

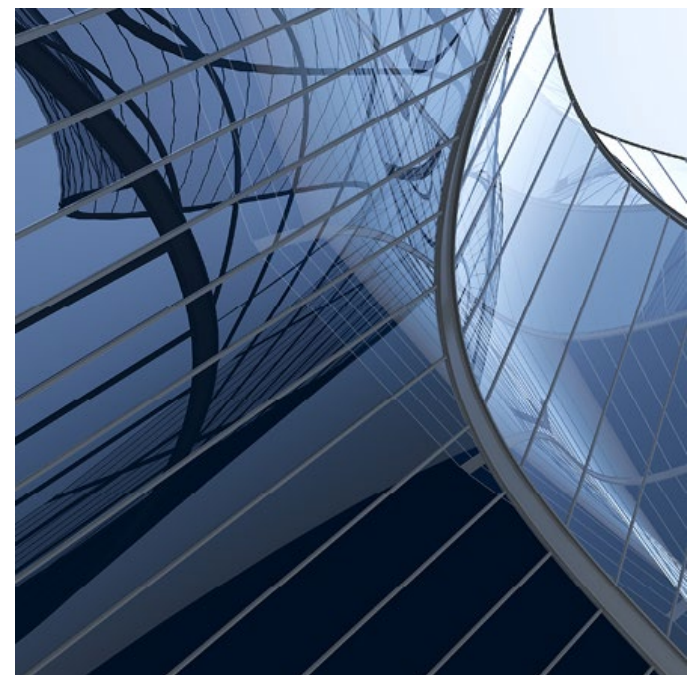
Morgan Stanley

INVESTMENT MANAGEMENT

# Floating-Rate Loan Market Monitor

Floating-Rate Loan Group

Q1 2023



## Table of Contents

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	MARKET UPDATE	PORTFOLIO APPLICATIONS	ABOUT EATON VANCE	ADDITIONAL INFORMATION
3	8	26	31	34



If you are viewing this book on your computer or tablet, **click or tap on the title box to jump to the beginning of each section.**

# Asset Class Review

## ASSET CLASS REVIEW

# Floating-Rate Loan Primer

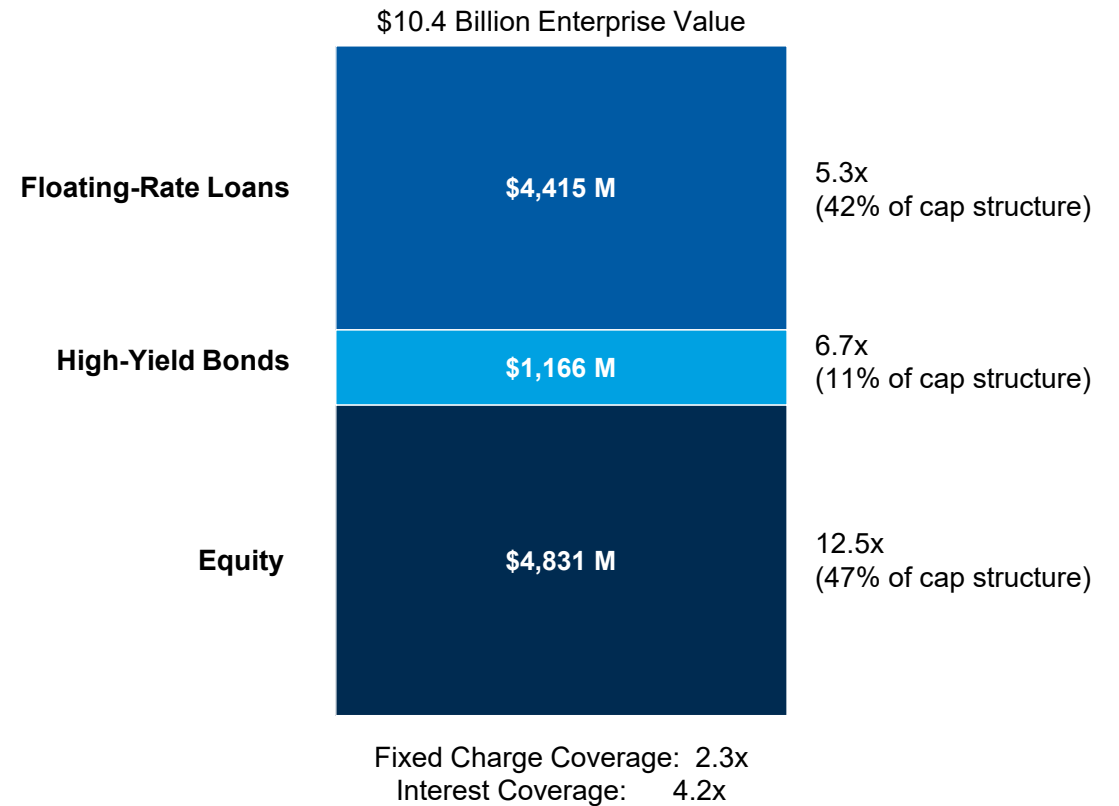
- Corporate debt issued by below-investment-grade borrowers
- Most issuers are significant in size and scale – and many are familiar household names
- Companies undertake loans for recapitalizations, acquisitions and refinancings
- Coupon income from floating-rate loans resets regularly to maintain a fixed spread over a variable base rate, usually LIBOR and SOFR
- 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 \$4.4B Revenue & \$833M EBITDA



Source: Eaton Vance, December 31, 2022. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. See end of material for important additional information and disclosures. The data is an average of all loans currently tracked across the Eaton Vance loan platform as of December 31, 2022. 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

	U.S. Investment Grade	U.S. Floating-Rate Loans	U.S. High Yield
Size of Market	\$6.8 T	\$1.4 T	\$1.4 T
# of Issues	7,534	1,495	1,916
Avg. Credit Quality	A3/Baa1	B+/B	B1
Base Rate	US Treasuries	LIBOR/SOFR	US Treasuries
Coupon Structure	Fixed	Floating	Fixed
Avg. Duration	7.3 yrs.	--	3.8 yrs.
Avg. Yield to Maturity	5.2%	10.3%	8.6%
Avg. Maturity	11.1 yrs	4.4 yrs	5.3 yrs

Sources: Bloomberg, ICE Data Indices LLC, and Leveraged Commentary & Data (LCD), March 31, 2023. **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 US Corporate Index. US Floating-Rate Loans measured by the Morningstar LSTA US Leveraged Loan Index. US High Yield measured by the ICE BofA US High Yield Index. Size of market is based on par outstandings.

## ASSET CLASS REVIEW

## Top 40 Loan Market Issuers

Issuer	Industry	% of Index
Asurion Corporation	IT Services	0.80%
Ultimate Software Group	Software	0.60%
HUB International Ltd	Insurance	0.55%
Peraton	Aerospace & Defense	0.54%
Medline Industries	Health Care Equipment & Supplies	0.54%
Cablevision Systems	Media	0.49%
athenahealth Inc	Health Care Technology	0.48%
TransDigm Inc	Aerospace & Defense	0.48%
Acrisure LLC	Insurance	0.46%
Charter Communications Holding Co LLC	Media	0.46%
American Airlines	Passenger Airlines	0.44%
SFR	Diversified Telecommunication Services	0.42%
Virgin Media Finance	Diversified Telecommunication Services	0.40%
Internet Brands	Software	0.40%
Restaurant Brands International	Hotels, Restaurants & Leisure	0.39%
SS&C Technologies Inc	Software	0.38%
United Continental Holdings	Passenger Airlines	0.37%
McAfee LLC	Software	0.36%
TransUnion LLC	Professional Services	0.35%
Bass Pro Shops Inc	Specialty Retail	0.35%

Issuer	Industry	% of Index
Open Text Corporation	Software	0.35%
ICON Plc	Life Sciences Tools & Services	0.32%
AssuredPartners Inc	Insurance	0.32%
The Stars Group	Hotels, Restaurants & Leisure	0.32%
Zayo Group LLC	Diversified Telecommunication Services	0.32%
Quikrete Holdings Inc	Construction Materials	0.31%
Carnival Corporation	Hotels, Restaurants & Leisure	0.31%
Misys plc	Software	0.30%
Gainwell Acquisition Corp	IT Services	0.30%
AlliedUniversal	Commercial Services & Supplies	0.29%
Univision Communications Inc	Media	0.29%
Elanco Animal Health	Pharmaceuticals	0.29%
Citrix Systems	Software	0.28%
Culligan International Company	Machinery	0.28%
CDK Global	Software	0.28%
Authentic Brands	Media	0.28%
Verscend Technologies Inc	Health Care Technology	0.28%
MKS Instruments Inc	Semiconductors & Equipment	0.27%
Ineos Group Ltd	Chemicals	0.27%
Calpine Corp	Independent Power & Renewable	0.27%

Source: Leveraged Commentary & Data (LCD), March 31, 2023. **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 the largest issuers by market value in the Morningstar LSTA US 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

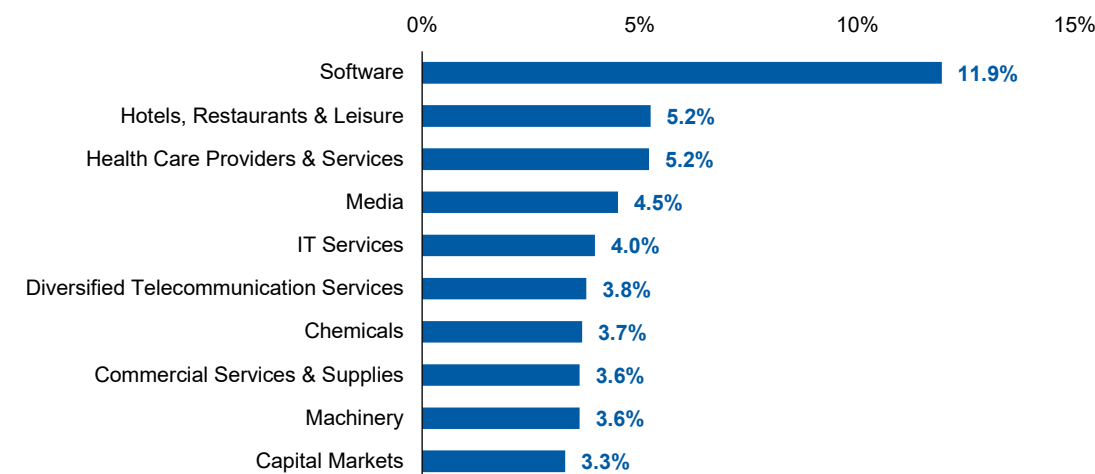
## Index Statistics

Total Par Outstanding (\$B)	\$1,398.71
Number of Issuers	1,167
Number of Facilities	1,495
Bid Price	\$93.38
Nominal Spread	361 bps
Discounted Spread (3 Years)	590 bps
Years to Maturity	4.41 yrs.
Yield to Maturity	10.26%

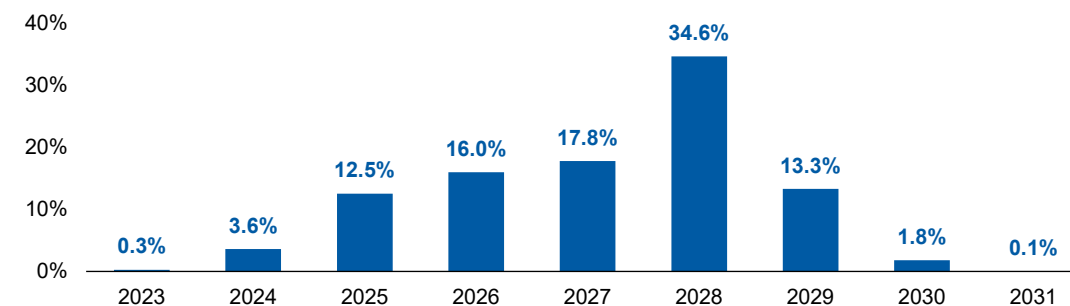
## Loan Type

First Lien	97.65%
Second Lien	2.35%

## Top 10 Industries



## Maturity Breakdown

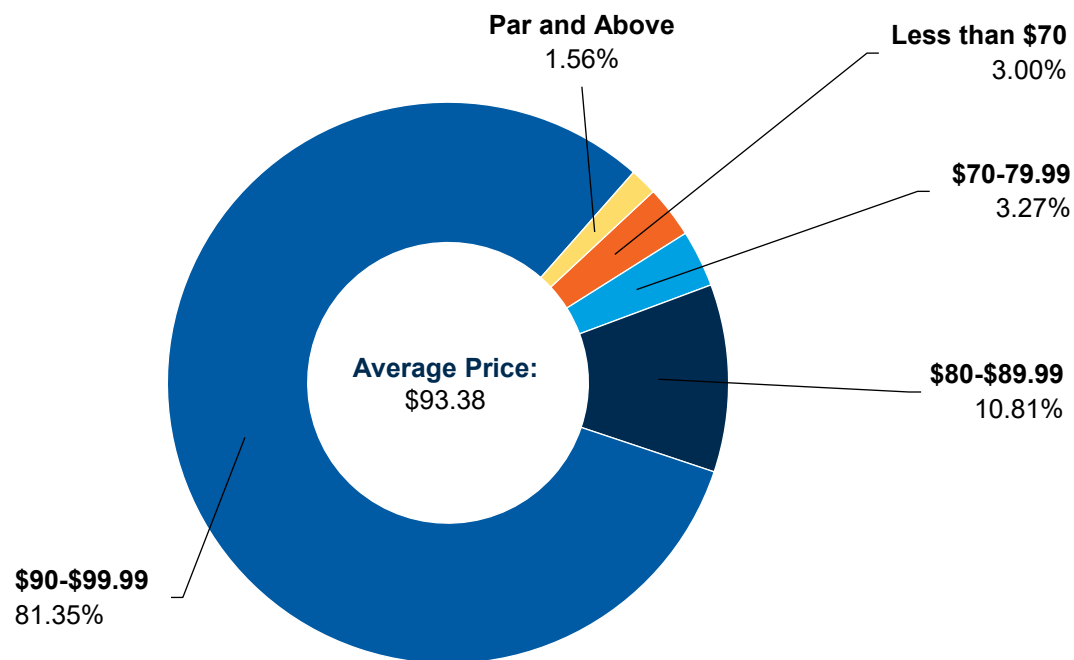


Source: Leveraged Commentary & Data (LCD), March 31, 2023. **Past performance is not a reliable indicator of future results.** All data reflects the Morningstar LSTA US Leveraged Loan Index. Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an 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. Index spread data includes the benefit of LIBOR floors.

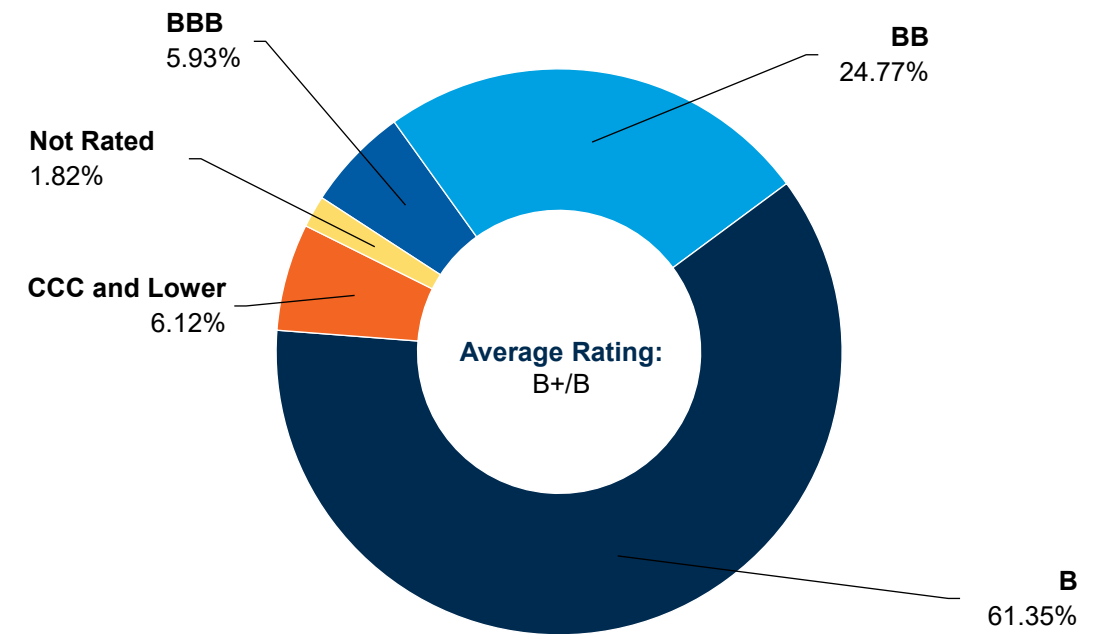
MARKET UPDATE

# Floating-Rate Loan Quarterly Dashboard

## Breakdown by Bid Price



## Breakdown by Facility Rating

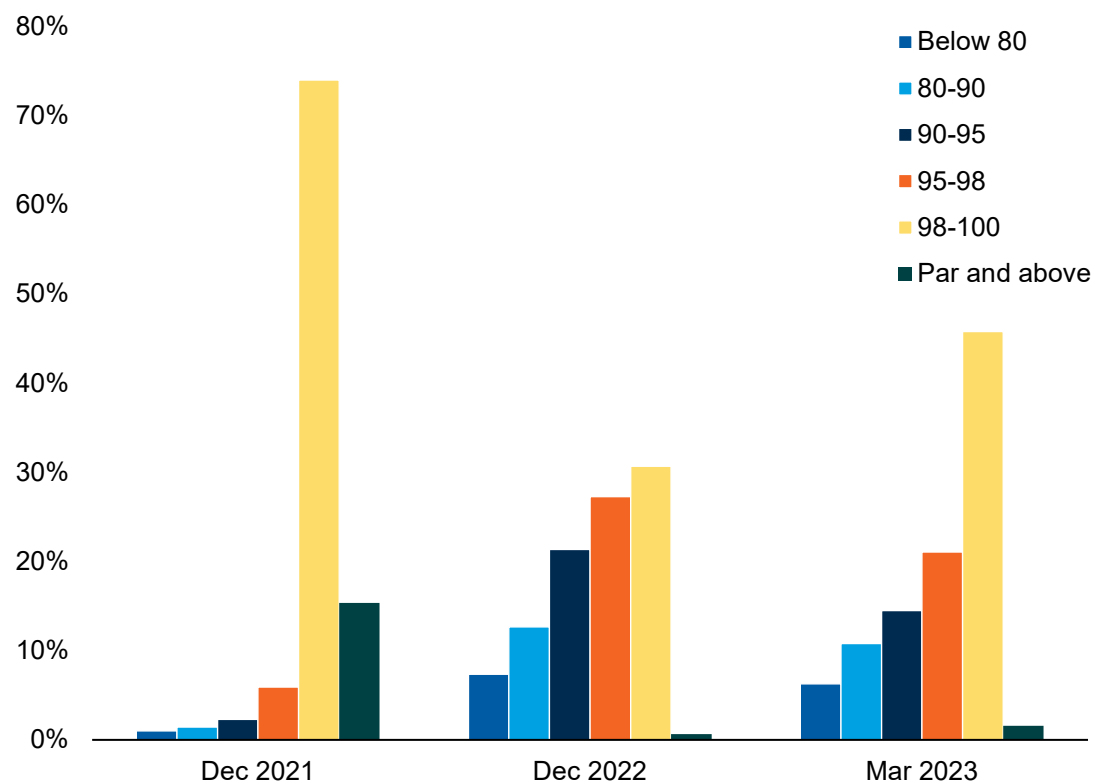


Source: Leveraged Commentary & Data (LCD), March 31, 2023. **Past performance is not a reliable indicator of future results.** All data reflects the Morningstar LSTA US Leveraged Loan Index. Data provided is for informational and illustrative purposes only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures. Breakdown by bid price includes performing loans only.

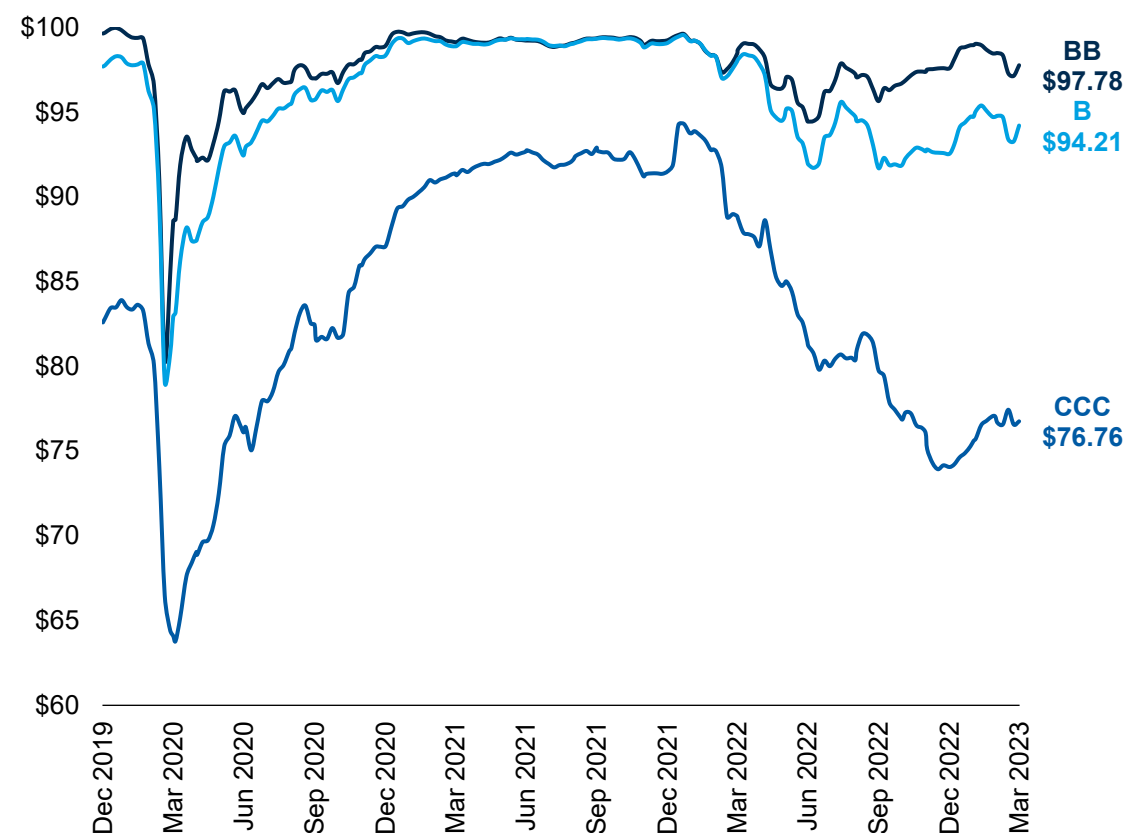
MARKET UPDATE

# Floating-Rate Loan Quarterly Dashboard

**Price Distribution**  
Percent of the Index



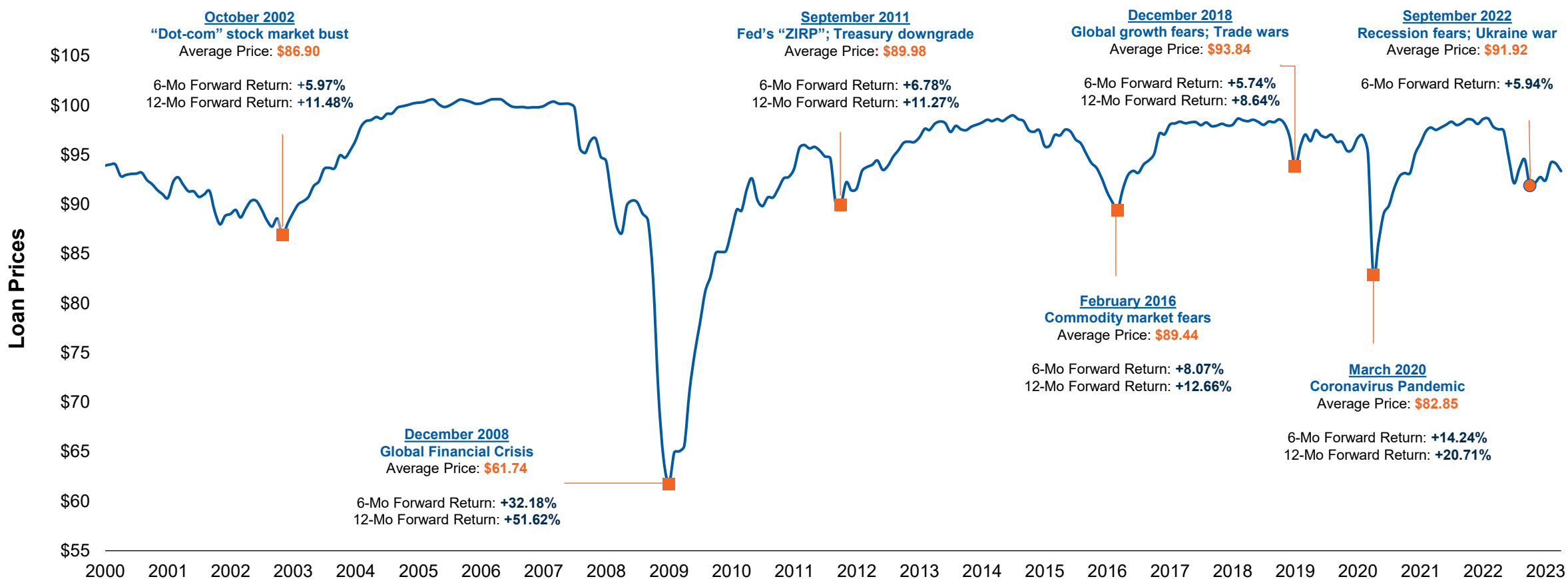
**Price by Credit Tier**  
Average Bid Price of Outstanding Loans



Source: Leveraged Commentary & Data (LCD), March 31, 2023. **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. Data includes performing loans only in the Morningstar LSTA US Leveraged Loan Index.

MARKET UPDATE

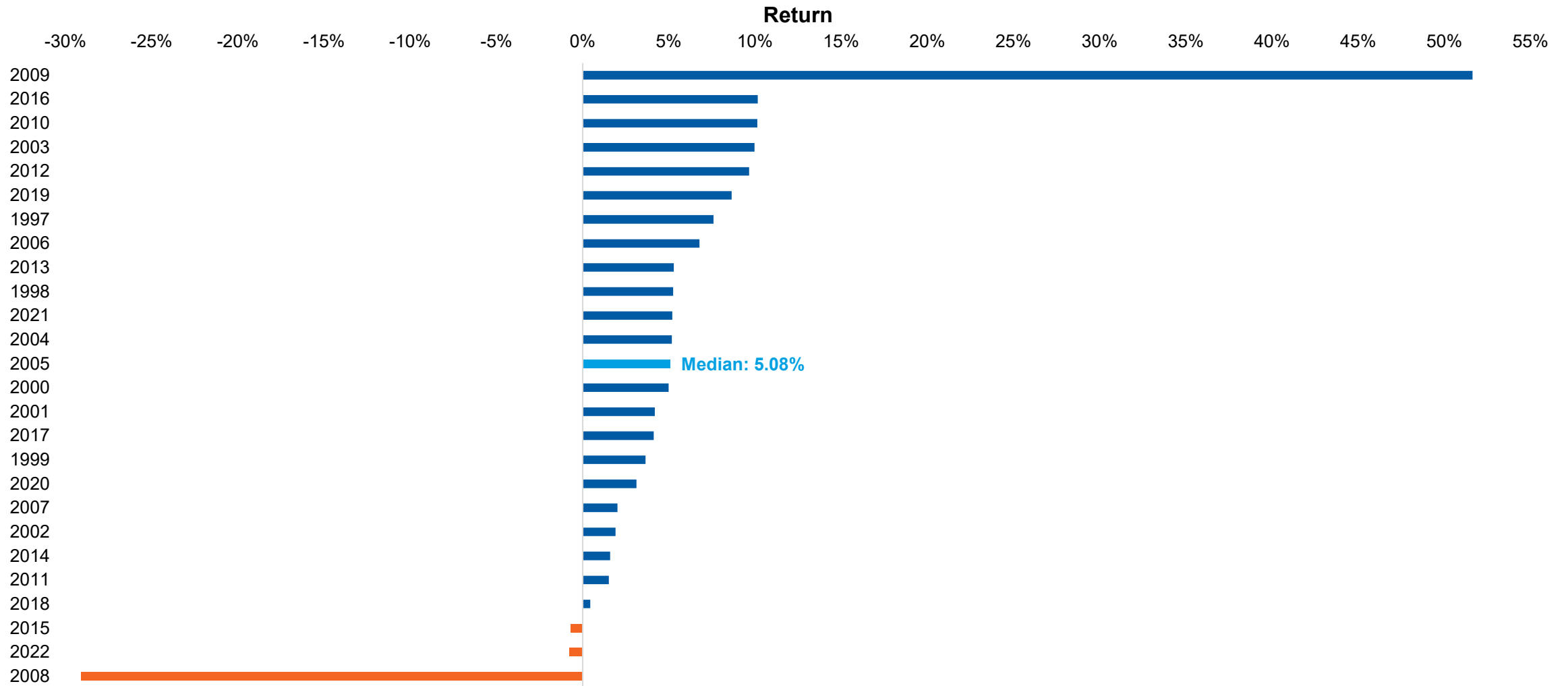
# Average Loan Prices & Subsequent Forward Returns



Source: Leveraged Commentary & Data (LCD), March 31, 2023. **Past performance is not a reliable indicator of future results.** Measures average loan price of the Morningstar LSTA US Leveraged Loan Index and forward returns of the Index using end-of-month data. 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

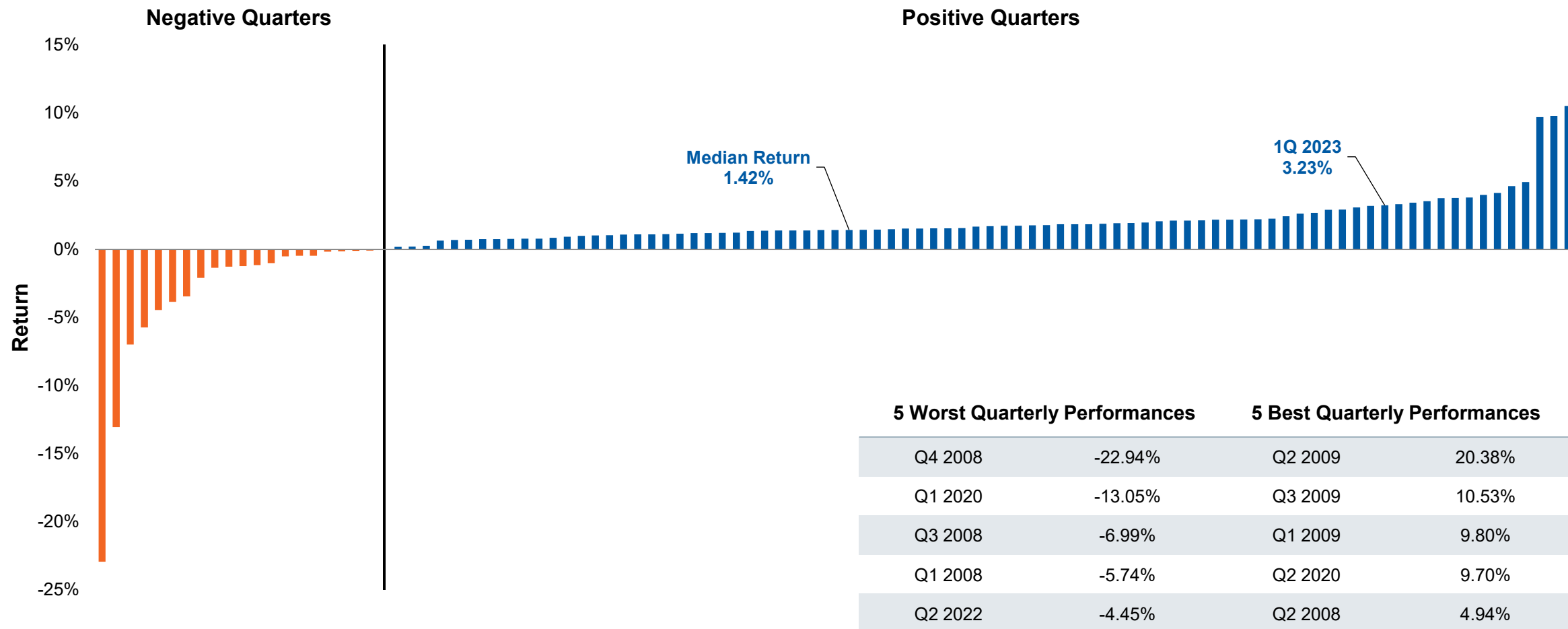
# Performance: Calendar Year Index Returns



Source: Leveraged Commentary & Data (LCD), December 31, 2022. **Past performance is not a reliable indicator of future results.** Performance measures the Morningstar LSTA US 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

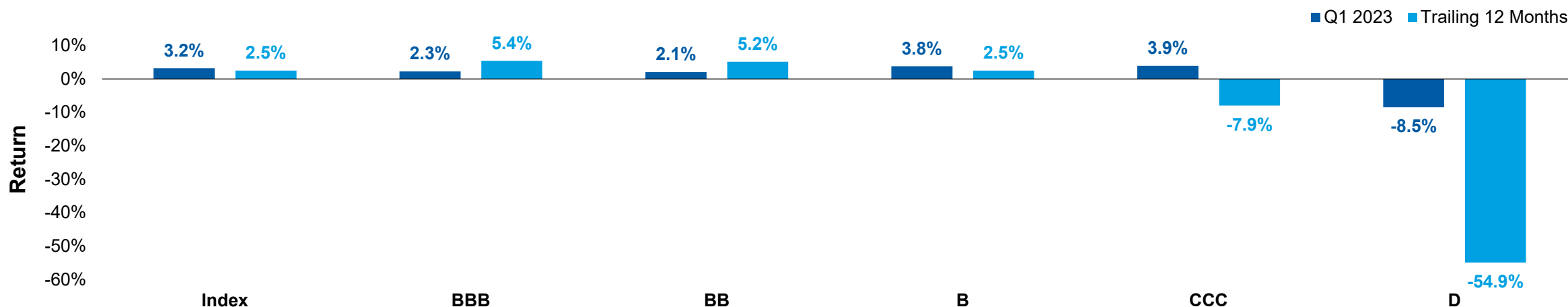


Source: Leveraged Commentary & Data (LCD), March 31, 2023. **Past performance is not a reliable indicator of future results.** Performance measures all quarterly returns of the Morningstar LSTA US Leveraged Loan Index back to its inception in January 1997 and sorts them from lowest to highest. Data provided 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 Returns

## Credit Tier Performance Q1 and Trailing 12 Months



Credit Tier	% of Index	Avg. Price	Avg. Spread (bps)
Index	--	\$93.4	L+590
BBB	5.9	\$99.5	L+229
BB	24.8	\$97.8	L+365
B	61.4	\$94.2	L+614
CCC	5.7	\$76.8	L+1666
D	0.4	\$30.4	--

Source: Leveraged Commentary & Data (LCD), March 31, 2023. **Past performance is not a reliable indicator of future results.** Performance measures the Morningstar LSTA US 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. Spread data includes the benefit of LIBOR floors. % of Index measures market value of each credit tier.

MARKET UPDATE

# Performance: Industry Returns

## Industry Performance: Top and Bottom 10 Q1 2023 Returns



Source: Leveraged Commentary & Data (LCD), March 31, 2023. **Past performance is not a reliable indicator of future results.** Performance measures the Morningstar LSTA US 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.

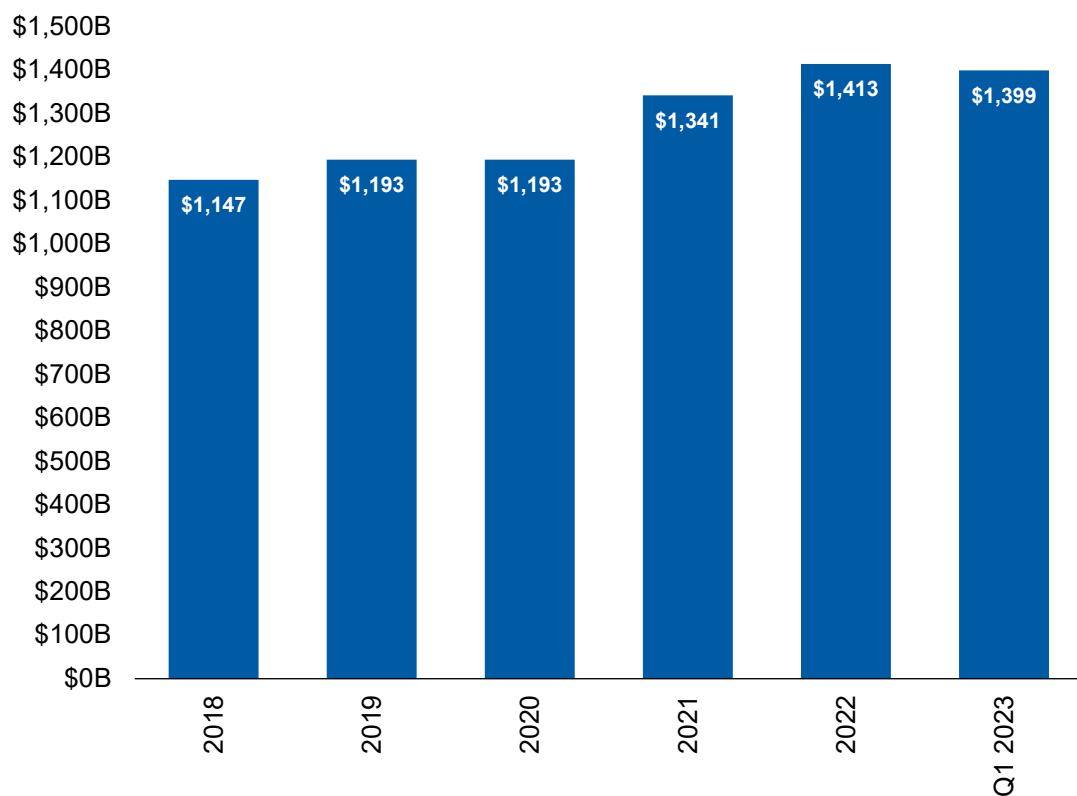


MARKET UPDATE

# Technical Factors: Market Size and Trading Volume

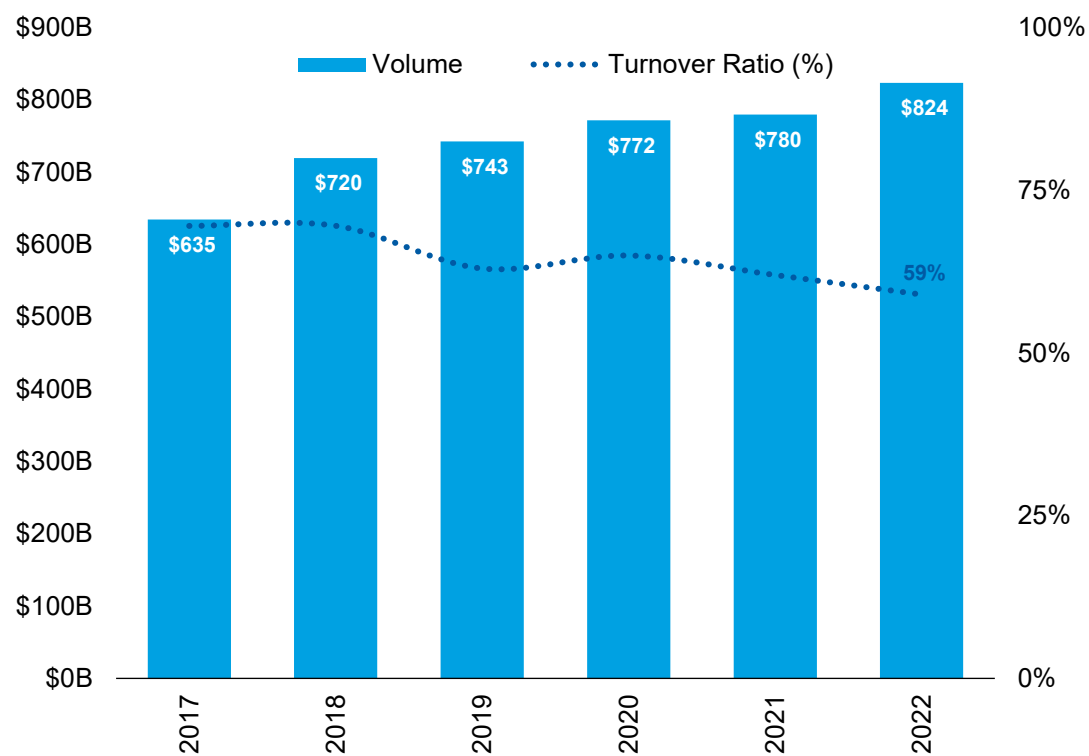
## Market Size

Par Amount of Outstanding Loan Market



## Trading and Turnover

U.S. Trading Volume and Annual Loan Turnover Ratio



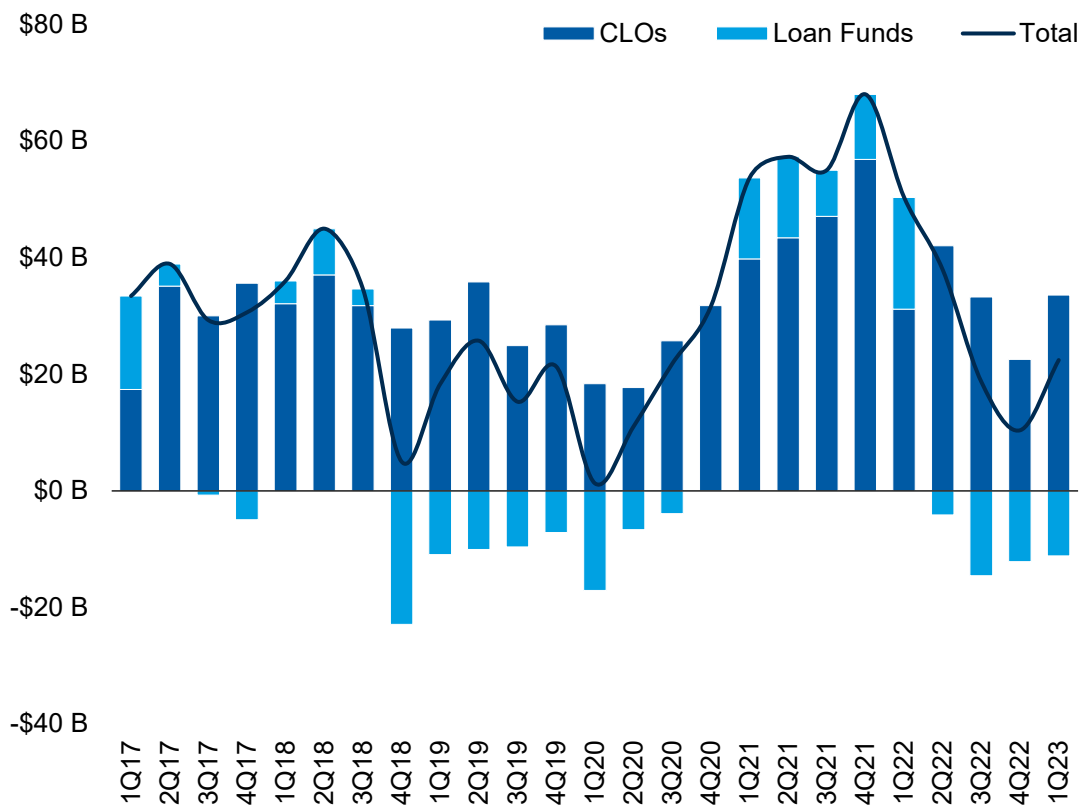
Source: Leveraged Commentary & Data (LCD), LSTA Trade Data Study. Par amount outstanding as of March 31, 2023. Trading and turnover as of Q4 2022. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. Amount of outstandings measures the Morningstar LSTA US Leveraged Loan Index. Trading and turnover data is sourced from 20 of the largest buy-side and sell-side member institutions of the LSTA. It is not possible to invest directly in an Index.

MARKET UPDATE

# Technical Factors: Loan Demand and M&A Volume

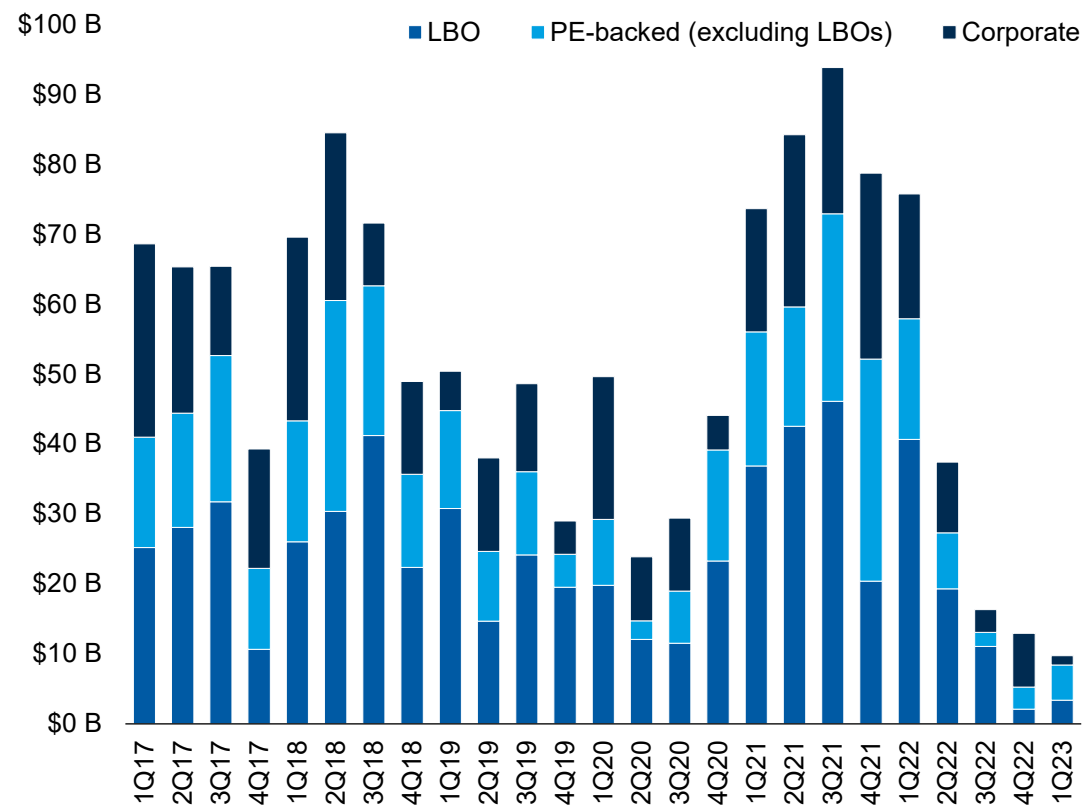
## Visible Demand

Quarterly CLO Creation and Mutual Fund Flows



## Institutional Loan Volume Backing M&A

Leveraged Buyout (LBO) and Other M&A

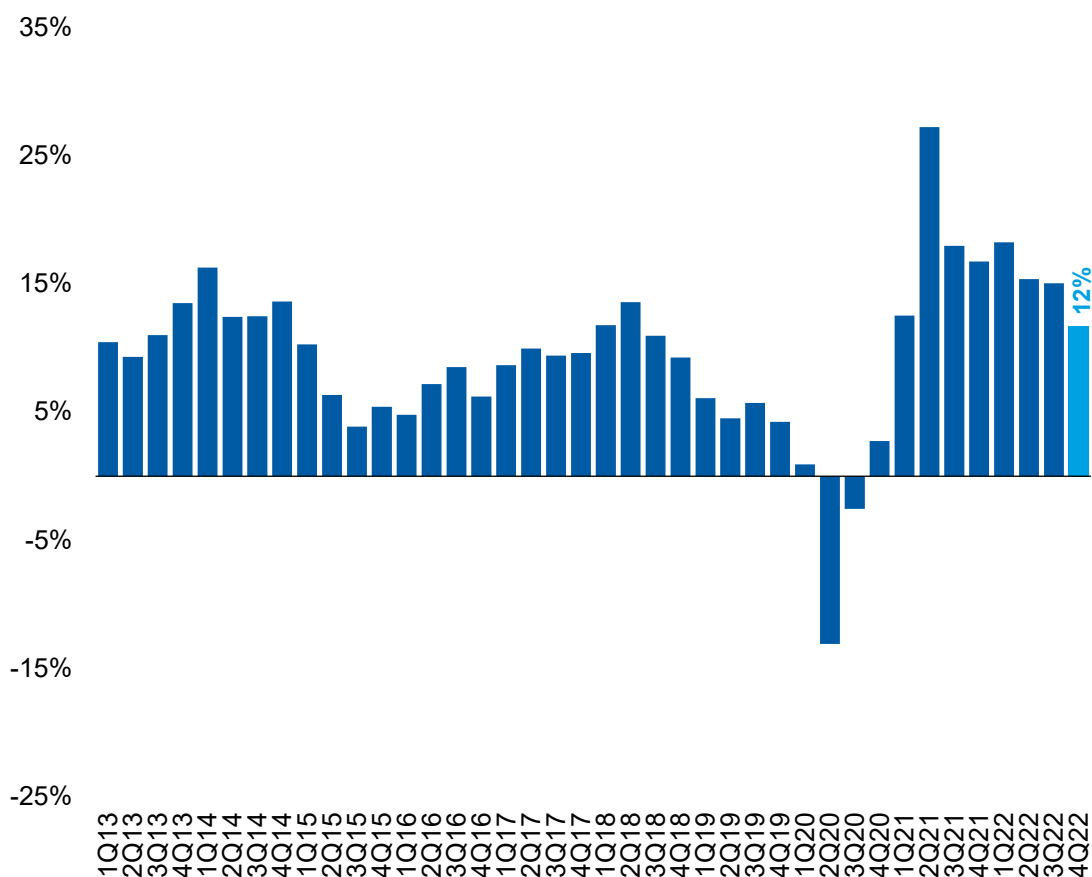


Source: Leveraged Commentary & Data (LCD), March 31, 2023. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index.

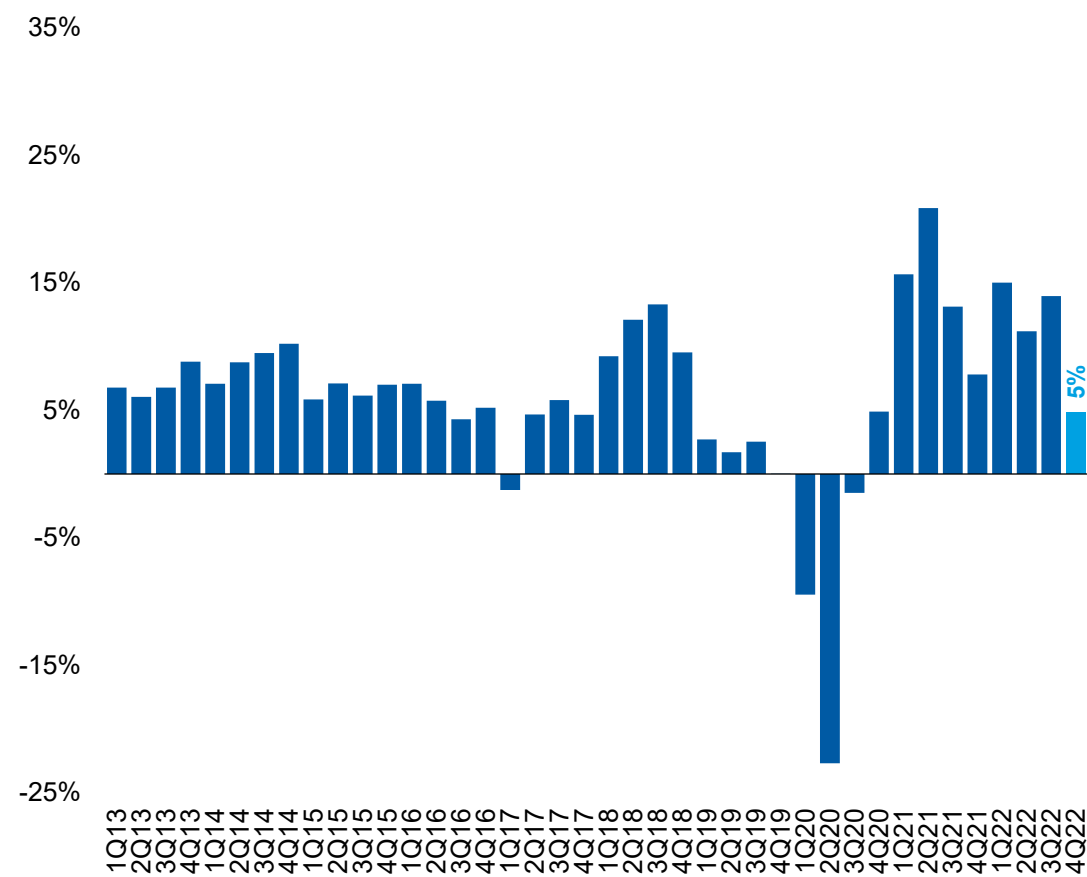
MARKET UPDATE

# Fundamental Conditions: Revenue and Earnings Growth

Year-Over-Year Revenue Growth



Year-Over-Year EBITDA Growth

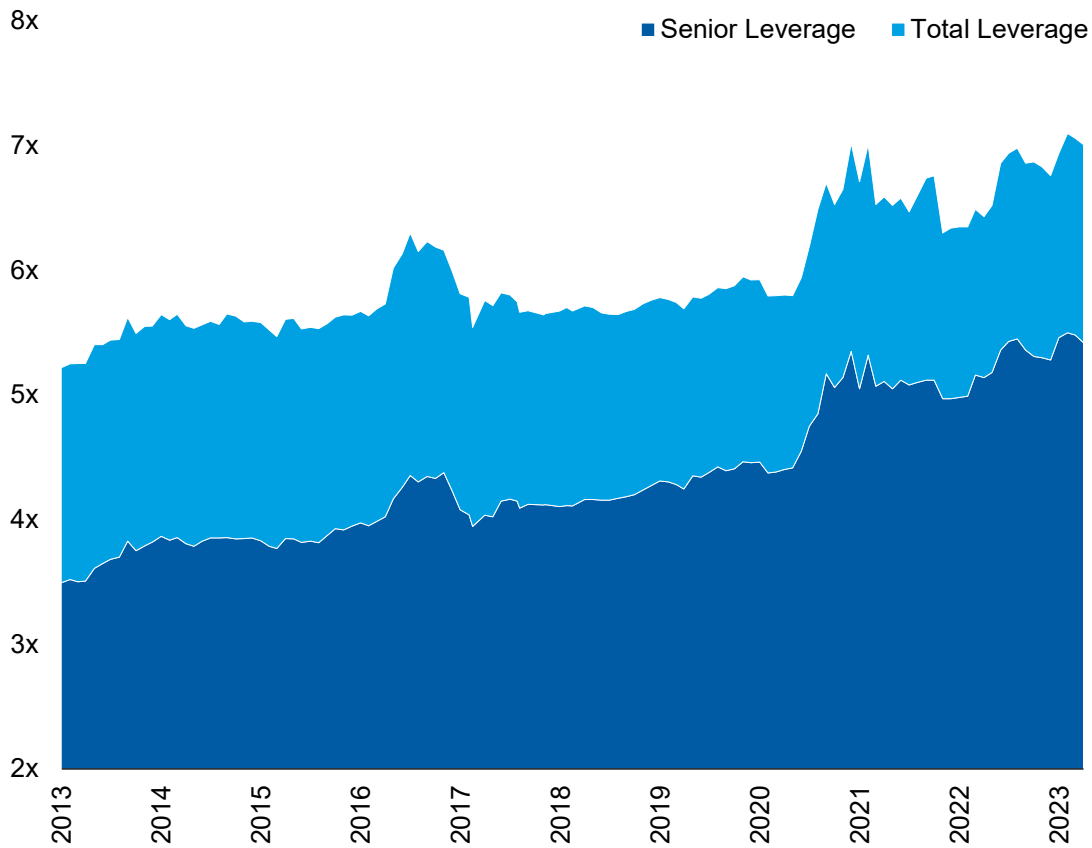


Source: Leveraged Commentary & Data (LCD), Q4 2022. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. EBITDA refers to earnings before interest, taxes, depreciation and amortization. The data are based on approximately 150 public issuers included in the Morningstar LSTA US Leveraged Loan Index. See end of material for important additional information and disclosures.

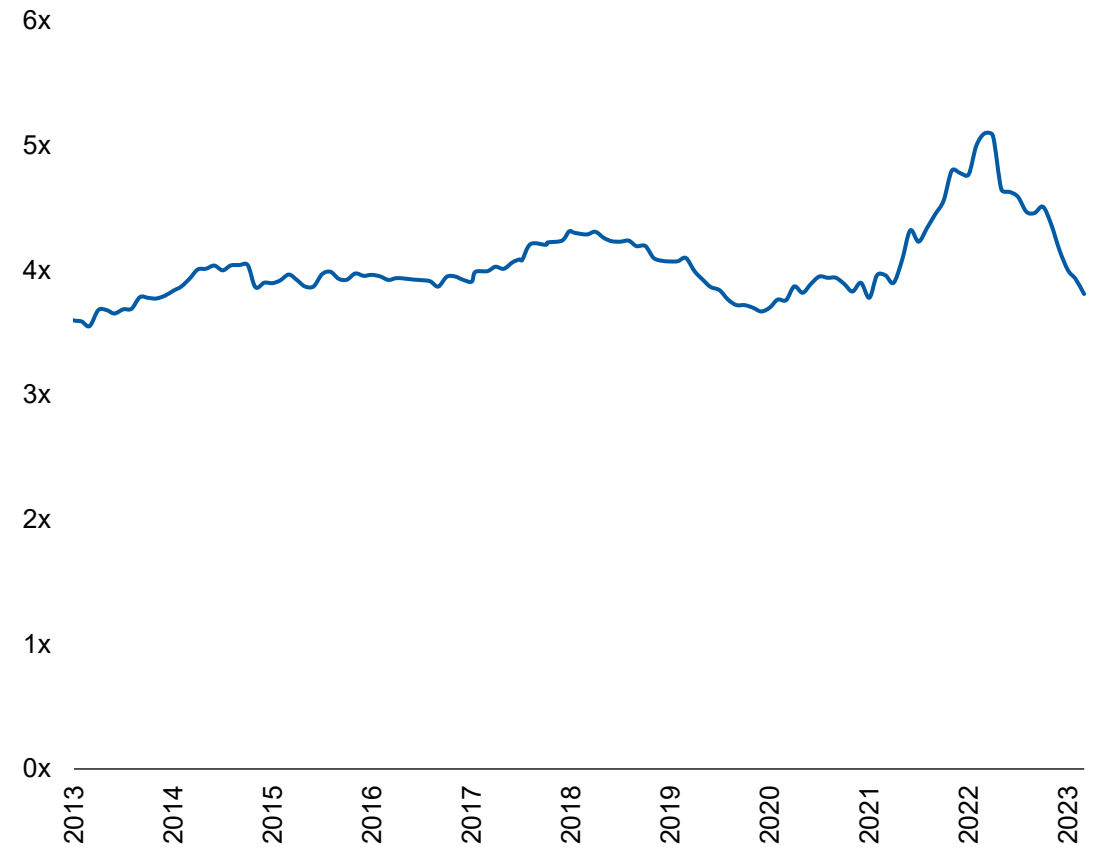
MARKET UPDATE

# Fundamental Conditions: Leverage and Interest Coverage

## Weighted Average Leverage



## Interest Coverage

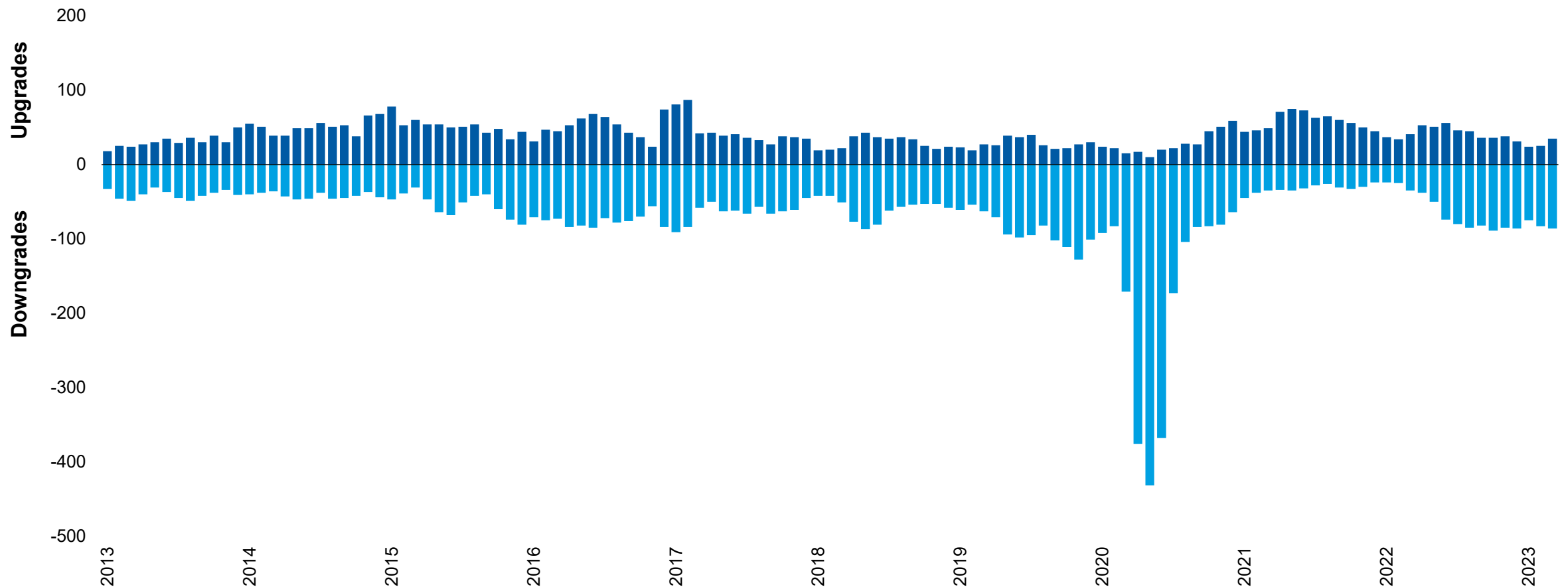


Source: Eaton Vance, March 31, 2023. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. See end of material for important additional information and disclosures. The data is an average of all loans tracked across the Eaton Vance loan platform. Does not represent any particular issuer or product.

MARKET UPDATE

# Fundamental Conditions: Loan Downgrades Outpacing Upgrades

Rolling 3-Month Count of Ratings Upgrades & Downgrades



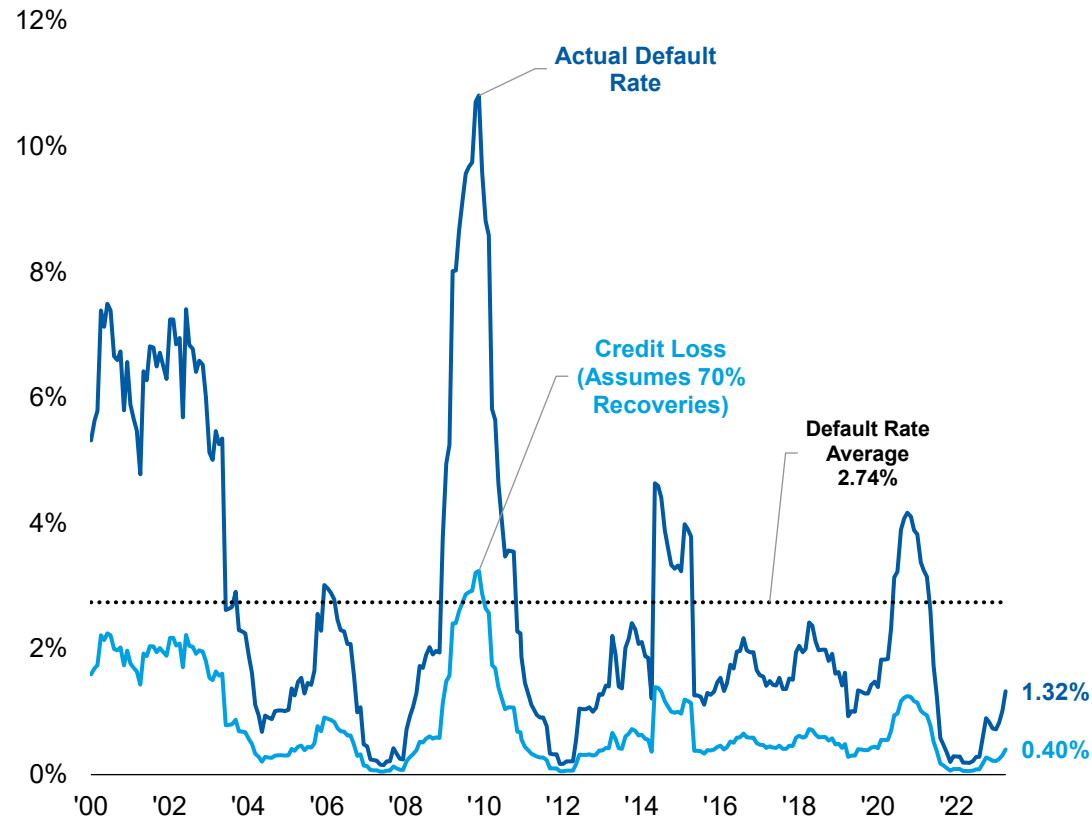
Source: Leveraged Commentary & Data (LCD), March 31, 2023. **Past performance is not a reliable indicator of future results.** All data reflects the Morningstar LSTA US Leveraged Loan Index. Data provided is for informational use only. It is not possible to invest directly in an index. See end of material for important additional information and disclosures.

MARKET UPDATE

# Fundamental Conditions: Default Rate and Distress Ratio

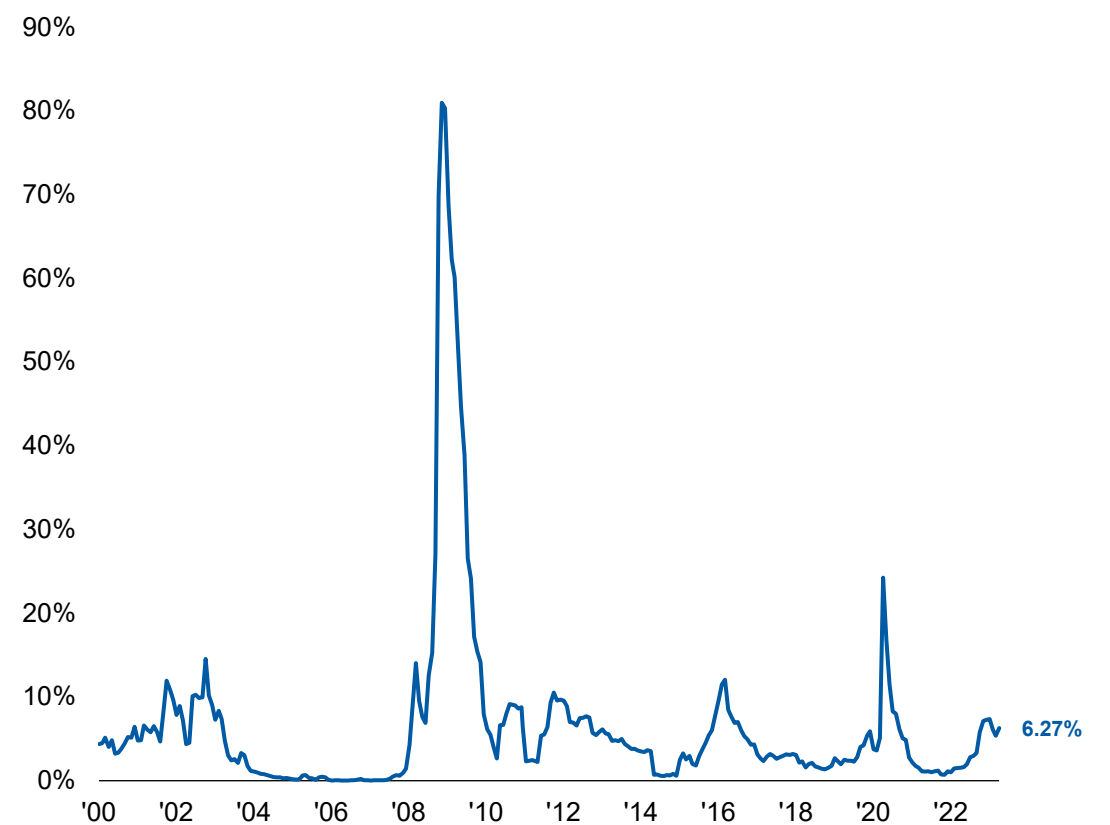
## Default Rate

Last 12 Months by Principal Amount



## Distress Ratio

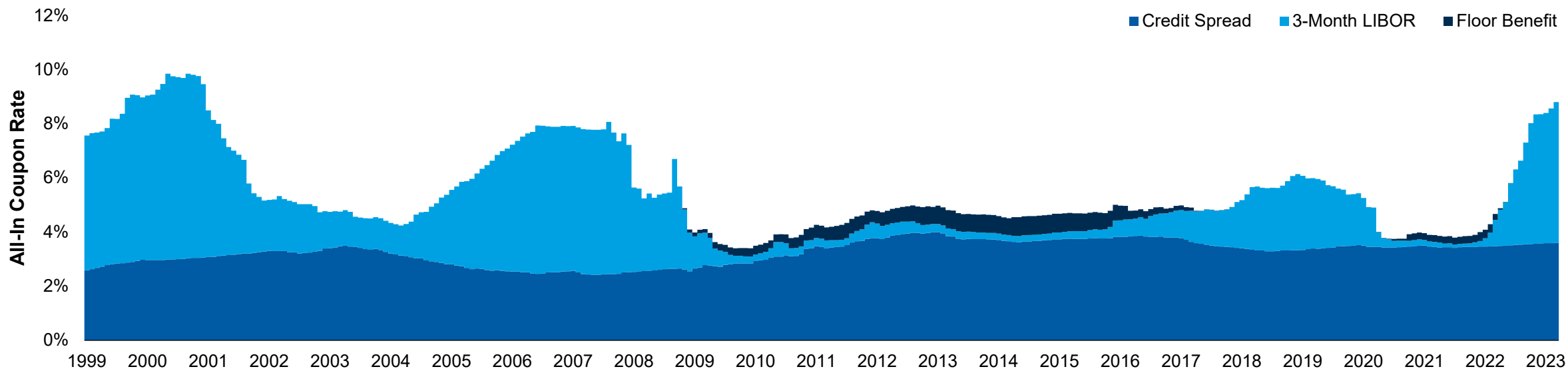
Percent of Performing Loans Trading Below \$80



Source: Leveraged Commentary & Data (LCD), March 31, 2023. **Past performance is not a reliable indicator of future results.** All data reflects the Morningstar LSTA US Leveraged Loan Index. 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 Average Loan Index Coupon



	Credit Spread	Corresponding All-In Rate
Max (Jan 2013)	4.00%	4.97%
Post-Crisis Average	3.57%	4.88%
Current	3.61%	8.80%
Long-Term Average	3.25%	5.54%
Min (June 2007)	2.42%	7.78%

LIBOR Floor	% of Par Outstanding
0% floor	34.1%
0.75% and less	57.0%
1.00%	7.9%
>1.00%	0.1%
No floor	0.9%

Sources: Eaton Vance, Macrobond, and Leveraged Commentary & Data (LCD), March 31, 2023. **Past performance is not a reliable indicator of future results.** All spread and LIBOR floor data reflects the Morningstar LSTA US Leveraged Loan Index. Data provided is for informational use only. Credit spread and floor benefit data are shown on a weighted average basis. LIBOR floors are a minimum base rate to be paid by a borrower before the fixed credit spread. The LIBOR floor benefit measures the difference between prevailing LIBOR rates and the average LIBOR floor. Data excludes facilities in default.

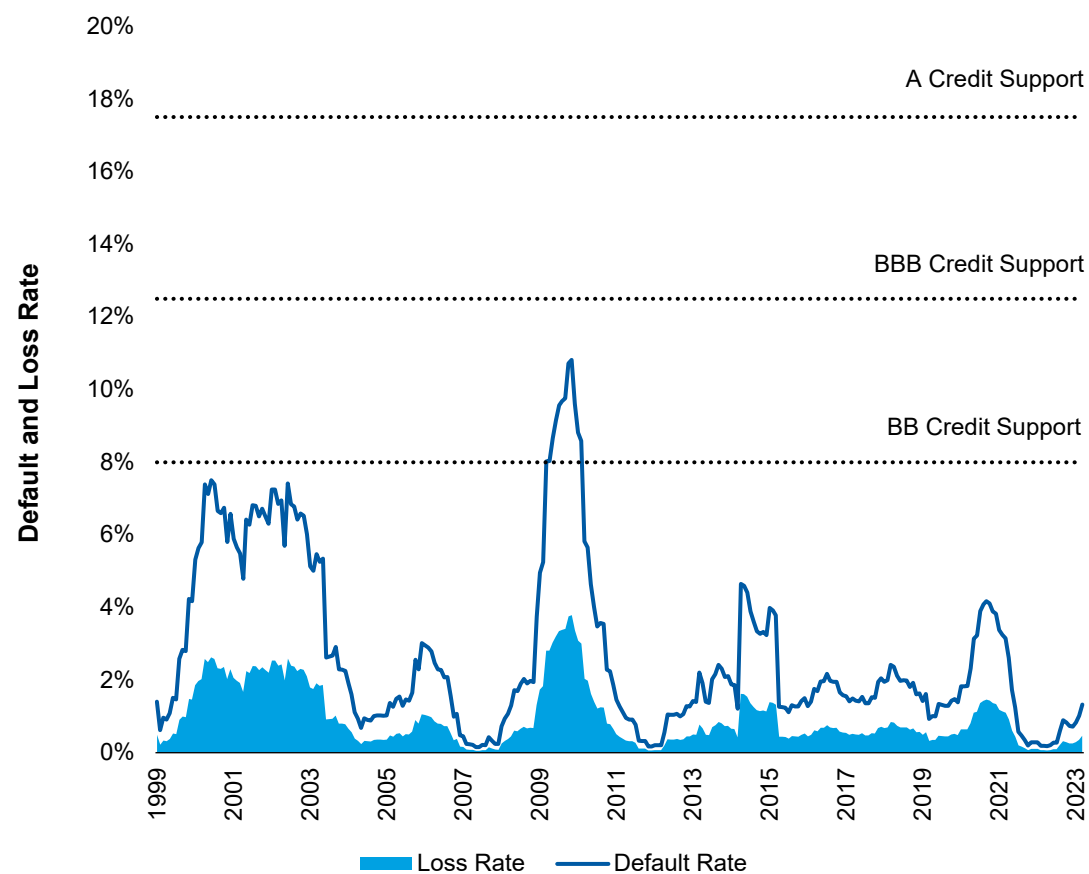
MARKET UPDATE

# Special Topic: Collateralized Loan Obligations (CLOs)

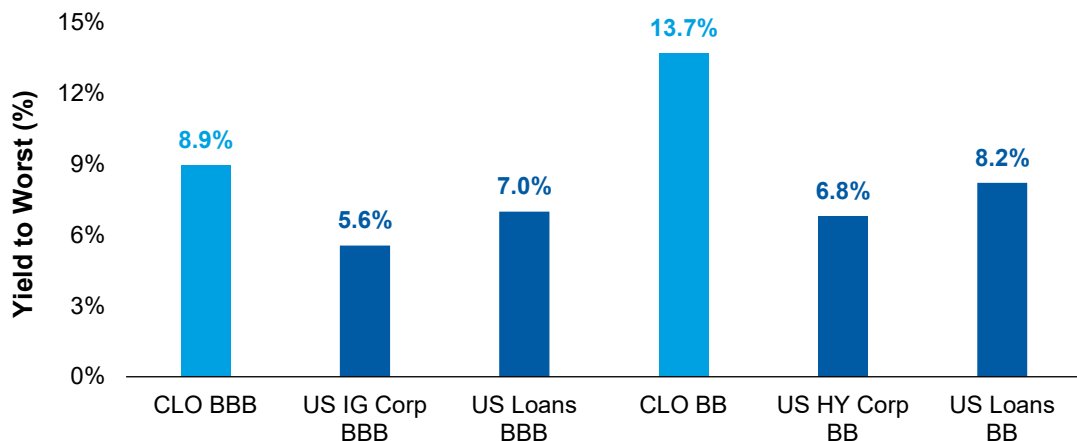
## Illustrative Capital Structure for a U.S. CLO

Credit Rating	Credit Enhancement	Credit Spread	Average Price
AAA	36%	160 – 200	\$98.3
AA	25%	200 – 240	\$96.7
A	17%	290 – 340	\$94.4
BBB	13%	405 – 655	\$91.1
BB	8%	780 – 1105	\$84.5

## CLO Tranche Support



## Comparative Yields for BBB and BB Tranches of CLOs



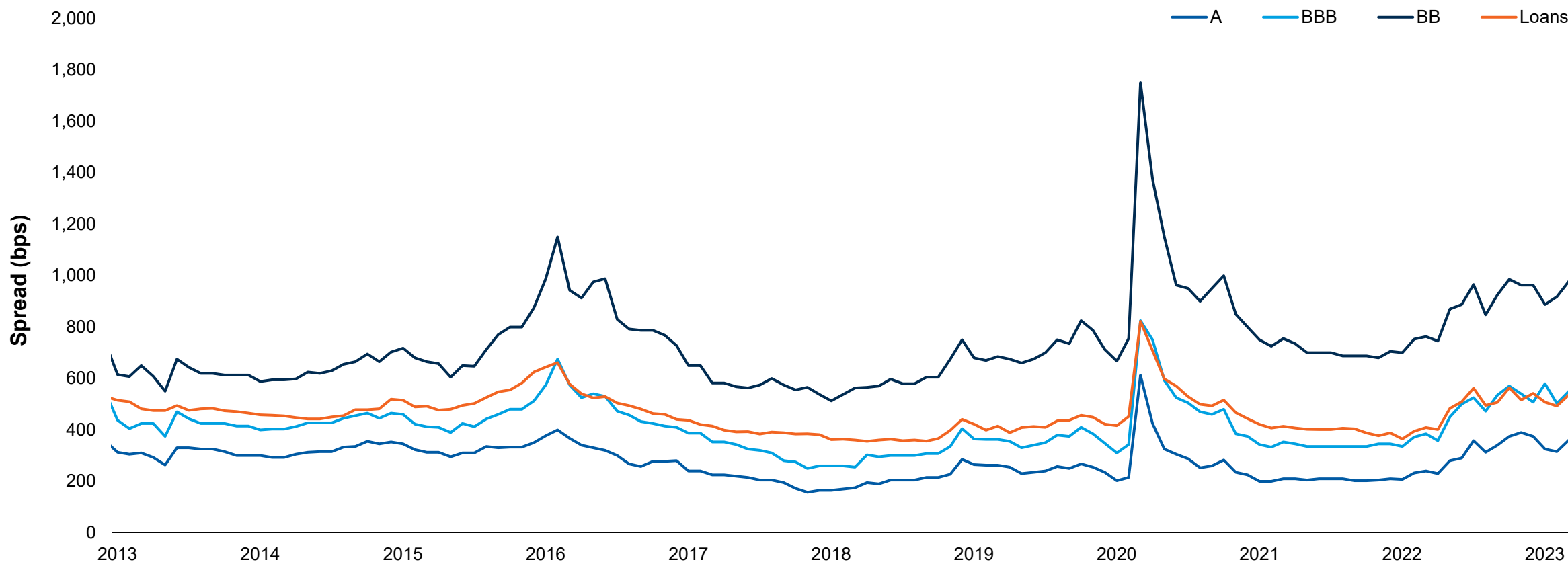
Sources: Eaton Vance, Citibank Velocity, Macrobond, Leveraged Commentary & Data (LCD), March 31, 2023. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. All CLO data measures CLO tranches issued after the 2008 financial crisis. Loan data represented by the Morningstar LSTA US Leveraged Loan Index. US IG Corps represented by the ICE BofA US Corporate Index 1-10 Year. US HY Corp represented by the ICE BofA US High Yield Index. Default and loss rates measure the Morningstar LSTA US Leveraged Loan Index, with loss rates based on 65% recovery assumption.



MARKET UPDATE

# Special Topic: Volatility of CLOs Relative to Underlying Loans

## Post-Crisis CLO Spreads: A, BBB, BB vs. Loans

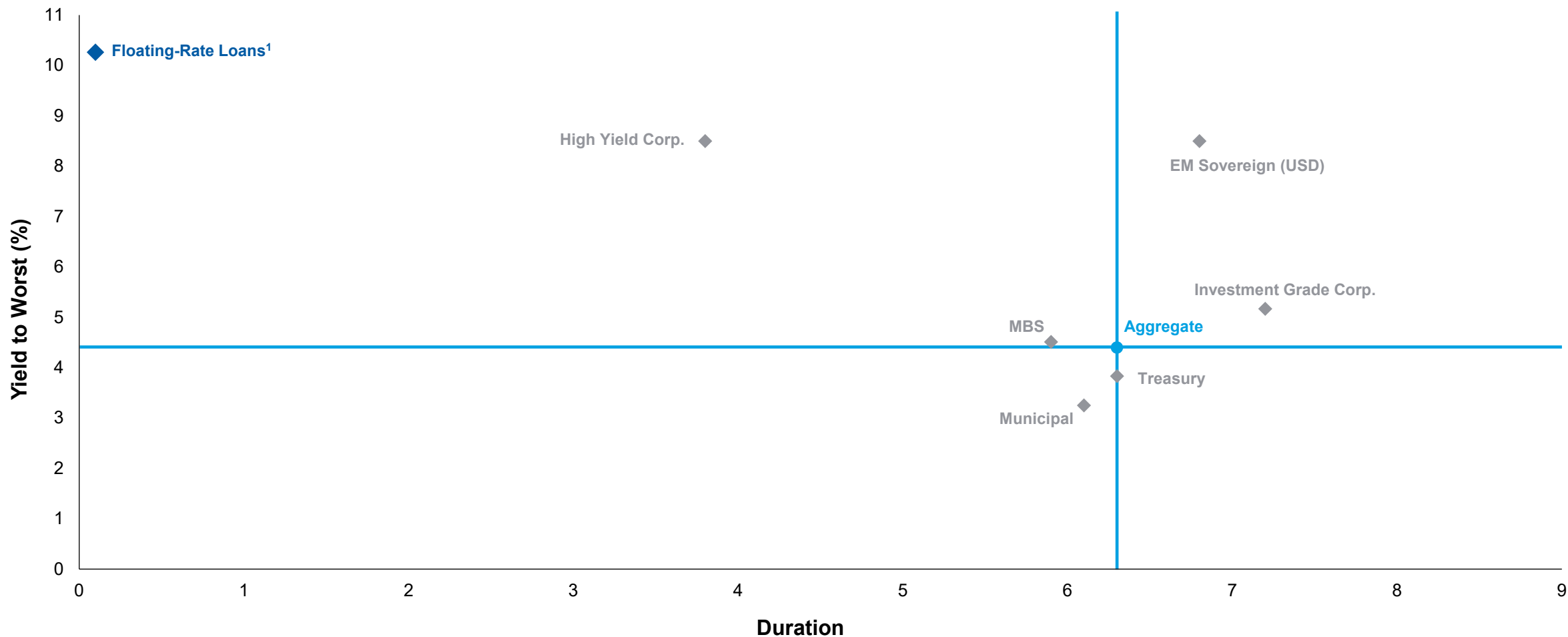


Sources: Citibank Velocity and Leveraged Commentary & Data (LCD), March 31, 2023. Past performance is not a reliable indicator of future results. Data provided is for informational use only. All CLO data measures CLO tranches issued after the 2008 financial crisis. Loans represented by the Morningstar LSTA US Leveraged Loan Index and show spread-to-maturity.

# Portfolio Applications

PORTFOLIO APPLICATIONS

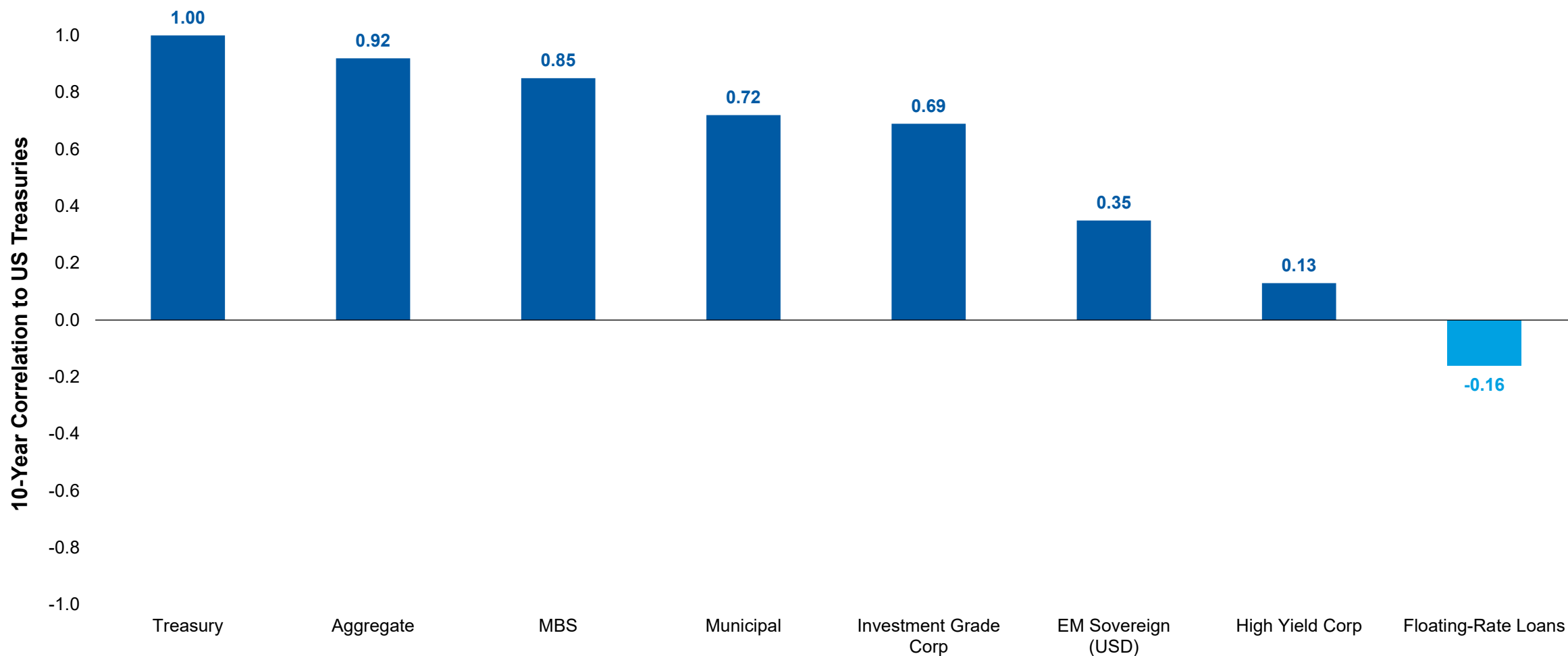
# Loans Among Higher Yielding Asset Classes With Little Duration



Sources: Eaton Vance, Bloomberg, JPMorgan, ICE Data Indices, LLC, and Leveraged Commentary & Data (LCD), March 31, 2023. **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 U.S. Treasury Index. Aggregate represented by Bloomberg U.S. Aggregate Index. MBS represented by Bloomberg U.S. Mortgage Backed Securities (MBS) Index. Investment Grade Corp. represented by Bloomberg U.S. Corporate Index. Municipal represented by Bloomberg Municipal Bond Index. EM Sovereign (USD) represented by J.P. Morgan EM Bond Index (EMBI) Global Diversified Index. High Yield Corp. represented by ICE BofA US High Yield Index. Floating-Rate Loans represented by Morningstar LSTA US Leveraged Loan Index. <sup>1</sup>Yield to maturity is shown for loans.

PORTFOLIO APPLICATIONS

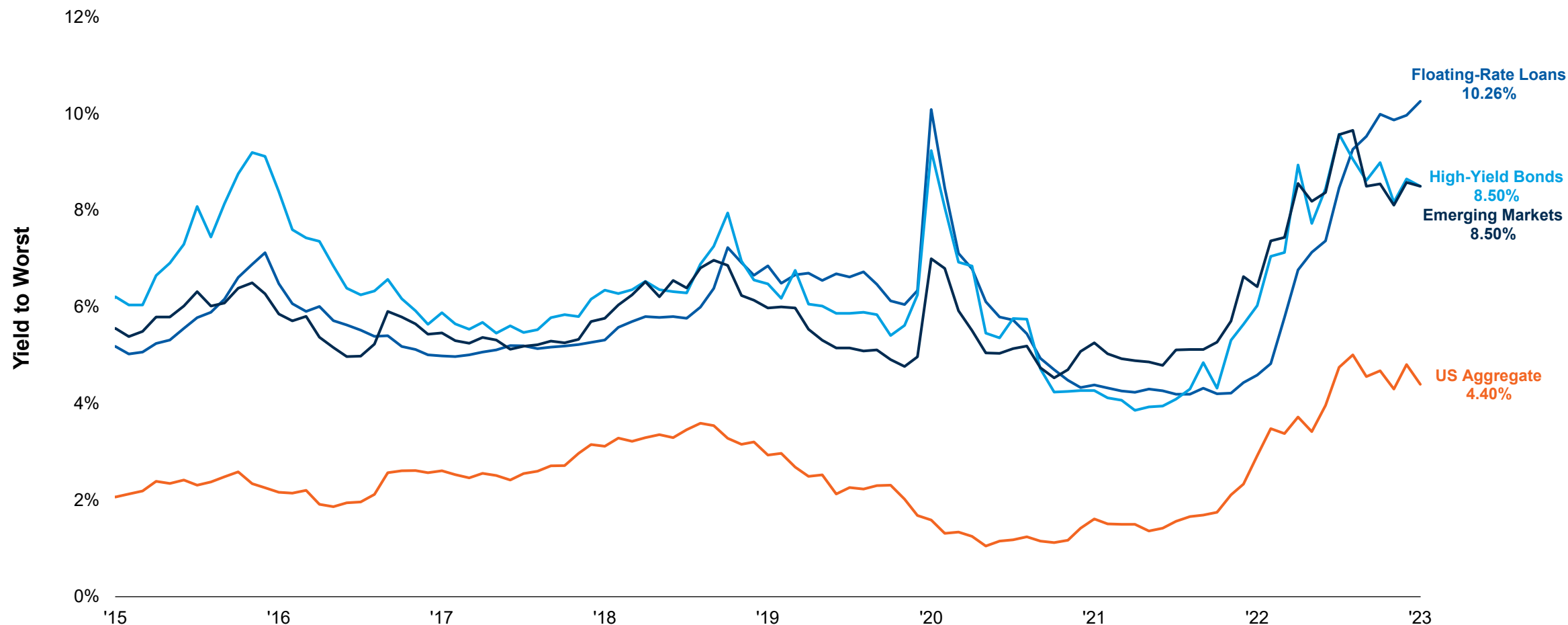
# Floating-Rate Structure Key Driver of Negative Correlation With Bonds



Source: Morningstar, March 31, 2023. **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 U.S. Treasury Index. Aggregate represented by Bloomberg U.S. Aggregate Index. MBS represented by Bloomberg U.S. Mortgage Backed Securities (MBS) Index. Investment Grade Corp. represented by Bloomberg U.S. Corporate Index. Municipal represented by Bloomberg Municipal Bond Index. EM Sovereign (USD) represented by J.P. Morgan EM Bond Index (EMBI) Global Diversified Index. High Yield Corp. represented by ICE BofA US High Yield Index. Floating-Rate Loans represented by Morningstar LSTA US Leveraged Loan Index.

PORTFOLIO APPLICATIONS

# Loan Yields Are Competitive With High-Yield Bonds and Emerging Markets (EM) Debt

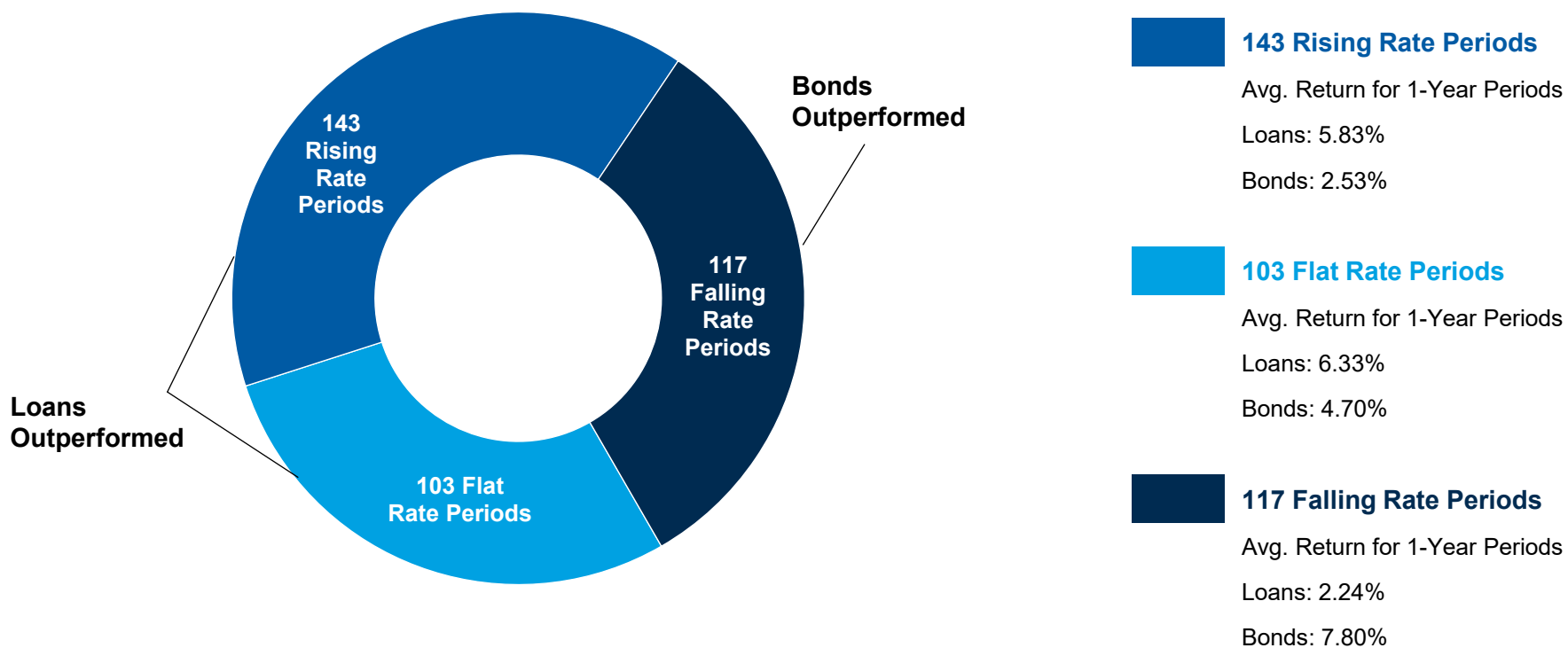


Sources: Leveraged Commentary & Data (LCD), Bloomberg, ICE Data Indices, LLC, J.P. Morgan, March 31, 2023. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. Loans represents the Morningstar LSTA US Leveraged Loan Index. High-Yield Bonds presents the ICE BofA US High Yield Index. Emerging Markets represents the J.P. Morgan EMBI Global Diversified. US Aggregate represents the Bloomberg US Aggregate Bond Index. <sup>1</sup>Yield to maturity is shown for loans.

PORTFOLIO APPLICATIONS

# Loan vs. Bond Performance in Various Interest-Rate Environments

## Distribution of All Rolling 1-Year Return Periods: 1992–Q1 2023



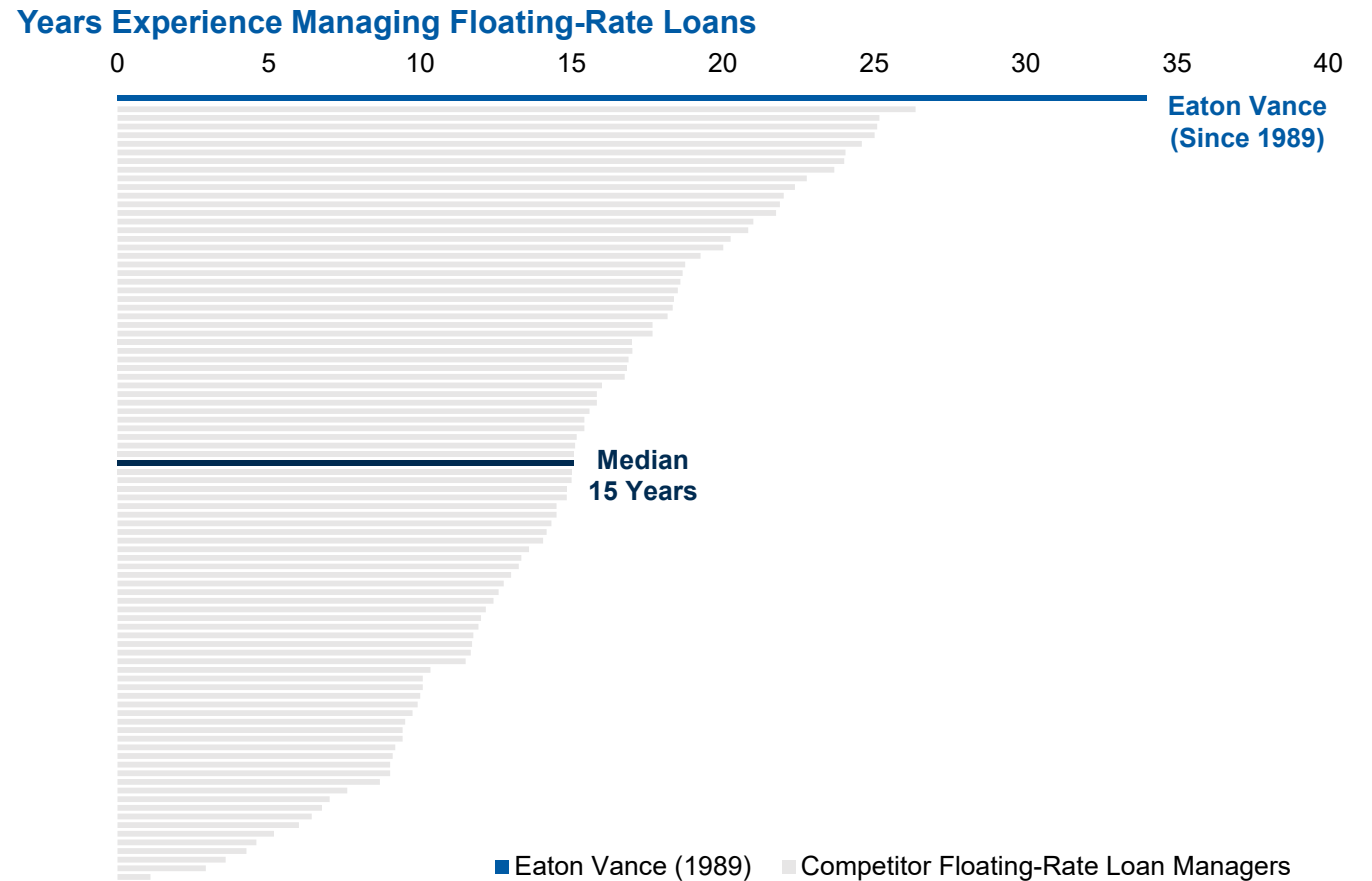
Sources: Eaton Vance, Credit Suisse, Bloomberg, Federal Reserve, March 31, 2023. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of report for important additional information. Loans are represented by Credit Suisse Institutional Leveraged Loan Index and bonds are represented by the Bloomberg U.S. Aggregate Index. Analysis includes all rolling one-year periods since inception of Credit Suisse Institutional Leveraged Loan Index in 1992. Interest rate periods measures the year-over-year change in the fed funds rate.

# About Eaton Vance

EATON VANCE FOR FLOATING-RATE LOANS

# The Advantage of Eaton Vance's Experience

- Premier manager with more than 30 years loan market experience
- 40+ member team dedicated exclusively to loan management
- Systematic risk-weighted portfolio construction underpinned by bottom-up credit research
- Dedicated to excellence in investment outcomes and client relationships



Source: eVestment, December 31, 2022. **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 With Extensive Contiguous Experience

### TEAM LEADERSHIP

**Andrew Sveen, CFA**

Head of Floating-Rate Loans, Portfolio Manager  
27 Years of Experience • 24 Years at the Firm

### CREDIT RESEARCH & PORTFOLIO MANAGEMENT

**Ralph Hinckley, CFA**

Senior Credit Analyst, Portfolio Manager  
25 Years of Experience • 19 Years at the Firm

**Jeff Hesselbein, CFA**

Senior Credit Analyst, Portfolio Manager  
26 Years of Experience • 23 Years at the Firm

**Sarah Choi**

Senior Credit Analyst, Portfolio Manager  
15 Years of Experience • 3 Years at the Firm

**Victoria Moore**

Credit Analyst  
5 Years of Experience • 1 Year at the Firm

**Ellen Green, CFA**

Research Associate  
3 Years of Experience • 3 Years at the Firm

**Catherine McDermott**

Senior Credit Analyst, Portfolio Manager  
34 Years of Experience • 22 Years at the Firm

**Heath Christensen, CFA**

Senior Credit Analyst, Portfolio Manager  
23 Years of Experience • 19 Years at the Firm

**Anna Gribovsky**

Senior Credit Analyst  
14 Years of Experience • 9 Years at the Firm

**Joseph Goff, CFA**

Senior Credit Analyst  
11 Years of Experience • <1 Year at the Firm

**Erik Manditch, CFA**

Senior Research Associate  
4 Years of Experience • 4 Years at the Firm

**Carly Heffernan**

Research Associate  
<1 Years of Experience • <1 Years at the Firm

**Michael Turgel, CFA**

Senior Credit Analyst, Portfolio Manager  
20 Years of Experience • 16 Years at the Firm

**Brian Hickey, CFA**

Senior Credit Analyst  
25 Years of Experience • 3 Years at the Firm

**Daniel McElaney, CFA**

Senior Credit Analyst, Portfolio Manager  
19 Years of Experience • 18 Years at the Firm

**Anish Guha, CFA**

Senior Research Associate  
4 Years of Experience • 4 Years at the Firm

**Jimmy Jiang**

Research Associate  
2 Years of Experience • 2 Years at the Firm

**Matthew Leigh**

Research Associate  
<1 Years of Experience • <1 Years at the Firm

**John Redding**

Portfolio Manager  
36 Years of Experience • 24 Years at the Firm

**Audrey Grant, CFA**

Credit Analyst  
7 Years of Experience • 6 Years at the Firm

**Alexandros Apostolidis, CFA**

Credit Analyst  
6 Years of Experience • 5 Years at the Firm

### TRADING

**Jake Lemle, CFA**

Head of Loan Trading & Capital Markets, Portfolio Manager  
15 Years of Experience • 15 Years at the Firm

**Kathryn Thompson White**

Trader, Portfolio Manager  
10 Years of Experience • 3 Years at the Firm

**Christopher Reese**

Trader  
4 Years of Experience • 1 Year at the Firm

**Elizabeth McDonough**

Trading Associate  
9 Years of Experience • 9 Years at the Firm

### STRUCTURED PRODUCTS

**Michael Kinahan, CFA**

Head of Structured Products  
35 Years of Experience • 24 Years at the Firm

**John Brodbine**

Senior Structured Portfolio Analyst  
22 Years of Experience • 18 Years at the Firm

**Phil Dillon**

Senior Structured Portfolio Analyst  
12 Years of Experience • 2 Years at the Firm

**Sheetal Shroff**

Senior Structured Portfolio Specialist  
18 Years of Experience • 14 Years at the Firm

**Edward Greenaway, CFA**

Senior Structured Portfolio Analyst, Portfolio Manager  
16 Years of Experience • 14 Years at the Firm

**Stephen Monrad, CFA**

Structured Portfolio Associate  
3 Years of Experience • 3 Years at the Firm

**Steve Sebo**

Senior Structured Portfolio Analyst  
15 Years of Experience • <1 Years at the Firm

**Phil Hansen**

Structured Portfolio Associate  
3 Years of Experience • <1 Years at the Firm

### CREDIT ADVISORY

**Patrick Daniello**

Credit Advisory  
35 Years of Experience • 3 Years at the Firm

### OPERATIONS

**Michael Botthof**

Director of Bank Loan Operations  
33 Years of Experience • 25 Years at the Firm

7 Operations/Compliance Professionals

### PRODUCT & PORTFOLIO STRATEGY

**Christopher Remington**

Institutional Portfolio Manager  
22 Years of Experience • 14 Years at the Firm

**Robert Holmes, CFA**

Senior Portfolio Specialist  
11 Years of Experience • 11 Years at the Firm

Employee data and tenure as of March 31, 2023. Team members may change, without notice, from time to time.

## 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. The London Interbank Offered Rate or LIBOR, is used throughout global banking and financial industries to determine interest rates for a variety of financial instruments (such as debt instruments and derivatives) and borrowing arrangements. The ICE Benchmark Administration Limited, the administrator of LIBOR, ceased publishing certain LIBOR settings on December 31, 2021, and is expected to cease publishing the remaining LIBOR settings on June 30, 2023. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that currently rely on LIBOR, such as floating-rate debt obligations. 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 Municipal Bond Index** is an unmanaged index of municipal bonds traded in the U.S.

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

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

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

**Bloomberg 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.

**ICE BofA Current 10-Year US Treasury Index** is a one-security index comprised of the most recently issued 10-year US Treasury note.

**ICE BofA US Corporate Index** tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market.

**ICE BofA US High Yield Index** tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market.

**J.P. Morgan EM Bond Index (EMBI) Global Diversified Index** is an unmanaged index of the institutional leveraged loan market.

**Morningstar LSTA US Leveraged Loan Index** is an unmanaged index of the institutional leveraged loan market.

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

## ADDITIONAL INFORMATION

### 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.

ICE BofA Indexes: Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index. Historical performance of indexes illustrates market trends and does not represent the past or future performance of any fund. ICE BofA™ indices not for redistribution or other uses; provided "as is", without warranties, and with no liability. Eaton Vance has prepared this report, ICE BofA does not endorse it, or guarantee, review, or endorse Eaton Vance's products.

Credit ratings that may be referenced are based on Moody's, S&P or Fitch, as applicable. Credit ratings are based largely on the rating agency's investment analysis at the time of rating and the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition. The rating assigned to a security by a rating agency does not necessarily reflect its assessment of the volatility of a security's market value or of the liquidity of an investment in the security. Ratings of BBB or higher by Standard and Poor's or Fitch (Baa or higher by Moody's) are considered to be investment grade quality.

## ADDITIONAL INFORMATION

Source of all data: Eaton Vance, as of March 31, 2023, unless otherwise specified.

The views and opinions and/or analysis expressed are those of the author or the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and affiliates (collectively “the Firm”), and may not be reflected in all the strategies and products that the Firm offers.

Forecasts and/or estimates provided herein are subject to change and may not actually come to pass. Information regarding expected market returns and market outlooks is based on the research, analysis and opinions of the authors or the investment team. These conclusions are speculative in nature, may not come to pass and are not intended to predict the future performance of any specific strategy or product the Firm offers. Future results may differ significantly depending on factors such as changes in securities or financial markets or general economic conditions.

This material has been prepared on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. However, no assurances are provided regarding the reliability of such information and the Firm has not sought to independently verify information taken from public and third-party sources

This material is a general communication, which is not impartial and all information provided has been prepared solely for informational and educational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any

specific investment strategy. The information herein has not been based on a consideration of any individual investor circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

Charts and graphs provided herein are for illustrative purposes only. Past performance is no guarantee of future results.

The indexes are unmanaged and do not include any expenses, fees or sales charges. It is not possible to invest directly in an index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto.

This material is not a product of Morgan Stanley’s Research Department and should not be regarded as a research material or a recommendation.

The Firm has not authorised financial intermediaries to use and to distribute this material, unless such use and distribution is made in accordance with applicable law and regulation. Additionally, financial intermediaries are required to satisfy themselves that the information in this material is appropriate for any person to whom they provide this material in view of that person’s circumstances and purpose. The Firm shall not be liable for, and accepts no liability for, the use or misuse of this material by any such financial intermediary.

This material may be translated into other languages. Where such a translation is made this English version remains definitive. If there are any discrepancies between the English version and any version of this material in another language, the English version shall prevail.

The whole or any part of this material may not be directly or indirectly reproduced, copied, modified, used to create a derivative work,

performed, displayed, published, posted, licensed, framed, distributed or transmitted or any of its contents disclosed to third parties without the Firm’s express written consent. This material may not be linked to unless such hyperlink is for personal and non-commercial use. All information contained herein is proprietary and is protected under copyright and other applicable law.

### DISTRIBUTION

**This material is only intended for and will only be distributed to persons resident in jurisdictions where such distribution or availability would not be contrary to local laws or regulations.**

**MSIM, the asset management division of Morgan Stanley (NYSE: MS), and its affiliates have arrangements in place to market each other’s products and services. Each MSIM affiliate is regulated as appropriate in the jurisdiction it operates. MSIM’s affiliates are: Eaton Vance Management (International) Limited, Eaton Vance Advisers International Ltd, Calvert Research and Management, Eaton Vance Management, Parametric Portfolio Associates LLC, and Atlanta Capital Management LLC.**

This material has been issued by any one or more of the following entities:

### **EMEA**

This material is for Professional Clients/Accredited Investors only. In the EU, MSIM and Eaton Vance materials are issued by MSIM Fund Management (Ireland) Limited (“FMIL”). FMIL is regulated by the Central Bank of Ireland and is incorporated in Ireland as a private company limited by shares with company registration number 616661 and has its registered address at The Observatory, 7-11 Sir John Rogerson’s Quay, Dublin 2, D02 VC42, Ireland.

Outside the EU, MSIM materials are issued by Morgan Stanley Investment Management Limited (MSIM Ltd) is authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 1981121. Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA.

## ADDITIONAL INFORMATION

In Switzerland, MSIM materials are issued by Morgan Stanley & Co. International plc, London (Zurich Branch) Authorised and regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"). Registered Office: Beethovenstrasse 33, 8002 Zurich, Switzerland.

Outside the US and EU, Eaton Vance materials are issued by Eaton Vance Management (International) Limited ("EVM") 125 Old Broad Street, London, EC2N 1AR, UK, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority.

**Italy:** MSIM FMIL (Milan Branch), (Sede Secondaria di Milano) Palazzo Serbelloni Corso Venezia, 16 20121 Milano, Italy. The **Netherlands:** MSIM FMIL (Amsterdam Branch), Rembrandt Tower, 11th Floor Amstelplein 1 1096HA, Netherlands. **France:** MSIM FMIL (Paris Branch), 61 rue de Monceau 75008 Paris, France. **Spain:** MSIM FMIL (Madrid Branch), Calle Serrano 55, 28006, Madrid, Spain. **Germany:** MSIM FMIL Frankfurt Branch, Große Gallusstraße 18, 60312 Frankfurt am Main, Germany (Gattung: Zweigniederlassung (FDI) gem. § 53b KWG). **Denmark:** MSIM FMIL (Copenhagen Branch), Gorrissen Federspiel, Axel Towers, Axeltorv2, 1609 Copenhagen V, Denmark.

### MIDDLE EAST

**Dubai:** MSIM Ltd (Representative Office, Unit Precinct 3-7th Floor-Unit 701 and 702, Level 7, Gate Precinct Building 3, Dubai International Financial Centre, Dubai, 506501, United Arab Emirates. Telephone: +97 (0)14 709 7158).

This document is distributed in the Dubai International Financial Centre by Morgan Stanley Investment Management Limited (Representative Office), an entity regulated by the Dubai Financial Services Authority ("DFSA"). It is intended for use by professional clients and market counterparties only. This document is not intended for distribution to retail clients, and retail clients should not act upon the information contained in this document.

This document relates to a financial product which is not subject to any form of regulation or approval by the DFSA. The DFSA has no responsibility for reviewing or verifying any documents in connection with this financial product. Accordingly, the DFSA has not approved

this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it. The financial product to which this document relates may be illiquid and/or subject to restrictions on its resale or transfer. Prospective purchasers should conduct their own due diligence on the financial product. If you do not understand the contents of this document, you should consult an authorised financial adviser.

### U.S.

**NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT**

### ASIA PACIFIC

**Hong Kong:** This material is disseminated by Morgan Stanley Asia Limited for use in Hong Kong and shall only be made available to "professional investors" as defined under the Securities and Futures Ordinance of Hong Kong (Cap 571). The contents of this material have not been reviewed nor approved by any regulatory authority including the Securities and Futures Commission in Hong Kong. Accordingly, save where an exemption is available under the relevant law, this material shall not be issued, circulated, distributed, directed at, or made available to, the public in Hong Kong. **Singapore:** This material is disseminated by Morgan Stanley Investment Management Company and may not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than to (i) an accredited investor (ii) an expert investor or (iii) an institutional investor as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"); or (iv) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This publication has not been reviewed by the Monetary Authority of Singapore. **Australia:** This material is provided by Morgan Stanley Investment Management (Australia) Pty Ltd ABN 22122040037, AFSL No. 314182 and its affiliates and does not constitute an offer of

interests. Morgan Stanley Investment Management (Australia) Pty Limited arranges for MSIM affiliates to provide financial services to Australian wholesale clients. Interests will only be offered in

circumstances under which no disclosure is required under the Corporations Act 2001 (Cth) (the "Corporations Act"). Any offer of interests will not purport to be an offer of interests in circumstances under which disclosure is required under the Corporations Act and will only be made to persons who qualify as a "wholesale client" (as defined in the Corporations Act). This material will not be lodged with the Australian Securities and Investments Commission.

This material does not constitute an offer to sell or the solicitation of an offer to buy any services referred to expressly or impliedly in the material in the **People's Republic of China** (excluding Hong Kong, Macau and Taiwan, the "PRC") to any person to whom it is unlawful to make the offer or solicitation in the PRC. The material may not be provided, sold, distributed or delivered, or provided or sold or distributed or delivered to any person for forwarding or resale or redelivery, in any such case directly or indirectly, in the People's Republic of China (the PRC, excluding Hong Kong, Macau and Taiwan) in contravention of any applicable laws.

EVM is registered as a Discretionary Investment Manager in **South Korea** pursuant to Article 18 of Financial Investment Services and Capital Markets Act of South Korea.

### Japan

This material may not be circulated or distributed, whether directly or indirectly, to persons in Japan other than to (i) a professional investor as defined in Article 2 of the Financial Instruments and Exchange Act ("FIEA") or (ii) otherwise pursuant to, and in accordance with the conditions of, any other allocable provision of the FIEA. This material is disseminated in Japan by Morgan Stanley Investment Management (Japan) Co., Ltd., Registered No. 410 (Director of Kanto Local Finance Bureau (Financial Instruments Firms)), Membership: the Japan Securities Dealers Association, The Investment Trusts Association, Japan, the Japan Investment Advisers Association and the Type II Financial Instruments Firms Association.

© 2023 Morgan Stanley. All rights reserved.