principal	(Expressed
	Currency	Rate	Date	Amount *	in U.S. \$)
<b>Ukraine - 3.46%</b>					
<i>Ferrexpo Finance PLC</i>		7.875%	04/07/2016	\$ 600,000	\$ 560,250 <sup>(3)</sup>
<i>Metinvest BV</i>		8.750%	02/14/2018	2,268,000	2,228,310 <sup>(3)</sup>
<i>MHP SA</i>		10.250%	04/29/2015	710,000	720,650 <sup>(4)</sup>
<i>Mriya Agro Holding PLC</i>		10.950%	03/30/2016	4,291,000	4,269,545 <sup>(3)</sup>
<i>NAK Naftogaz Ukraine</i>		9.500%	09/30/2014	5,000,000	5,356,250 <sup>(2)</sup>
					13,135,005
<b>United Arab Emirates - 0.56%</b>					
<i>Dubai Holding Commercial Operations MTN Ltd.:</i>					
	EUR	4.750%	01/30/2014	150,000	184,769
	GBP	6.000%	02/01/2017	1,550,000	1,956,276
					2,141,045
<b>Venezuela - 9.31%</b>					
<i>Petroleos de Venezuela SA:</i>					
		4.900%	10/28/2014	45,131,850	33,397,569 <sup>(2)</sup>
		5.250%	04/12/2017	3,240,000	1,964,250
					35,361,819
<b>TOTAL CORPORATE BONDS</b>					116,685,001
<i>(Cost \$121,152,234)</i>					