

Edgar Filing: Stone Harbor Emerging Markets Income Fund - Form N-Q

Stone Harbor Emerging Markets Income Fund
Form N-Q
April 28, 2016

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)

c/o Stone Harbor Investment Partners LP
31 West 52nd Street, 16th Floor
New York, NY 10019
(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:

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: February 29, 2016

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Item 1. Schedule of Investments.

Stone Harbor Emerging Markets Income Fund Statement of Investments

February 29, 2016 (Unaudited)

	Currency	Rate	Maturity Date	Principal Amount*	Market Value Expressed (in U.S. \$)
SOVEREIGN DEBT OBLIGATIONS - 79.65%					
Angola - 2.56%					
Republic of Angola:					
	USD	9.500	% 11/12/2025	1,180,000	\$ 1,016,275 (1)
	USD	9.500	% 11/12/2025	4,918,000	4,235,627 (2)(3)
					5,251,902
Argentina - 4.78%					
Republic of Argentina:					
	USD	0.000	% 12/19/2008	23,000	37,950 (4)
	USD	0.000	% 04/07/2009	3,000	4,950 (4)
	EUR	0.000	% 05/26/2009	4,000	5,222 (4)
	EUR	5.870	% 03/31/2023	60,000	43,385 (4)
	USD	6.000	% 03/31/2023	2,517,000	3,272,100 (4)
	EUR	7.820	% 12/31/2033	869,810	1,037,298 (4)
	EUR	7.820	% 12/31/2033	3,510,146	4,186,046 (4)
	EUR	0.000	% 12/15/2035	5,542,370	648,146
	USD	0.000	% 12/15/2035	2,037,189	237,842
	EUR	2.260	% 12/31/2038	509,052	331,571 (4)
					9,804,510
Brazil - 13.87%					
Brazil Letras do Tesouro Nacional					
	BRL	0.000	% 01/01/2018	65,755,000	12,772,572 (5)
Nota Do Tesouro Nacional					
	BRL	10.000	% 01/01/2021	44,260,000	9,143,104
Republic of Brazil:					
	USD	8.250	% 01/20/2034	3,522,000	3,645,270 (3)
	USD	7.125	% 01/20/2037	3,095,000	2,886,087 (3)
					28,447,033
Colombia - 4.17%					
Bogota Distrito Capital					
	COP	9.750	% 07/26/2028	8,000,000,000	2,391,322 (1)
Republic of Colombia:					
	COP	10.000	% 07/24/2024	11,600,000,000	3,793,061
	COP	7.750	% 09/18/2030	8,800,000,000	2,355,897
					8,540,280
Costa Rica - 0.39%					
Republic of Costa Rica:					
	USD	4.375	% 04/30/2025	500,000	428,125 (2)
	USD	7.000	% 04/04/2044	431,000	364,195 (2)

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792,320

El Salvador - 4.37%

Republic of El Salvador:

USD	7.750	% 01/24/2023	829,000	801,021	(1)(3)
USD	8.250	% 04/10/2032	3,242,000	2,994,797	(1)(3)
USD	7.650	% 06/15/2035	3,735,000	3,146,738	(1)(3)
USD	7.625	% 02/01/2041	2,450,000	2,009,000	(1)(3)
				8,951,556	

Ethiopia - 0.51%

Federal Democratic Republic of Ethiopia	USD	6.625	% 12/11/2024	1,178,000	1,038,112	(2)
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	Currency	Rate	Maturity Date	Principal Amount*	Market Value Expressed (in U.S. \$)
Gabon - 1.09%					
Republic of Gabon	USD	6.950	%06/16/2025	2,775,000	\$2,233,875 (2)(3)
Ghana - 2.72%					
Republic of Ghana:					
	USD	7.875	%08/07/2023	1,569,000	1,168,905 (1)(3)
	USD	8.125	%01/18/2026	5,925,000	4,414,125 (2)(3)
					5,583,030
Indonesia - 4.42%					
Republic of Indonesia:					
	IDR	7.000	%05/15/2022	86,600,000,000	6,078,741
	IDR	5.625	%05/15/2023	46,600,000,000	2,988,784
					9,067,525
Iraq - 1.14%					
Republic of Iraq	USD	5.800	%01/15/2028	3,649,000	2,330,799 (1)(3)
Ivory Coast - 6.51%					
Ivory Coast Government:					
	USD	5.375	%07/23/2024	467,000	414,462 (2)
	USD	5.750	%12/31/2032	14,604,000	12,924,540(1)(3)(6)
					13,339,002
Jamaica - 0.21%					
Jamaican Government	USD	7.625	%07/09/2025	400,000	438,000
Kenya - 1.51%					
Republic of Kenya:					
	USD	5.875	%06/24/2019	1,471,000	1,430,548 (2)(3)
	USD	6.875	%06/24/2024	1,806,000	1,663,777 (2)(3)
					3,094,325
Mexico - 7.53%					
Mexican Bonos:					
	MXN	6.250	%06/16/2016	11,637,000	645,906
	MXN	8.000	%06/11/2020	46,740,000	2,836,399
	MXN	10.000	%12/05/2024	169,790,000	11,950,848
					15,433,153
Nigeria - 1.07%					
Republic of Nigeria:					
	USD	6.750	%01/28/2021	1,599,000	1,511,055 (1)(3)
	USD	6.375	%07/12/2023	753,000	673,935 (2)
					2,184,990
Panama - 0.28%					

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Republic of Panama	USD	8.125	%04/28/2034	424,000	575,580
Russia - 4.75%					
Russian Federation	RUB	7.050	%01/19/2028	872,504,000	9,749,256
South Africa - 8.58%					
Republic of South Africa	ZAR	10.500	%12/21/2026	260,000,000	17,585,965
Sri Lanka - 0.39%					
Republic of Sri Lanka	USD	6.125	%06/03/2025	890,000	790,988 (2)
Turkey - 6.73%					
Republic of Turkey:	TRY	8.300	%06/20/2018	9,010,000	2,900,374

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	Currency	Rate	Maturity Date	Principal Amount*	Market Value Expressed (in U.S. \$)	
Turkey (continued)						
Republic of Turkey: (continued)						
	TRY	10.500	%01/15/2020	15,700,000	\$5,316,021	
	TRY	7.100	%03/08/2023	19,770,000	5,583,993	
					13,800,388	
Ukraine - 1.01%						
Ukraine Government:						
	USD	7.750	%09/01/2020	1,127,000	1,031,205	(2)
	USD	7.750	%09/01/2025	1,216,000	1,050,624	(2)
					2,081,829	
Venezuela - 0.15%						
Republic of Venezuela						
	USD	13.625	%08/15/2018	518,000	299,793	(1)
Zambia - 0.91%						
Republic of Zambia:						
	USD	5.375	%09/20/2022	204,000	144,330	(1)
	USD	8.500	%04/14/2024	935,000	698,913	(2)
	USD	8.970	%07/30/2027	1,396,000	1,033,040	(2)
					1,876,283	
TOTAL SOVEREIGN DEBT OBLIGATIONS					163,290,494	
(Cost \$190,138,690)						
BANK LOANS - 0.25%						
Indonesia - 0.25%						
PT Bakrie & Brothers TBK						
	USD	0.000	%11/25/2014	2,515,676	503,135	(4)
TOTAL BANK LOANS					503,135	
(Cost \$1,006,270)						
CORPORATE BONDS - 41.55%						
Angola - 1.53%						
Puma International Financing SA						
	USD	6.750	%02/01/2021	3,393,000	3,138,525	(2)(3)
Argentina - 3.62%						
YPF SA:						
	USD	8.750	%04/04/2024	1,803,000	1,780,643	(2)
	USD	8.500	%07/28/2025	5,807,000	5,640,049	(2)(3)
					7,420,692	
Brazil - 2.52%						
CIMPOR Financial Operations BV						
	USD	5.750	%07/17/2024	1,232,000	777,700	(2)
ESAL GmbH						
	USD	6.250	%02/05/2023	3,001,000	2,621,373	(2)(3)
GTL Trade Finance Inc.						
	USD	7.250	%04/16/2044	1,000,000	626,250	(2)
Minerva Luxembourg SA						
	USD	7.750	%01/31/2023	505,000	480,003	(2)
Votorantim Cimentos SA						
	USD	7.250	%04/05/2041	1,000,000	668,750	(2)

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5,174,076

Chile - 1.65%

GeoPark Latin America Ltd. Agencia en Chile	USD	7.500	%02/11/2020	1,660,000	937,900	(2)
VTR Finance BV	USD	6.875	%01/15/2024	2,600,000	2,437,825	(2)(3)
					3,375,725	

Colombia - 2.43%

Ecopetrol SA	USD	4.125	%01/16/2025	3,774,000	2,913,528	(3)
Emgesa SA ESP	COP	8.750	%01/25/2021	911,000,000	263,975	(2)
Empresas Publicas de Medellin ESP:	COP	8.375	%02/01/2021	500,000,000	140,859	(1)

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	Currency	Rate	Maturity Date	Principal Amount*	Market Value Expressed (in U.S. \$)	
Colombia (continued)						
Empresas Publicas de Medellin ESP: (continued)						
	COP	8.375 %	02/01/2021	1,030,000,000	\$290,169	(2)
Millicom International Cellular SA	USD	6.625 %	10/15/2021	1,458,000	1,381,455	(2)
					4,989,986	
Ecuador - 4.83%						
EP PetroEcuador via Noble Sovereign Funding I Ltd. (L+5.630)						
	USD	6.224 %	09/24/2019	12,107,368	9,897,774	(1)(3)(7)
Guatemala - 0.88%						
Comcel Trust via Comunicaciones Celulares SA						
	USD	6.875 %	02/06/2024	2,000,000	1,800,000	(2)
India - 0.61%						
Greenko Dutch BV						
	USD	8.000 %	08/01/2019	450,000	475,522	(1)
Vedanta Resources PLC:						
	USD	6.000 %	01/31/2019	235,000	138,209	(2)
	USD	8.250 %	06/07/2021	675,000	365,838	(2)
	USD	7.125 %	05/31/2023	500,000	268,750	(2)
					1,248,319	
Israel - 0.52%						
B Communications Ltd.						
	USD	7.375 %	02/15/2021	989,000	1,074,301	(2)
Jamaica - 0.12%						
Digicel Group Ltd.						
	USD	8.250 %	09/30/2020	312,000	243,360	(2)
Kazakhstan - 2.20%						
Zhaikmunai LLP						
	USD	7.125 %	11/13/2019	5,700,000	4,503,000	(2)(3)
Macau - 0.62%						
MCE Finance Ltd.						
	USD	5.000 %	02/15/2021	935,000	871,887	(2)
Studio City Finance Ltd.						
	USD	8.500 %	12/01/2020	413,000	406,805	(2)
					1,278,692	
Mexico - 8.43%						
America Movil SAB de CV						
	MXN	6.000 %	06/09/2019	85,000,000	4,603,901	
Cemex Finance LLC						
	USD	9.375 %	10/12/2022	2,000,000	2,100,000	(2)(3)
Metalsa SA de CV						
	USD	4.900 %	04/24/2023	2,268,000	2,015,685	(2)
Mexichem SAB de CV:						
	USD	6.750 %	09/19/2042	2,250,000	2,072,812	(2)
	USD	5.875 %	09/17/2044	1,000,000	830,000	(2)
Petroleos Mexicanos:						
	USD	6.375 %	02/04/2021	273,000	283,852	(2)
	USD	6.875 %	08/04/2026	802,000	830,471	(2)
	USD	5.625 %	01/23/2046	393,000	306,540	(2)

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Sixsigma Networks Mexico SA de CV	USD	8.250 % 11/07/2021	2,305,000	2,028,400 (2)(3)
Southern Copper Corp.	USD	6.750 % 04/16/2040	2,500,000	2,212,500 (3)
				17,284,161
Peru - 0.90%				
Cia Minera Ares SAC	USD	7.750 % 01/23/2021	2,000,000	1,835,000 (2)
Russia - 6.76%				
Gazprom OAO Via Gaz Capital SA	USD	9.250 % 04/23/2019	8,075,000	9,094,469 (1)(3)
Rosneft Oil Co. via Rosneft International Finance Ltd.	USD	4.199 % 03/06/2022	1,421,000	1,271,795 (2)
Severstal OAO Via Steel Capital SA	USD	5.900 % 10/17/2022	1,955,000	1,937,894 (2)
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC	USD	7.748 % 02/02/2021	630,000	659,137 (1)

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	Counterparty	Currency	Rate	Maturity Date	Principal Amount/Shares*	Market Value Expressed (in U.S. \$)	
Russia (continued)							
VimpelCom Holdings BV		USD	5.200%	02/13/2019	900,000	\$898,875	(2)
						13,862,170	
South Africa - 0.16%							
Eskom Holdings SOC Ltd.		USD	5.750%	01/26/2021	375,000	327,938	(1)
Venezuela - 3.77%							
Petroleos de Venezuela SA:							
		USD	5.250%	04/12/2017	650,000	303,160	
		USD	8.500%	11/02/2017	2,400,000	1,181,760	(1)
		USD	6.000%	05/16/2024	20,053,000	6,254,531	(1)(3)
						7,739,451	
TOTAL CORPORATE BONDS						85,193,170	
(Cost \$93,595,510)							
CONVERTIBLE CORPORATE BONDS - 0.14%							
India - 0.14%							
Vedanta Resources Jersey Ltd.		USD	5.500%	07/13/2016	300,000	289,500	
TOTAL CONVERTIBLE CORPORATE BONDS						289,500	
(Cost \$273,348)							
CREDIT LINKED NOTES - 5.00%							
Iraq - 2.77%							
Republic of Iraq	Bank of America Merrill Lynch	JPY	2.816%	01/01/2028	1,184,012,324	5,675,657	(7)
Venezuela - 2.23%							
Petroleos De Venezuela (L+5.000)	Credit Suisse First Boston	USD	5.586%	12/20/2016	8,700,000	4,570,362	(7)
TOTAL CREDIT LINKED NOTES						10,246,019	
(Cost \$18,594,721)							
EXCHANGE TRADED FUNDS - 5.12%							
iShares® MSCI Chile Capped ETF							
		USD	N/ A	N/ A	162,851	5,405,025	
iShares® MSCI Turkey ETF							
		USD	N/ A	N/ A	135,893	5,093,269	
TOTAL EXCHANGE TRADED FUNDS						10,498,294	
(Cost \$12,880,208)							

SHORT TERM

INVESTMENTS - 1.16%

Money Market Mutual Funds -
1.16%

Dreyfus Treasury Prime Cash
Advantage Fund - Institutional
Advantage Shares (7-Day
Yield)

USD 0.143% N/ A 2,387,777 2,387,777

TOTAL SHORT TERM

INVESTMENTS

2,387,777

(Cost \$2,387,777)

Total Investments - 132.87%

272,408,389

(Cost \$318,876,524)

Liabilities in Excess of Other

Assets - (32.87)%

(67,390,313)⁽⁸⁾

Net Assets - 100.00%

\$205,018,076

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

Currency Abbreviations:

BRL -Brazilian Real
COP -Colombian Peso
EUR -Euro
IDR -Indonesian Rupiah
JPY -Japanese Yen
MXN-Mexican Peso
RUB -Russian Ruble
TRY -New Turkish Lira
USD -United States Dollar
ZAR -South African Rand

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 February 29, 2016, the aggregate market value of those securities was \$58,770,565, which represents approximately 28.67% of net assets.

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 \$68,629,642, which represents approximately 33.47% of net assets as of February 29, 2016.

On February 29, 2016, securities valued at \$111,632,229 were pledged as collateral for reverse repurchase agreements.

Security is in default and therefore is non-income producing.

Issued with a zero coupon. Income is recognized through the accretion of discount.

Step bond. Coupon changes periodically based upon a predetermined schedule. Interest rate disclosed is that which is in effect as of February 29, 2016.

Floating or variable rate security. Interest rate disclosed is that which is in effect as of February 29, 2016.

Includes cash which is being held as collateral for derivatives.

Common Abbreviations:

BV -Besloten Vennootschap is the Dutch term for private limited liability company.
ESP -Empresa de Servicios Publicos is the Colombian term for Public Service Company.
ETF -Exchange Traded Fund.
GmbH -Gesellschaft mit beschränkter Haftung is the German term for a company with limited liability.
L -LIBOR (London Interbank Offered Rate).
LLC -Limited Liability Company.
LLP -Limited Liability Partnership.
Ltd. -Limited.
MSCI -Morgan Stanley Capital International.
OAO -Otkrytoe Aktsionerhoe Obschestvo is the Russian term for Open Joint Stock Company.
OJSC -Open Joint Stock Company.
PLC -Public Limited Company.
PT -Perseroan terbuka is an Indonesian term for limited liability company.
SA -Generally designates corporations in various countries, mostly those employing the civil law.
SA de CV -A variable capital company.

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SAB de CV - A variable capital company.

SAC - Sociedad Anonima Abierta is the Peruvian term used for a publicly traded corporation.

SOC - (South Africa) State owned company.

TBK - Terbuka is the Indonesian term for limited liability company.

OUTSTANDING FORWARD FOREIGN CURRENCY CONTRACTS

Counterparty	Foreign Currency	Contracted Amount**	Purchase/Sale Contract	Settlement Date	Current Value	Unrealized Appreciation/ (Depreciation)
Goldman Sachs & Co.	BRL	39,546,770	Sale	04/04/2016	\$9,754,880	\$ 196,497
J.P. Morgan Chase & Co.	EUR	5,497,395	Sale	03/04/2016	5,980,953	29,788
						\$ 226,285

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OUTSTANDING FORWARD FOREIGN CURRENCY CONTRACTS (continued)

Counterparty	Foreign Currency	Contracted Amount**	Purchase/Sale Contract	Settlement Date	Current Value	Appreciation/ (Depreciation)
Goldman Sachs & Co.	BRL	39,546,770	Purchase	03/02/2016	\$9,842,944	\$ (196,856)
Goldman Sachs & Co.	BRL	39,546,770	Sale	03/02/2016	9,842,944	(276,720)
J.P. Morgan Chase & Co.	EUR	32,300	Purchase	03/04/2016	35,141	(170)
J.P. Morgan Chase & Co.	JPY	650,466,200	Sale	03/04/2016	5,769,270	(387,534)
						\$ (861,280)

** The contracted amount is stated in the currency in which the contract is denominated.

CREDIT DEFAULT SWAP CONTRACTS ON SOVEREIGN DEBT OBLIGATIONS ISSUE - SELL PROTECTION⁽⁹⁾

Reference Obligations	Counterparty	Fixed Deal Pay Rate	Maturity Date	Implied Credit Spread at February 29, 2016 ⁽¹⁰⁾	Notional Amount ⁽¹¹⁾	Market Value	Upfront Premiums Received	Unrealized Appreciation
Petroleos de Venezuela	Credit Suisse First Boston	5.000%	06/20/2016	38.047 %	\$2,450,000	\$232,750	\$659,050	\$426,300
Petroleos de Venezuela	Credit Suisse First Boston	5.000%	06/20/2016	38.047 %	15,000,000	1,425,000	4,500,000	3,075,000
Petroleos de Venezuela	Credit Suisse First Boston	5.000%	06/20/2016	48.219 %	3,847,000	469,633	1,163,717	694,084
						\$2,127,383	\$6,322,767	\$4,195,384

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 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 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 buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

REVERSE REPURCHASE AGREEMENTS

Counterparty	Interest Rate	Acquisition Date	Value
Credit Suisse First Boston	1.250%		