

Q3 2019

# Floating-Rate Loan Market Monitor

FLOATING-RATE LOAN GROUP

**E|V|M**

An Eaton Vance Company



## Table of Contents

<b>Asset Class Review</b>	3
<b>Market Update</b>	8
<b>Portfolio Applications</b>	20
<b>About Eaton Vance</b>	26
<b>Additional Information</b>	30

A leader in floating-rate loan investment management, Eaton Vance presents Floating-Rate Loan Market Monitor, an in-depth review of the loan market through clear and impactful charts. Providing timely information across a broad array of topics relating to this distinctive asset class, Floating-Rate Loan Market Monitor serves as a helpful resource in providing connectivity between changing market events and implications for investors' loan allocation.

Use Floating-Rate Loan Market Monitor to educate on the loan market, provide updates on loan market conditions and explain the role of loans within portfolios.



# Asset Class Review



## Asset class review

# Floating-Rate Loan primer

- Corporate debt issued by below-investment-grade borrowers
- Most issuers are significant in size and scale – and many are familiar household names
- Companies undertake loans for recapitalizations, acquisitions and refinancings
- Coupon income from floating-rate loans resets regularly (about every 40-60 days on average) to maintain a fixed spread over a variable base rate, usually LIBOR
- Loans are often referred to as “senior and secured”: They typically have the highest priority of claims in an issuer’s capital structure and are secured by specific collateral
- Other common monikers: bank loans, leveraged loans, senior loans (all are synonymous)

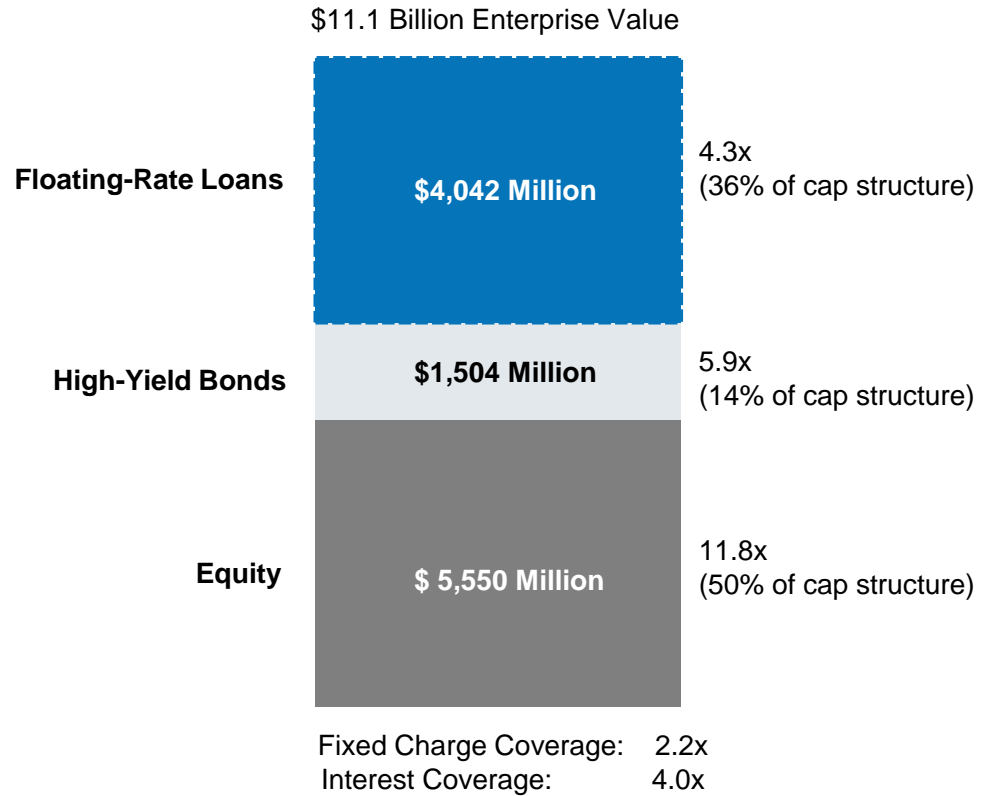


Asset class review

# Fundamental lending proposition

- Floating-rate loans represent a senior layer of issuer capital structure
- Substantial junior capital cushion provides low loan-to-value
- Secured by collateral including issuer accounts receivable, inventory, property, plant, equipment and/or stock

**Weighted Average Company Capital Structure: Sample**  
 \$4.3B Revenue & \$940M EBITDA



Source: Eaton Vance, 12/31/18. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of material for important additional information and disclosures. This information is for illustrative purposes only, is subject to change at any time and should not be considered investment advice or a recommendation to buy or sell any particular security or adopt any particular strategy. The sample is an average of all loans currently tracked across the Eaton Vance loan platform as of 12/31/2018. Does not represent any particular issuer or product. EBITDA is defined as earnings before interest taxes depreciation and amortization.



Asset class review

## Taxonomy of floating-rate loans

	US Investment Grade	US Floating-Rate Loans	US High Yield
<b>Size of Market</b>	\$5.82 T	\$1.18 T	\$1.20 T
<b># of Issues</b>	6,015	1,460	1,784
<b>Credit Quality</b>	A3/Baa1	B+	B1
<b>Base Rate</b>	US Treasuries	LIBOR	US Treasuries
<b>Coupon Structure</b>	Fixed	Floating	Fixed
<b>Duration</b>	7.8 yrs.	--	3.4 yrs.
<b>Yield to Worst</b>	2.9%	6.6%	5.9%
<b>Maturity</b>	11.4 yrs	4.9 yrs	5.9 yrs

Sources: Bloomberg Barclays, ICE Data Indices LLC, and LCD, an offering of S&P Global Market Intelligence. Data as of 9/30/2019. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of material for important additional information and disclosures. US Investment Grade measured by the Bloomberg Barclays US Corporate Index. US Floating-Rate Loans measured by the S&P/LSTA Leveraged Loan Index. US High Yield measured by the ICE BofA/ML US High Yield Index.



## Asset class review

## Sample loan market issuers

Issuer	Industry	Maturity Date	Spread	Corp. Ratings
Avolon Aerospace	Equipment Leasing	Jan 2025	L+200	BB+/Ba2
BMC Software	Electronics/Electrical	Oct 2025	L+425	B/B3
Charter Communications	Cable & Satellite Television	Apr 2025	L+200	BB+/Ba2
Dell	Electronics/Electrical	Sep 2025	L+200	BB+/Ba1
HCA	Health Care	Mar 2023	L+175	BB/Ba1
Intelsat Jackson	Telecom	Nov 2023	L+375	CCC+/Caa2
inVentiv	Health Care	Jun 2024	L+225	BB-/B3
Nielsen Finance	Publishing	Oct 2023	L+200	BB+/Ba3
Refinitiv	Electronics/Electrical	Sep 2025	L+375	B/B3
Reynolds Group	Containers & Glass Products	Jan 2023	L+300	B+/B2
Scientific Games	Lodging & Casinos	Aug 2024	L+275	B/B2
Univision	Radio & Television	Mar 2024	L+275	B+/B2
Valeant Pharmaceuticals	Drugs	Jun 2025	L+300	B/B3
Vici Properties	Lodging & Casinos	Dec 2024	L+225	BB/Ba3
Virgin Media	Cable & Satellite Television	Jan 2026	L+250	BB-/Ba3

Source: LCD, an offering of S&P Global Market Intelligence, 9/30/19. **Past performance is not a reliable indicator of future results.** Data provided is for informational and illustrative purposes only. This is an example only and is not intended to represent the allocation of any fund/account/strategy. This list represents a sample of some of the larger and more liquid loans in the S&P/LSTA Leveraged Loan Index. This sample is not necessarily representative of the other issuers in this index, which will vary based on factors including size and liquidity. This information is not to be construed as investment advice or a recommendation to buy or sell any particular security. Investors should consult an investment professional prior to making any investment decisions. It is not possible to invest directly in an index. See end of material for important additional information and disclosures.



## Market Update





## Market update

# Floating-rate loan quarterly dashboard

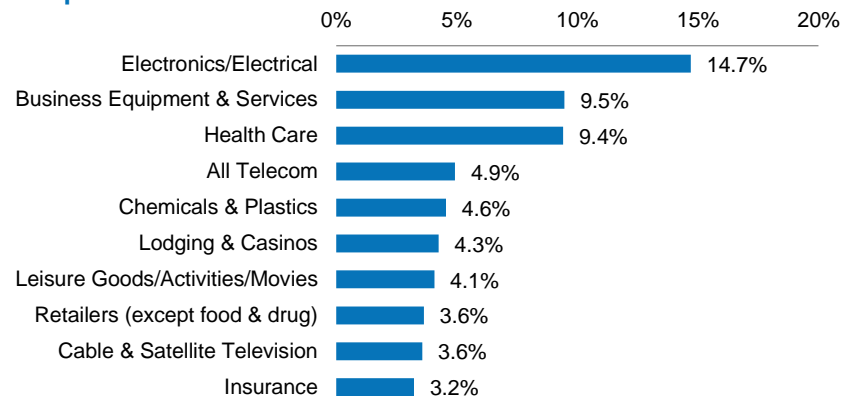
## Index Statistics

Total Par Outstanding (\$B)	\$1,180.69
Number of Issuers	1,178
Number of Facilities	1,460
Bid Price	\$96.34
Nominal Spread	L+348
Discounted Spread (3 Years)	L+484
Years to Maturity	4.91 yrs.
Yield to Maturity	6.62%

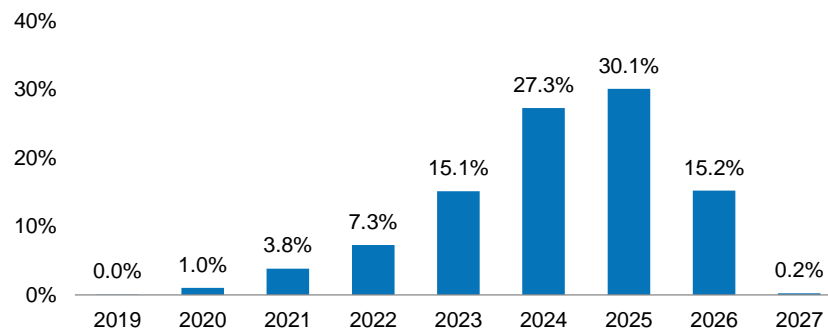
## Loan Type

First Lien	96.70%
Second Lien	3.30%

## Top 10 Industries



## Maturity Breakdown



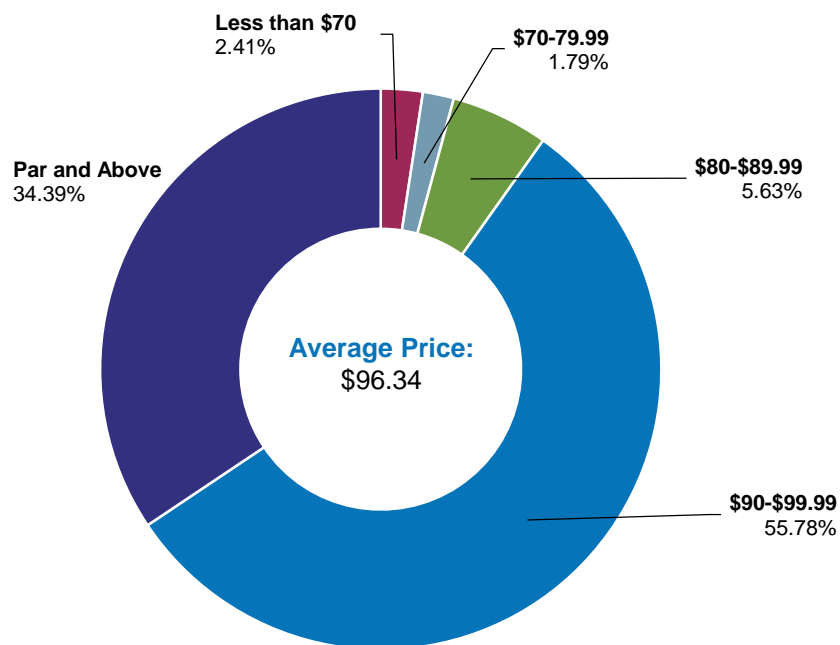
Source: LCD, an offering of S&P Global Market Intelligence, 9/30/19. **Past performance is not a reliable indicator of future results.** Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures. Maturity breakdown excludes defaulted facilities and is based on par amount outstanding. Spread, yield and maturity data excludes defaults.



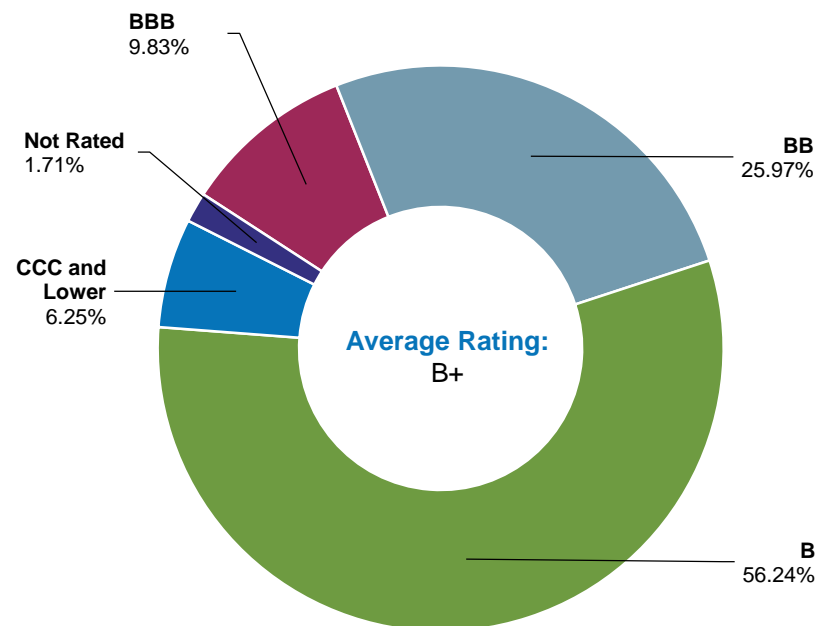
Market update

# Floating-rate loan quarterly dashboard

Breakdown by Bid Price



Breakdown by Facility Rating

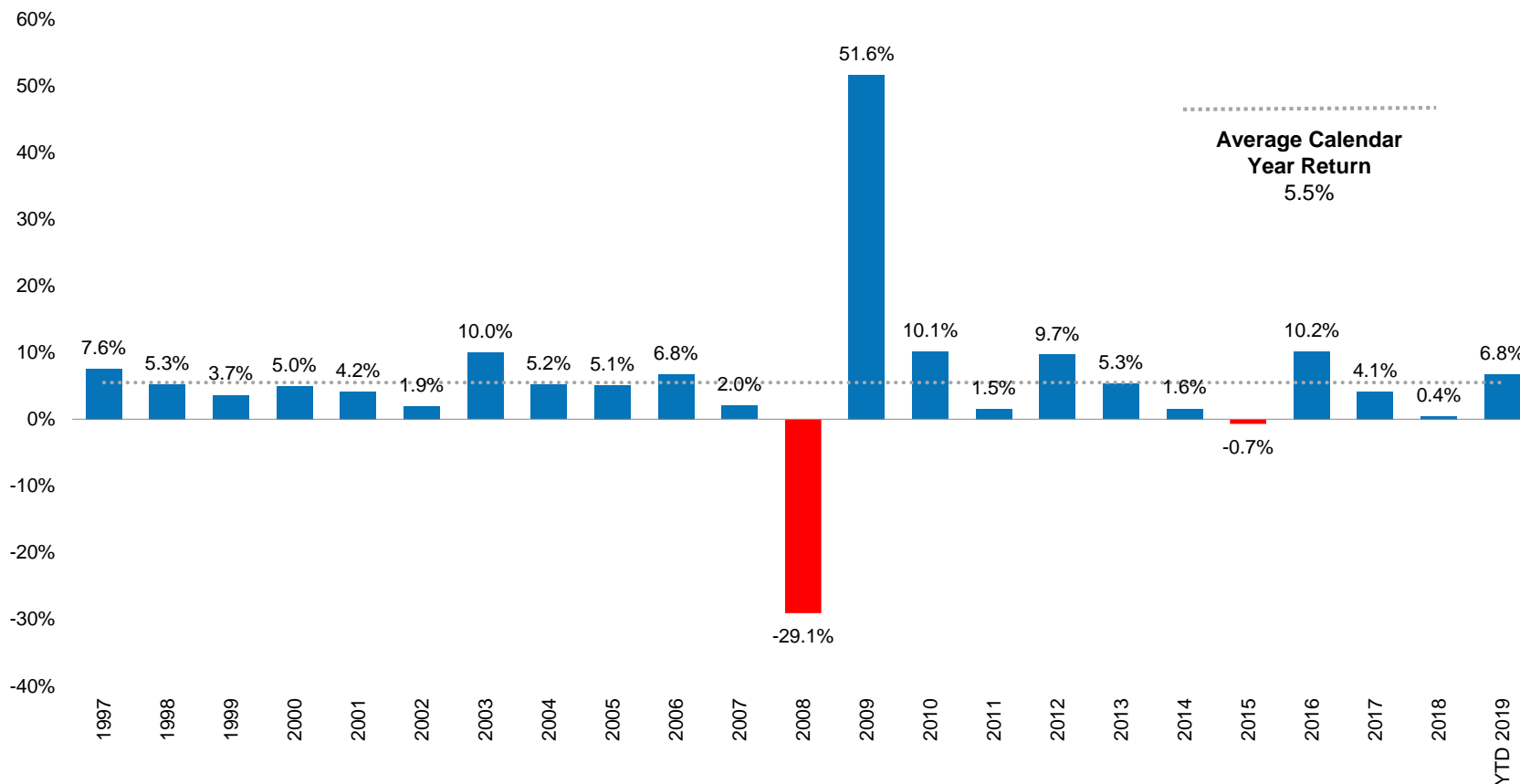


Source: LCD, an offering of S&P Global Market Intelligence, 9/30/19. **Past performance is not a reliable indicator of future results.** Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures. Breakdown by bid price includes performing loans only.



Market update

# Performance: Calendar year index returns

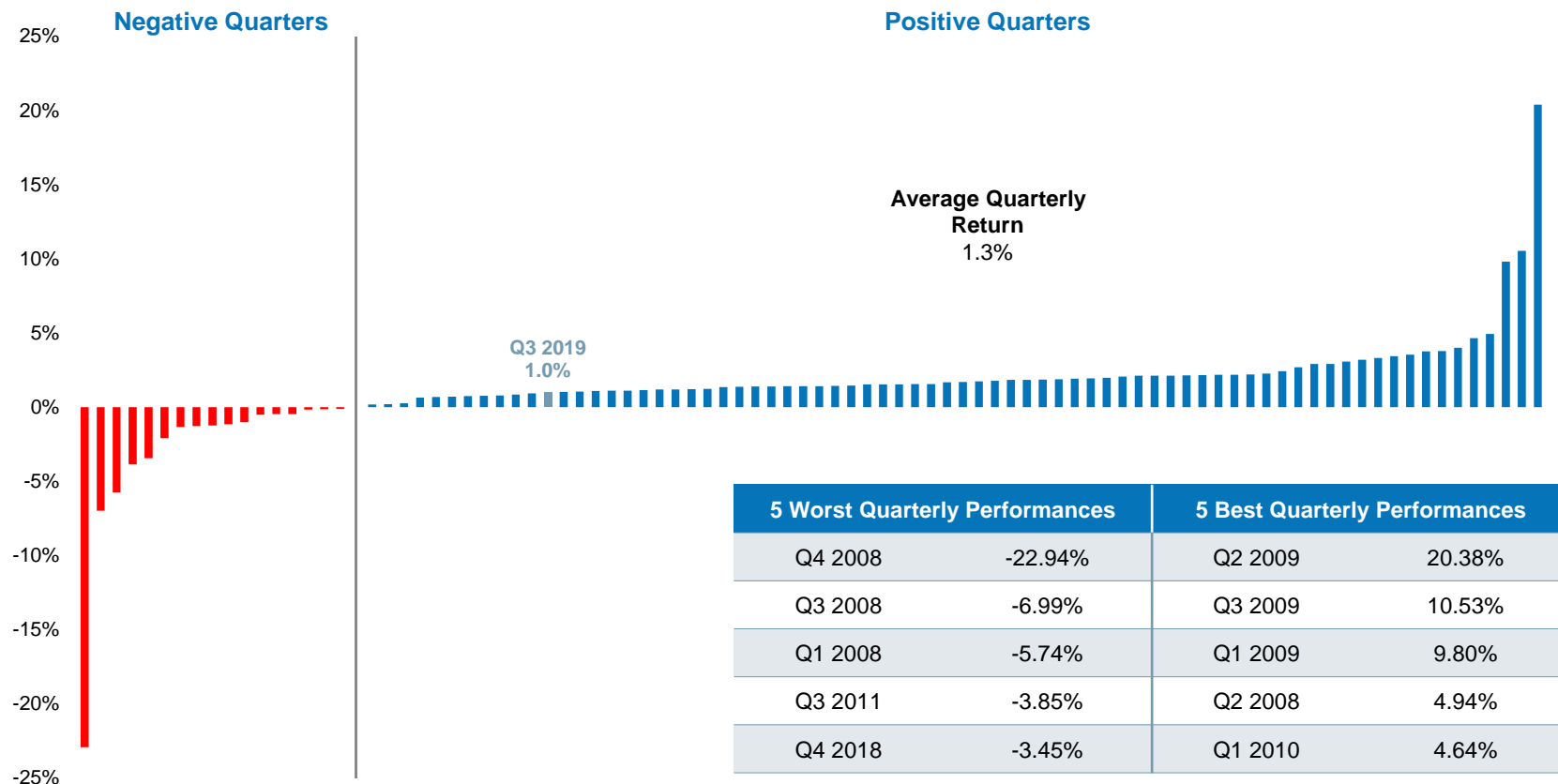


Source: LCD, an offering of S&P Global Market Intelligence, 9/30/19. **Past performance is not a reliable indicator of future results.** Performance measures the S&P/LSTA Leveraged Loan Index. Data provided is for informational use only. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment.



Market update

# Performance: Distribution of quarterly returns



Source: LCD, an offering of S&P Global Market Intelligence, 9/30/19. **Past performance is not a reliable indicator of future results.** Performance measures the S&P/LSTA Leveraged Loan Index. Data provided is for informational use only. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment.

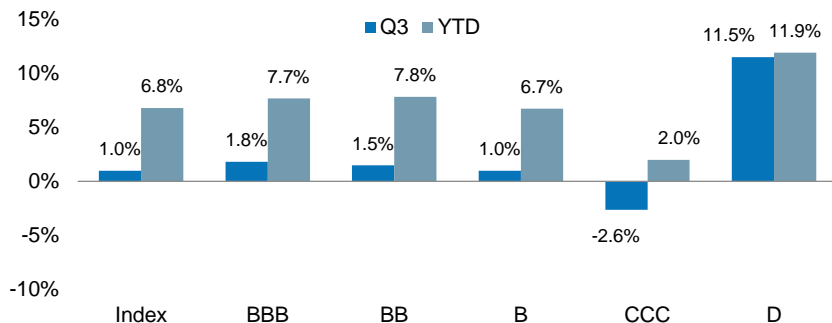


Market update

# Performance: Credit tier and industry returns

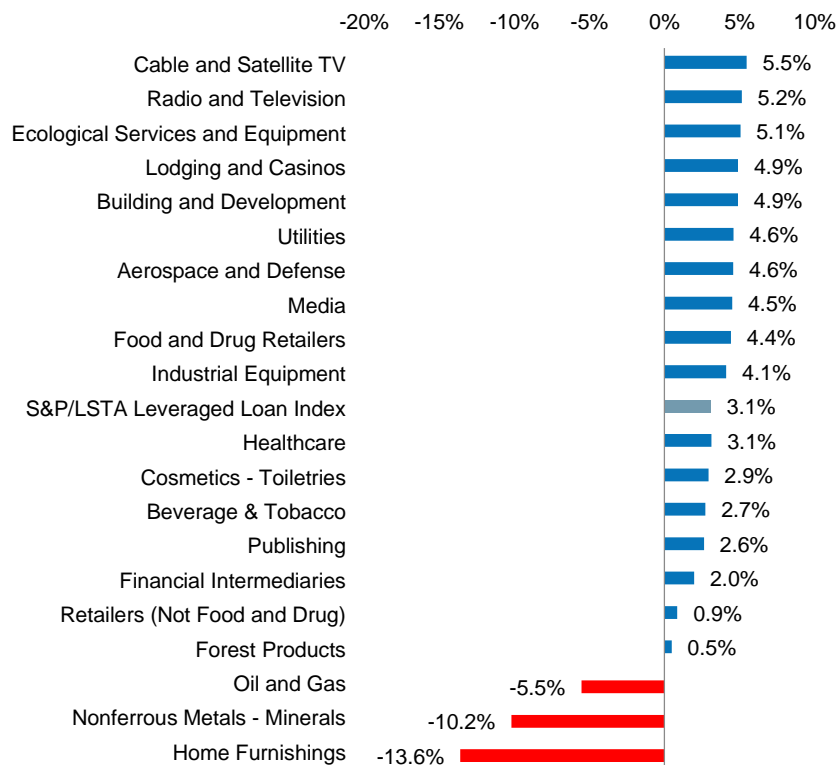
## Credit Tier Performance

Q3 and Year-to-Date



## Industry Performance

Top 10 and Bottom 10 Performers (Last 12 Months)



Credit Tier	% of Index	Price	Spread (bps)
Index	--	\$96.3	L+484
BBB	9.8	\$100.1	L+197
BB	26.0	\$99.4	L+288
B	56.2	\$96.9	L+497
CCC	6.0	\$79.6	L+1572
D	0.1	\$46.8	--

Source: LCD, an offering of S&P Global Market Intelligence, 9/30/19. **Past performance is not a reliable indicator of future results.** Performance measures the S&P/LSTA Leveraged Loan Index. Data provided is for informational use only. Indexes are unmanaged, do not reflect the deduction of fees and expenses, and are not available for direct investment. See end of material for important additional information and disclosures. Credit tier spreads measure discounted spread to three years over LIBOR.

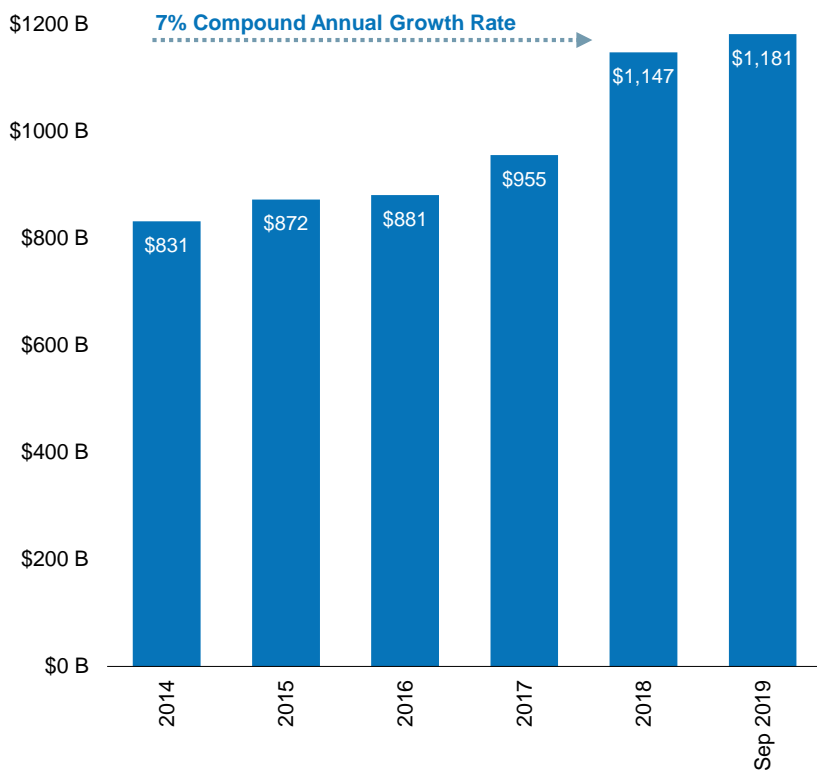


Market update

# Technical factors: Market size and trading volume

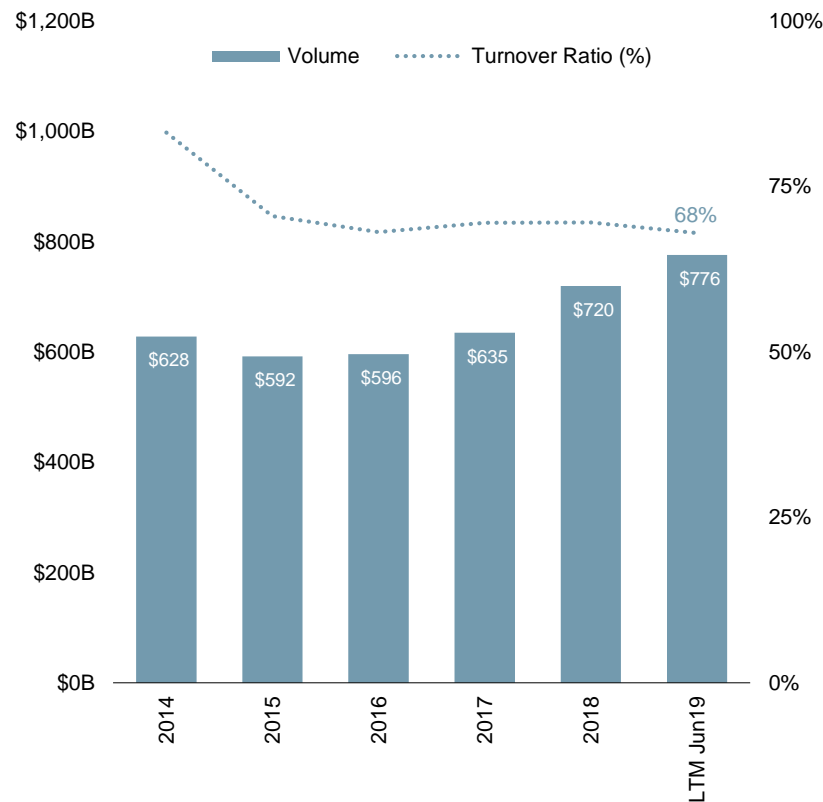
## Market Size

Par Amount of Outstanding Loan Market



## Trading and Turnover

US Trading Volume and Annual Loan Turnover Ratio



Source: LCD, an offering of S&P Global Market Intelligence, LSTA Trade Data Study, 9/30/2019. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. Amount of outstandings measures the S&P/LSTA Leveraged Loan Index. It is not possible to invest directly in an Index.

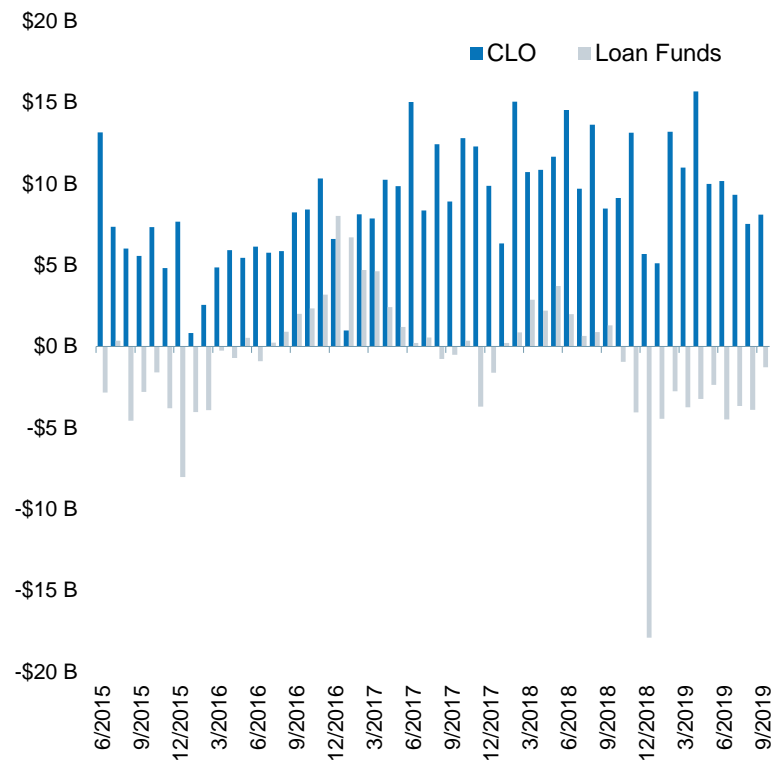


Market update

# Technical factors: Loan demand and ownership base

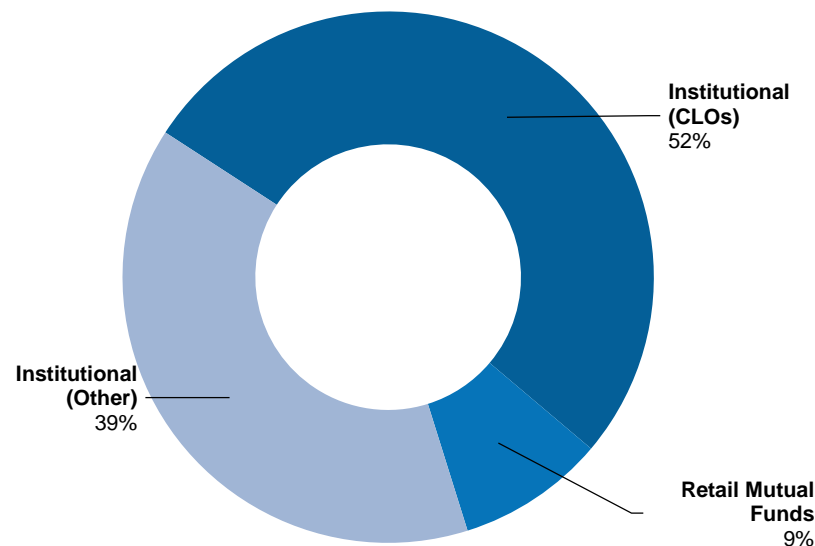
## Visible Demand

Monthly CLO and Mutual Fund Flows



## Loan Holder Base

Retail Fund Investors Comprise Only 9% of the Loan Market



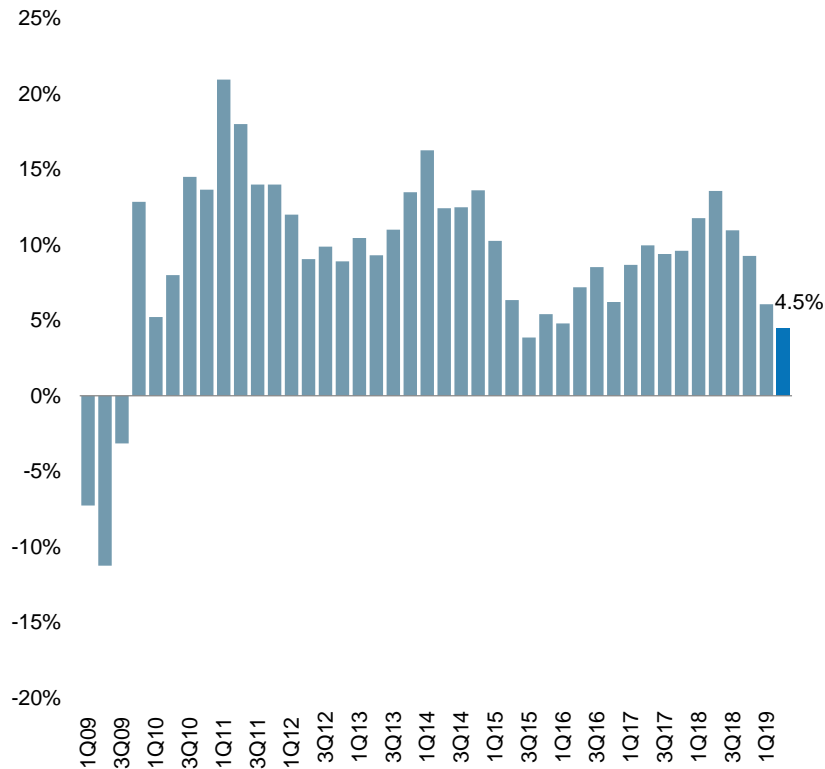
Source: LCD, an offering of S&P Global Market Intelligence, J.P. Morgan. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. Visible demand data as of 9/30/2019. Loan holder base data as of July 2019. It is not possible to invest directly in an Index.



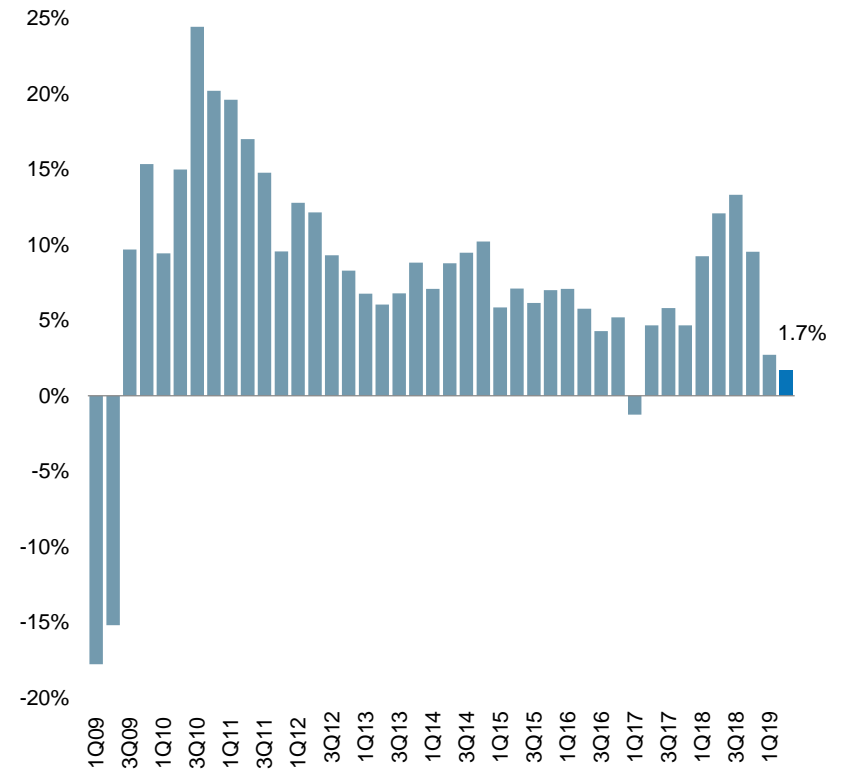
Market update

# Fundamental conditions: Revenue and earnings growth

Year-Over-Year Revenue Growth



Year-Over-Year EBITDA Growth



Source: LCD, an offering of S&P Global Market Intelligence, Q2 2019. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. EBITDA refers to earnings before interest, taxes, depreciation and amortization. The data are based on approximately 180 public issuers included in the S&P/LSTA Leveraged Loan Index. See end of material for important additional information and disclosures.



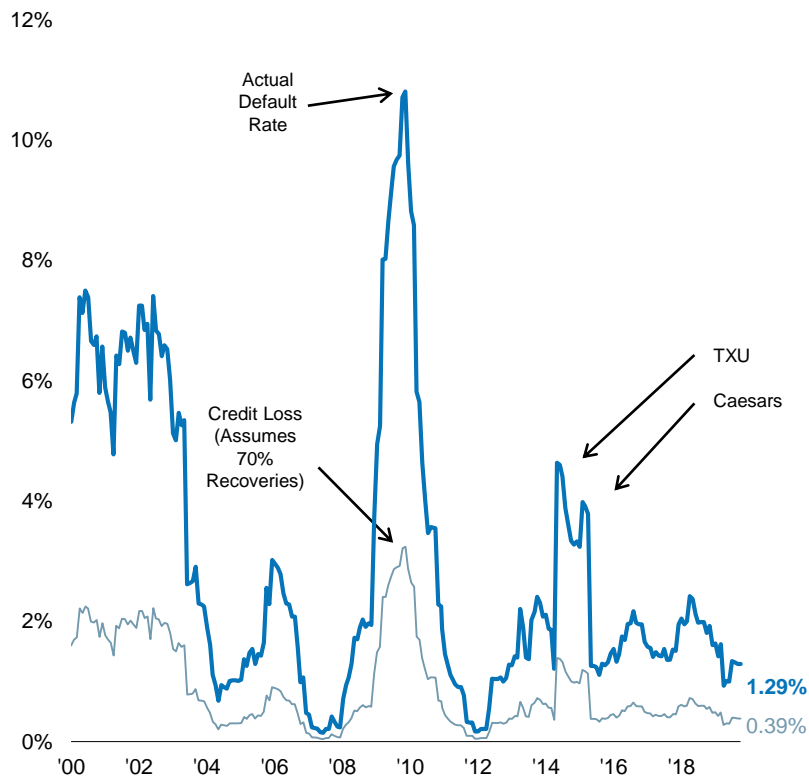


Market update

# Fundamental conditions: Default rate and distress ratio

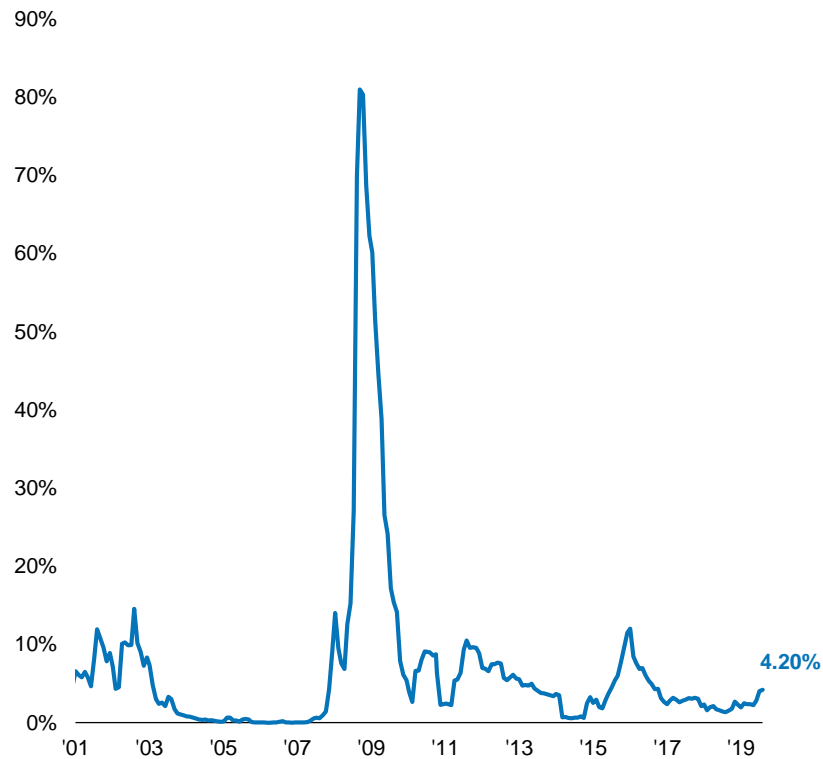
## Default Rate

Last 12 Months By Principal Amount



## Distress Ratio

Percent of Performing Loans Trading Below \$80

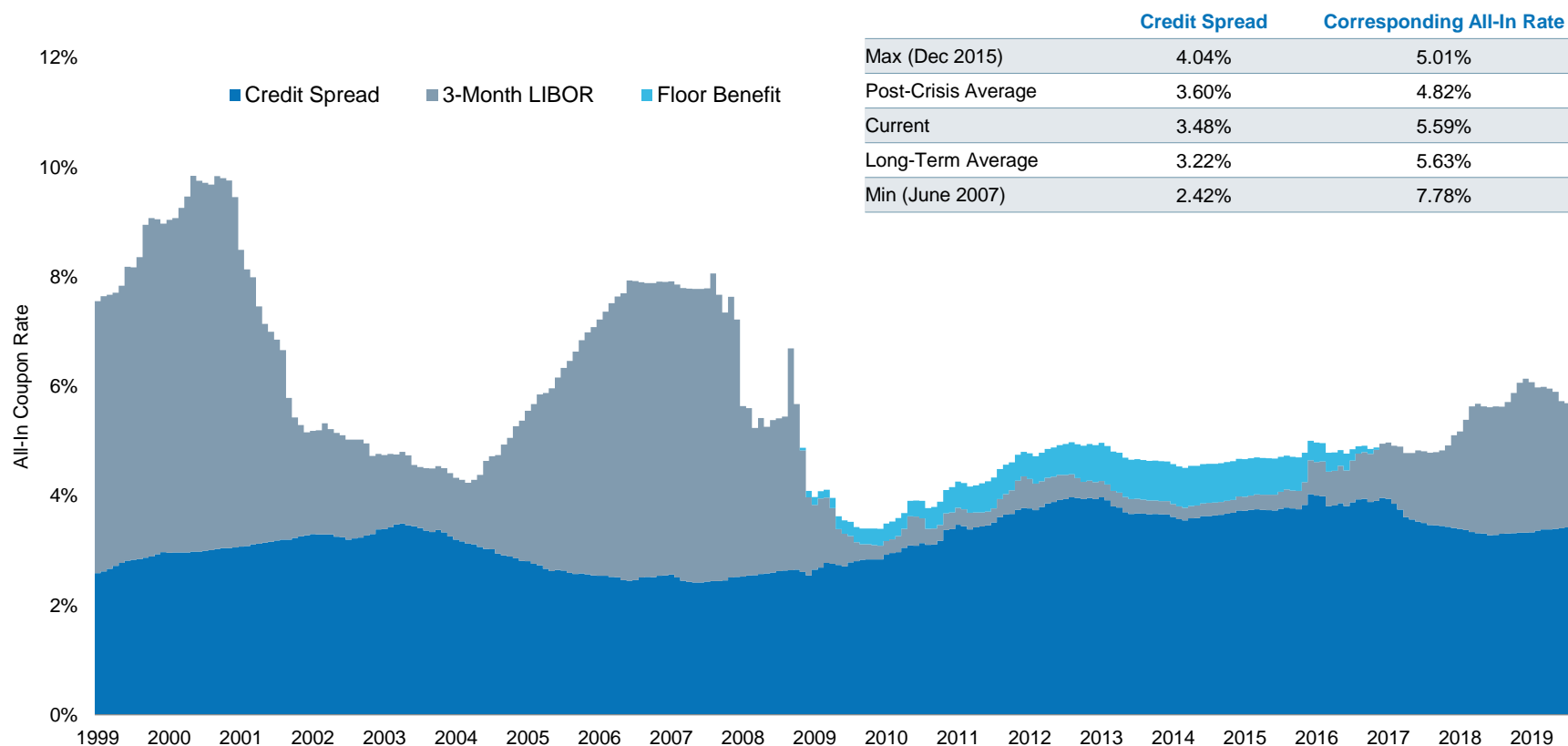


Source: LCD, an offering of S&P Global Market Intelligence, 9/30/19. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of material for important additional information and disclosures.



## Market update

## Valuations: Composition of loan coupon



Sources: Eaton Vance, St. Louis Federal Reserve, and LCD, an offering of S&P Global Market Intelligence, 9/30/19. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. Credit spread and floor benefit data are shown on a weighted average basis. LIBOR floor benefit is measured as the difference between prevailing LIBOR rates and the average LIBOR floor. \*Excludes Facilities in Default.



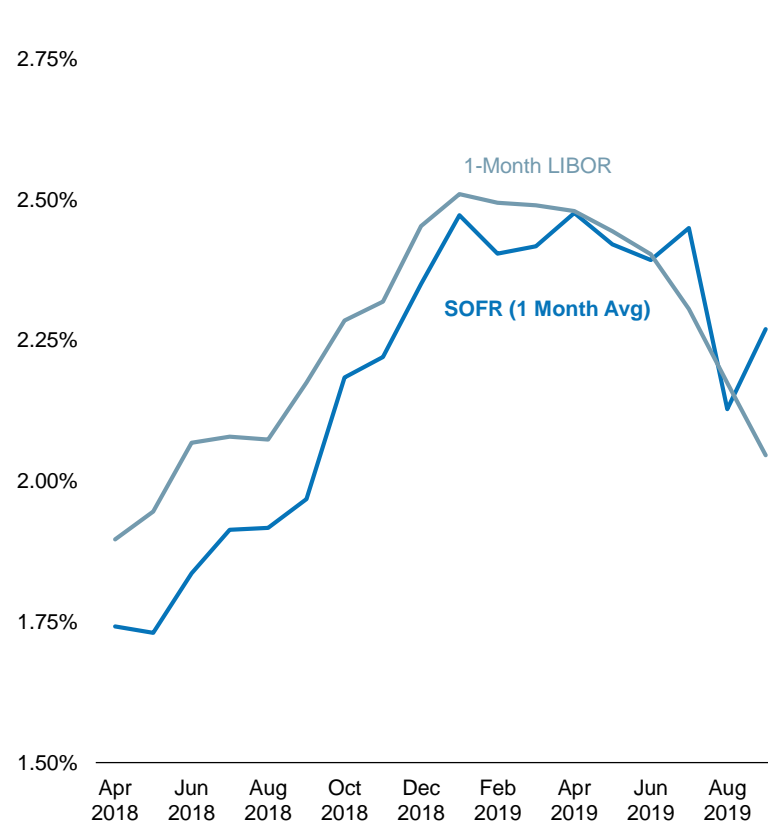
Market update

## Special topic: LIBOR transition

### Is LIBOR going away and what would that mean for loans?

- The loan market's trade association, the LSTA, has been actively engaged in representing the interests of the loan market on the LIBOR transition issue.
- LSTA has described the issue as “a process, not a problem” and much work has been done (and remains) ahead of the anticipated end-of-2021 mark.
- LSTA is an active member in the Alternative Reference Rates Committee (ARRC), a cross-market consortium assembled by the Federal Reserve to address the LIBOR transition.
- Thus far it appears some form of “SOFR” (Secured Overnight Funding Rate) will be the replacement rate adopted by the loan market (and many others), and work is now moving toward process, standardizing of fallback language, and more.

### LIBOR vs SOFR



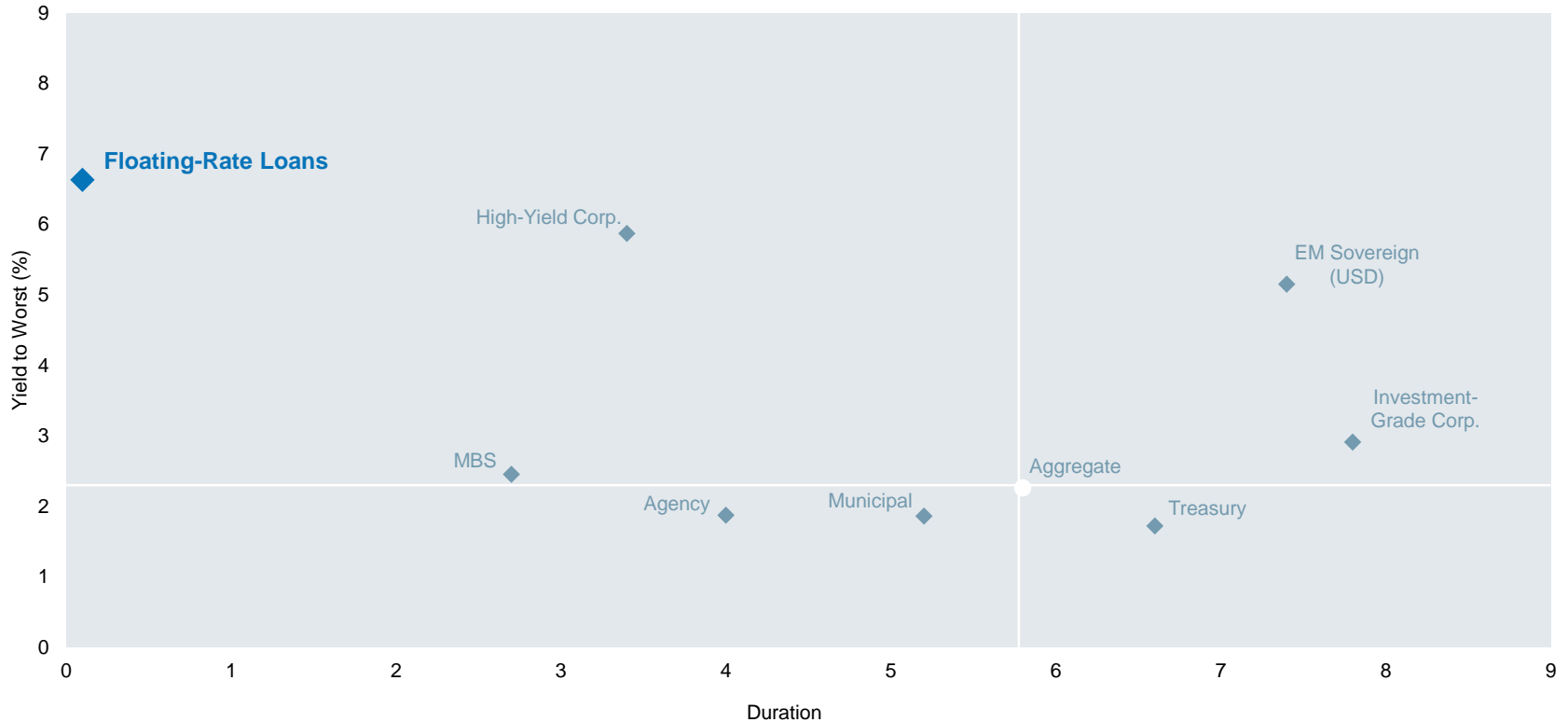


# Portfolio Applications



Portfolio applications

# Floating-rate loans vs. select asset classes

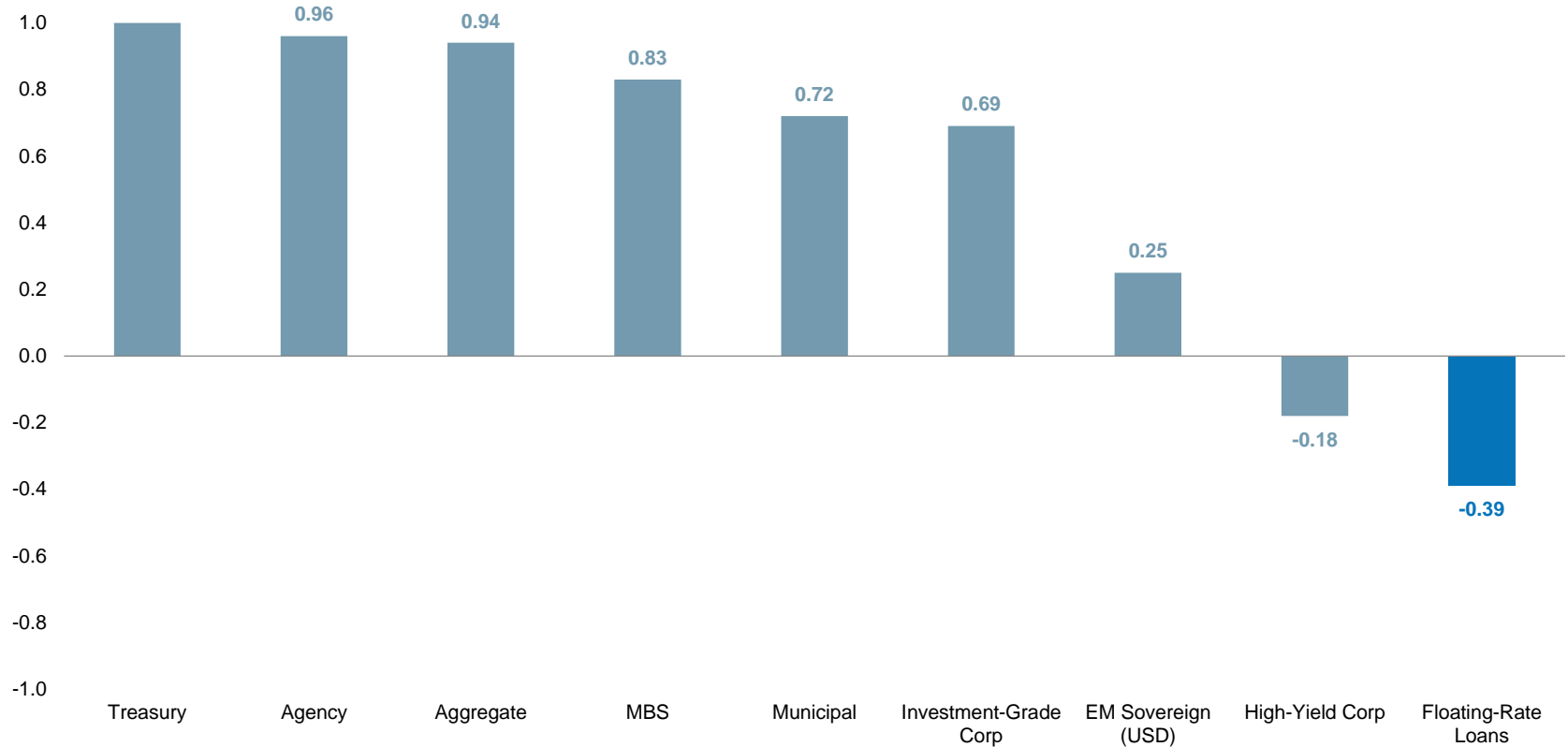


Sources: Eaton Vance, Bloomberg Barclays, JPMorgan, ICE Data Indices, LLC, and LCD, an offering of S&P Global Market Intelligence, 9/30/19. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. Yield to worst is the lowest potential yield that can be received on a bond without an issuer actually defaulting. Duration is a measure of the sensitivity of a bond's price to a change in interest rates. Treasury represented by Bloomberg Barclays U.S. Treasury Index. Agency represented by Bloomberg Barclays U.S. Agency Index. Aggregate represented by Bloomberg Barclays U.S. Aggregate Index. MBS represented by Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index. Investment-Grade Corp. represented by Bloomberg Barclays U.S. Corporate Index. Municipal represented by Bloomberg Barclays Municipal Bond Index. EM Sovereign (USD) represented by JPMorgan Emerging Markets Bond Index Plus (EMBI+). High-Yield Corp. represented by Bloomberg Barclays U.S. Corporate High Yield Index. Floating-Rate Loans represented by S&P/LSTA Leveraged Loan Index.



Portfolio applications

# 10-year correlation with U.S. Treasuries



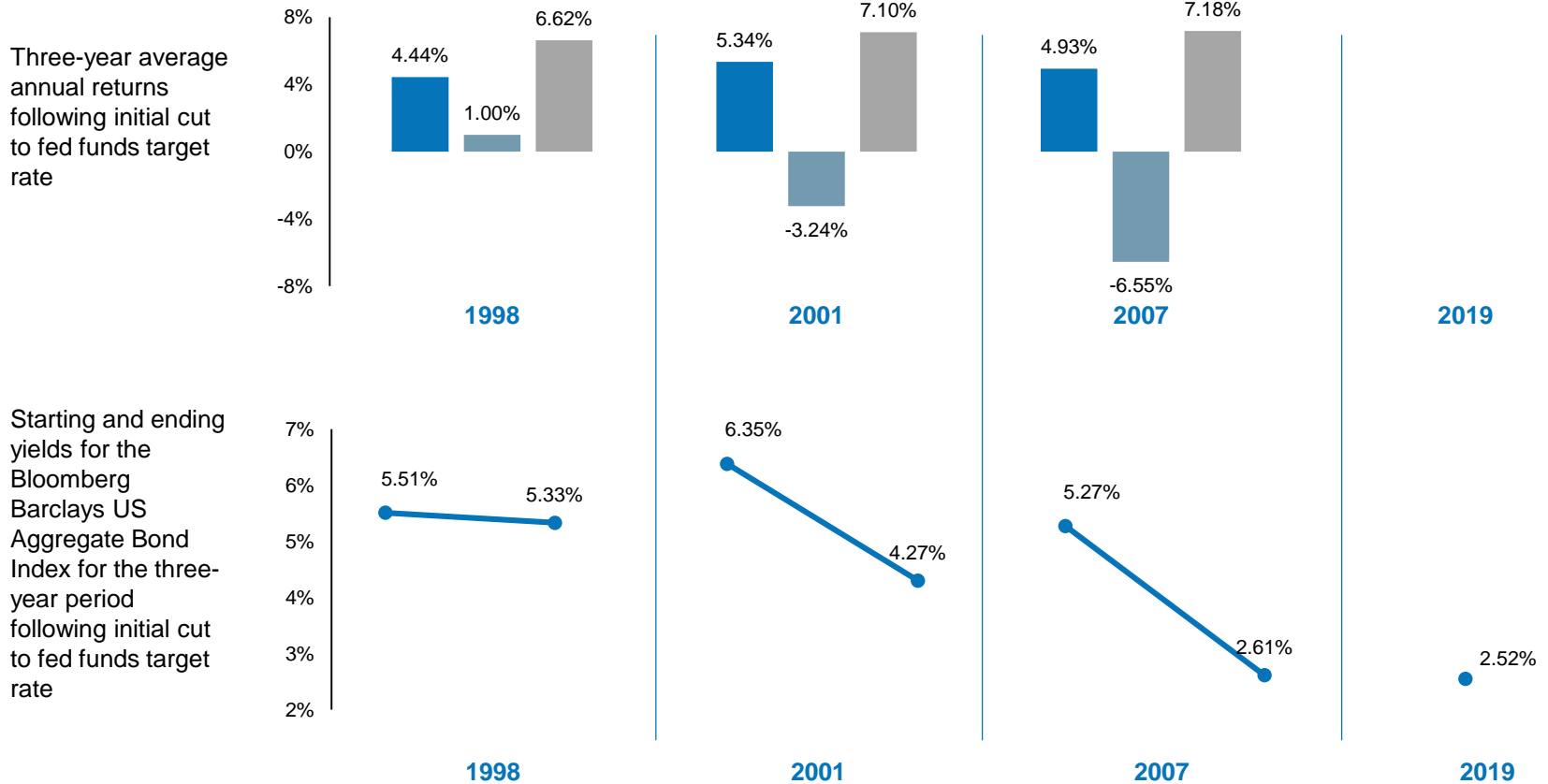
Source: Morningstar, 9/30/19. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of material for important additional information and disclosures. Correlation is a statistical measure of how two securities perform in relation to each other. Treasury represented by Bloomberg Barclays U.S. Treasury Index. Agency represented by Bloomberg Barclays U.S. Agency Index. Aggregate represented by Bloomberg Barclays U.S. Aggregate Index. MBS represented by Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index. Investment-Grade Corp. represented by Bloomberg Barclays U.S. Corporate Index. Municipal represented by Bloomberg Barclays Municipal Bond Index. EM Sovereign (USD) represented by JPMorgan Emerging Markets Bond Index Plus (EMBI+). High-Yield Corp. represented by Bloomberg Barclays U.S. Corporate High Yield Index. Floating-Rate Loans represented by S&P/LSTA Leveraged Loan Index.



Portfolio applications

# Performance in falling-rate periods

■ S&P/LSTA Leveraged Loan Index   ■ S&P 500® Index   ■ Bloomberg Barclays US Aggregate Bond Index

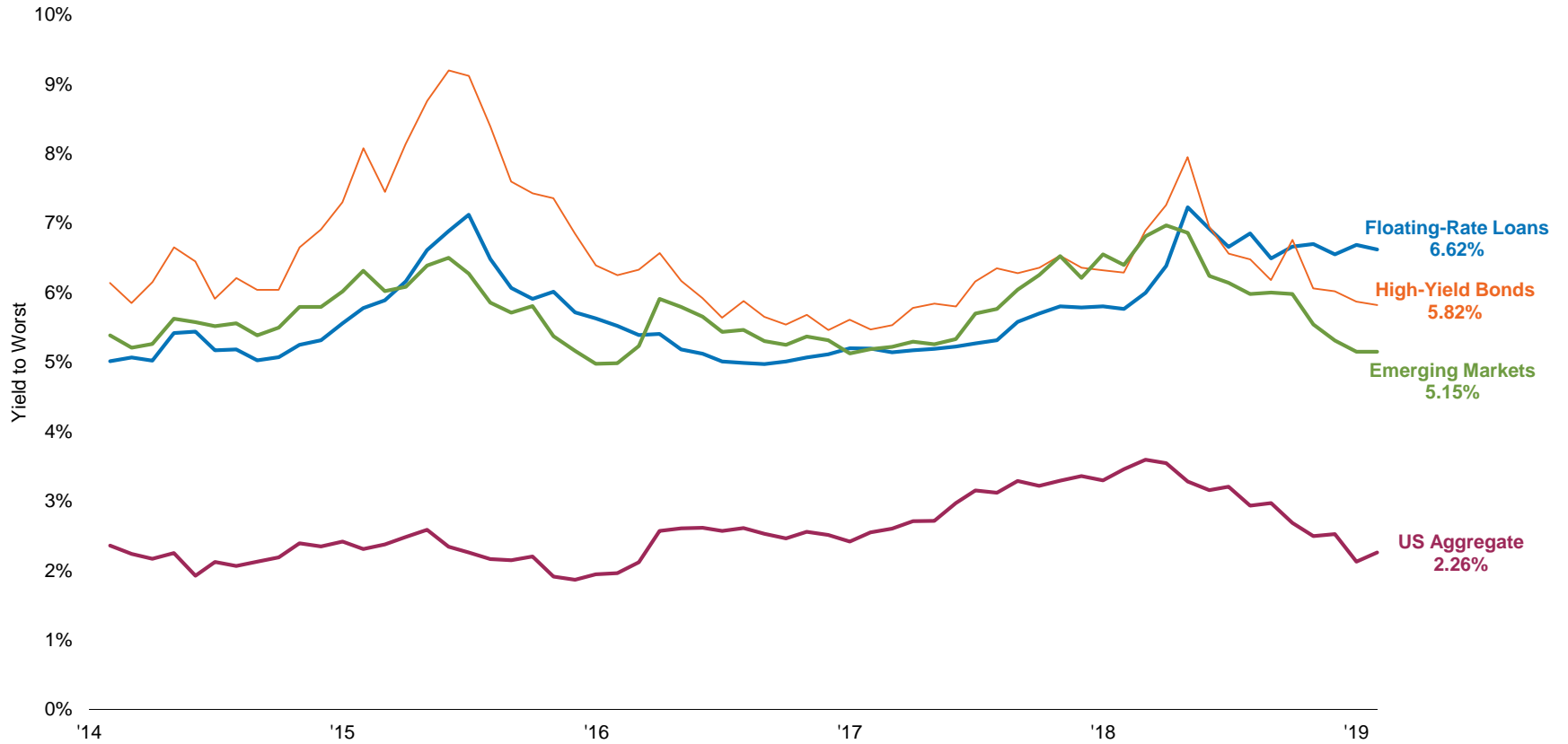


Sources: Federal Reserve Bank of St. Louis, Morningstar, 9/30/19. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. Returns shown are the average annual 3-year period that followed the Federal Reserve's initial cut to the federal funds target rate, which occurred on September 29, 1998, January 3, 2001 and September 18, 2007, respectively. Starting and ending yields for the Bloomberg Barclays US Aggregate Bond Index track the same three-year time periods.



Portfolio applications

# Loans yield more than high-yield bonds and emerging-market debt



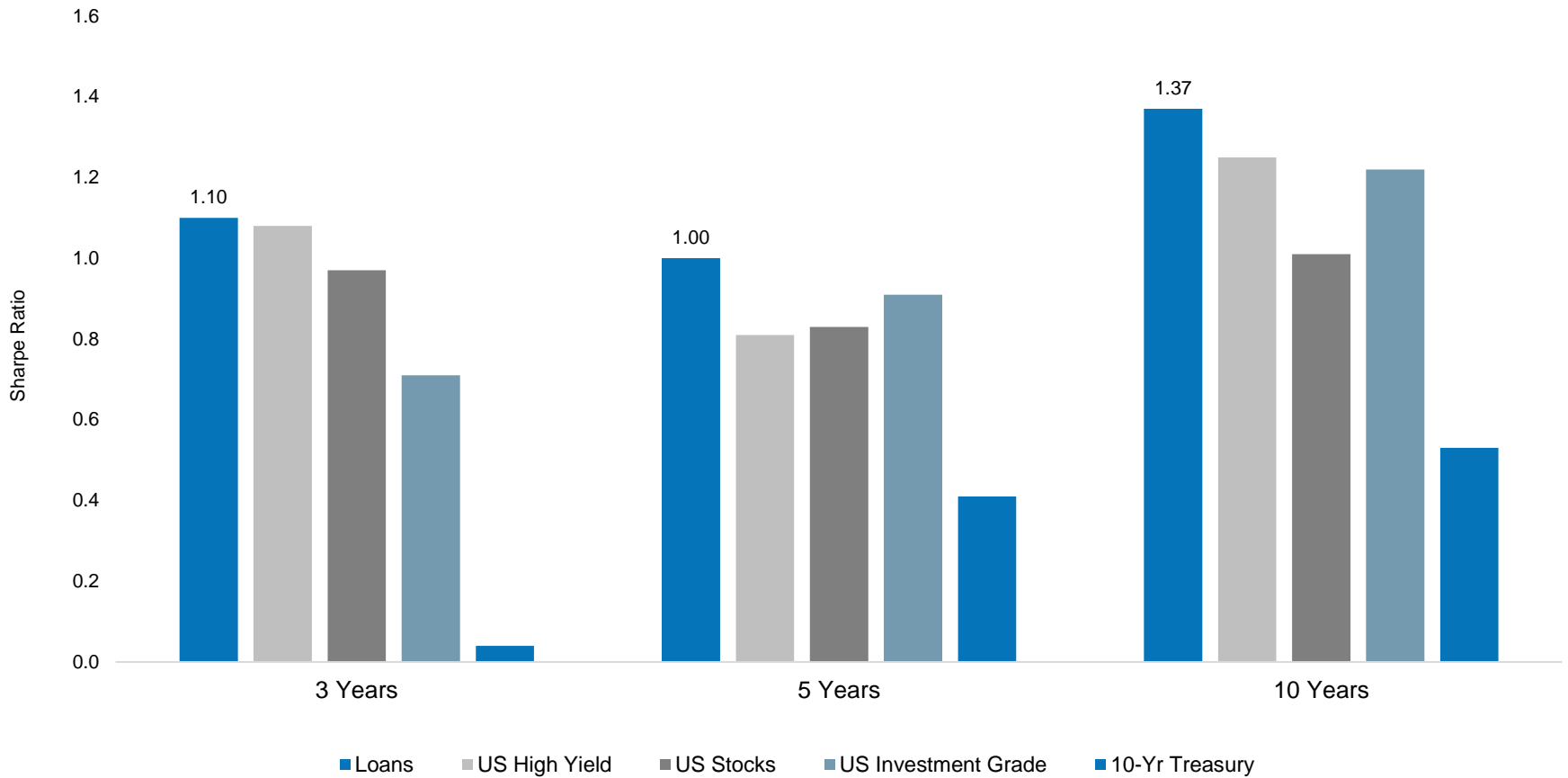
Sources: LCD, Bloomberg Barclays, ICE Data Indices, LLC, J.P. Morgan, as of 9/30/2019. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. Loans represents the S&P/LSTA Leveraged Loan Index. High-Yield Bonds presents the ICE BofA/ML US High Yield Index. Emerging Markets represents the J.P. Morgan EMBI Global Diversified. US Aggregate represents the Bloomberg Barclays US Aggregate Bond Index. Yield to maturity is shown for loans.





Portfolio applications

# Loans have historically offered strong risk-adjusted returns



Source: Zephyr StyleAdvisor as of 9/30/2019. **Past performance is not a reliable indicator of future results.** Loans measured by S&P/LSTA Leveraged Loan Index. US High Yield measured by ICE BofAML US High Yield Index. US Stocks measured by S&P 500®. US Investment Grade measured by Bloomberg Barclays US Corporate Bond Index. 10-Yr Treasury measured by the FTSE Treasury Benchmark 10 Year. Sharpe ratio is a measure of risk-adjusted return that uses standard deviation and excess return to determine reward per unit of risk.



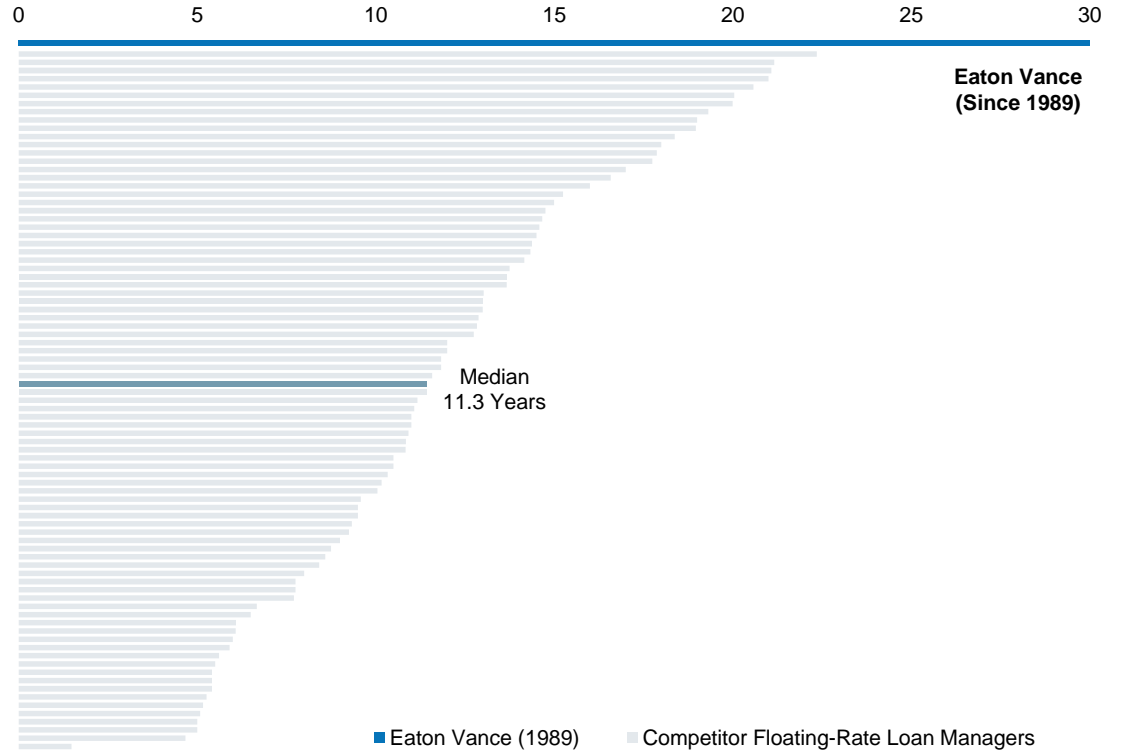
## About Eaton Vance



Eaton Vance for floating-rate loans

# The advantage of Eaton Vance's experience

- Measurable track record since 1989
- Significant floating-rate loan investment resources and specialization
- Extensive contiguous experience of investment team
- Strong long-term record of delivering incremental outperformance with lower volatility than the S&P/LSTA Leveraged Loan Index and peers
- Continuity of philosophy, process and team over time
- Systematic risk-weighted portfolio construction underpinned by bottom-up credit research



Source: eVestment, 12/31/18. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of material for important additional information and disclosures. Based on eVestment Floating-Rate Bank Loan Fixed Income universe using oldest investment offering for each firm.



Eaton Vance for floating-rate loans

## Investment team leadership



From left to right: Craig Russ, Andrew Sveen

### Craig Russ

- Co-Director of Floating-Rate Loans, Portfolio Manager
- 33 years of industry experience
- 22 years with Eaton Vance
- BA from Middlebury College

### Andrew Sveen, CFA

- Co-Director of Floating-Rate Loans, Portfolio Manager
- 24 years of industry experience
- 20 years with Eaton Vance
- BA from Dartmouth College; MBA from University of Rochester Simon Graduate School of Business

### John Redding

- Portfolio Manager
- 34 years of industry experience
- 21 years with Eaton Vance
- BS from State University of New York at Albany

### Scott Page, CFA

- Senior Portfolio Advisor, Portfolio Manager
- 37 years of industry experience
- 29 years with Eaton Vance
- BA from Williams College; MBA from Amos Tuck School of Dartmouth College

### Michael Kinahan, CFA

- Head of Structured Products, Portfolio Manager
- 32 years of industry experience
- 21 years with Eaton Vance
- BS, University of Southern California

### Ralph Hinckley, CFA

- Portfolio Manager, Senior Research Analyst
- 21 years of industry experience
- 16 years with Eaton Vance
- BA from Bates College, MBA from Boston University Graduate School of Management



Eaton Vance for floating-rate loans

## Investment team with extensive contiguous experience

### Team Leadership

**Craig Russ**  
33 Years of Ind. Experience  
22 Years with Eaton Vance

**Andrew Sveen, CFA**  
24 Years of Ind. Experience  
20 Years with Eaton Vance

**John Redding**  
34 Years of Ind. Experience  
21 Years with Eaton Vance

**Michael Kinahan, CFA**  
32 Years of Ind. Experience  
21 Years with Eaton Vance

**Scott Page, CFA**  
37 Years of Ind. Experience  
29 Years with Eaton Vance

### Credit Research

**Catherine McDermott**  
*Auto, Gaming,  
Packaging*  
30 Years of Ind. Experience  
18 Years with Eaton Vance

**Ralph Hinckley, CFA**  
*Broadcast/Cable TV, Telecom,  
Publishing*  
21 Years of Ind. Experience  
16 Years with Eaton Vance

**Michael Turgel, CFA**  
*Food, Metals, Utilities*  
16 Years of Ind. Experience  
12 Years with Eaton Vance

**Jeff Hesselbein, CFA**  
*Healthcare, Pharmaceuticals,*  
22 Years of Ind. Experience  
19 Years with Eaton Vance

**Heath Christensen, CFA**  
*Aerospace/Defense,  
Software/Technology,  
Transportation*  
18 Years of Ind. Experience  
15 Years with Eaton Vance

**William Holt, CFA**  
*Financials, Technology,  
Semiconductors*  
17 Years of Ind. Experience  
14 Years with Eaton Vance

**Daniel McElaney, CFA**  
*Oil & Gas, Metals & Mining,  
Chemicals/Plastics*  
15 Years of Ind. Experience  
14 Years with Eaton Vance

**Cyril Legrand, CFA**  
*European Issuers*  
8 Years of Ind. Experience  
8 Years with Eaton Vance

**Emily Cetlin**  
*Packaging, Gaming*  
4 Years of Ind. Experience  
4 Years with Eaton Vance

**Alexandros Apostolidis**  
*European Issuers*  
3 Years of Ind. Experience  
3 Years with Eaton Vance

**David Lee**  
*Telecom, Broadcast /Cable TV,  
Theme Parks, Health Care*  
2 Year of Ind. Experience  
2 Year with Eaton Vance

**Anish Guha**  
1 Year of Ind. Experience  
1 Year with Eaton Vance

**Erik Manditch**  
1 Year of Ind. Experience  
1 Year with Eaton Vance

**Ellen Green**  
<1 Year of Ind. Experience  
<1 Year with Eaton Vance

**Alice Obas**  
<1 Year of Ind. Experience  
<1 Year with Eaton Vance

### Structured Products

**John Brodbine**  
18 Years of Ind. Experience  
14 Years with Eaton Vance

**Edward Greenaway, CFA**  
13 Years of Ind. Experience  
11 Years with Eaton Vance

**Maria van Heeckeren**  
4 Years of Ind. Experience  
4 Years with Eaton Vance

**Stephen Monrad**  
<1 Year of Ind. Experience  
<1 Year with Eaton Vance

### Trading & Operations

**Jake Lemle, CFA**  
11 Years of Ind. Experience  
11 Years with Eaton Vance

**Kathryn Thompson**  
7 Years of Ind. Experience  
<1 Year with Eaton Vance

**Elizabeth McDonough**  
5 Years of Ind. Experience  
5 Years with Eaton Vance

**Michael Botthof**  
29 Years of Ind. Experience  
22 Years with Eaton Vance

*Additional Staff:*  
7 operations/compliance  
professionals

### Product & Portfolio Strategy

**Christopher Remington**  
18 Years of Ind. Experience  
11 Years with Eaton Vance

**Robert Holmes, CFA**  
7 Years of Ind. Experience  
7 Years with Eaton Vance

### Credit Advisory

**David Aloise**  
43 Years of Ind. Experience  
18 Years with Eaton Vance



Additional Information



## Additional information

# Important information and disclosure

### ABOUT RISK:

**Floating-Rate Loans:** An imbalance in supply and demand in the income market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market. There can be no assurance that the liquidation of collateral securing an investment will satisfy the issuer's obligation in the event of nonpayment or that collateral can be readily liquidated. The ability to realize the benefits of any collateral may be delayed or limited. Investments in income securities may be affected by changes in the creditworthiness of the issuer and are subject to the risk of non-payment of principal and interest. The value of income securities also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments. Borrowing to increase investments (leverage) will exaggerate the effect of any increase or decrease in the value of investments. Investments rated below investment grade (typically referred to as "junk") are generally subject to greater price volatility and illiquidity than higher rated investments. As interest rates rise, the value of certain income investments is likely to decline. Bank loans are subject to prepayment risk. Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical or other conditions. Changes in the value of investments entered for hedging purposes may not match those of the position being hedged.

**Duration** – Securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. **Equity** – Equity investment values are sensitive to stock market volatility. **Gov't Agency** – While certain U.S. Government-sponsored agencies may be chartered or sponsored by acts of Congress, their securities are neither issued nor guaranteed by the U.S. Treasury. **Maturity** – Longer-term bonds typically are more sensitive to interest rate changes than shorter-term bonds. **Prepayment** – **MBS** – Mortgage-backed securities are subject to prepayment risk. **Smaller Companies** – Smaller companies are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk than larger, established companies.

### INDEX DEFINITIONS:

**Bloomberg Barclays Global Aggregate Ex-USD Index** is a broad-based measure of global investment grade fixed-rate debt investments, excluding USD-denominated debt.

**Bloomberg Barclays Municipal Bond Index** is an unmanaged index of municipal bonds traded in the U.S.

**Bloomberg Barclays U.S. Agency Index** measures agency securities issued by U.S. government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government.

**Bloomberg Barclays U.S. Aggregate Index** is an unmanaged index of domestic investment-grade bonds, including corporate, government and mortgage-backed securities.

**Bloomberg Barclays U.S. Corporate Index** is an unmanaged index that measures the performance of investment-grade corporate securities within the Bloomberg Barclays U.S. Aggregate Index.

**Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index** measures agency mortgage-backed pass-through securities issued by GNMA, FNMA, and FHLMC.

**Bloomberg Barclays U.S. Treasury Index** measures public debt instruments issued by the U.S. Treasury.

**Credit Suisse Institutional Leveraged Loan Index** is an unmanaged index of the institutional leveraged loan market.

**JPMorgan Emerging Markets Bond Index Plus (EMBI+)** is a market-cap weighted index that measures USD-denominated Brady Bonds, Eurobonds, and traded loans issued by sovereigns.

**Standard & Poor's 500 Index** is an unmanaged index of large-cap stocks commonly used as a measure of U.S. stock market performance.

**S&P/LSTA Leveraged Loan Index** is an unmanaged index of the institutional leveraged loan market.



Additional information

## Important information and disclosure

### ABOUT ASSET CLASS COMPARISONS:

Elements of this report include comparisons of different asset classes, each of which has distinct risk and return characteristics. Every investment carries risk, and principal values and performance will fluctuate with all asset classes shown, sometimes substantially. Asset classes shown are not insured by the FDIC and are not deposits or other obligations of, or guaranteed by, any depository institution. All asset classes shown are subject to risks, including possible loss of principal invested.

The principal risks involved with investing in the asset classes shown are interest-rate risk, credit risk and liquidity risk, with each asset class shown offering a distinct combination of these risks. Generally, considered along a spectrum of risks and return potential, U.S. Treasury securities (which are guaranteed as to the payment of principal and interest by the U.S. government) offer lower credit risk, higher levels of liquidity, higher interest-rate risk and lower return potential, whereas asset classes such as high-yield corporate bonds and emerging market bonds offer higher credit risk, lower levels of liquidity, lower interest-rate risk and higher return potential. Other asset classes shown carry different levels of each of these risk and return characteristics, and as a result generally fall varying degrees along the risk/return spectrum.

Costs and expenses associated with investing in asset classes shown will vary, sometimes substantially, depending upon specific investment vehicles chosen. No investment in the asset classes shown is insured or guaranteed, unless explicitly stated for a specific investment vehicle. Interest income earned on asset classes shown is subject to ordinary federal, state and local income taxes, excepting U.S. Treasury securities (exempt from state and local income taxes) and municipal securities (exempt from federal income taxes, with certain securities exempt from federal, state and local income taxes). In addition, federal and/or state capital gains taxes may apply to investments that are sold at a profit. Eaton Vance does not provide tax or legal advice. Prospective investors should consult with a tax or legal advisor before making any investment decision.

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## Additional information

# Important information and disclosure

Source of all data: Eaton Vance, as at 9/30/2019, unless otherwise specified.

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