

Q1 2021

# Credit Market Monitor

MULTI-ASSET CREDIT TEAM



## Important information and disclosure

The views expressed in this update are those of the Eaton Vance Multi-Asset Credit Team and are current only through the date stated. These views are subject to change at any time based upon market or other conditions, and Eaton Vance disclaims any responsibility to update such views. These views may not be relied upon as investment advice and, because investment decisions for Eaton Vance are based on many factors, may not be relied upon as an indication of trading intent on behalf of any Eaton Vance fund. Eaton Vance does not provide legal or tax advice. The discussion herein is general in nature and is provided for informational purposes only. There is no guarantee as to its accuracy or completeness. Individuals should consult their own legal and tax counsel as to matters discussed.



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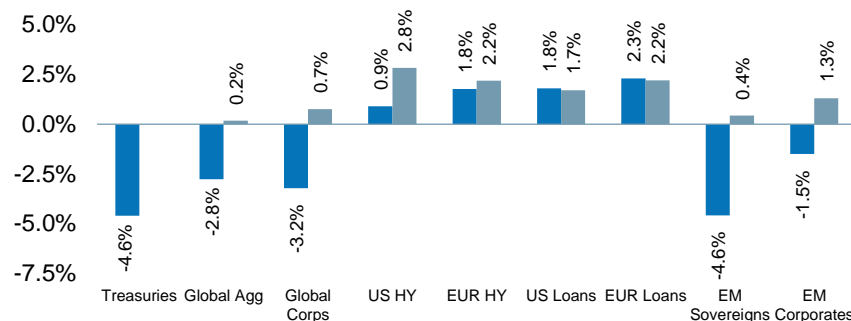


# Optimism and stimulus expectations drive credit market onwards

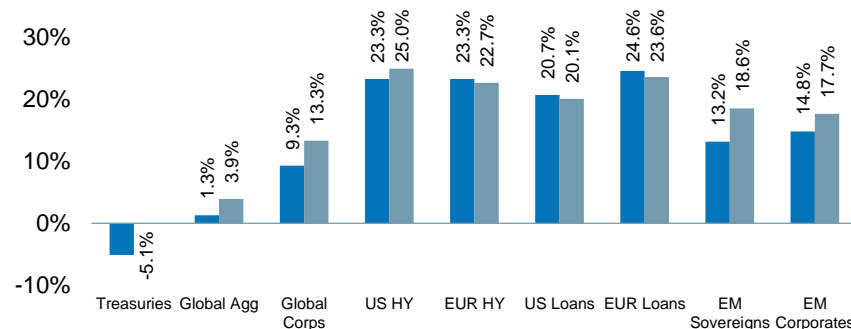
## Market Review

- Higher yielding markets outperformed higher rated markets. Government bonds and aggregate indices had one of their worst quarters ever.
- The major story of the quarter was the enormous stimulus bills passed in the United States, with yield curves steepening on the back of rising inflation expectations and the markets thinking about pricing interest rate rises at the short-end of the curve.
- Demand for high-yield corporate bonds slowed during the first quarter of the year, with retail funds seeing outflows. However, floating-rate loan funds saw a huge reversal in fortunes with insatiable demand from retail investors in the face of increasing expectations for rising interest rates.
- The loan market saw average prices rise during the quarter to finish at just under \$98, while credit spreads tightened in US and European high-yield markets by around 50bps to end the quarter at 353bps and 324bps.
- Positive returns in credit were once again driven by some of the more volatile and Covid-19 exposed sectors like Retail, Gaming and Leisure, while CCC-rated companies typically performed strongest.

Q1 2021



1 year



Sources: ICE Data Indices, LLC, Bloomberg, and LCD, an offering of S&P Global Market Intelligence. As of March 31, 2021. **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. Excess returns for a bond is the total return percentage of that bond minus the total return percentage of a risk-matched basket of government bonds. The excess return of an Index is equal to the average of its constituent security excess returns, weighted by their full market values as of the beginning of the period. Distress ratios measures the % of a high-yield index trading with a credit spread of greater than 1000bps, or the proportion of a floating-rate loan index trading with a price below \$80 (or equivalent currency). Indices used are ICE BofA US Treasury Index (G0Q0), ICE BofA Global Broad Market Index (GBMI), ICE BofA Global Corporate Index (G0BC), ICE BofA US High Yield Index (H0A0), ICE BofA European Currency Developed Markets High Yield Excluding Subordinated Financials Constrained Index (HPSD), S&P LSTA Leveraged Loan Index (LLI), S&P LSTA European Leveraged Loan Index (ELLI), ICE BofA Emerging Markets External Sovereign Index (EMGB), ICE BofA Emerging Markets Corporate Plus Index (EMCB) and the S&P 500. Please see end of this presentation for important additional information and disclosures.



## Current Positioning & Outlook



# Multi-Asset Credit Team Views

## Quarter-To-Quarter Comparison

	Decreasing Exposure	Broadly Unchanged	Increasing Exposure
Floating-Rate Loans		◆	
High Yield Corporate Bonds		◆	
Securitized		◆	
EM Bonds			◆
Other		◆	
Cash		◆	

### Current Views on Asset Class

- The relative value between loans and bonds appears more finely balanced at these levels
- After a strong run for lower rated parts of high-yield bond markets, we are looking for opportunities to move up in credit quality, without decreasing overall exposure
- We believe that collateralised loan obligations continue to offer some of the most compelling total return and relative return opportunities in global credit markets, with a focus on BBB and BB-rated tranches.
- After the selloff of Q1, we believe there is an opportunity to capture the significant valuation advantage offered by sovereign and corporate issuers in the emerging markets.
- Select investment-grade and convertible bond opportunities offer value
- We retain sufficient cash balances to take advantage of any volatility that materialises in the markets.

Source: Eaton Vance. As of March 31, 2021. **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. Please see end of this presentation for important additional information and disclosures



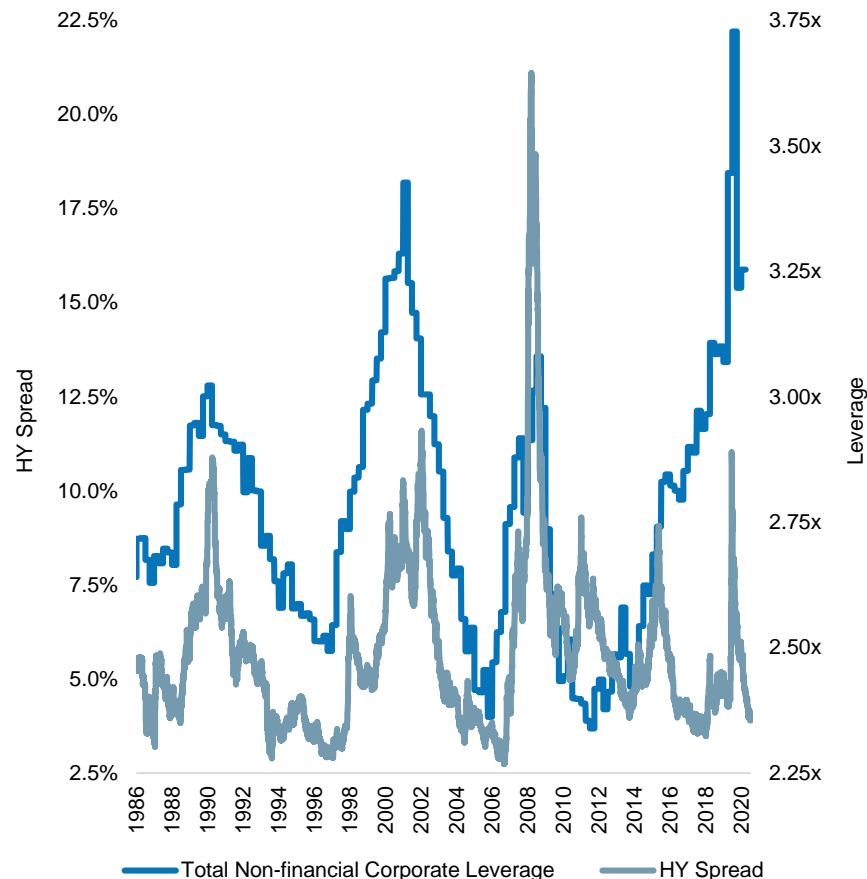
## Outlook and our current thinking

### Outlook

*An early cycle fundamental picture alongside later cycle valuations present an interesting landscape for credit investors. We believe a more discerning approach is necessary, looking for relative valuation opportunities across markets.*

- With low base interest rates and yield curves still flatter than historic averages, we believe the relative value opportunity between floating-rate loans and bonds is finely balanced in 2021. There remain attractive opportunities in some of the more Covid-19 exposed sectors, including Leisure.
- Expectations for a strong economic recovery and enormous stimulus packages coming across developed markets means inflation expectations will be in focus during 2021. Longer-dated nominal bonds may come under pressure.
- The path of corporate defaults is likely to be significantly less destructive in the coming 12 – 18 months than feared last year, and we believe that the peak of corporate default activity is already likely behind us.
- CLOs continue to offer some of the most compelling total and relative return opportunities in global credit markets, particularly in the BBB and BB-rated tranches.
- We believe there is an opportunity to capture the significant valuation advantage offered by sovereign and corporate issuers in the emerging markets, particularly when compared with similarly rated developed market equivalents.

### Corporate valuations: Early cycle vs. late cycle





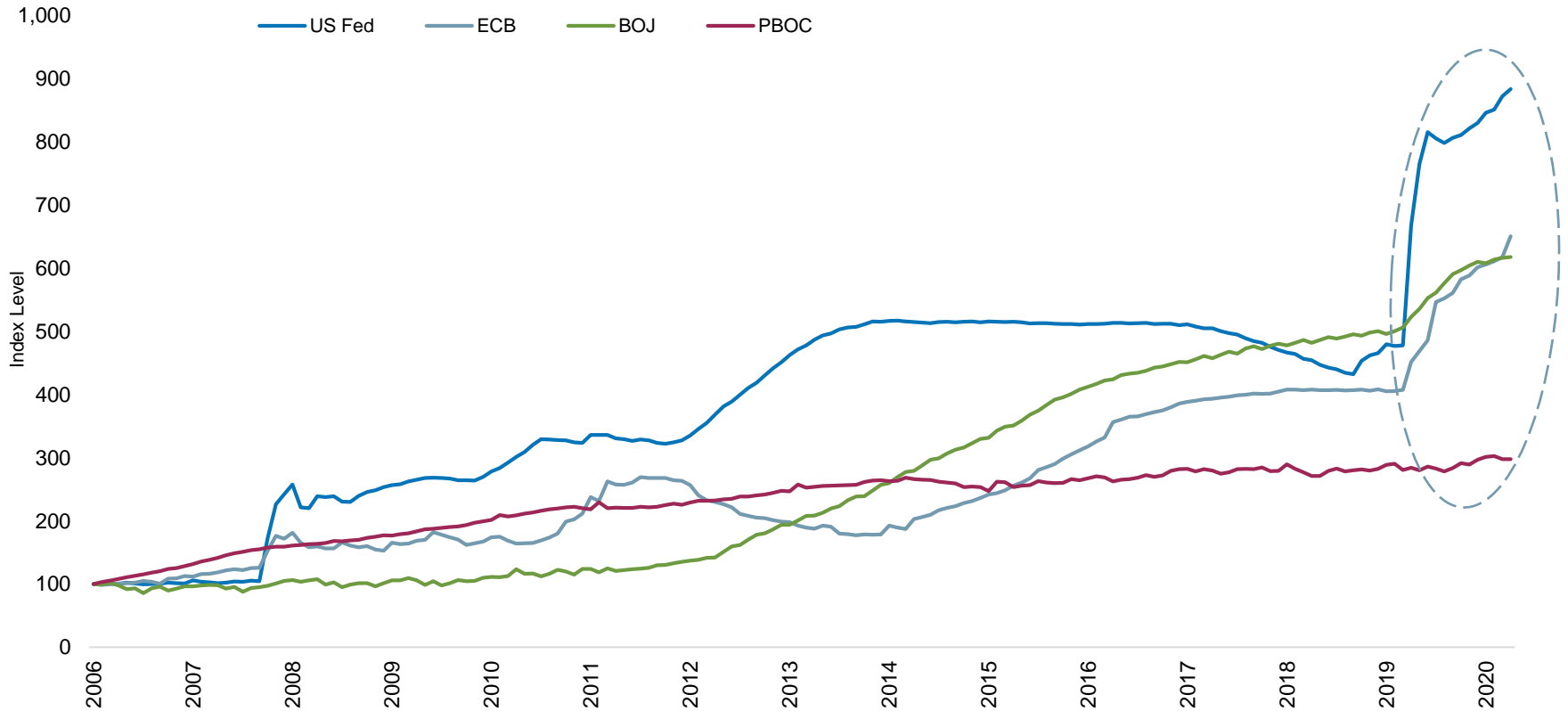
Macro Views

*Recovery imminent*





## Stimulus: Bond buying continues to expand central bank balance sheets



Sources: Macrobond, Eaton Vance. As of March 31, 2021. **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. Central bank balance sheet data rebased to 100 at December 31, 2016.



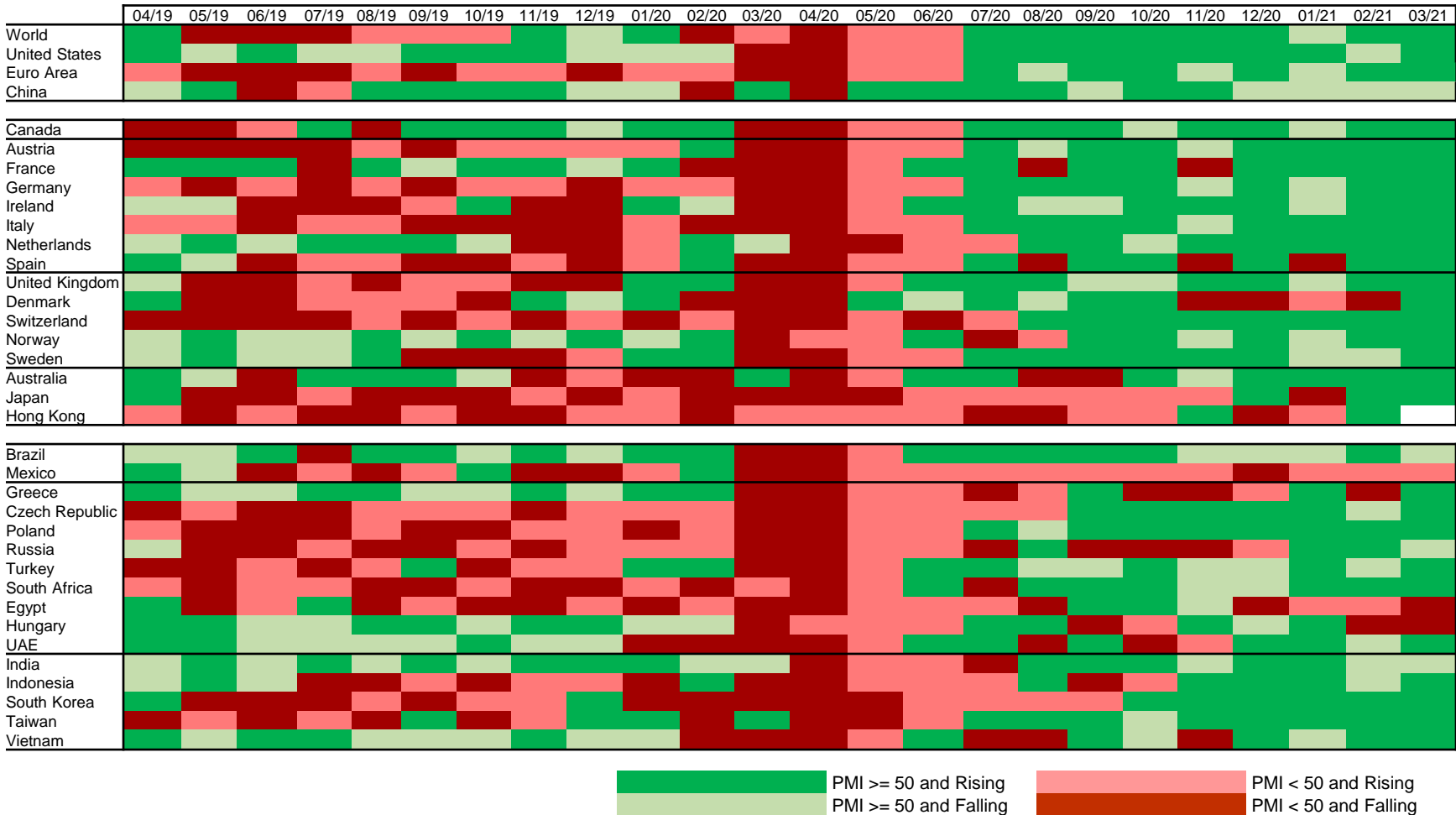
## Stimulus: President Biden going big on fiscal stimulus

Program	Details	8-Year Cost
Transportation Infrastructure	This includes funding for repairing roads and bridges, electric vehicles, public transit, rail, airports and more.	\$621B
Clean Drinking Water	This includes a pledge to replace all lead pipes and upgrade existing water systems	\$111B
Affordable Housing and Protecting Homes	This includes building and retrofitting 2 million homes and eliminating exclusionary zoning policies.	\$213B
School, Childcare and other Building Infrastructure	This funding includes \$100B for public schools and funding for childcare centers, VA hospitals, community colleges, and federal buildings.	\$165B
Care for Older Americans and People with Disabilities	Biden would invest \$400 billion to expand access to home or community based care for older Americans and people with disabilities under Medicaid.	\$400B
R&D Investment	The R&D funding would focus on climate and critical technology, as well as some funding for eliminating inequities in STEM.	\$180B
Manufacturing	The manufacturing provisions would invest in innovation hubs, domestic manufacturing, small business programs, and more.	\$300B
Broadband Access	The plan would expand broadband access in rural areas and address inequities.	\$100B
Electric and Power Infrastructure	The funding would aim to make the electronic transmission system more resilient, plug orphan oil and gas wells, and redevelop property and industry in distressed communities.	\$100B
Job Training	This includes workforce development training programs and labor rights for workers.	\$100B
<b>Total</b>		<b>\$2.3T</b>

Sources: Evercore, Eaton Vance. As of March 31, 2021. **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.



# Manufacturing PMIs painting a picture of optimism and recovery

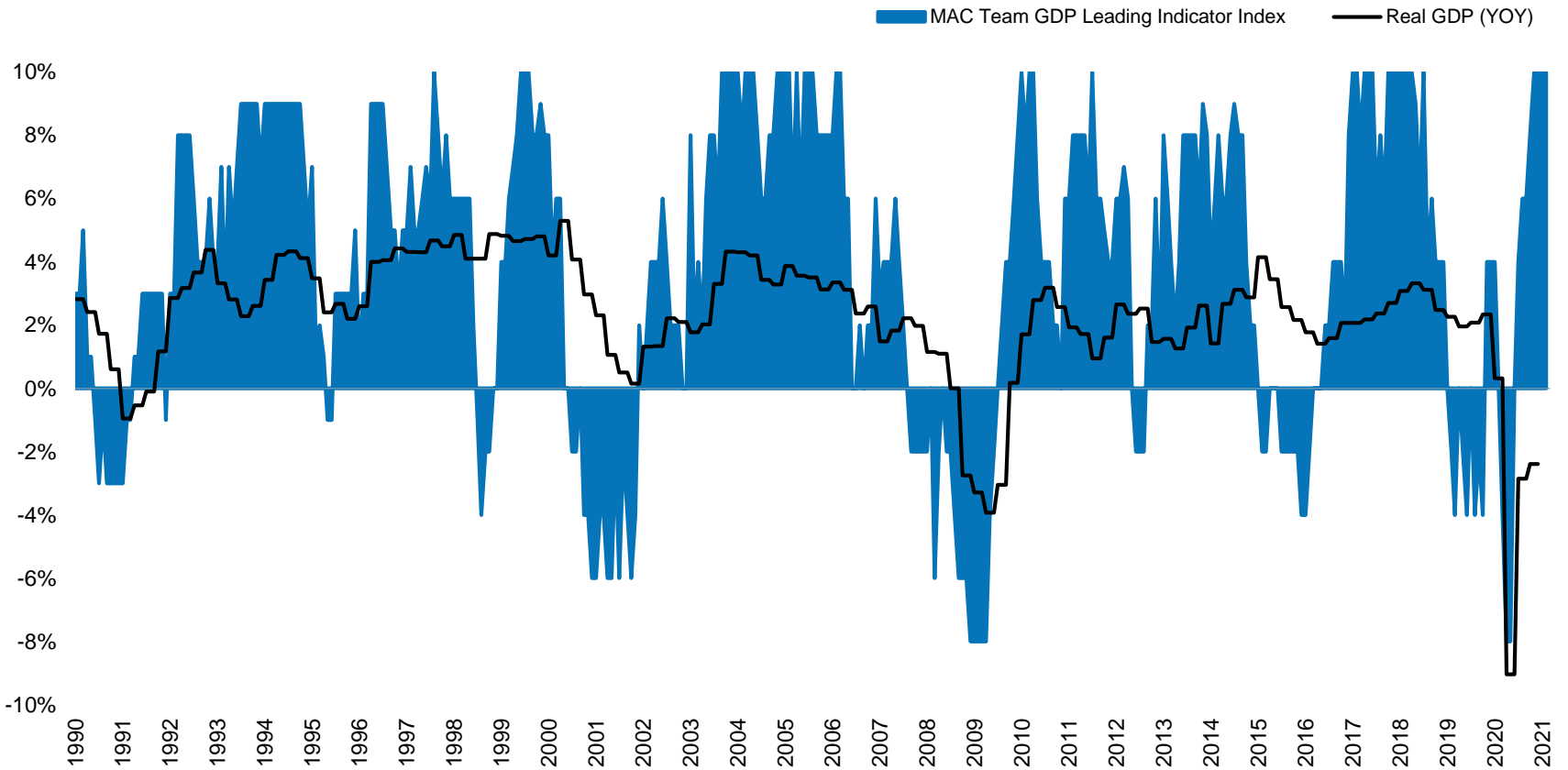


Sources: Markit, Macrobond. As of March 31, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of material for important additional information and disclosures. The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing sector. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. If monthly data is not available, boxes are left empty.



# Leading indicators point to sharp GDP growth in 2021

## Economic Leading Indicators and Real GDP

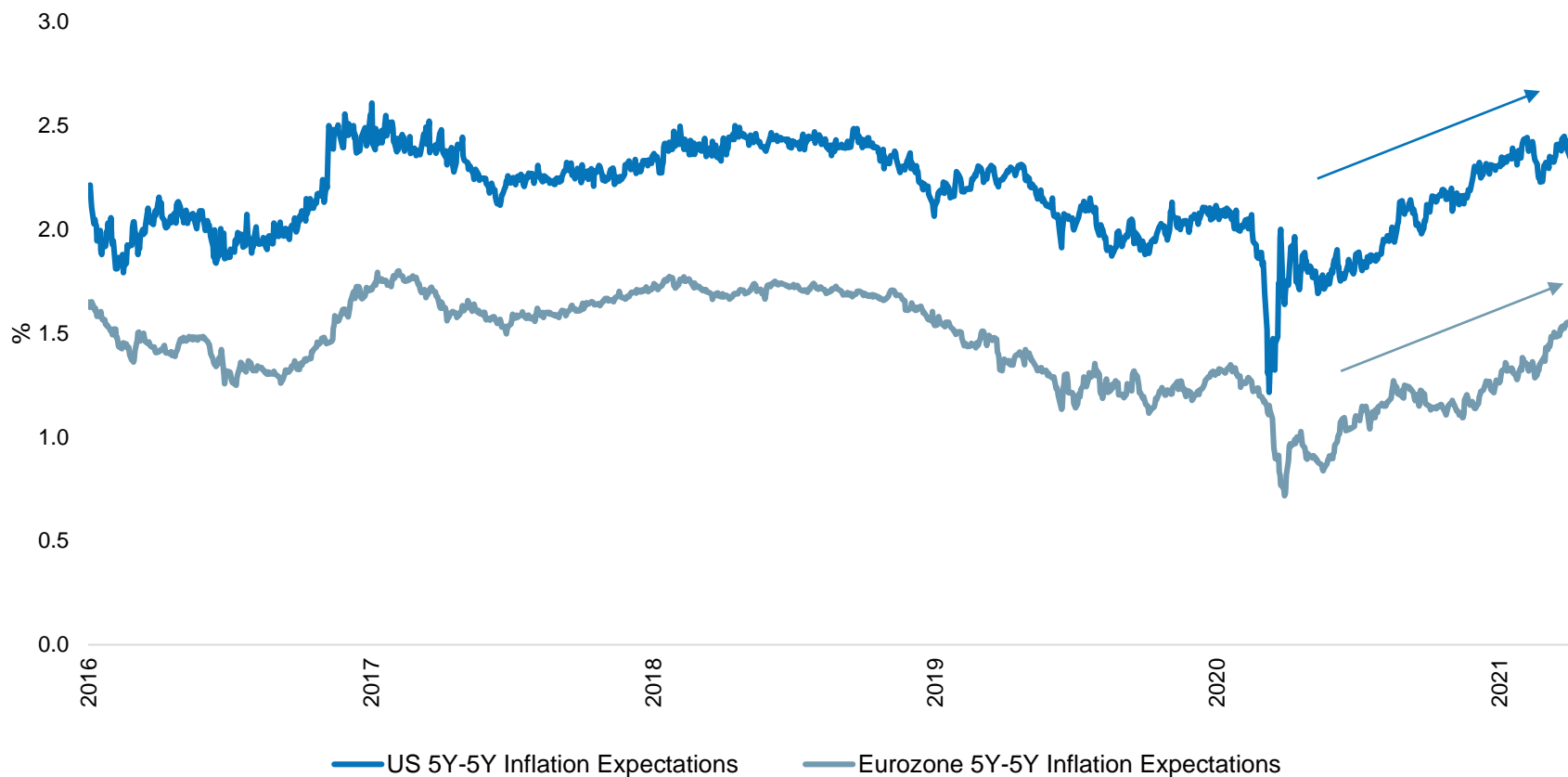


Sources: Eaton Vance, Macrobond. As of March 31, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. See end of material for important additional information and disclosures. The Eaton Vance MAC Team GDP leading indicator index is a diffusion index based on a range of economic indicators including, but not limited to the ISM New Orders (Manufacturing and Services), US Building Permit Approvals, South Korea Export Data, BBB-rated corporate bond credit spreads



## Reflationary impulse: Inflation expectations on the rise in the US and EU

### Inflation Expectations

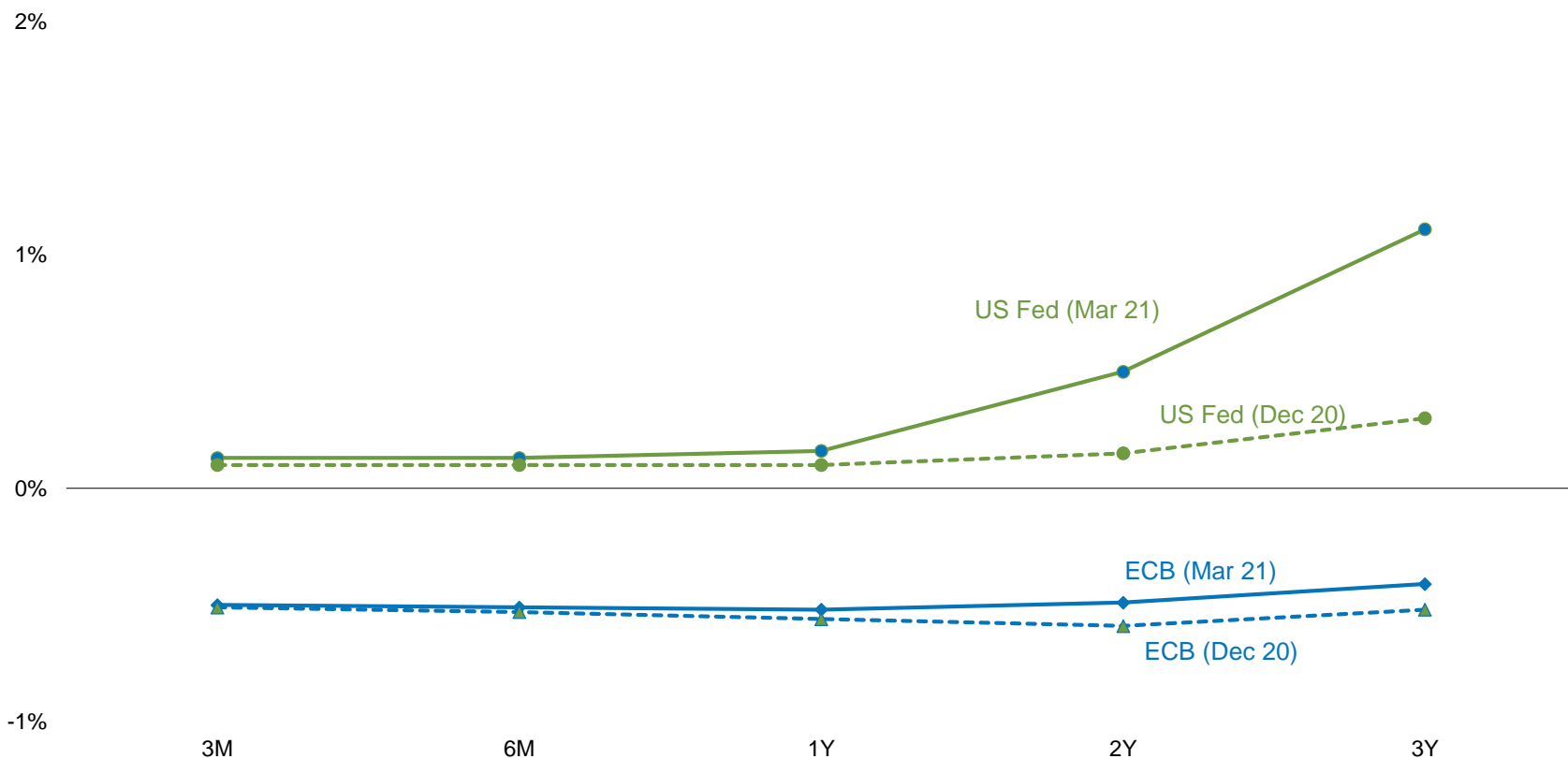


Source: Bloomberg. As of April 14, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. See end of material for important additional information and disclosures. Inflation expectations are represented by the 5y5y swap rate. This is a market measure of what five-year inflation expectations will be in five years' time. It gives a window into how expectations for inflation may change in the future, which tells policymakers whether markets are convinced a central bank has the tools to keep the inflation rate within its set target. It is a closely followed indicator by the U.S. Federal Reserve and European Central Bank



# Any potential rise in yields unlikely to impact the short-end of the curve

## Market Expectations for Future Central Bank Rates



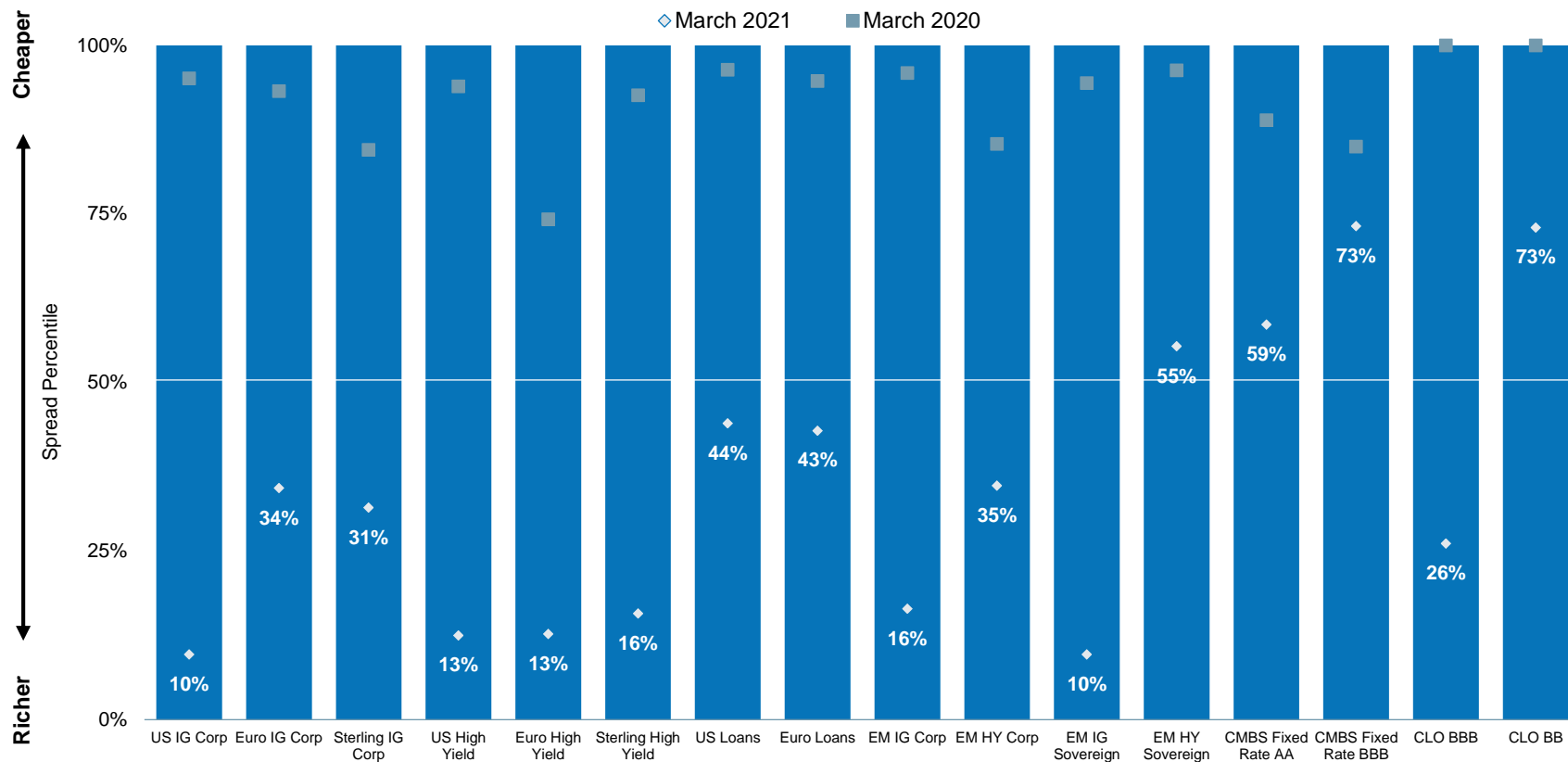
Sources: Bloomberg, Factset. As of March 31, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. See end of material for important additional information and disclosures.



# Valuations



## Q1 returns push spreads tighter across global credit markets



Sources: ICE Data Indices, LLC, LCD, an offering of S&P Global Market Intelligence, J.P. Morgan. As of March 31, 2021. **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 IG Corp represented by ICE BofA U.S. Corporate 1 – 10 year Index. Euro IG Corp represented by ICE BofA Euro Corporate 1 – 10 year Index. Sterling IG Corp represented by ICE BofA Sterling Corporate 1 – 10 year Index. US High Yield represented by ICE BofA US High Yield Index. Euro High Yield represented by ICE BofA Euro High Yield Index. Sterling High Yield represented by ICE BofA Sterling High Yield Index. US Loans represented by S&P/LSTA Leveraged Loan Index. Euro Loans represented by S&P European Leveraged Loan Index. EM IG Corp and EM HY Corp represented by ICE BofA Emerging Markets Corporate Plus Index. EM IG Sov and EM HY Sovereign represented by ICE BofA Emerging Markets External Sovereign Index. CMBS Fixed Rate AAA represented by ICE BofA 7-10 Year AA US Fixed Rate CMBS Index. CMBS Fixed Rate BBB represented by ICE BofA 7-10 Year BBB US Fixed Rate CMBS Index. CLOs represented by the J.P. Morgan Collateralized Loan Obligation Index (CLOIE) Post Crisis.



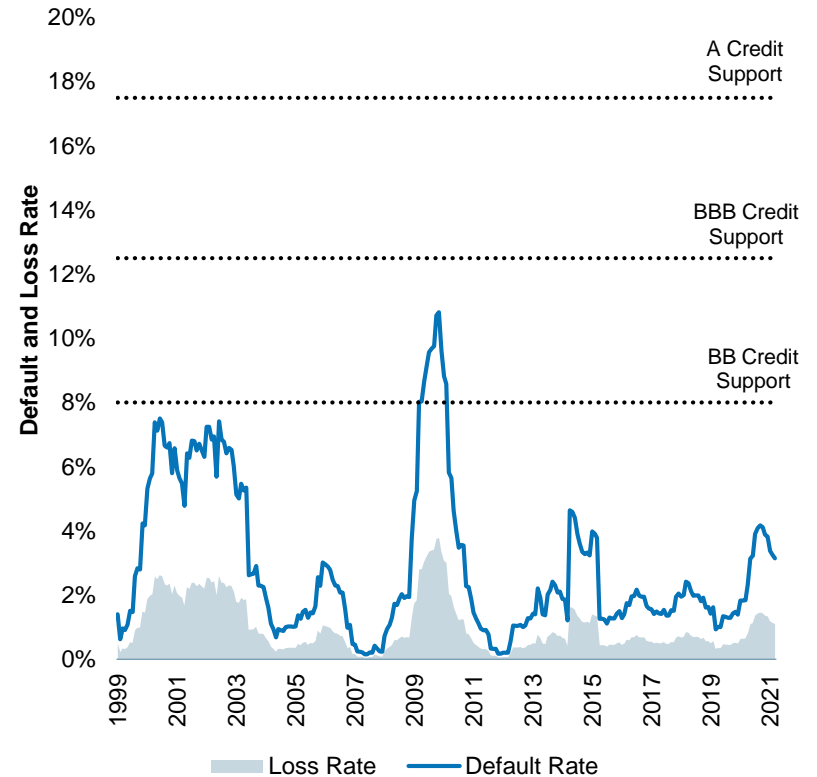


# Case study: Yield advantage remains in mezzanine CLO tranches

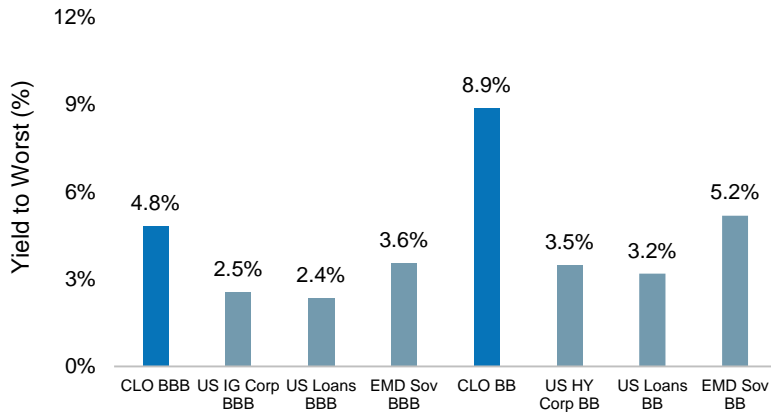
## Illustrative capital structure for a US CLO

Credit Rating	Credit Enhancement	Credit Spread	Average Price
AAA	36%	80 – 120	\$100.0
AA	25%	135 – 165	\$99.9
A	17%	185 – 235	\$99.6
BBB	13%	280 – 425	\$98.4
BB	8%	630 – 880	\$93.1

## CLO Tranche Support



## Comparative Yields for BBB and BB tranches of CLOs

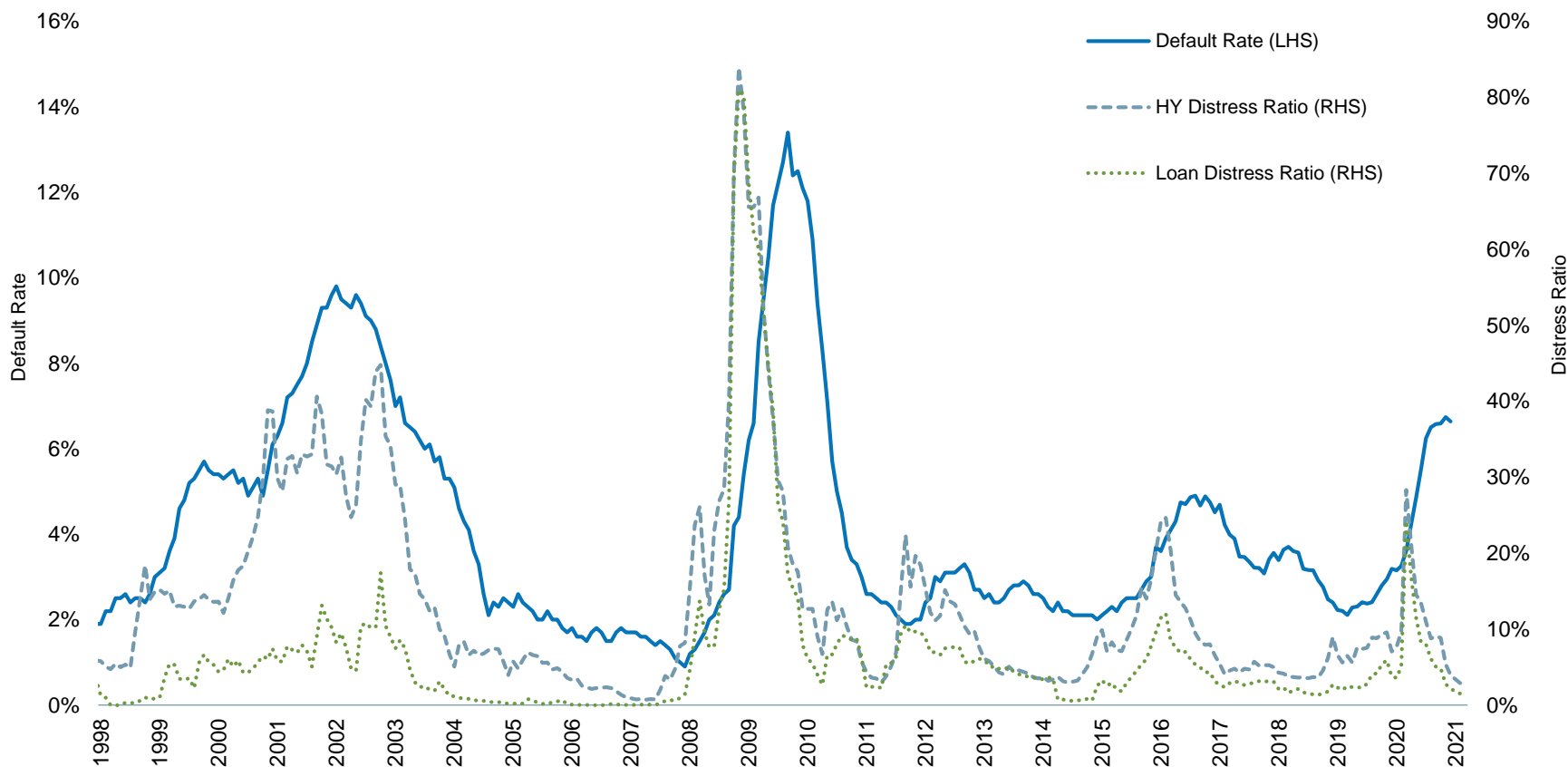


Sources: Eaton Vance, Citibank Velocity, Macrobond, LCD, an offering of S&P Global Market Intelligence. As of March 31, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. CLO tranches are USD 2.0 CLOs. Loans represent the S&P/LSTA Leveraged Loan Index. CLOs represent the JPMorgan CLOIE Post-Crisis. US IG Corps represent the ICE BofA US Corporate Index 1-10 Year. US HY Corp represent the ICE BofA US High Yield Index. EMD Sov represent the J.P. Morgan EM Bond Index (EMBI) Global Diversified.



# Distress ratios fall and defaults stop rising

## Global Default Rates and Distress Ratios

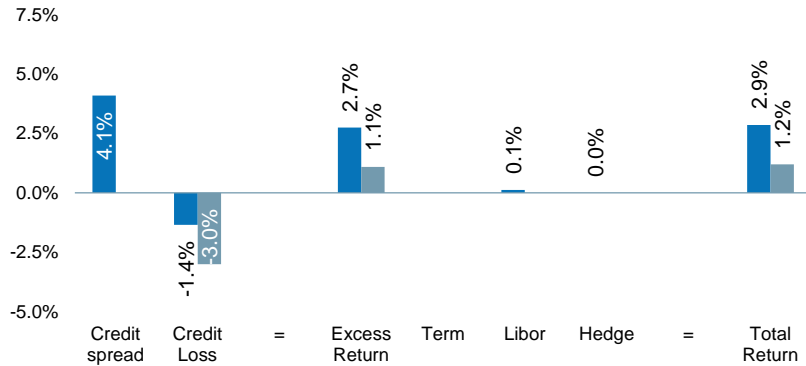


Sources: Moody's, LCD, ICE Data Indices, LLC. As of March 31, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of material for important additional information and disclosures. Default rates are trailing 12-month figures weighted by issuer. Distress ratio measured as percentage of ICE BofA Developed Markets High Yield Excluding Subordinated Financial Index (HYDF) with spreads over 1000 based on par value and the percentage of the S&P/LSTA Leveraged Loan Index trading below \$80.

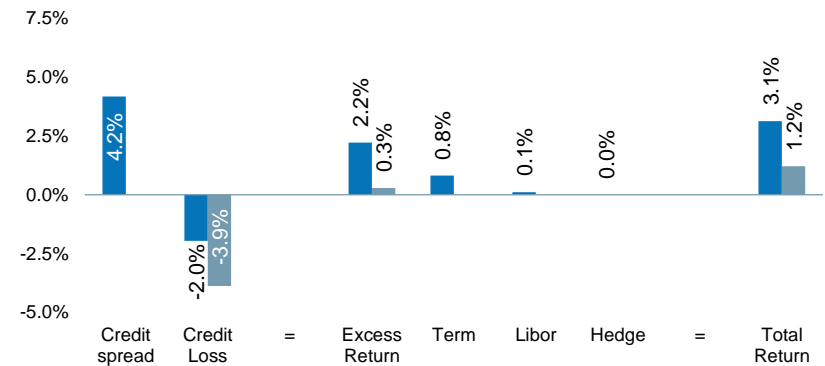


# 5-year forward-looking views: Credit spreads set to be primary driver of returns in the future

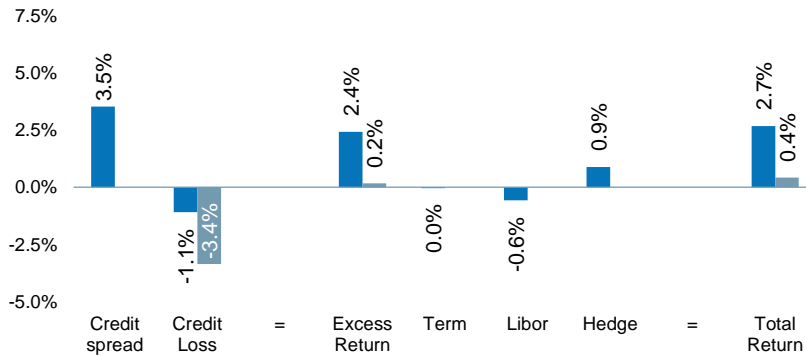
Decomposition of US Loan Expected Returns



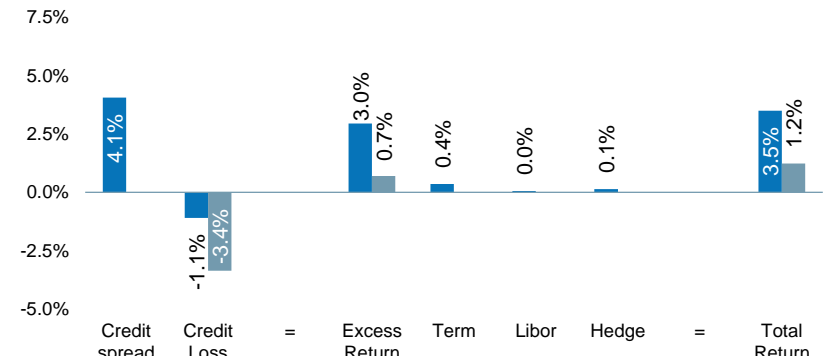
Decomposition of US High Yield Expected Returns



Decomposition of Euro High Yield Expected Returns



Decomposition of GBP High Yield Expected Returns



■ Average Default and Loss Environment

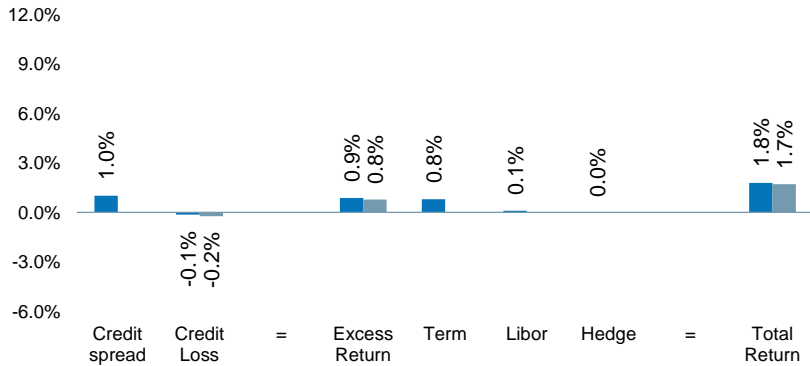
■ Bear Default and Loss Environment

Source: Eaton Vance. As of March 31, 2021. **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. Simulated performance is for illustrative purposes only, and does not represent the actual returns of any investor/investment, and should not be considered or used for investment purposes. Investments are subject to loss. Simulated performance has been constructed based on the historical default and recovery rates in the various asset classes and Eaton Vance's assumptions of what future defaults and recoveries could be in a base case and bear case scenario. Forecasts are based on index-level assumptions and do not make allowances for active management.

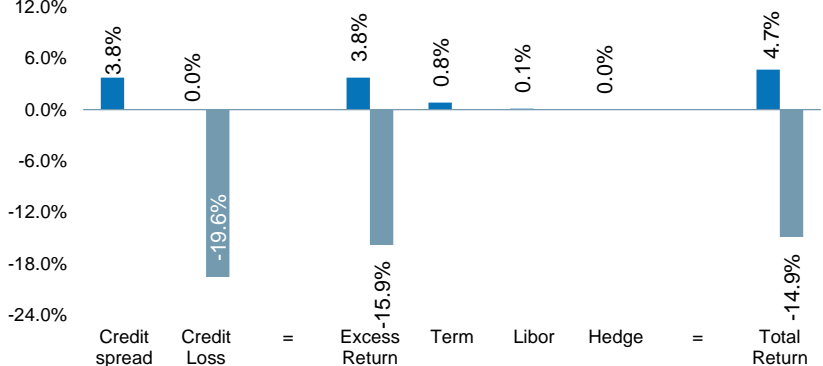


# 5-year forward-looking views: Emerging markets look to offer valuation advantages

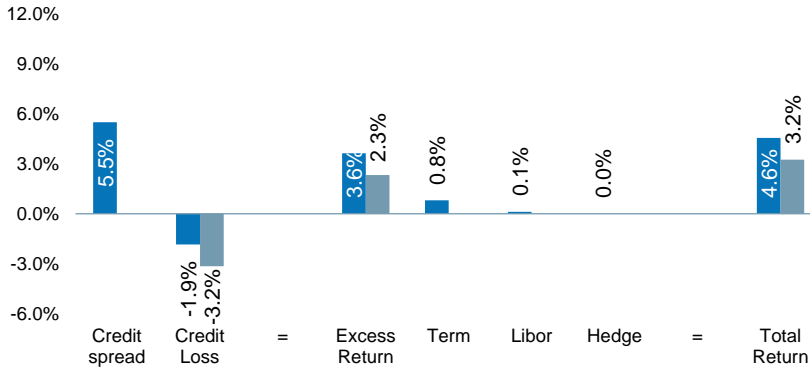
Decomposition of EM IG Sovereign Expected Returns



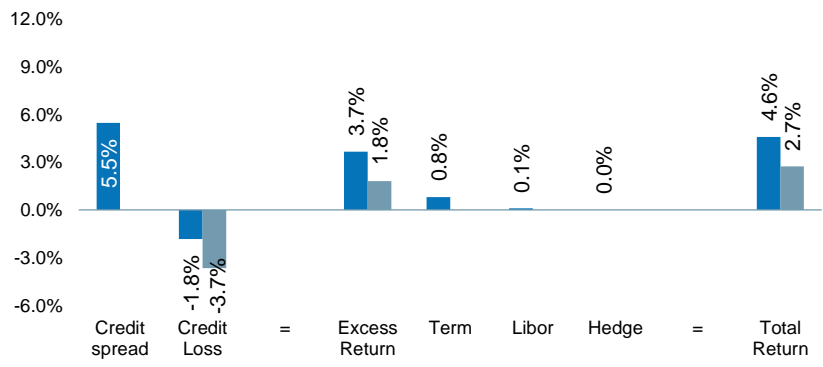
Decomposition of CMBS (BBB) Expected Returns



Decomposition of EM HY Sovereign Expected Returns



Decomposition of EM HY Corp Expected Returns



■ Average Default and Loss Environment

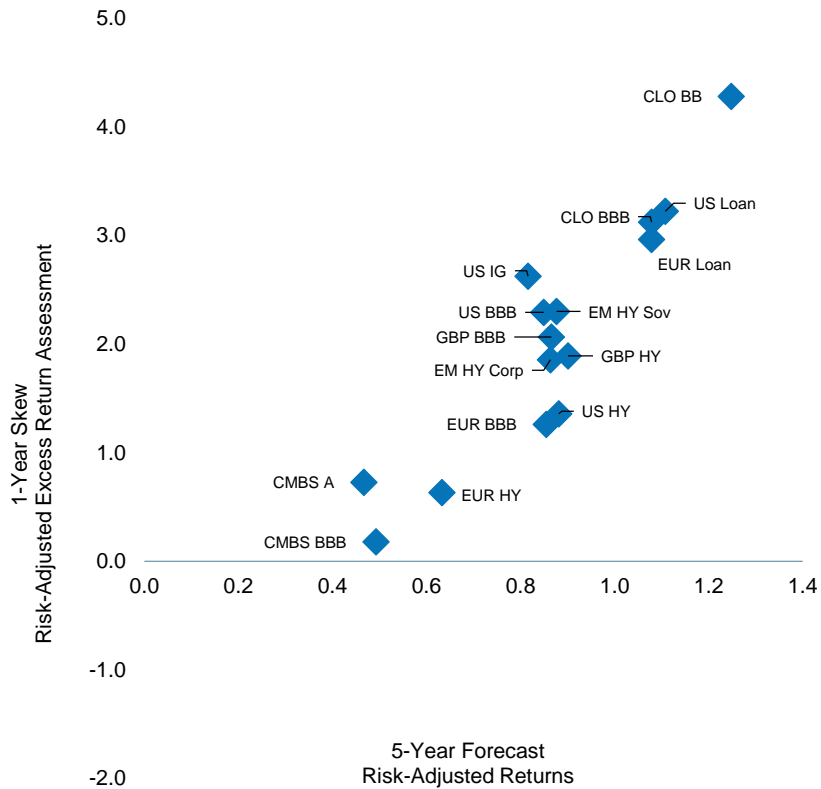
■ Bear Default and Loss Environment

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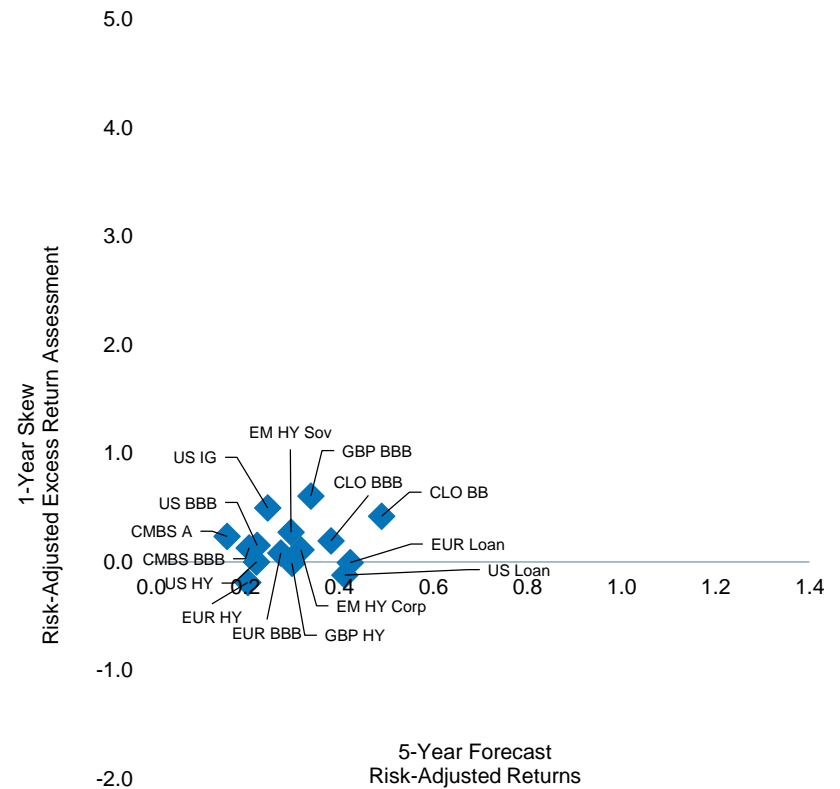


# Valuation opportunities less pronounced one year on from the lows

Skew analysis at March 31, 2020



Skew analysis at March 31, 2020

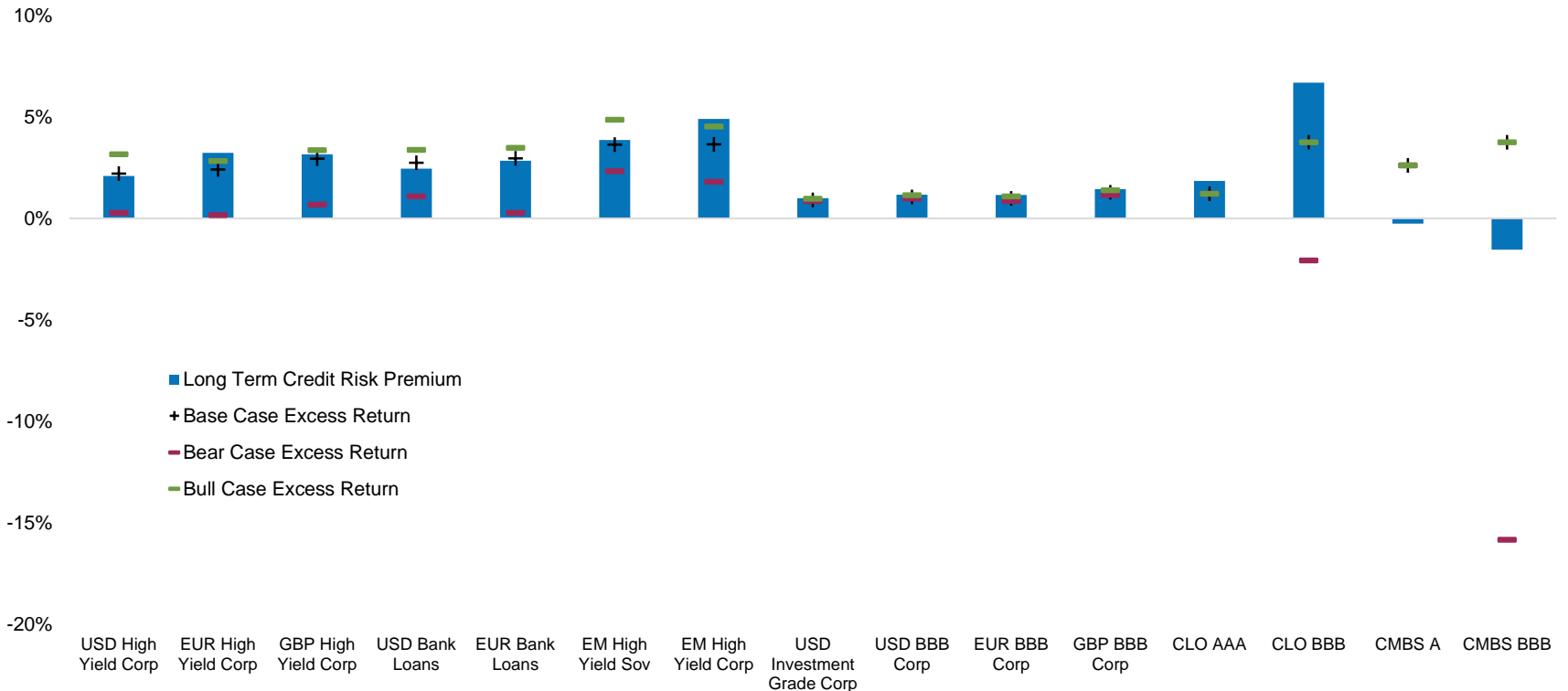


Source: Eaton Vance, LCD, an offering of S&P Global Market Intelligence, and ICE Data Indices, LLC. As of March 31, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of material for important additional information and disclosures. Please see slide 18 for the indices used.



# Uneven credit risk premium available across global markets

Eaton Vance MAC Team Scenarios vs. Long-Term Credit Risk Premium



Source: Eaton Vance. As of March 31, 2021. **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. Simulated performance is for illustrative purposes only, and does not represent the actual returns of any investor/investment, and should not be considered or used for investment purposes. Investments are subject to loss. Simulated performance has been constructed based on the historical default and recovery rates in the various asset classes and Eaton Vance's assumptions of what future defaults and recoveries could be in a base case and bear case scenario. Forecasts are based on index-level assumptions and do not make allowances for active management. Please see slide 18 for the indices used.

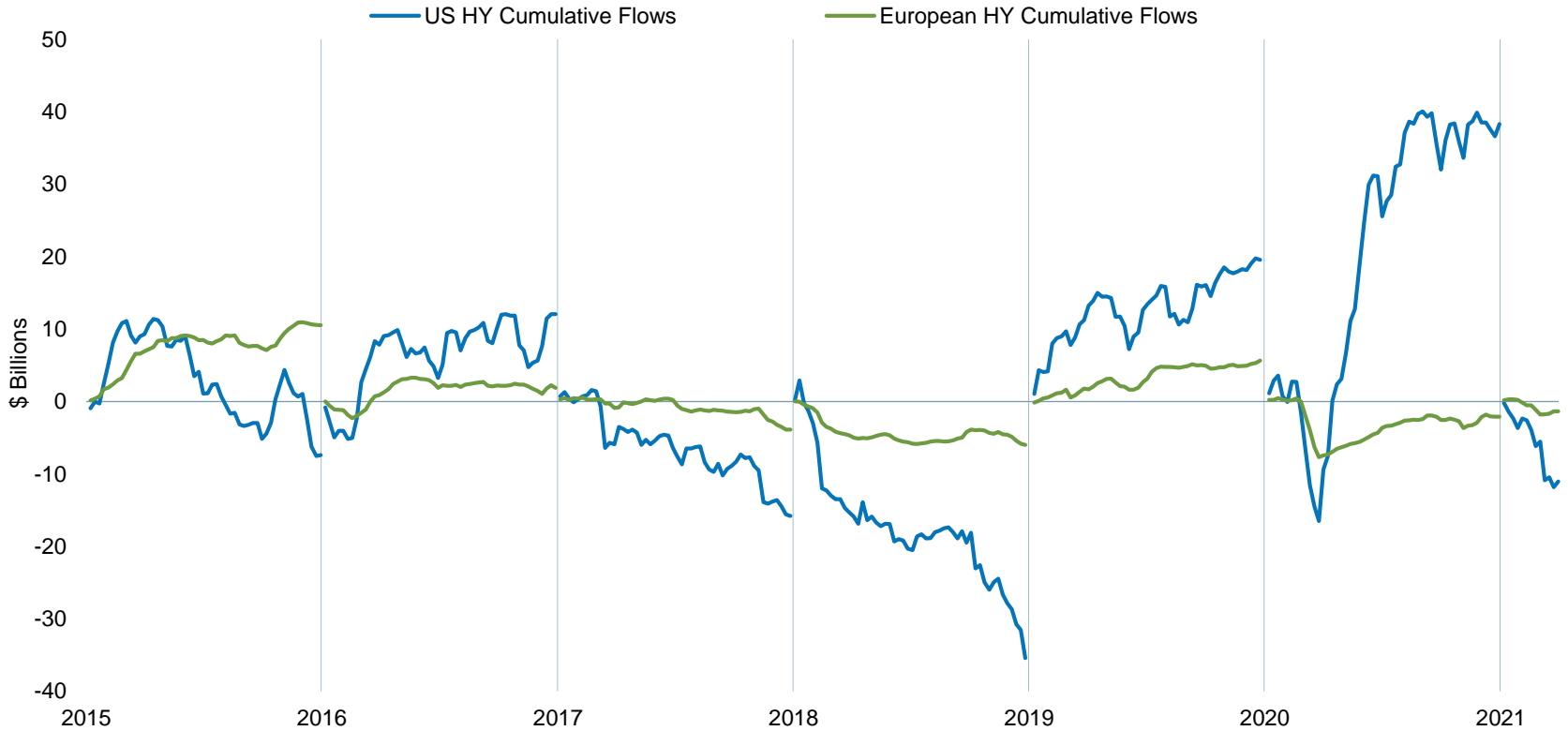


# Corporate Credit



# Bonds: Retail funds see outflows to start the year

## Cumulative US and European High Yield Flows



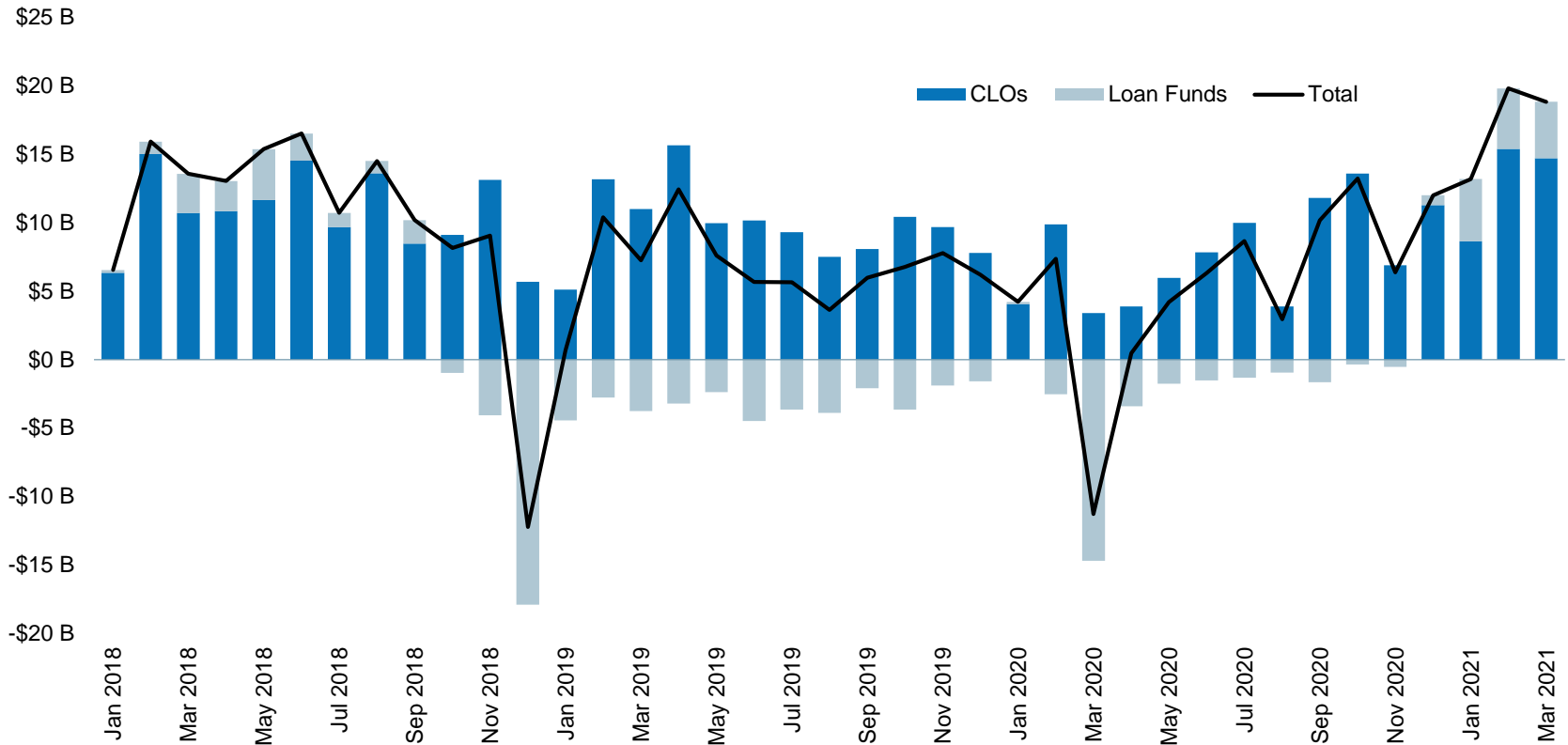
Sources: J.P. Morgan, Lipper. As of March 31, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. See end of material for important additional information and disclosures.





# Loans: CLO creation accelerated alongside mutual fund inflows

Monthly CLO Volume and Loan Flows

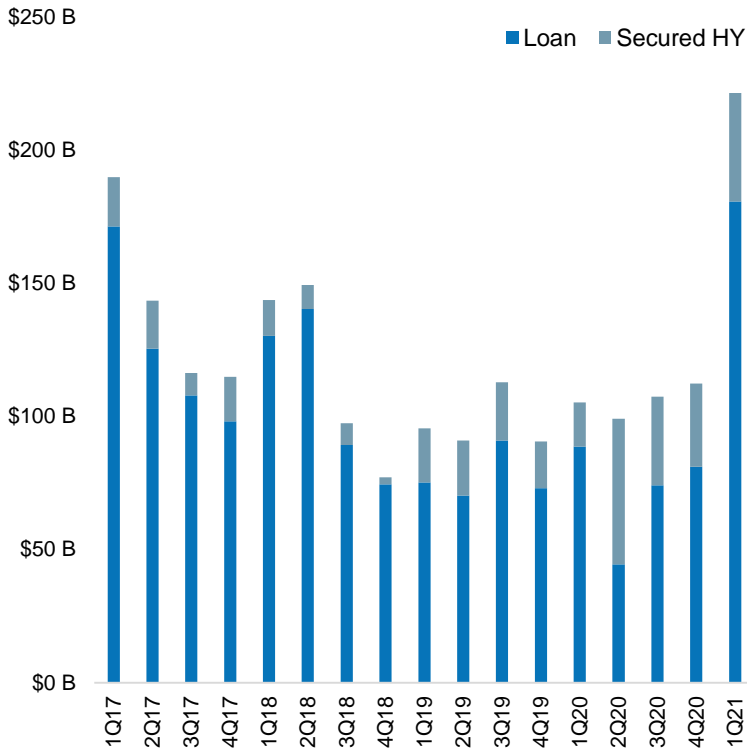


Source: LCD, an offering of S&P Global Market Intelligence. As of March 31, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. See end of material for important additional information and disclosures.

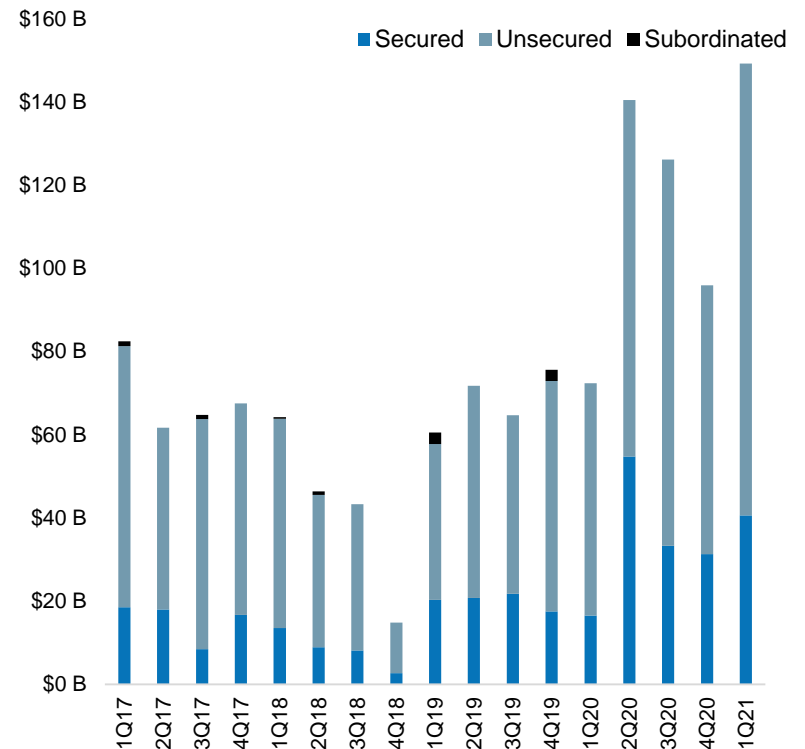


# Trend of secured high-yield issuance was short-lived

Secured Leveraged Finance New Issue Volume



High Yield Bond Issuance Volume

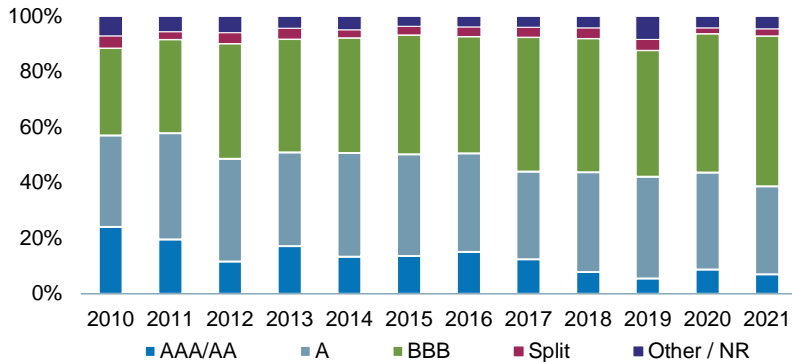


Sources: LCD, an offering of S&P Global Market Intelligence. As of March 31, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of material for important additional information and disclosures.

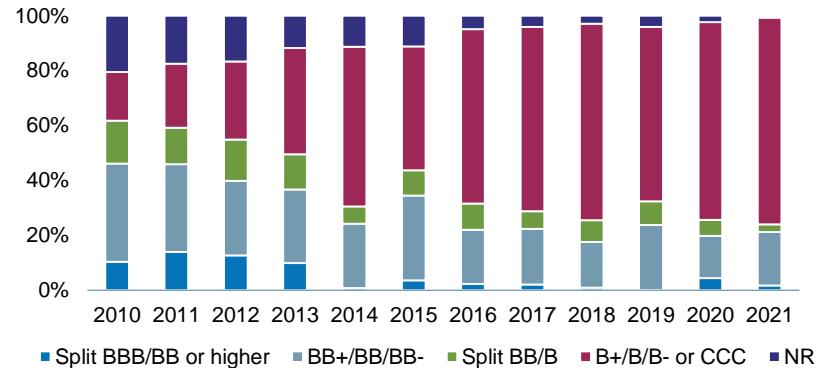


# Quality of primary issuance deviates between loan and bond markets

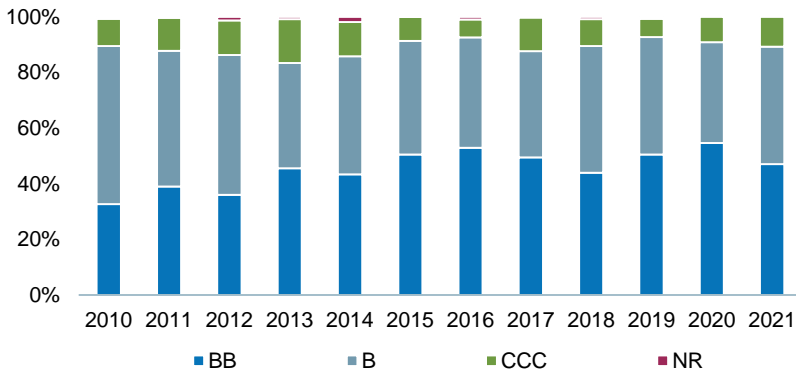
## US Investment Grade



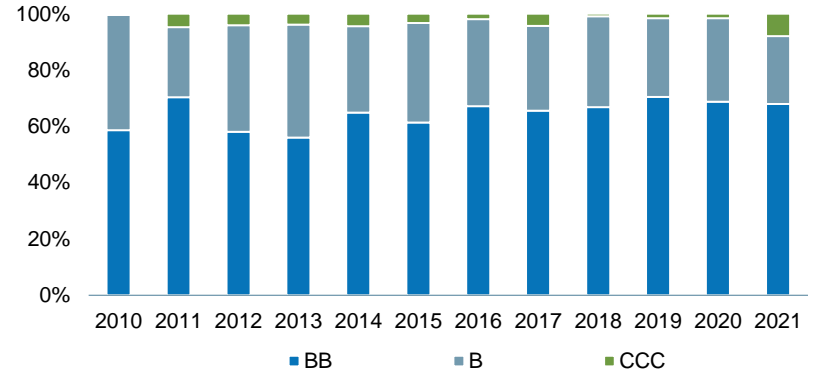
## US Leveraged Loans



## US High Yield



## Euro High Yield

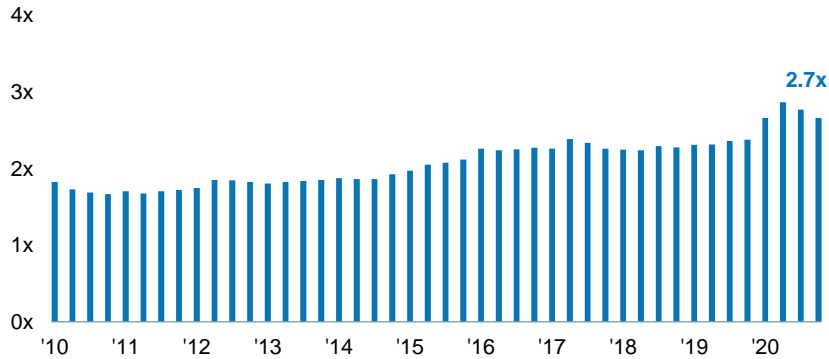


Sources: Morgan Stanley Research, Bloomberg, Dealogic, Bondradar, LCD, an offering of S&P Global Market Intelligence. As of March 31, 2021. Past performance is not a reliable indicator of future results. Data provided is for informational use only. See end of material for important additional information and disclosures.

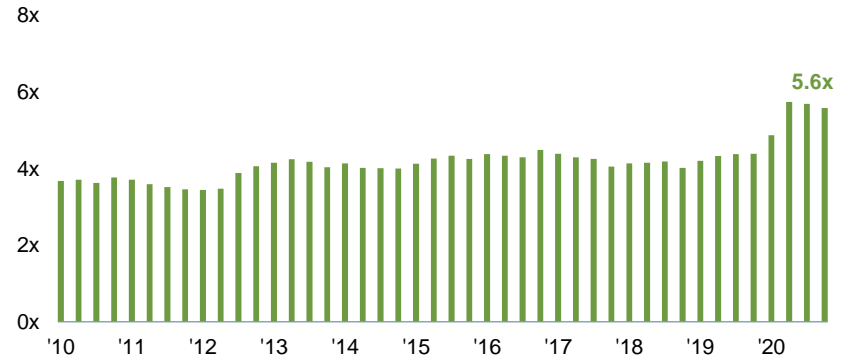


# Fundamentals in IG and loans are beginning to highlight headwinds

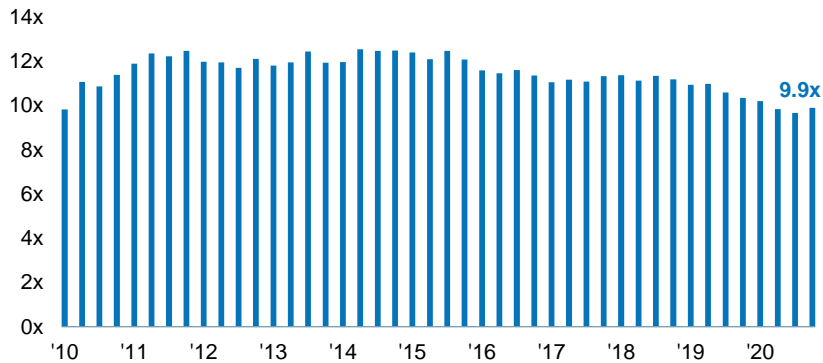
**US Investment Grade Gross Leverage**



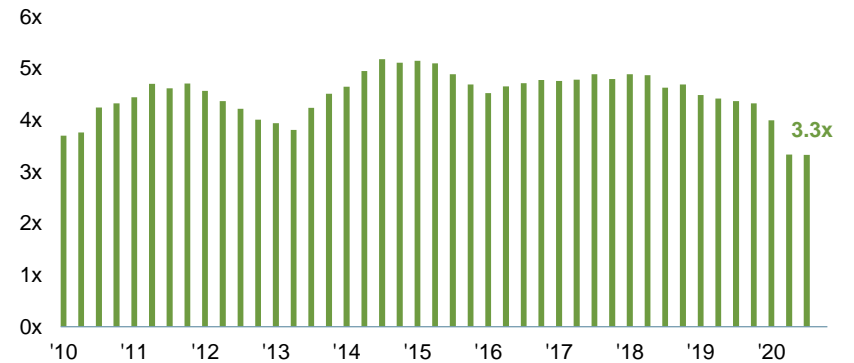
**US Loan Gross Leverage**



**US Investment Grade Interest Coverage**



**US Loan Interest Coverage**

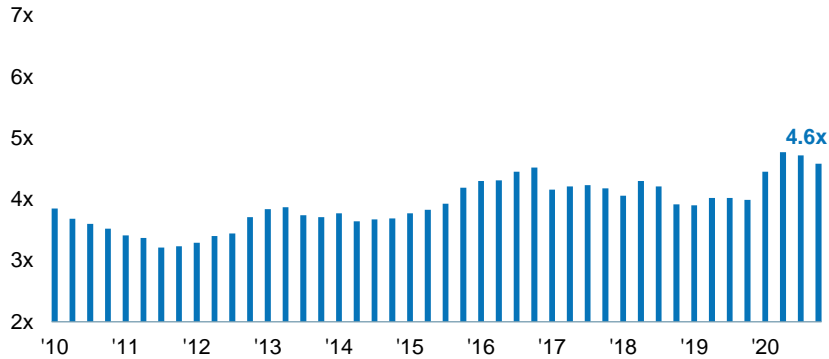


Sources: Morgan Stanley Research and LCD, an offering of S&P Global Market Intelligence. As of Q4 2020. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. See end of material for important additional information and disclosures.

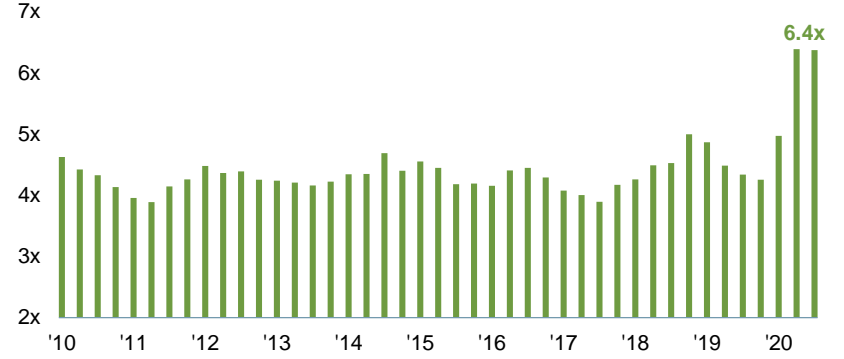


# High-yield fundamentals crack as pandemic impacts are reflected

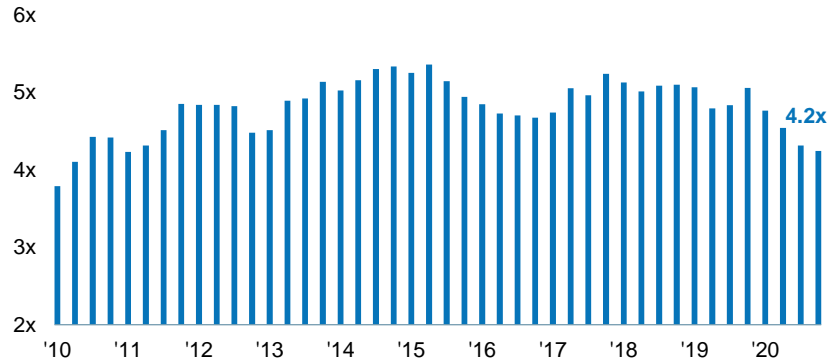
US High Yield Gross Leverage



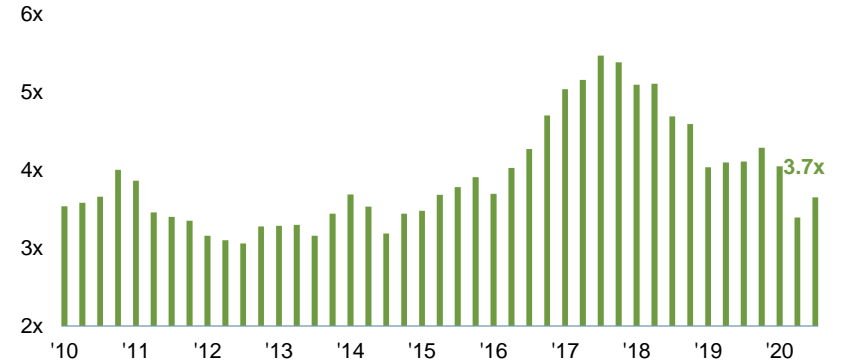
European High Yield Gross Leverage



US High Yield Interest Coverage



European High Yield Interest Coverage

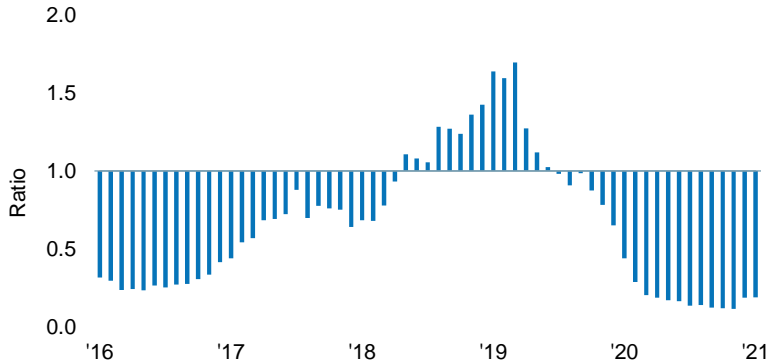


Sources: Morgan Stanley Research. US data as of Q4 2020. European data as of Q3 2020. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. See end of material for important additional information and disclosures.

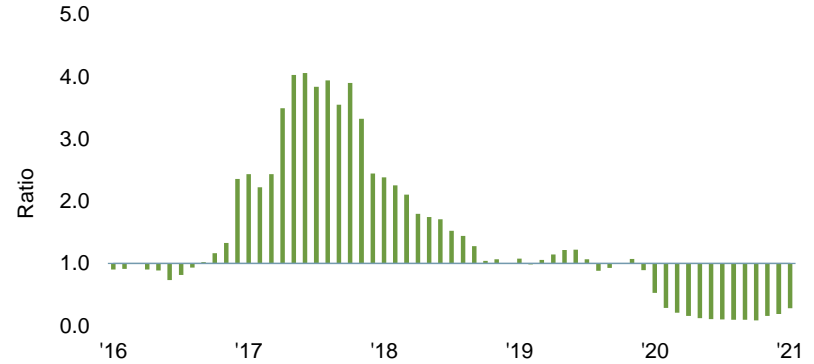


# Rating downgrades unlikely to reverse as fast as they happened

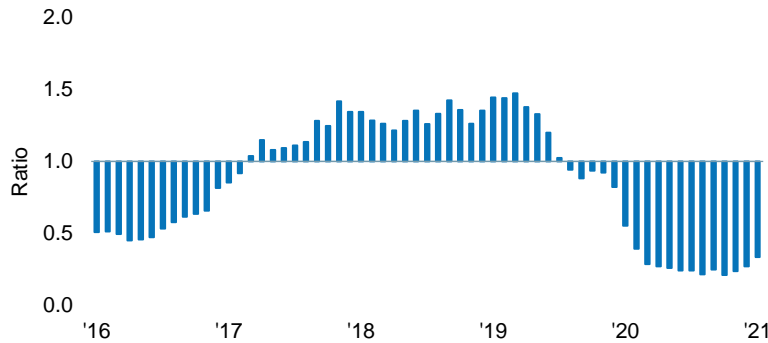
**US Investment Grade Sum of Up/Down Ratio**



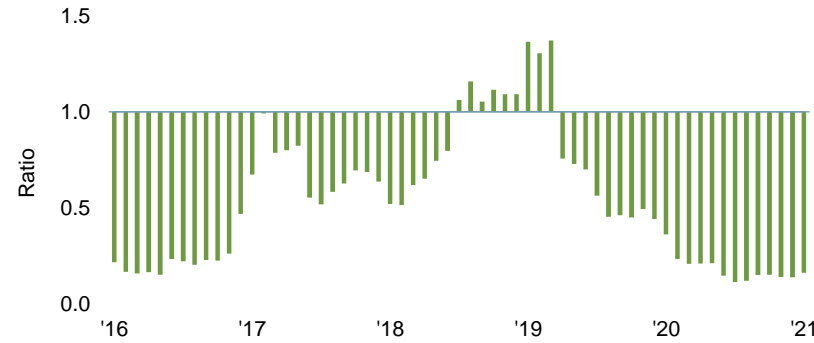
**Euro and Sterling High Yield Sum of Up/Down Ratio**



**US High Yield Sum of Up/Down Ratio**



**EM Corporates Sum of Up/Down Ratio**



Source: ICE Data Indices, LLC. As of March 31, 2021. **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. US Investment Grade represented by ICE BofA US Investment Grade Corporate Bond Index. US High Yield represented by the ICE BofA US High Yield Index. Europe High Yield represented by both the ICE BofA Euro High Yield Index and the ICE BofA Sterling High Yield Index. EM Corporates represented by the ICE BofA Emerging Markets Corporate Plus Index.

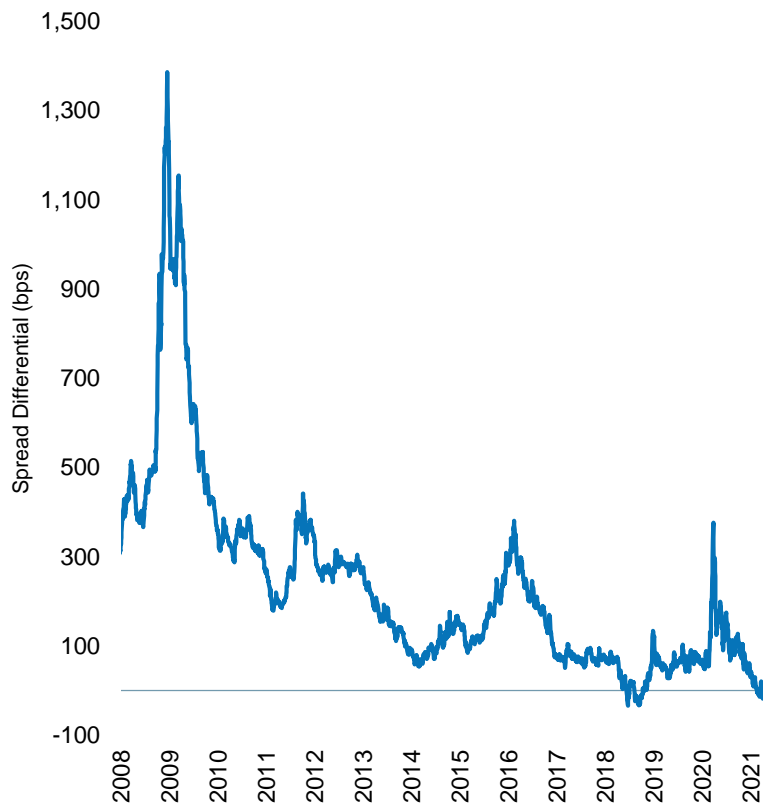


# Emerging Markets



# EM offering opportunities

## US High Yield – EMBI Spread Differential



## EM Corp. Spread Over Sovereign (CEMBI)



### EM Corp. Spread Over Sovereign

Max	407
75th	179
50th	153
25th	135
Min	93
Average	162
Last	134
Last Rank	25%

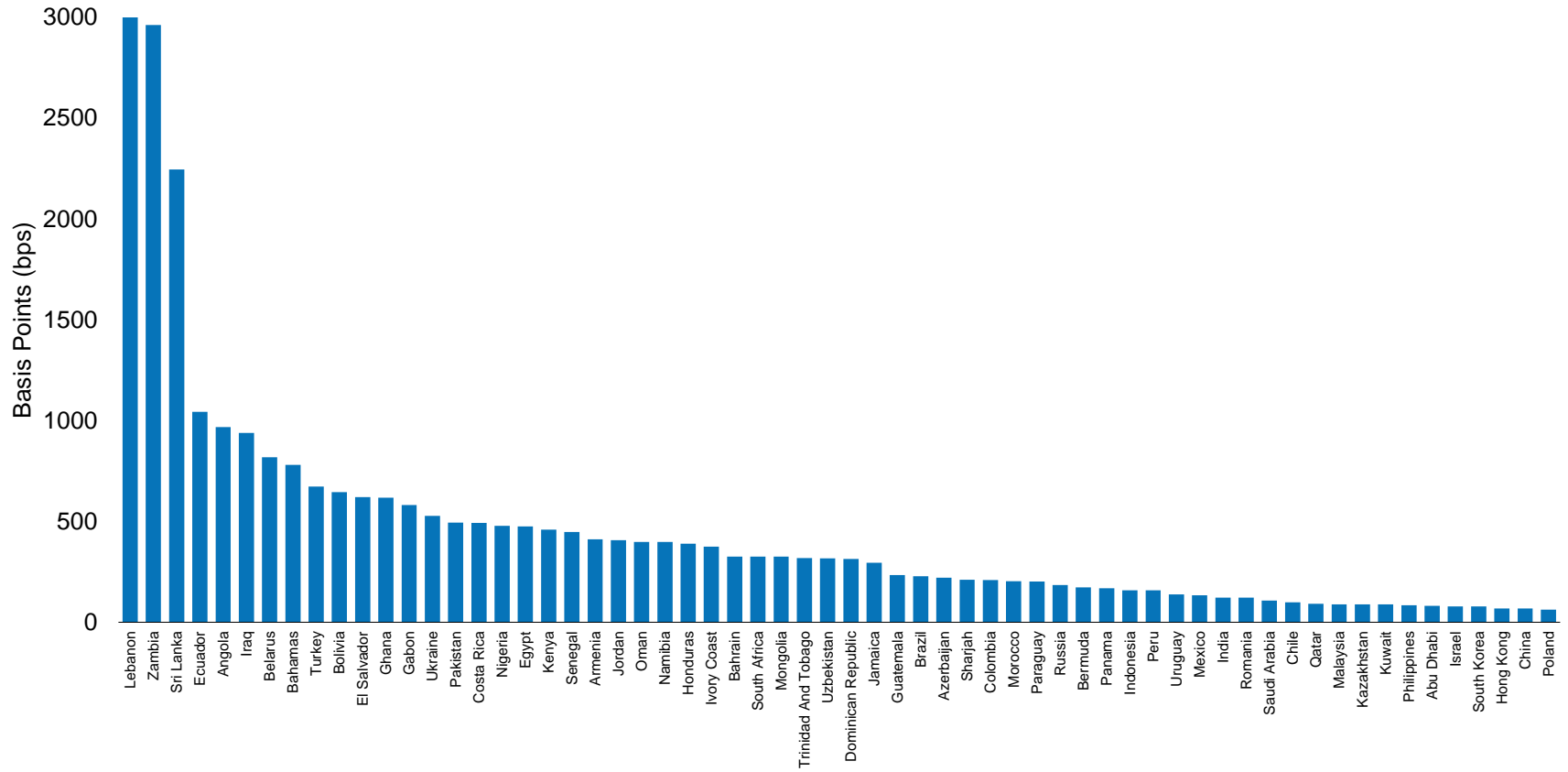
Source: ICE Data Indices, LLC, J.P. Morgan and Eaton Vance. As of March 31, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. It is not possible to invest directly in an Index. See end of material for important additional information and disclosures. US High Yield represented by ICE BofA US High Yield Index. EM Corp Spreads Over Sovereign are modeled five year par equivalent spreads allowing for like for like comparisons across countries and time. This differs from EMBI data which is comprised of discount and premium bonds with different maturities.





# Country selection remains crucial amid wide dispersion among sovereigns

## 5yr Spreads

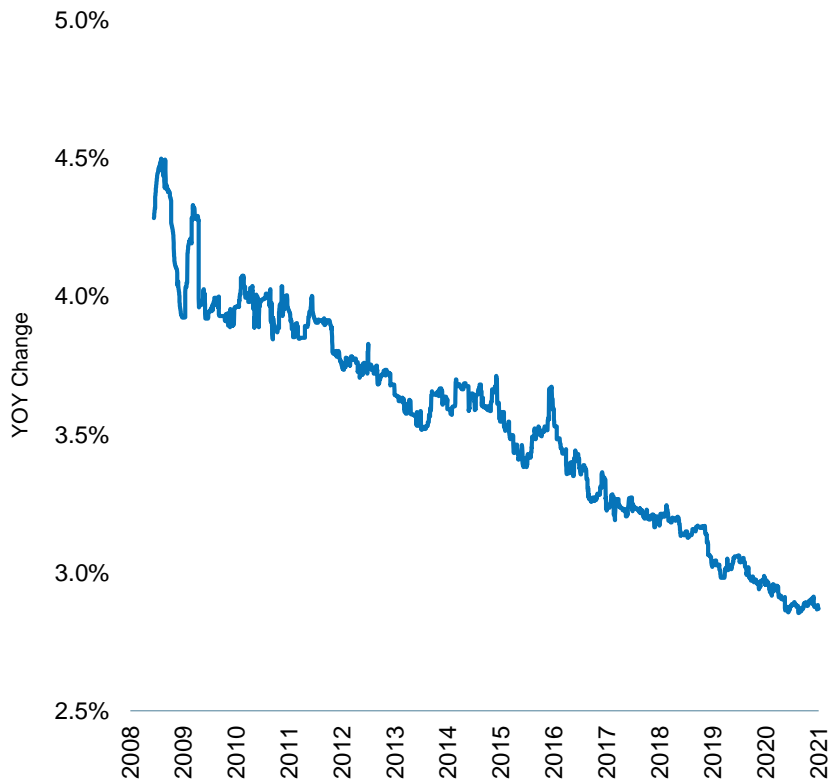


Source: Eaton Vance proprietary data and calculations. As of March 31, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. See end of material for important additional information and disclosures. All spreads are modeled five year par equivalent spreads allowing for like comparisons across countries and time. This differs from EMBI data which is comprised of discount and premium bonds with different maturities.

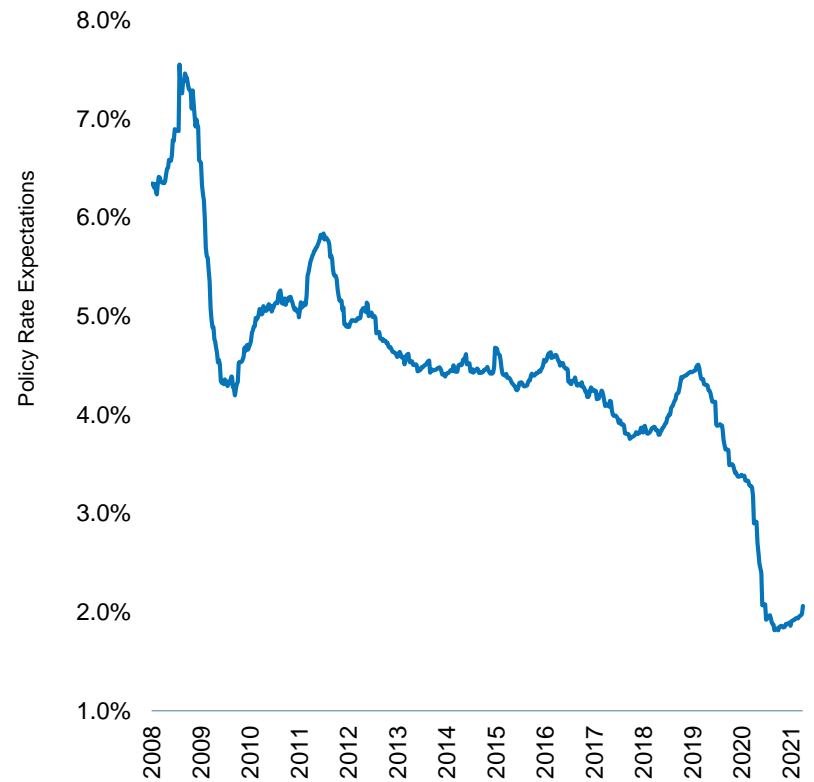


# EM inflation and policy rate expectations level off

EM Consensus CPI Expectations\*



EM Consensus Policy Rate Expectations\*\*



Sources: Bloomberg, Eaton Vance. As of March 31, 2021. **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. \*Data is the equal weighted average of headline inflation expected in 18-30 months by economists surveyed by Bloomberg, which includes all countries in the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified, except Argentina. \*\*Data is the equal weighted average of expected policy rates in 12 months by economists surveyed by Bloomberg, which includes all countries in the J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) Global Diversified, except Argentina.

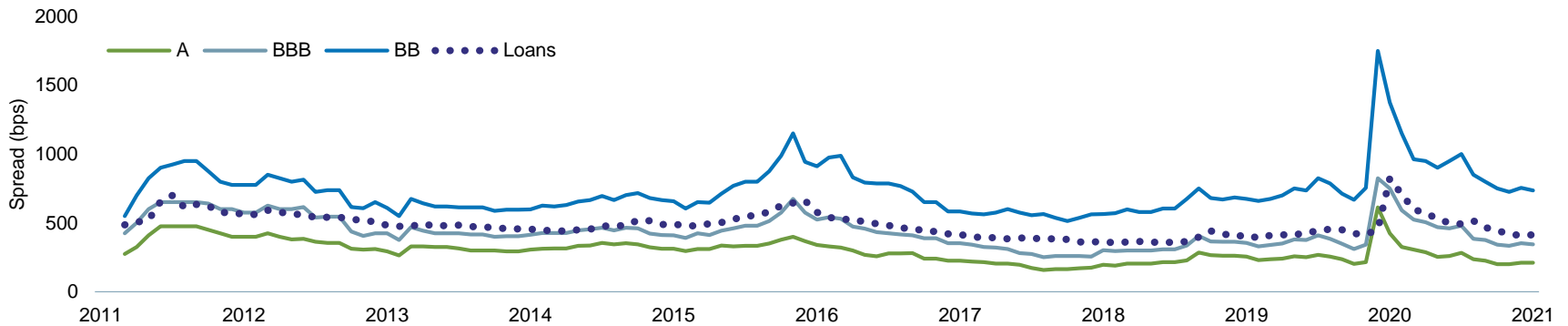


## Securitized Credit

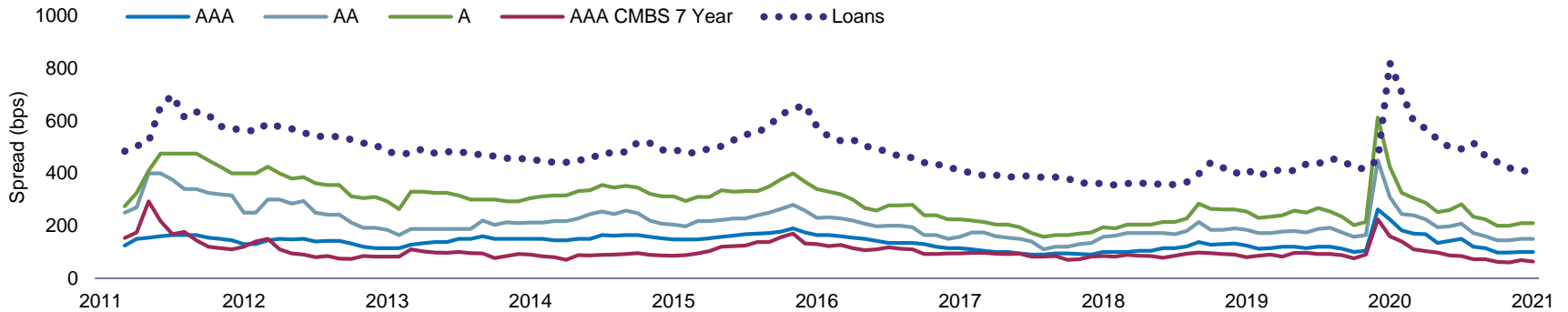


# Volatility of CLOs relative to underlying loans

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



Post-Crisis CLO Spreads: AAA, AA, A vs Loans and CMBS

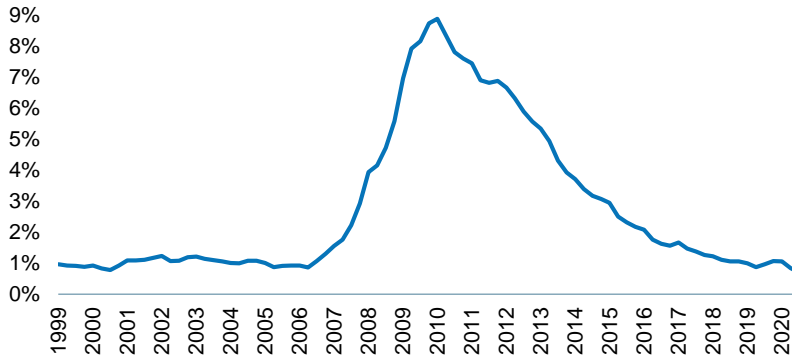


Sources: Citibank Velocity, LCD, an offering of S&P Global Market Intelligence. As of March 31, 2021. CLO tranches are USD 2.0 CLOs. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. Loans represent the S&P/LSTA Leveraged Loan Index. CMBS represents AAA 7-year new issue spreads as reported by Citi Velocity.

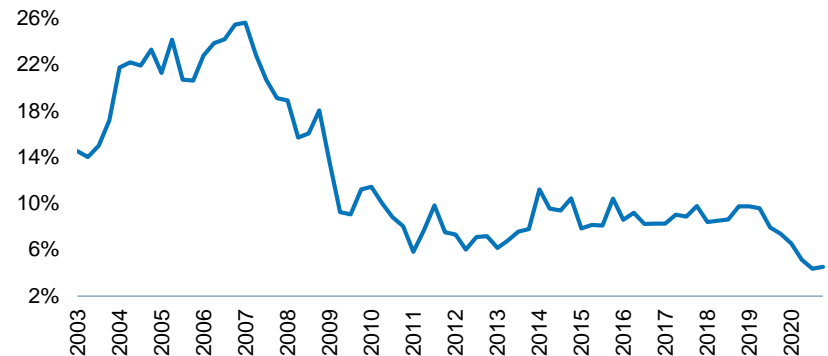


# Consumer has entered the Covid-19 crisis in better shape than 2008

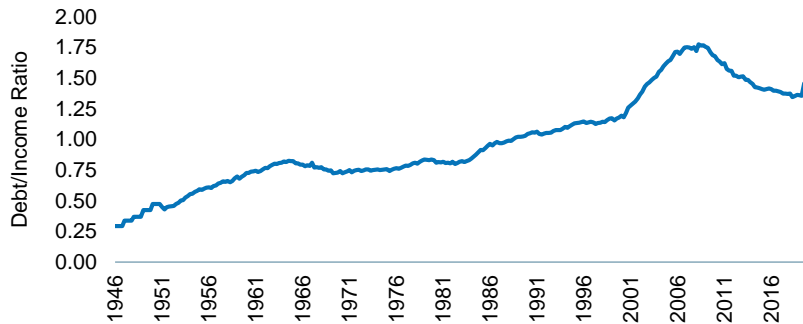
**U.S. Residential Mortgage 90+ Day Delinquent Rates**



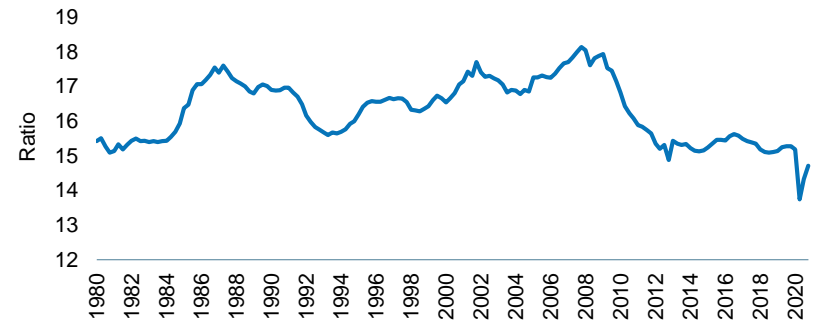
**Subprime Mortgage Originations**



**Household Debt/Income**



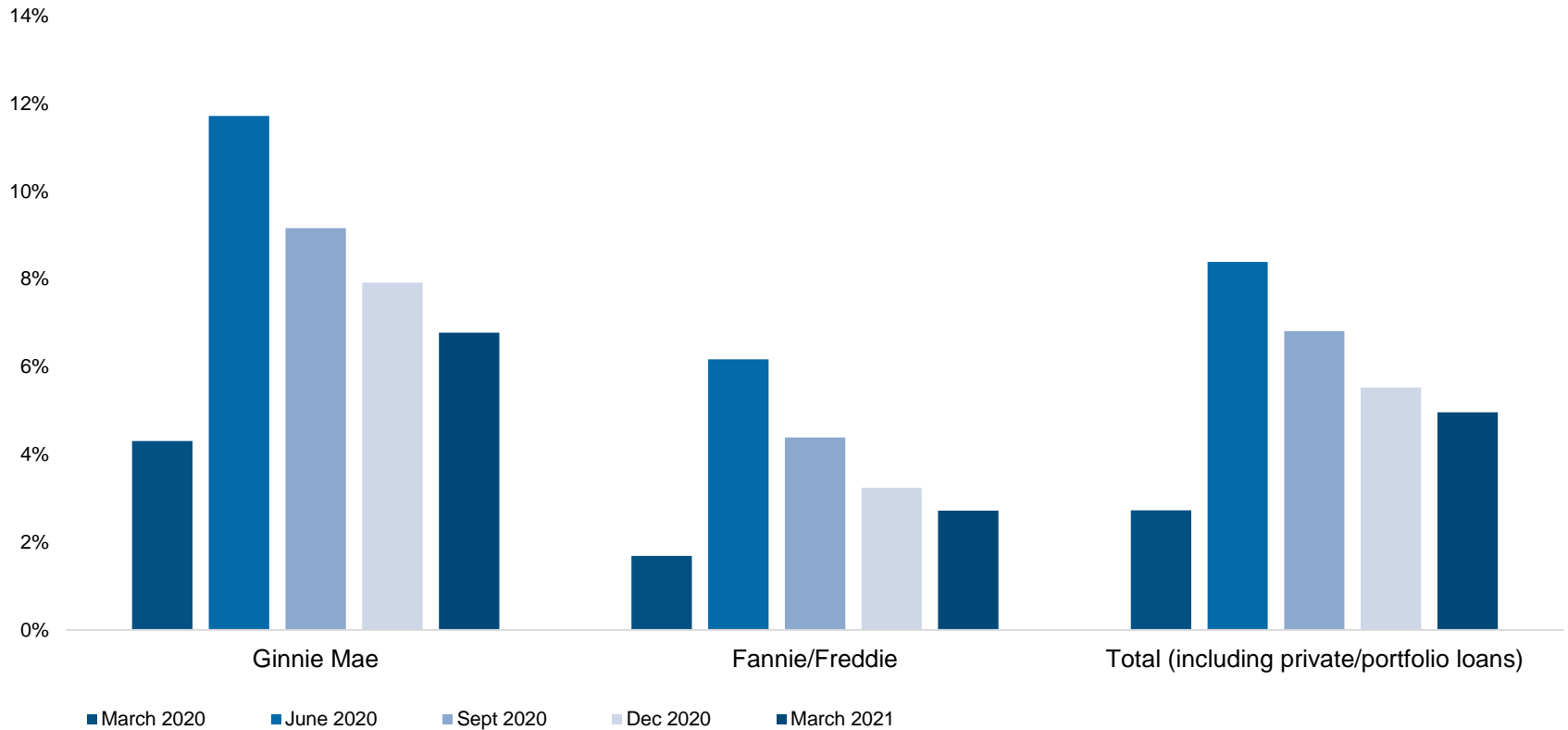
**Financial Obligation Ratios**



Source: Macrobond. As of Q4 2020. **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. Subprime borrower defined as having a FICO score below 659.



## MBS: Elevated but moderating mortgage forbearance expectations

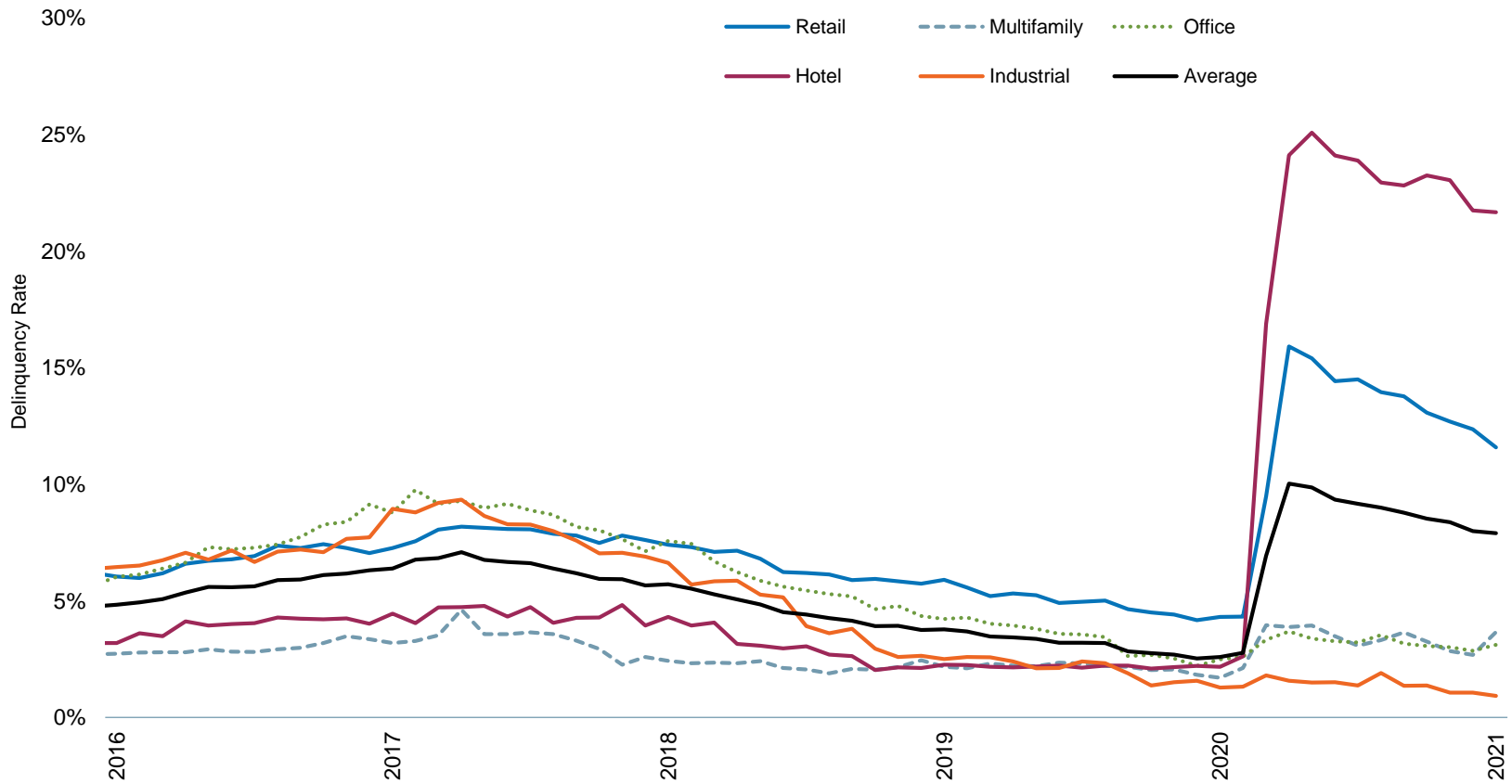


Source: Mortgage Bankers Association Forbearance Survey. As of March 28, 2021. **Past performance is not a reliable indicator of future results.** Data provided is for informational use only. See end of material for important additional information and disclosures.



# CMBS market analytics: Weakness evident

## CMBS Fixed-Rate Delinquency Rate



Source: Trepp and Citi Research. As of March 31, 2021. **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.



# Global Credit Snapshot





## Global income characteristics

Index	Averages							
	Price (\$)	Coupon / Nominal (%)	Duration / WAL* (yrs.)	OAS / 4YR DM (bps)	Yield to 5YR (%)	Face	Market	Weight
Global High Yield Corporates	103.5	5.3%	3.5	330	4.6%	1,804,276	1,890,801	100%
USD High Yield Corporates	103.8	5.9%	3.5	336	5.1%	1,345,137	1,414,684	100%
EUR High Yield Corporates	102.4	3.4%	3.5	303	2.9%	405,460	419,816	100%
GBP High Yield Corporates	103.3	5.2%	3.3	367	4.5%	53,679	56,301	100%
USD Floating-Rate Loans	98.3	3.8%	4.7	417	4.2%	1,169,050	1,149,307	100%
EUR Floating-Rate Loans	99.2	3.5%	4.6	435	3.7%	208,794	207,161	100%
EM High Yield Sovereigns	95.6	5.5%	4.4	506	6.4%	260,614	252,615	100%
EM High Yield Corporates	100.6	6.5%	3.3	555	6.4%	443,094	452,666	100%
EM Investment Grade Sovereigns	109.6	3.9%	4.9	81	1.9%	286,665	316,923	100%
EM Investment Grade Corporates	104.7	3.6%	4.2	141	2.7%	704,495	744,008	100%
USD Investment Grade Corporates	106.2	3.3%	4.6	75	2.0%	3,593,583	3,844,277	100%
EUR Investment Grade Corporates	105.1	1.4%	4.6	82	0.4%	2,093,560	2,215,777	100%
GBP Investment Grade Corporates	108.5	3.3%	4.6	98	1.6%	224,610	246,828	100%

Sources: Eaton Vance, ICE Data Indices, LLC and LCD, an offering of S&P Global Market Intelligence. As of March 31, 2021. **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. High-yield and investment-grade corporate and sovereign bond data reflect all bonds tracked by ICE BofA, excluding subordinated financial debt. Leveraged loans data reflect various sub-indices of the S&P/LSTA Leveraged Loan Index. \* US and European loan investments are floating-rate instruments. As a result, there is limited interest rate duration but we have included the weighted averaged maturity for these markets as a comparator.



## Global corporate high yield and leveraged loan characteristics

Index	Averages							
	Price (\$)	Coupon / Nominal (%)	Duration / WAL* (yrs.)	OAS / 4YR DM (bps)	Yield to 5YR (%)	Face	Market	Weight
High Yield Corporate USD - BB	105.1	5.2%	3.9	243	4.1%	677,537	719,629	50.9%
High Yield Corporate USD - B	103.5	6.3%	3.2	372	5.5%	491,810	515,768	36.5%
High Yield Corporate USD - CCC	100.0	7.7%	2.6	606	7.9%	175,790	179,286	12.7%
<b>USD High Yield Corporate Total</b>	<b>103.8</b>	<b>5.9%</b>	<b>3.5</b>	<b>336</b>	<b>5.1%</b>	<b>1,345,137</b>	<b>1,414,684</b>	<b>100.0%</b>
High Yield Corporate EUR - BB	103.2	2.9%	3.7	233	2.2%	279,347	291,357	69.4%
High Yield Corporate EUR - B	101.1	4.3%	2.9	416	4.1%	98,994	101,219	24.1%
High Yield Corporate EUR - CCC	99.0	5.9%	2.6	630	6.2%	27,120	27,239	6.5%
<b>EUR High Yield Corporate Total</b>	<b>102.4</b>	<b>3.4%</b>	<b>3.5</b>	<b>303</b>	<b>2.9%</b>	<b>405,460</b>	<b>419,816</b>	<b>100.0%</b>
High Yield Corporate GBP - BB	105.2	4.7%	3.7	261	3.5%	35,609	38,016	67.5%
High Yield Corporate GBP - B	101.8	6.0%	2.7	482	5.7%	15,271	15,781	28.0%
High Yield Corporate GBP - CCC	88.4	7.1%	2.0	1256	10.3%	2,799	2,504	4.4%
<b>GBP High Yield Corporate Total</b>	<b>103.3</b>	<b>5.2%</b>	<b>3.3</b>	<b>367</b>	<b>4.5%</b>	<b>53,679</b>	<b>56,301</b>	<b>100.0%</b>
S&P/LSTA Leveraged Loans – BBB	99.5	2.1%	4.7	213	2.2%	90,816	90,356	7.9%
S&P/LSTA Leveraged Loans – BB	99.1	2.8%	4.9	298	3.1%	250,882	248,729	21.6%
S&P/LSTA Leveraged Loans – B	98.9	4.1%	4.7	434	4.4%	721,350	713,345	62.1%
S&P/LSTA Leveraged Loans - CCC	91.4	5.2%	4.2	793	7.4%	106,002	96,877	8.4%
<b>USD Floating-Rate Loan Total</b>	<b>98.3</b>	<b>3.8%</b>	<b>4.7</b>	<b>417</b>	<b>4.2%</b>	<b>1,169,050</b>	<b>1,149,307</b>	<b>100.0%</b>
S&P European Leveraged Loans – BB	99.8	2.9%	4.7	349	2.9%	32,957	32,891	15.9%
S&P European Leveraged Loans – B	99.1	3.7%	4.6	451	3.9%	175,837	174,271	84.1%
<b>EUR Floating-Rate Loan Total</b>	<b>99.2</b>	<b>3.5%</b>	<b>4.6</b>	<b>435</b>	<b>3.7%</b>	<b>208,794</b>	<b>207,161</b>	<b>100.0%</b>

Sources: Eaton Vance, ICE Data Indices, LLC and LCD, an offering of S&P Global Market Intelligence. As of March 31, 2021. **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. High-yield and investment-grade corporate bond data reflect all bonds tracked by ICE BofA, excluding subordinated financial debt. Leveraged loans data reflect various sub-indices of the S&P/LSTA Leveraged Loan Index and the S&P Europe Leveraged Loan Index. \* US and European loan investments are floating-rate instruments. As a result, there is limited interest rate duration but we have included the weighted averaged maturity for these markets as a comparator.



## Global investment-grade corporate characteristics

Index	Averages							
	Price (\$)	Coupon / Nominal (%)	Duration / WAL* (yrs.)	OAS / 4YR DM (bps)	Yield to 5YR (%)	Face	Market	Weight
Investment-Grade Corporate USD – AAA 1-10 year	104.7	2.4%	4.3	24	1.4%	43,896	46,194	1.2%
Investment-Grade Corporate USD – AA 1-10 year	104.5	2.5%	4.2	35	1.6%	315,604	331,638	8.6%
Investment-Grade Corporate USD – A 1-10 year	105.5	2.9%	4.5	52	1.7%	1,076,352	1,142,905	29.7%
Investment-Grade Corporate USD – BBB 1-10 year	106.9	3.6%	4.7	93	2.2%	2,157,732	2,323,539	60.4%
<b>USD Investment-Grade Total</b>	<b>106.2</b>	<b>3.3%</b>	<b>4.6</b>	<b>75</b>	<b>2.0%</b>	<b>3,593,583</b>	<b>3,844,277</b>	<b>100.0%</b>
Investment-Grade Corporate EUR – AAA 1-10 year	109.0	1.3%	6.2	49	-0.5%	7,581	8,295	0.4%
Investment-Grade Corporate EUR – AA 1-10 year	105.3	1.2%	4.4	54	0.1%	211,584	224,078	10.1%
Investment-Grade Corporate EUR – A 1-10 year	104.9	1.2%	4.7	67	0.2%	686,216	724,341	32.7%
Investment-Grade Corporate EUR – BBB 1-10 year	105.2	1.6%	4.7	97	0.6%	1,188,179	1,259,062	56.8%
<b>EUR Investment-Grade Total</b>	<b>105.1</b>	<b>1.4%</b>	<b>4.6</b>	<b>82</b>	<b>0.4%</b>	<b>2,093,560</b>	<b>2,215,777</b>	<b>100.0%</b>
Investment-Grade Corporate GBP – AAA 1-10 year	103.1	2.1%	4.2	52	1.4%	3,863	4,012	1.6%
Investment-Grade Corporate GBP – AA 1-10 year	108.4	2.6%	4.5	55	0.8%	20,574	22,467	9.1%
Investment-Grade Corporate GBP – A 1-10 year	107.3	2.8%	4.5	74	1.3%	75,801	82,167	33.3%
Investment-Grade Corporate GBP – BBB 1-10 year	109.4	3.9%	4.6	120	1.9%	124,372	138,183	56.0%
<b>GBP Investment-Grade Total</b>	<b>108.5</b>	<b>3.3%</b>	<b>4.6</b>	<b>98</b>	<b>1.6%</b>	<b>224,610</b>	<b>246,828</b>	<b>100.0%</b>

Sources: Eaton Vance, ICE Data Indices, LLC and LCD, an offering of S&P Global Market Intelligence. As of March 31, 2021. **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. Investment-grade corporate bond data reflect all bonds tracked by ICE BofA.



## Global EM sovereign and corporate characteristics

Index	Averages							
	Price (\$)	Coupon / Nominal (%)	Duration / WAL* (yrs.)	OAS / 4YR DM (bps)	Yield to 5YR (%)	Face	Market	Weight
EM Investment Grade Sovereigns – AA	107.8	3.2%	5.1	59	1.6%	69,325	75,364	23.8%
EM Investment Grade Sovereigns – A	106.6	3.1%	5.0	60	1.7%	79,664	85,783	27.1%
EM Investment Grade Sovereigns – BBB	112.2	4.8%	4.8	103	2.2%	137,677	155,777	49.2%
<b>EM Investment Grade Sovereigns</b>	<b>109.6</b>	<b>3.9%</b>	<b>4.9</b>	<b>81</b>	<b>1.9%</b>	<b>286,665</b>	<b>316,923</b>	<b>100.0%</b>
EM High Yield Sovereigns – BB	105.9	5.0%	4.7	250	3.8%	76,115	81,592	32.3%
EM High Yield Sovereigns – B	102.4	6.4%	4.2	479	5.9%	139,983	145,489	57.6%
EM High Yield Sovereigns – CCC	56.4	3.6%	4.5	1474	17.5%	44,516	25,534	10.1%
<b>EM High Yield Sovereigns</b>	<b>95.6</b>	<b>5.5%</b>	<b>4.4</b>	<b>506</b>	<b>6.4%</b>	<b>260,614</b>	<b>252,615</b>	<b>100.0%</b>
EM Investment Grade Corporate – AAA	100.6	1.5%	3.9	64	1.4%	750	759	0.1%
EM Investment Grade Corporate – AA	104.7	2.8%	4.3	58	1.9%	36,290	38,219	5.1%
EM Investment Grade Corporate – A	104.3	3.2%	4.3	104	2.3%	294,031	309,385	41.6%
EM Investment Grade Corporate – BBB	105.0	4.1%	4.1	178	3.0%	373,425	395,645	53.2%
<b>EM Investment Grade Corporates</b>	<b>104.7</b>	<b>3.6%</b>	<b>4.2</b>	<b>141</b>	<b>2.7%</b>	<b>704,495</b>	<b>744,008</b>	<b>100.0%</b>
EM High Yield Corporates – BB	103.3	5.6%	3.7	370	4.9%	268,197	280,519	62.0%
EM High Yield Corporates – B	98.3	7.9%	2.6	809	8.5%	143,237	143,707	31.7%
EM High Yield Corporates – CCC	88.3	7.2%	2.6	1095	10.5%	31,661	28,440	6.3%
<b>EM High Yield Corporates</b>	<b>100.6</b>	<b>6.5%</b>	<b>3.3</b>	<b>555</b>	<b>6.4%</b>	<b>443,094</b>	<b>452,666</b>	<b>100.0%</b>

Sources: Eaton Vance, ICE Data Indices, LLC. As of March 31, 2021. **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. EM high-yield and investment-grade sovereign and corporate bond data reflect all bonds tracked by ICE BofA.



## US securitized characteristics

Index	Averages						
	Price (\$)	Coupon / Nominal (%)	Duration / WAL* (yrs.)	OAS / 4YR DM (bps)	Yield to 5YR (%)	Face	Market
CMBS AAA	106.1	3.2%	4.7	68	1.9%	802,623	853,357
CMBS AA	106.1	3.8%	4.7	148	2.6%	97,239	103,485
CMBS A	102.7	4.1%	4.4	258	3.5%	52,562	54,140
CMBS BBB	96.0	3.7%	4.7	383	4.7%	57,789	55,655
CLO AAA	100.0	1.3%	1.0	116	1.3%	388,025	388,036
CLO AA	99.9	1.8%	1.7	171	1.9%	73,828	73,722
CLO A	99.6	2.4%	2.5	238	2.5%	39,122	38,950
CLO BBB	98.4	3.5%	3.7	362	3.9%	38,487	37,868
CLO BB	93.1	6.4%	5.8	752	8.2%	29,718	27,658

Sources: Eaton Vance, ICE Data Indices, LLC and JPMorgan. As of March 31, 2021. **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. CMBS data reflect all bonds tracked by ICE BofA. CLO data reflect various sub-indices of the J.P. Morgan Collateralized Loan Obligation Index (CLOIE) Post Crisis.



## Important Information & Disclosure

### INDEX DEFINITIONS:

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

**ICE BofA Euro Corporate Index** tracks the performance of EUR denominated investment grade corporate debt publicly issued in the eurobond or Euro member domestic markets.

**ICE BofA Sterling Corporate Index** tracks the performance of GBP denominated investment grade corporate debt publicly issued in the eurobond or UK 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.

**ICE BofA Euro High Yield Index** tracks the performance of EUR denominated below investment grade corporate debt publicly issued in the euro domestic or eurobond markets.

**ICE BofA Sterling High Yield Index** tracks the performance of GBP denominated below investment grade corporate debt publicly issued in the sterling domestic or eurobond markets.

**ICE BofA US Treasury Index** tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market.

**ICE BofA European Currency Developed Markets High Yield Excluding Subordinated Financials Constrained Index** contains all securities in The ICE BofA European Currency High Yield Index provided they are not subordinated financials and have a developed markets country of risk.

**ICE BofA Global High Yield Index** tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate debt publicly issued in the major domestic or eurobond markets.

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

**S&P European Leveraged Loan Index** is an unmanaged index of the European 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

**ICE BofA 7-10 Year AA US Fixed Rate CMBS Index** tracks the performance of US dollar denominated investment grade fixed rate commercial mortgage backed securities publicly issued in the US domestic market including all securities with an average life greater than or equal to 7 years and less than 10 years and rated AA.

**ICE BofA BBB US Fixed Rate CMBS Index** tracks the performance of US dollar denominated investment grade fixed rate commercial mortgage backed securities publicly issued in the US domestic market including all securities with an average life greater than or equal to 7 years and less than 10 years and rated BBB1 through BBB3, inclusive.

**ICE BofA Developed Markets High Yield Ex-Subordinated Financial Index (Hedged)** is an unmanaged index of global developed market below investment grade corporate bonds, USD hedged.

**ICE BofA Global Broad Market Index** tracks the performance of investment grade debt publicly issued in the major domestic and eurobond markets, including sovereign, quasi-government, corporate, securitized and collateralized securities.

**ICE BofA Global Corporate Index** tracks the performance of investment grade corporate debt publicly issued in the major domestic and eurobond markets.

**ICE BofA Emerging Markets External Sovereign Index** tracks the performance of US dollar and euro denominated emerging markets sovereign debt publicly issued in the major domestic and eurobond markets.

**ICE BofA Emerging Markets Corporate Plus Index** tracks the performance of U.S. dollar and euro denominated emerging markets non-sovereign debt publicly issued in the major domestic and eurobond markets.

**J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI) Broad Diversified** is an unmanaged index of USD-denominated emerging market corporate bonds.

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