

Stone Harbor Emerging Markets Total Income Fund  
Form N-CSR  
February 07, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number: 811-22716

Stone Harbor Emerging Markets Total Income Fund  
(Exact name of registrant as specified in charter)

1290 Broadway, Suite 1100

Denver, CO 80203

(Address of principal executive offices) (Zip code)

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c/o Stone Harbor Investment Partners LP

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New York, NY 10019

(Name and address of agent for service)

With copies To:

Michael G. Doherty, Esq.

Ropes & Gray LLP

1211 Avenue of the Americas

New York, NY 10036

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

Date of fiscal year end: November 30

Date of reporting period: November 30, 2018

**Item 1. Report to Stockholders.**

Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of the Fund's annual and semi-annual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website [www.shiplpcef.com](http://www.shiplpcef.com), and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund electronically anytime by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by enrolling at [www.shiplpcef.com](http://www.shiplpcef.com).

You may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with the Fund, you can call 1-866-390-3910 to let the Fund know you wish to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held in your account if you invest through your financial intermediary or all funds held with the fund complex if you invest directly with the Fund.

## **Distribution Policy**

**November 30, 2018**

Stone Harbor Emerging Markets Total Income Fund (the "Fund"), acting pursuant to a U.S. Securities and Exchange Commission exemptive order and with the approval of the Fund's Board of Trustees (the "Board"), has adopted a plan, consistent with its investment objectives and policies to support a level distribution of income, capital gains and/or return of capital (the "Plan"). In accordance with the Plan, the Fund currently distributes \$0.1511 per share on a monthly basis.

The fixed amount distributed per share is subject to change at the discretion of the Fund's Board. Under the Plan, the Fund will typically distribute most or all of its available investment income to its shareholders, consistent with its primary investment objectives and as required by the Internal Revenue Code of 1986, as amended (the "Code"). The Fund may also distribute long term capital gains and short term capital gains and return capital to shareholders in order to maintain a level distribution. Each monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions and potential distribution rate increases or decreases to enable the Fund to comply with the distribution requirements imposed by the Code. In addition, the Fund may distribute more than its income and net realized capital gains, and therefore, a portion of the distribution may be a return of capital. A return of capital may occur, for example, when some or all of the money that a shareholder invested in the Fund is paid back to that shareholder. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with 'yield' or 'income'. The amounts and sources of

distributions reported to shareholders during the fiscal year are only estimates and are not provided for tax or financial reporting purposes. The actual amounts and sources of the amounts for tax or financial reporting purposes will depend upon the Fund's investment experience during the year and are subject to change.

Shareholders should not draw any conclusions about the Fund's investment performance from the amount of these distributions or from the terms of the Plan. The Fund's total return performance on net asset value is presented in its financial highlights table.

The Board may amend, suspend or terminate the Fund's Plan without prior notice if it deems such action to be in the best interest of the Fund or its shareholders. The suspension or termination of the Plan could have the effect of creating a trading discount (if the Fund's stock is trading at or above net asset value) or widening an existing trading discount. The Fund is subject to risks that could have an adverse impact on its ability to maintain level distributions. Examples of potential risks include, but are not limited to, economic downturns impacting the markets, investments in foreign securities, foreign currency fluctuations and changes in the Code. Please refer to the Fund's prospectus for a more complete description of its risks.

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Stone Harbor Emerging Markets Total Income Fund Shareholder Letter

November 30, 2018 (Unaudited)

Dear Investor,

The Stone Harbor Emerging Markets Total Income Fund (“EDI” or “Fund”) seeks to maximize total return, which consists of income on its investments and capital appreciation. The Fund invests in fixed income securities and related instruments that are economically tied to emerging markets (“EM”) countries, including sovereign external debt, local currency debt (non-U.S. dollar), and corporate debt from EM issuers. Additionally, the Fund may invest up to 20% of its assets in emerging equity markets.

Our investment thesis is straightforward - despite periods of high market volatility, we believe EM debt markets continue to offer attractive investment opportunities for total return investors. That investment thesis was tested during the Fund’s fiscal year ended November 30, 2018 as the market generated negative returns in all three major segments -- hard currency sovereign debt, local currency sovereign debt and corporate debt. In this report, we will review the major factors that drove those negative returns. Despite this challenging period, we continue to believe most EM countries maintain prudent debt levels and substantially lower fiscal deficits relative to the developed world. Furthermore, GDP growth of EM countries taken as a group continues to expand at a faster rate than in the developed world. In addition, EM debt still offers higher yields than advanced economy debt, even though EMs have better fundamentals in most cases, based on our analysis. So, while we believe our investment thesis remains intact, we believe that this has been one of those high volatility periods that tests investors’ commitment to the asset class.

We believe that a key advantage we have in managing EDI is the latitude to adjust the risk in the portfolio based on our fundamental economic and credit views, as well as our assessment of the macroeconomic environment. Our investment process focuses on allocating to three distinct sectors of EM debt - hard currency sovereigns, local currency sovereigns, and corporates - each of which tend to behave differently in various macroeconomic environments. We also can invest a portion of EDI in EM equity markets. We believe these allocation decisions provide important diversification benefits.

In addition, we can vary the amount of leverage used by the Fund, depending on our confidence in our return expectations. In general, we employ leverage to seek higher returns. However, when uncertainty rises, and with it greater perceived risks, we can also reduce leverage so that the Fund has less exposure to EM risk. Unfortunately, in a period of negative returns for all sectors in EM, any leverage increases the impact of those negative returns.

## **Performance Review**

The total return on net asset value (NAV) of EDI for the twelve months ended November 30, 2018 was -15.00% (net of expenses). For the same period, the Fund had an average premium to its NAV of 1.45%<sup>(1)</sup>. Market tracking indices for the three sectors of EM debt<sup>(2)</sup> — external sovereign debt, local currency debt, and corporate debt — delivered total returns of -4.84%, -5.55% and -2.04%, respectively, during the reporting period.

Unlike recent historical periods when market returns and our performance were driven primarily by macro developments, including oil price volatility, this period of negative returns was characterized by events in key countries as well as one important global factor. Our positions in Argentina, Brazil, and Turkey drove our performance for reasons that we will outline below. The one macro factor driving returns in EM debt during the period was US Dollar (USD) strength and the accompanying weakness in emerging market currencies. Every emerging market currency declined against the USD during the period with the declines ranging from -1.11% (Thailand) to -54% (Argentina). Other key macroeconomic themes that drove market volatility during the reporting period included escalating U.S.-China trade tensions, expectations for further U.S. monetary normalization, and widening of Italian bond spreads. While a recovery in EM debt markets in September occurred with easing of some of these macroeconomic factors, along with more positive domestic developments, the period proved to be a challenging one.

As we cited above, negative returns in Argentina, Brazil, and Turkey, combined with our overweight positions in each country were the primary drivers of our performance during the period. Argentina was the Fund's best performer in fiscal 2017. Unfortunately, the market lost patience with the government's gradual approach to fiscal and economic reform early in 2018. The subsequent sell-off in the peso caused the Argentines to raise domestic interest rates dramatically and reach an agreement with the International Monetary Fund (IMF) on a Stand-by Aid package totaling over \$57 billion. The peso stabilized after these announcements but the damage to the currency's value had already occurred. Investments in Brazil were negatively impacted by the effects of a prolonged recession, compounded by the fallout from the massive corruption scandal. Both of these factors weighed heavily in the chaotic presidential campaign. When former President Lula was ruled ineligible to stand for election, the market began to stabilize but Brazil's real was down over 15% for the fiscal year. In Turkey, higher-than-expected inflation caused domestic interest rates to rise while the lira declined. A diplomatic row with the U.S. over the detention of a pastor led the U.S. to impose sanctions on Turkey and contributed to a 25% decline in the lira over the Fund's fiscal year.

As we mentioned, asset allocation is an important decision in the management of the Fund. Our allocation to local currency denominated assets ranged between 34% and 59% during the period with our average monthly allocation approximately 51%. We continue to believe that local currency sovereign debt should provide the highest risk-adjusted total returns in the EM universe. Those returns will, however, likely be accompanied by the highest level of volatility, in our view.



Stone Harbor Emerging Markets Total Income Fund Shareholder Letter

November 30, 2018 (Unaudited)

Throughout the reporting period, leverage consisted primarily of short-term reverse repurchase agreements through which the Fund borrowed funds by selling securities under the obligation to repurchase them at a later date at a fixed price. The implied borrowing costs of the repurchase agreements averaged approximately 2.61% per annum for the fiscal year. The level of gross leverage reached a maximum of 33.3% of total assets on May 24, 2018 and a minimum of 23.7% on December 5, 2017. By the end of the reporting period, leverage was 33.1%. Net leverage (gross leverage less cash held) remained lower than gross leverage throughout the period. The Fund's management team varied borrowing levels to reflect the team's outlook on EM risk, increasing borrowings when it felt opportunities had improved and reducing borrowings when, in the team's judgment, macroeconomic risks had risen.

The Fund uses various derivative instruments to implement its strategies. These derivatives are utilized to manage the Fund's credit risk, interest rate risk, foreign exchange risk and efficiently gain certain investment exposure. These derivative positions may increase or decrease the Fund's exposure to these risks. At the end of the reporting period the Fund had net exposure to these derivatives of approximately \$1.0 million. Over the course of the reporting period these derivative positions generated net realized loss of approximately \$1.7 million and \$1.3 million in unrealized appreciation for a net decrease in operations of approximately \$407 thousand.

## **Market Review and Outlook**

In our view, the total returns for EM indices for the reporting period were driven by a combination of events in developed markets, country and company-specific news in some emerging markets, and valuations.

Macroeconomic developments in advanced economies are important inputs into our assessment of the outlook for EM debt returns. The impact of developments outside the emerging markets on emerging market valuations has been a critical variable in the performance of emerging market assets since the end of the 2008 financial crisis. These factors, including slow growth across most of the developed world and abnormally low interest rates in select countries helped underscore the higher yields and stronger fundamentals available in emerging markets.

Despite these headwinds from advanced economies, our fundamental positive views on emerging markets remain intact. We continue to believe that many EM country growth rates will improve in the next 12 to 18 months. In addition to good growth and solid fundamentals, emerging markets debt assets continue to offer attractive valuations, in our opinion.

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In the past, we have detailed some of the key risks to our constructive outlook for EM debt. Today, those risks seem to emanate from both developed and EM countries. The uncertainties surrounding the timing and extent of increases in U.S. interest rates and the Trump administration's policies on trade are potential risks for EM debt investors. The application of those trade policies, particularly with China, will continue to be an important investor focus in the coming year. In assessing all these factors, our base case return scenarios for EM debt over the coming year remain positive. Our view derives from a disciplined investment process in which we review the ability and willingness of borrowers to repay their debts. We also assess whether current prices of EM bonds, currencies and local interest rates reflect adequate compensation for the risks the Fund is incurring. Based on this analysis, we continue to believe that EM debt will generate among the highest returns in the fixed income markets.

Other general risks of the Fund relate to our use of leverage and also to the longer-term prospects for a rise in global interest rates. Stone Harbor Investment Partners LP ("Adviser") attempts to mitigate the risk of loss of principal due to the possibility of a general rise in global interest rates through our investment process that determines sector and country allocations, as well as security selection. We seek to reduce interest rate sensitivity during periods of rising interest rates. Notwithstanding these efforts, rising interest rates would increase the Fund's cost of leverage and could also decrease the value of its portfolio securities, adversely affecting Fund performance.

We continue to believe that investing in EDI may offer an attractive means of capitalizing on further improvements in credit quality in EM. We thank you for your confidence in our ability to invest in these volatile markets and look forward to reporting on EDI in six months.

Sincerely,

Thomas K. Flanagan

Chairman of the Board of Trustees

*Performance on a market value basis, or at market price, will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods, returns at market price can also be*

<sup>(1)</sup> *influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.*

<sup>(2)</sup> *JPMorgan EMBI Global Diversified Index, JPMorgan GBI EM Global Diversified Index, and JPMorgan CEMBI Broad Diversified Index.*

Stone Harbor Emerging Markets Total Income Fund Summary of Portfolio Holdings

November 30, 2018 (Unaudited)

**Fund Details**

Market Price	\$11.34
Net Asset Value (NAV)	\$11.30
Premium/(Discount)	0.35%
Current Distribution Rate <sup>(1)</sup>	15.99%
Net Assets (in millions)	\$110

**Country Allocation**

(as a % of Total Net Assets)<sup>(3)</sup>

%

**Country Breakdown**

Argentina	17.76%
Ukraine	9.68%
Mexico	9.31%
Turkey	8.26%
Indonesia	7.97%
South Africa	7.55%
Ecuador	7.07%
Egypt	7.07%
Lebanon	6.44%
Uruguay	6.20%
Angola	5.43%
Russia	5.20%
Brazil	4.71%
Ghana	4.49%
Ivory Coast	4.28%
Nigeria	4.04%
Iraq	4.01%
Jordan	3.35%
Venezuela	2.70%
Kenya	2.52%
Gabon	2.01%
Zambia	1.90%

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Cameroon	1.57%
China	1.15%
Spain	1.11%
Jamaica	1.04%
El Salvador	1.03%
Pakistan	0.98%
Tunisia	0.84%
Kazakhstan	0.79%
Papua New Guinea	0.54%
India	0.17%
Colombia	0.14%
<b>Short Term Security</b>	<b>2.39%</b>
<b>Other Assets in Excess of Liabilities</b>	<b>-43.70%</b>
<b>Total Net Assets</b>	<b>100.00%</b>

**Security Type Allocation<sup>(2)</sup>**

<b>Sector Allocation<sup>(2)</sup></b>		<b>Regional Breakdown<sup>(2)</sup></b>		<b>Sovereign Local Currency Breakdown<sup>(2)</sup></b>	
Sovereign Local	29.41%	Latin America	34.95%	Argentine Peso	2.20%
Sovereign External	56.75%	Africa	23.11%	Colombian Peso	0.10%
Corporate	9.44%	Europe	16.31%	Egyptian Pound	2.12%
Equity	0.77%	Middle East	14.73%	Indonesian Rupiah	3.89%
Cash & Equivalents / U.S. Treasuries	3.63%	Asia	7.27%	Mexican Peso	3.90%
		Cash & Equivalents / U.S. Treasuries	3.63%	Russian Ruble	3.52%
				Turkish New Lira	4.19%
				South African Rand	5.21%
				Uruguayan Peso	4.28%
				<b>Total</b>	<b>29.41%</b>

<sup>(1)</sup> Current Distribution Rate is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income,

*net realized capital gains and return of capital in order to maintain a level distribution.*

*Based on managed assets and investment manager's sector classifications including derivative exposure. For (2) purposes of this example, managed assets include total net assets plus any borrowings attributed to the use of reverse repurchase agreements and the notional values of interest rate swaps as described on page 12 and page 13.*

*(3) Country refers to country of primary risk exposure, as determined by Stone Harbor. In certain instances, a security's country of incorporation may be different from its country of risk.*

4 [www.shiplpcef.com](http://www.shiplpcef.com)

Stone Harbor Emerging Markets Total Income Fund Growth of \$10,000 Investment

November 30, 2018 (Unaudited)

Comparison of Change in Value of \$10,000 Investment in Stone Harbor Emerging Markets Total Income Fund and the JPMorgan Emerging Markets Bond Indices: JPMorgan EMBI Global Diversified Index, JPMorgan CEMBI Broad Diversified Index, and JPMorgan GBI-EM Global Diversified Index (please refer to the Benchmark Descriptions section for detailed benchmark descriptions).

**Total Returns as of November 30, 2018 (Inception Date, October 25, 2012)**

	Average Annual Return				
	6 Month	One Year	Three Year	Five Year	Since Inception
Stone Harbor Emerging Markets Total Income Fund – NAV	-9.77%	-15.00%	4.96%	0.97%	-0.67%
Stone Harbor Emerging Markets Total Income Fund – Market Price	-8.98%	-12.99%	11.13%	2.62%	-1.36%
JPMorgan CEMBI Broad Diversified Index	0.12%	-2.04%	4.52%	4.25%	3.60%
JPMorgan EMBI Global Diversified Index	-1.51%	-4.84%	4.20%	4.62%	3.01%
JPMorgan GBI-EM Global Diversified Index	-3.87%	-5.55%	4.66%	-1.32%	-1.96%

**Past performance is no guarantee of future results.** Current performance may be lower or higher than the performance shown. Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all income dividends, capital gain and return of capital distributions, if any, have been reinvested and includes all fee waivers and expense reimbursements. Total return does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or broker commissions or sales charges in connection with the purchase or sale of Fund shares. Investment return and principal value will vary, and shares, when sold, may be worth more or less than their original cost. Total returns for a period of less than one year are not annualized. Index returns do not include the effects of sales charges, management fees and fund expenses or transaction costs. It is not possible to invest directly in an index.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as

changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

Stone Harbor Emerging Markets Total Income Fund Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Trustees of Stone Harbor Emerging Markets Total Income Fund:

### **Opinion on the Financial Statements and Financial Highlights**

We have audited the accompanying statement of assets and liabilities of Stone Harbor Emerging Markets Total Income Fund (the "Fund"), including the statement of investments, as of November 30, 2018; the related statements of operations and cash flows for the year then ended; the statements of changes in net assets for each of the two years in the period then ended; the financial highlights for years ended November 30, 2018, 2017, the period June 1, 2016 through November 30, 2016, and the years ended May 31, 2016, 2015, and 2014; and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of November 30, 2018, and the results of its operations and its cash flows for the year then ended; the changes in its net assets for each of the two years in the period then ended; and the financial highlights for years ended November 30, 2018, 2017, the period June 1, 2016 through November 30, 2016, and the years ended May 31, 2016, 2015, and 2014; in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.



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Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of November 30, 2018, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Denver, Colorado

January 28, 2019

We have served as the auditor of one or more Stone Harbor Investment Partners investment companies since 2008.

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Stone Harbor Emerging Markets Total Income Fund Statement of Investments

November 30, 2018

	Currency	Rate	Maturity Date	Principal Amount/Shares*	Value (Expressed in USD)
<b>SOVEREIGN DEBT OBLIGATIONS -</b>					
114.45%					
Angola - 5.43%					
Republic of Angola:					
		6M			
	USD	US L %	07/01/23	4,574,769	\$5,049,402 (1)
		+ 7.50			
	USD	8.25 %	05/09/28	601,000	581,467 (2)
	USD	9.38 %	05/08/48	331,000	321,898 (2)
					5,952,767
Argentina - 17.75%					
Argentina Treasury Bill:					
	ARS	0.00 %	12/28/18	61,100,000	1,796,627 (3)
	ARS	0.00 %	02/28/19	62,000,000	1,813,232 (3)
Provincia del Chaco	USD	9.38 %	08/18/24	1,405,000	1,043,212 (4)(5)
Republic of Argentina:					
	USD	6.88 %	04/22/21	600,000	569,250
	USD	5.88 %	01/11/28	1,425,000	1,068,750
	USD	8.28 %	12/31/33	14,020,380	12,004,950(5)
	EUR	7.82 %	12/31/33	792,636	794,305
	EUR	2.26 %	12/31/38	313,339	194,544 (6)
	USD	6.88 %	01/11/48	249,000	179,591
					19,464,461
Cameroon - 1.57%					
Republic of Cameroon	USD	9.50 %	11/19/25	1,689,000	1,716,446 (2)(5)
Ecuador - 5.79%					
Republic of Ecuador:					
	USD	10.75 %	03/28/22	500,000	517,500 (4)(5)
	USD	10.75 %	03/28/22	324,000	335,340 (2)
	USD	7.95 %	06/20/24	1,700,000	1,521,500 (4)(5)
	USD	9.65 %	12/13/26	2,973,000	2,776,782 (4)(5)
	USD	9.65 %	12/13/26	1,277,000	1,192,718 (2)(5)
					6,343,840
Egypt - 3.90%					
Republic of Egypt:					
	EUR	5.63 %	04/16/30	1,586,000	1,593,516 (2)

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	USD	8.50 %	01/31/47	259,000	237,309	(4)
	USD	8.50 %	01/31/47	2,666,000	2,442,722	(2)(5)
					4,273,547	
El Salvador - 1.03%						
Republic of El Salvador	USD	7.65 %	06/15/35	1,220,000	1,134,167	(4)
Gabon - 2.01%						
Republic of Gabon:						
	USD	6.38 %	12/12/24	355,000	312,400	(2)
	USD	6.95 %	06/16/25	2,133,000	1,889,038	(2)(5)
					2,201,438	
Ghana - 3.73%						
Republic of Ghana	USD	10.75 %	10/14/30	3,571,000	4,093,259	(2)(5)
Indonesia - 5.81%						
Republic of Indonesia:						
	IDR	8.25 %	05/15/36	67,830,000,000	4,730,671	

*See Notes to Financial Statements.*

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Stone Harbor Emerging Markets Total Income Fund Statement of Investments

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	Currency	Rate	Maturity Date	Principal Amount/Shares*	Value (Expressed in USD)
Indonesia (continued)					
Republic of Indonesia: (continued)					
	IDR	7.50 %	05/15/38	25,260,000,000	\$ 1,642,496 6,373,167
Iraq - 4.01%					
Republic of Iraq	USD	5.80 %	01/15/28	4,832,000	4,397,120 (4)(5)
Ivory Coast - 4.28%					
Ivory Coast Government:					
	USD	6.13 %	06/15/33	723,000	604,609 (4)
	USD	6.13 %	06/15/33	4,894,000	4,092,607 (2)(5) 4,697,216
Jordan - 3.35%					
Kingdom of Jordan	USD	7.38 %	10/10/47	4,140,000	3,669,075 (2)(5)
Kenya - 2.52%					
Republic of Kenya:					
	USD	6.88 %	06/24/24	1,415,000	1,333,637 (2)(5)
	USD	6.88 %	06/24/24	1,450,000	1,366,625 (4)(5)
	USD	7.25 %	02/28/28	73,000	65,518 (2) 2,765,780
Lebanon - 6.44%					
Lebanese Republic					
Lebanon Republic:	USD	6.85 %	05/25/29	1,430,000	1,048,905
	USD	8.25 %	04/12/21	924,000	866,250 (4)
	USD	6.40 %	05/26/23	1,399,000	1,162,919
	USD	6.20 %	02/26/25	5,130,000	3,988,575 (5) 7,066,649
Mexico - 2.16%					
Mexican Bonos	MXN	7.50 %	06/03/27	53,320,000	2,367,700
Nigeria - 4.04%					
Republic of Nigeria:					
	USD	7.63 %	11/28/47	2,785,000	2,363,768 (2)(5)
	USD	7.63 %	11/28/47	2,433,000	2,065,009 (4)(5) 4,428,777

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Pakistan - 0.98%						
Republic of Pakistan	USD	6.88	%	12/05/27	1,202,000	1,077,293 (4)
Papua New Guinea - 0.54%						
Papua New Guinea Government	USD	8.38	%	10/04/28	594,000	592,230 (2)
Russia - 5.20%						
Russian Federation:						
	RUB	7.05	%	01/19/28	48,200,000	653,577
	RUB	8.50	%	09/17/31	340,700,000	5,052,022
						5,705,599
South Africa - 7.55%						
Republic of South Africa:						
	ZAR	10.50	%	12/21/26	34,000,000	2,669,688
	ZAR	8.00	%	01/31/30	52,670,000	3,438,308
	ZAR	8.50	%	01/31/37	33,800,000	2,173,930
						8,281,926

*See Notes to Financial Statements.*

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Stone Harbor Emerging Markets Total Income Fund Statement of Investments

November 30, 2018

	Currency	Rate	Maturity Date	Principal Amount/Shares*	Value (Expressed in USD)	
Tunisia - 0.84%						
Banque Centrale de Tunisie	USD	5.75 %	01/30/25	1,100,000	\$919,875	(4)
Turkey - 8.26%						
Republic of Turkey:						
	TRY	8.50 %	07/10/19	30,765,000	5,552,333	
	TRY	9.40 %	07/08/20	6,500,000	1,087,073	
	USD	4.88 %	10/09/26	2,851,000	2,418,005	(5)
					9,057,411	
Ukraine - 7.49%						
Ukraine Government:						
	USD	7.75 %	09/01/22	1,851,000	1,716,802	(2)(5)
	USD	7.75 %	09/01/26	2,081,000	1,794,862	(2)(5)
	USD	7.75 %	09/01/26	200,000	172,500	(4)
	USD	7.75 %	09/01/27	848,000	721,860	(2)
	USD	7.38 %	09/25/32	1,106,000	897,243	(2)
	USD	7.38 %	09/25/32	442,000	358,573	(4)
	USD	0.00 %	05/31/40	3,369,000	1,886,472	(1)
Ukreximbank Via Biz Finance PLC	USD	9.75 %	01/22/25	700,000	660,415	(4)
					8,208,727	
Uruguay - 6.20%						
Republic of Uruguay	UYU	4.38 %	12/15/28	40,000,000	2,281,970	
Uruguay Notas del Tesoro	UYU	13.90 %	07/29/20	136,000,000	4,515,990	
					6,797,960	
Venezuela - 1.67%						
Republic of Venezuela:						
	USD	7.75 %	10/13/19	1,600,000	376,920	(7)
	USD	9.00 %	05/07/23	6,300,000	1,449,000	(5)(7)
					1,825,920	
Zambia - 1.90%						
Republic of Zambia	USD	5.38 %	09/20/22	2,870,000	2,084,338	(4)(5)
TOTAL SOVEREIGN DEBT OBLIGATIONS					125,496,688	
(Cost \$137,910,174)						
CORPORATE BONDS - 22.54%						

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Brazil - 4.71%							
Cosan Luxembourg SA	USD	7.00	%	01/20/27	600,000	597,750	(2)
Gol Finance, Inc.	USD	7.00	%	01/31/25	1,500,000	1,331,250	(2)(5)
GTL Trade Finance, Inc.	USD	7.25	%	04/16/44	1,000,000	1,040,000	(2)(5)
JSL Europe SA	USD	7.75	%	07/26/24	632,000	589,397	(2)
Marfrig Holdings Europe BV	USD	8.00	%	06/08/23	225,000	226,969	(2)
Minerva Luxembourg SA	USD	6.50	%	09/20/26	1,500,000	1,380,000	(2)(5)
						5,165,366	
Colombia - 0.14%							
Empresas Publicas de Medellin ESP	COP	8.38	%	02/01/21	500,000,000	153,811	(4)
Ecuador - 1.29%							
Petroamazonas EP	USD	4.63	%	02/16/20	1,449,000	1,413,949	(2)(5)
Ghana - 0.75%							
Tullow Oil PLC	USD	6.25	%	04/15/22	861,000	828,174	(4)
India - 0.17%							
Vedanta Resources PLC	USD	6.38	%	07/30/22	200,000	184,250	(2)

*See Notes to Financial Statements.*

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Stone Harbor Emerging Markets Total Income Fund Statement of Investments

November 30, 2018

	Currency	Rate	Maturity Date	Principal Amount/Shares*	Value (Expressed in USD)	
<b>Indonesia - 2.16%</b>						
Indo Energy Finance II BV	USD	6.38	% 01/24/23	281,000	\$266,950	(4)
PT Bumi Resources TBK (Eterna Capital Pte, Ltd.):	USD	8.00% PIK	12/11/22	938,903	868,211	(8)
	USD	6.50% Cash +1.00% PIK	12/11/22	1,235,407	1,229,230	(8)
					2,364,391	
<b>Jamaica - 1.04%</b>						
Digicel Group, Ltd.	USD	8.25	% 09/30/20	1,689,000	1,135,852	(2)
<b>Kazakhstan - 0.79%</b>						
Nostrum Oil & Gas Finance BV	USD	7.00	% 02/16/25	1,278,000	871,468	(2)
<b>Mexico - 7.15%</b>						
Cometa Energia SA de CV	USD	6.38	% 04/24/35	708,666	659,945	(2)
Mexichem SAB de CV	USD	5.88	% 09/17/44	725,000	629,844	(2)
Petroleos Mexicanos:	MXN	7.47	% 11/12/26	102,300,000	3,936,261	
	USD	6.75	% 09/21/47	1,944,000	1,613,520	(5)
Sixsigma Networks Mexico SA de CV	USD	7.50	% 05/02/25	1,068,000	1,001,250	(2)
					7,840,820	
<b>Spain - 1.11%</b>						
AI Candelaria Spain SLU	USD	7.50	% 12/15/28	1,250,000	1,222,125	(2)
<b>Ukraine - 2.19%</b>						
Metinvest BV	USD	7.75	% 04/23/23	1,303,000	1,184,101	(2)(5)
State Savings Bank of Ukraine Via SSB #1 PLC	USD	9.63	% 03/20/25	1,281,000	1,216,310	(4)(6)
					2,400,411	
<b>Venezuela - 1.04%</b>						
Petroleos de Venezuela SA:	USD	6.00	% 05/16/24	1,900,000	309,700	(4)(7)
	USD	6.00	% 11/15/26	2,550,000	420,750	(4)(7)
	USD	9.75	% 05/17/35	2,000,000	405,000	(4)(7)



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						1,135,450
TOTAL CORPORATE BONDS						24,716,067
(Cost \$28,574,407)						
CREDIT LINKED NOTES - 3.17%						
Egypt - 3.17%						
Republic of Egypt (Counterparty:	EGP	0.00	%	04/16/19	67,600,000	3,482,060 (3)
Goldman Sachs)						
TOTAL CREDIT LINKED NOTES						3,482,060
(Cost \$3,526,943)						
EXCHANGE TRADED FUNDS -						
1.15%						
iShares® FTSE China 25 Index Fund	USD			N/A	30,000	1,260,600
TOTAL EXCHANGE TRADED						1,260,600
FUNDS						
(Cost \$1,252,788)						

See Notes to Financial Statements.

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Stone Harbor Emerging Markets Total Income Fund Statement of Investments

November 30, 2018

	Currency	Rate	Maturity Date	Principal Amount/Shares*	Value (Expressed in USD)
<b>SHORT TERM INVESTMENTS - 2.39%</b>					
Money Market Mutual Funds - 2.39%					
<i>State Street Institutional Liquid Reserves Fund - Institutional Class (7-Day Yield)</i>					
	USD	2.34 %	N/A	2,621,077	\$2,621,077
<b>TOTAL SHORT TERM INVESTMENTS</b>					2,621,077
(Cost \$2,620,923)					
Total Investments - 143.70%					157,576,492
(Cost \$173,885,235)					
Liabilities in Excess of Other Assets - (43.70)%					(47,919,736 ) <sup>(9)</sup>
Net Assets - 100.00%					\$109,656,756

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

**Currency Abbreviations:**

ARS - Argentine Peso  
 COP - Columbian Peso  
 EGP - Egyptian Pound  
 EUR - Euro Currency  
 IDR - Indonesian Rupiah  
 MXN - Mexican Peso  
 RUB - Russian Ruble  
 TRY - New Turkish Lira  
 USD - United States Dollar  
 UYU - Uruguayan Peso  
 ZAR - South African Rand

**Investment Abbreviations:**

LIBOR - London Interbank Offered Rate

**Libor Rates:**

6M US L - 6 Month LIBOR as of November 30, 2018 was 2.89%

*Floating or variable rate security. The reference rate is described above. The rate in effect as of November 30, 2018 is based on the reference rate plus the displayed spread as of the security's last reset date. Certain variable rate*  
(1)*securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description.*

(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 market value of Rule 144A securities amounts to \$45,194,556, which represents approximately 41.21% of net assets as of November 30, 2018.*

(3)*Issued with a zero coupon. Income is recognized through the accretion of discount.*

*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*  
(4)*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 November 30, 2018, the aggregate market value of those securities was \$25,403,772, which represents approximately 23.17% of net assets.*

(5)*On November 30, 2018, securities valued at \$66,466,522 were pledged as collateral for reverse repurchase agreements.*

(6)*Step bond. Coupon changes periodically based upon a predetermined schedule. Interest rate disclosed is that which is in effect as of November 30, 2018.*

(7)*Security is in default and therefore is non-income producing.*

(8)*Payment-in-kind securities.*

(9)*Includes cash which is being held as collateral for derivatives.*

*See Notes to Financial Statements.*

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## Stone Harbor Emerging Markets Total Income Fund Statement of Investments

November 30, 2018

**OUTSTANDING FORWARD FOREIGN CURRENCY CONTRACTS**

Counterparty	Settlement Date	Fund Receiving	U.S. \$ Value at November 30, 2018	Fund Delivering	U.S. \$ Value at November 30, 2018	Unrealized Appreciation/ (Depreciation)
J.P. Morgan Chase & Co.	12/12/18	ARS	238,439	USD	222,757	\$ 15,682 \$ 15,682
J.P. Morgan Chase & Co.	12/12/18	USD	228,888	ARS	238,439	(9,551 ) \$ (9,551 )

**REVERSE REPURCHASE AGREEMENTS**

Counterparty	Interest Rate	Acquisition Date	Maturity Date	Amount
Credit Suisse First Boston	3.000%	09/27/2018	09/28/2019	\$ 8,177,200
Credit Suisse First Boston	3.250%	09/27/2018	09/28/2019	6,378,146
Credit Suisse First Boston	3.000%	10/16/2018	10/17/2019	8,109,388
Credit Suisse First Boston	3.000%	10/17/2018	10/18/2019	10,056,837
Credit Suisse First Boston	3.000%	10/18/2018	10/19/2019	6,085,716
Credit Suisse First Boston	3.000%	10/19/2018	10/22/2019	2,315,195
Credit Suisse First Boston	3.000%	11/08/2018	11/09/2019	1,015,312
J.P. Morgan Chase & Co.	2.850%	06/15/2018	06/18/2019	1,560,104
J.P. Morgan Chase & Co.	2.900%	06/15/2018	06/18/2019	986,953
J.P. Morgan Chase & Co.	3.100%	06/15/2018	06/18/2019	743,412
J.P. Morgan Chase & Co.	2.200%	08/22/2018	08/24/2019	435,500
J.P. Morgan Chase & Co.	3.100%	09/27/2018	09/28/2019	3,230,173
J.P. Morgan Chase & Co.	2.750%	10/03/2018	10/04/2019	3,674,871
J.P. Morgan Chase & Co.	2.750%	10/11/2018	10/12/2019	1,476,901
J.P. Morgan Chase & Co.	1.750%	10/24/2018	10/25/2019	97,000
				\$ 54,342,708

**All agreements can be terminated by either party on demand at value plus accrued interest.**

**INTEREST RATE SWAP CONTRACTS (CENTRALLY CLEARED)**

Pay/Receive Floating Rate	Clearing House	Floating Rate	Expiration Date	Notional Amount	Currency	Fixed Rate	Value	Unrealized Appreciation/ (Depreciation)
Receive*	Chicago Mercantile Exchange	3 Month LIBOR	02/21/2027	8,500,000	USD	2.427%	\$ 379,620	\$ 379,620
Receive*	Chicago Mercantile Exchange	3 Month LIBOR	02/01/2027	12,600,000	USD	2.427%	557,315	557,315
Receive*	Chicago Mercantile Exchange	3 Month LIBOR	03/28/2028	22,000,000	USD	2.892%	304,398	304,398
Receive*	Chicago Mercantile Exchange	3 Month LIBOR	12/23/2024	150,000	USD	2.309%	5,747	5,747
							\$1,247,080	\$ 1,247,080

\*Interest rate swaps pay quarterly.

See Notes to Financial Statements.

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## Stone Harbor Emerging Markets Total Income Fund Statement of Investments

November 30, 2018

**CREDIT DEFAULT SWAP CONTRACTS ON SOVEREIGN DEBT OBLIGATIONS ISSUE - SELL PROTECTION (OVER THE COUNTER)<sup>(1)</sup>**

Reference Obligations	Counterparty	Fixed Deal Receive Rate	Currency	Maturity Date	Implied Credit Spread at November 30, 2018 <sup>(2)</sup>	Notional Amount <sup>***(3)</sup>	Value	Upfront Premiums Received/	Unrealized Appreciation (Paid)
Republic Of Ecuador CDS SR 1Y <sup>(4)</sup>	Credit Suisse First Boston	5.000%	USD	12/20/2019	5.456%	1,200,000	\$(5,547)	\$22,546	\$16,999
							\$(5,547)	\$22,546	\$16,999

*Credit default swaps pay quarterly.*

\*\*\*The notional amount of each security is stated in the currency in which the security is denominated.

*If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the (1) swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.*

*Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on sovereign issues of an emerging country as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The (2) implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.*

*The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a (3) buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.*

*Based on Republic of Ecuador REGS Sovereign Debt Obligation, USD denominated 7.875% fixed coupon, (4) 01/23/2028 maturity.*

*See Notes to Financial Statements.*

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Stone Harbor Emerging Markets Total Income Fund	Statement of Assets & Liabilities
November 30, 2018	
<b>ASSETS:</b>	
Investments, at value <sup>(1)</sup>	\$ 157,576,492
Unrealized appreciation on credit default swap contracts	16,999
Unrealized appreciation on forward foreign currency contracts	15,682
Receivable for investments sold	1,634,173
Deposits with brokers for interest rate swap contracts	1,089,986
Deposits with brokers for reverse repurchase agreements	2,264,000
Receivable on credit default swap contracts	12,000
Interest receivable	3,579,425
Prepaid and other assets	2,134
Total Assets	166,190,891
<b>LIABILITIES:</b>	
Bank overdraft	893,586
Payable for reverse repurchase agreements	54,342,708
Interest payable on reverse repurchase agreements	263,481
Swap premium received	22,546
Payable for investments purchased	652,272
Unrealized depreciation on forward foreign currency contracts	9,551
Variation margin payable on interest rate swap contracts	59,369
Payable to adviser	136,612
Payable to administrator	21,396
Other payables	132,614
Total Liabilities	56,534,135
Net Assets	\$ 109,656,756
<b>NET ASSETS CONSIST OF:</b>	
Paid-in capital	\$ 182,537,861
Total distributable earnings	(72,881,105 )
Net Assets	\$ 109,656,756
<b>PRICING OF SHARES:</b>	
Net Assets	\$ 109,656,756
Shares of beneficial interest outstanding (unlimited number of shares, par value of \$0.001 per share authorized)	9,700,393
Net assets value, offering and redemption price per share	\$ 11.30
<sup>(1)</sup> Cost of Investments	\$ 173,885,235

See Notes to Financial Statements.



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Stone Harbor Emerging Markets Total Income Fund Statement of Operations

For the Year Ended November 30, 2018

INVESTMENT INCOME:

Interest (net of foreign withholding tax of \$43,681)	\$ 15,053,481
Total Investment Income	15,053,481

EXPENSES:

Investment advisory fees	1,880,783
Interest on reverse repurchase agreements	1,496,820
Administration fees	288,597
Custodian fees	80,804
Professional fees	153,772
Printing fees	56,781
Trustee fees	20,879
Transfer agent fees	19,978
Insurance fees	18,595
Other	70,341
Total Expenses	4,087,350
Net Investment Income	10,966,131

REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS:

Net realized gain/(loss) on:	
Investments	(18,734,373)
Credit default swap contracts	5,000
Interest rate swap contracts	(169,904 )
Forward foreign currency contracts	(1,552,473 )
Foreign currency transactions	(279,325 )
Net realized loss	(20,731,075)
Net change in unrealized appreciation/(depreciation) on:	
Investments	(11,931,364)
Credit default swap contracts	16,999
Interest rate swap contracts	1,286,384
Forward foreign currency contracts	6,131
Translation of assets and liabilities denominated in foreign currencies	61,567
Net change in unrealized depreciation	(10,560,283)
Net Realized and Unrealized Loss on Investments	(31,291,358)
Net Decrease in Net Assets Resulting from Operations	\$(20,325,227)

*See Notes to Financial Statements.*

Stone Harbor Emerging Markets Total Income Fund Statements of Changes in Net Assets

	For the Year Ended November 30, 2018	For the Year Ended November 30, 2017
<b>OPERATIONS:</b>		
Net investment income	\$ 10,966,131	\$ 13,466,098
Net realized gain/(loss)	(20,731,075 )	245,776
Net change in unrealized appreciation/(depreciation)	(10,560,283 )	16,084,132
Net increase/(decrease) in net assets resulting from operations	(20,325,227 )	29,796,006
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
From distributable earnings	(1,628,150 )	(2,104,807 ) <sup>(1)</sup>
From tax return of capital	(15,890,894 )	(15,346,276 )
Net decrease in net assets from distributions to shareholders	(17,519,044 )	(17,451,083 )
Net asset value of common shares issued to stockholders from reinvestment of dividends	783,339	412,307
Net increase in net assets from capital share transactions	783,339	412,307
Net Increase/(Decrease) in Net Assets	(37,060,932 )	12,757,230
<b>NET ASSETS:</b>		
Beginning of period	146,717,688	133,960,458
End of period	\$ 109,656,756	\$ 146,717,688 <sup>(2)</sup>
<b>OTHER INFORMATION:</b>		
<b>Share Transactions:</b>		
Beginning shares	9,640,008	9,613,154
Shares issued as reinvestment of dividends	60,385	26,854
Shares outstanding - end of year	9,700,393	9,640,008

<sup>(1)</sup> For the year ended November 30, 2017, total distributions from distributable earnings consisted of Net Investment Income of \$2,104,807, and Net Realized Gains of \$-

<sup>(2)</sup> For the year ended November 30, 2017, Net Assets included distributions in excess of net investment income of \$3,862.

See Notes to Financial Statements.

Stone Harbor Emerging Markets Total Income Fund Statement of Cash Flows

For the Year Ended November 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Net decrease in net assets from operations	\$(20,325,227 )
Purchase of investment securities	(213,085,162)
Proceeds from disposition of investment securities	211,937,813
Net sale of short-term investment securities	1,501,151
Net amortization of discounts, accretion of premiums and inflation income	(1,762,525 )
Net realized (gain)/loss on:	
Investments	18,734,373
Net change in unrealized (appreciation)/depreciation on:	
Investments	11,931,364
Credit default swap contracts	(16,999 )
Forward foreign currency contracts	(6,131 )
Increase in deposits with brokers for interest rate swap contracts, reverse repurchase agreements, and forward foreign currency contracts	(2,196,128 )
Decrease in interest receivable	835,807
Increase in receivable on credit default swap contracts	(12,000 )
Decrease in prepaid and other assets	16
Decrease in payable due to brokers for reverse repurchase agreements	(223,000 )
Increase in variation margin payable on interest rate swap contracts	126,130
Decrease in payable to adviser	(23,102 )
Decrease in payable to administrator	(33,652 )
Decrease in other payables	(37,872 )
Decrease in interest payable on reverse repurchase agreements	(64,308 )
Increase in premiums received for credit default swap contracts	22,546
Net cash provided by operating activities	7,303,094

CASH FLOWS FROM FINANCING ACTIVITIES:

Cash payments for reverse repurchase agreements	(312,937,937)
Cash payments from reverse repurchase agreements	321,573,683
Cash distributions paid	(16,807,370 )
Borrowings from bank overdraft	868,530
Net cash used in financing activities	(7,303,094 )

Net increase in cash	-
Cash, beginning balance	-
Cash, ending balance	\$-

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for interest expense on reverse repurchase agreements:	\$1,561,128
Non-cash financing activities not included herein consist of reinvestment of dividends and distributions of:	\$783,339

See Notes to Financial Statements.



Stone Harbor Emerging Markets Total Income Fund Financial Highlights

For a share outstanding throughout the periods presented.

For the Year Ended November 30, 2018	For the Year Ended November 30, 2017	&n
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