

# Eaton Vance Floating-Rate Loan Funds

## FLOATING-RATE LOAN TEAM

### A Word on the Markets

Capping a positive year for the senior floating-rate corporate loan market, the Morningstar LSTA US Leveraged Loan Index (the Index) registered a fourth quarter return of 1.22%. Quarterly results lifted the Index's full-year return to 5.90%, as high interest income was partially offset by a decline in market value.\*

### Key Drivers

- New issue market took a breather: The fourth quarter saw a significant slowdown in new issuance and refinancing activity compared to the record-setting pace earlier in 2025.
- Strong institutional demand: Collateralized loan obligation (CLO) issuance set a record in 2025, providing liquidity amid persistent retail mutual fund outflows.
- Risk-off sentiment: Investors favored higher quality loans, while cyclical areas such as auto components and chemicals continued to underperform.

### Credit Quality & Performance

- BB-rated loans outperformed: Single-B loans (62% of the Index) returned 1.40% during the quarter, while BBs (24% of the market) returned 1.47%. Loans rated CCC (5% of the market) posted a return of -1.59%.
- Market bifurcation: The share of loans priced below \$90 came to 8.7% at quarter end, while 58% of the market was priced at par or higher.
- Auto components, chemicals lag: Following the First Brands bankruptcy in September, the auto components segment returned -5.63% for the quarter. Chemicals also struggled due to weak demand and high energy costs, returning -1.72%.

### Market Technicals

- Issuance cooled: Total institutional loan market activity dropped to \$156 billion in the fourth quarter, down sharply from \$404 billion in the third. Notably, the 2026 pipeline continued to grow, with several significant deals announced.
- CLO issuance hits a record: The quarter saw \$55.3 billion in CLO issuance, lifting full-year totals to a record \$209 billion.
- Fund outflows persist: Leveraged loan retail funds saw net outflows estimated at \$4.0 billion for December. 2025 saw total net outflows of \$10.7 billion from retail funds, with sustained redemptions amid volatile markets, tariff worries and falling interest rates.

### Fundamental Factors

- Default rates: At year-end, the trailing 12-month default rate stood at 1.23% by amount (up from 0.91% in 2024) and 1.18% by issuer count (down from 1.45%). Including liability management exercises, the default rate by issuer count fell to 3.35%, down 130 basis points year-over-year.
- Stress indicators remained low but worsened during the fourth quarter: Loans trading under \$80 climbed to 4.34% of the market, the highest level since July 2024.
- Default levels expected to hold steady: Market participants surveyed by Leveraged Commentary & Data (LCD) expect default levels to hold steady, with 67% of respondents anticipating a modest increase over the next six months.

\* All data sourced from Leveraged Commentary & Data (LCD) as of December 31, 2025.

This document constitutes a commentary and does not constitute investment advice nor a recommendation to invest. The value of investments may rise as well as fall. Independent advice should be sought before any decision to invest.

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

## Performance Review

Last 3 Months as of December 31, 2025

### Floating-Rate Fund

In the quarter period ending December 31, 2025, Eaton Vance Floating-Rate Fund (the Fund) I shares returned 0.40% at NAV, while the benchmark returned 1.22%. On a gross basis, the Fund underperformed the Index by 63 basis points during the quarter.

- The Fund's exposure to equities — which are received as part of a restructuring transaction — detracted the most, as their value declined during the quarter.
- At the sector level, loan selection was positive in the household durables and metals and mining industries. This was partially offset by selection within the automobile components segment.
- Turning to individual issuer impacts, 12 of the Fund's top 20 loan contributors for the quarter were underperforming Index holdings that the Fund avoided during the period. The top individual contributor was the Fund's overweight to a provider of internet domain registration and hosting that completed the first phase of a liability management exercise in December.
- At the other end of performance drivers, the largest individual detractor for the quarter was the Fund's exposure to restructured equity from a producer of components and systems for appliances. The company saw quarterly revenues decline on weak performance for customer appliance makers. Selection within the electronic equipment, instruments and components sector was negative as a result.

Taken together, the Fund's portfolio positioning served it well during the quarter. Its core loan holdings provided a risk/return experience that performed positively relative to the U.S. loan market. In our view, the Fund's high distribution power bodes well for the prospective return potential of the Fund. We believe the Fund is well positioned looking ahead.

## Performance Review

Last 3 Months as of December 31, 2025

### Floating-Rate Advantage Fund

In the quarter period ending December 31, 2025, Eaton Vance Floating-Rate Advantage Fund (the Fund) I shares returned 0.70% at NAV, while the benchmark returned 1.22%. On a gross basis, the Fund underperformed the Index by 34 basis points during the quarter.

- The Fund's exposure to equities — which are received as part of a restructuring transaction — detracted the most, as their value declined during the quarter.
- At the sector level, loan selection was positive in the household durables, metals and mining, and chemicals industries. This was partially offset by selection within the automobile components segment.
- Turning to individual issuer impacts, 12 of the Fund's top 20 loan contributors for the quarter were underperforming Index holdings that the Fund avoided during the period. The top individual contributor was the Fund's overweight to a provider of internet domain registration and hosting that completed the first phase of a liability management exercise in December.
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## Outlook & Fund Positioning

We enter 2026 with a constructive view on the floating-rate loan market, supported by a favorable combination of policy tailwinds, resilient — if moderating — credit fundamentals, supportive technicals, and compelling relative value versus other major asset classes.

### Macro Backdrop: Slower Growth, Persistent Inflation, Policy Support

- Economic growth has clearly cooled from post-pandemic highs, but the prevailing environment remains one of deceleration rather than contraction, which historically has been more supportive for senior secured credit than for equities.
- Inflation has moderated from peak levels, but progress has been uneven, particularly in services and labor-intensive sectors. Wage dynamics, supply constraints and pricing power in certain industries continue to limit the pace of disinflation.
- Global central banks, led by the Federal Reserve, appear to be past peak restrictiveness, with policy moving from outright tightening toward a more neutral or easing stance.

### Credit Fundamentals: Resilient on Average, Increasingly Dispersed

- Earnings growth among leveraged issuers has moderated but remains positive on average, with notable variation across sectors and business models.
- Default activity remains manageable in a historical context, with stress concentrated in a relatively small subset of issuers rather than broadly distributed across the market.
- Liability management exercises have become more common, reflecting issuer efforts to extend maturities or address capital structure challenges proactively.

### Technical Factors: Supportive but Worth Monitoring

- Merger and acquisition-related supply has remained below expectations, constrained by valuation discipline, macro uncertainty and a still-cautious sponsor community.
- More aggressive transactions are increasingly finding a home in private credit markets, helping preserve overall credit quality in the broadly syndicated loan market.
- CLO formation continues to provide a steady bid for loans, even as issuance normalizes from exceptionally strong levels.

### Risks and Watch Points

- A sharper-than-expected growth slowdown could pressure earnings and credit metrics.
- Inflation re-acceleration could constrain policy easing and increase volatility.
- Idiosyncratic credit events or structural complexity may drive even greater dispersion.

While no credit market is immune to risk, loans continue to stand out for their unique mix of senior secured positioning, floating-rate income, liquidity, and historically attractive starting yields. Though risks remain, we believe loans offer a differentiated solution to many of today's portfolio challenges, including elevated equity valuations, uncertain bond returns, persistent inflation, and growing reliance on alternatives. Even so, the current backdrop underscores the importance of credit selection, structure and documentation, as dispersion continues to increase across the loan universe.

**% Average Annual Total Returns**

As of December 31, 2025

	OCT-25	NOV-25	DEC-25	3 MOS	YTD	1 YR	3 YR	5 YR	10 YR
Floating-Rate Fund – Class I	0.12	0.31	-0.03	0.40	3.86	3.86	7.99	5.10	5.09
Floating-Rate Advantage Fund – Class I	0.24	0.29	0.17	0.70	4.49	4.49	9.17	5.88	5.81
Morningstar™ Bank Loan Category Average <sup>3</sup>	0.19	0.31	0.56	1.10	5.19	5.19	8.53	5.39	4.74
Morningstar LSTA US Leveraged Loan Index <sup>4</sup>	0.22	0.36	0.64	1.22	5.90	5.90	9.34	6.42	5.82
BB Sub-Index	0.32	0.49	0.65	1.47	6.26	6.26	8.18	6.07	5.03
B Sub-Index	0.28	0.44	0.67	1.40	6.18	6.18	10.12	6.78	6.22
CCC Sub-Index	-0.20	-1.61	0.22	-1.59	1.81	1.81	9.21	5.15	7.33
D Sub-Index	-12.80	-6.71	-21.37	-36.03	-43.52	-43.52	-25.12	-26.39	-18.19

**Calendar Year Returns (%)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Floating-Rate Fund – Class I	11.07	4.47	0.79	7.06	2.36	4.31	-2.36	12.21	8.08	3.86
Floating-Rate Advantage Fund – Class I	12.94	5.14	0.28	9.00	1.88	5.41	-3.00	14.44	8.84	4.49
Morningstar LSTA US Leveraged Loan Index	10.16	4.12	0.44	8.64	3.12	5.20	-0.77	13.32	8.95	5.90

Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Performance is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than quoted. For the Fund's performance as of the most recent month-end, please refer to [eatonvance.com](http://eatonvance.com). Returns are historical and are calculated by determining the percentage change in net asset value (NAV) with all distributions reinvested. Returns for other classes of shares offered by the Fund are different. Performance less than or equal to one year is cumulative. The minimum investment is \$1,000 for A Shares and \$1,000,000 for I Shares. Minimums may be waived in certain situations. Please see the prospectus for additional information.

**Fund Facts**

As of December 31, 2025

**FLOATING-RATE FUND**

Class I Inception	01/30/2001
Performance Inception	02/07/2001
Total Net Assets	\$3.6B
<b>Class I Expense Ratio</b>	<b>Gross 0.81%</b>
	<b>Net 0.81%</b>

**FLOATING-RATE ADVANTAGE FUND**

Class I Inception	03/17/2008
Performance Inception	08/04/1989
Total Net Assets	\$4.5B
<b>Class I Expense Ratio</b>	<b>Gross 2.41%</b>
	<b>Net 2.41%</b>
<b>Adjusted Expense Ratio</b>	<b>Gross 0.74%</b>
	<b>Net 0.74%</b>

**Symbols and CUSIPs****FLOATING-RATE FUND**

A Shares	EVBLX	277911129
Advisers Shares	EABLX	277911533
C Shares	ECBLX	277911517
I Shares	EIBLX	277911491
R6 Shares	ESBLX	27826A730

**FLOATING-RATE ADVANTAGE FUND**

A Shares	EAFAX	277923660
Advisers Shares	EVFAX	277923678
C Shares	ECFAX	277923645
I Shares	EIFAX	277923637
R6 Shares	EFRRX	27826A623

Adjusted Expense Ratio excludes certain investment expenses, such as interest expense from borrowings and repurchase agreements and dividend expense from expenses on short sales, incurred directly by the Fund or indirectly through the Fund's investment in underlying Eaton Vance Funds (if applicable), none of which are paid to Eaton Vance. Interest costs can change over time.

Expenses are based on the fund's current prospectus, in effect as of the date of this material. For information on the applicable fund's current fees and expenses, please see the fund's current prospectus.

<sup>3</sup> The Morningstar™ Bank Loan Category includes funds that invest primarily in floating-rate bank loans, instead of bonds, with interest payments that typically float above a common benchmark.

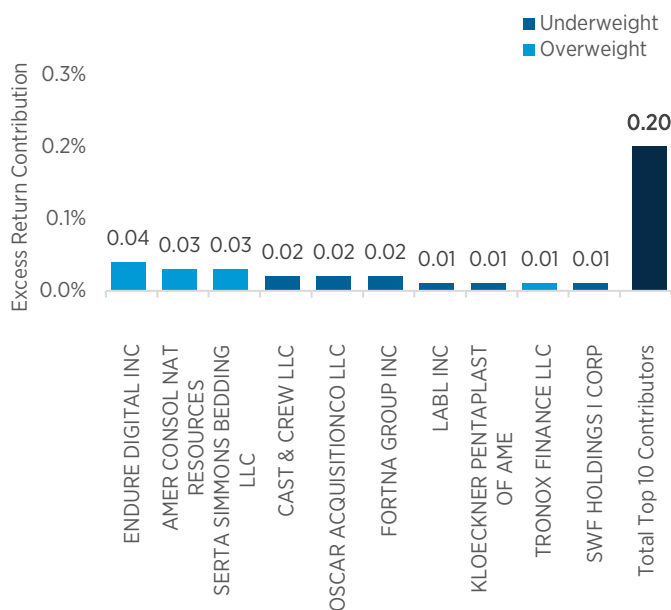
<sup>4</sup> Morningstar LSTA US Leveraged Loan TR USD Index is an unmanaged index of the institutional leveraged loan market. Prior to August 29, 2022, the index was called S&P/LSTA Leveraged Loan Index. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index. Historical performance of the index illustrates market trends and does not represent the past or future performance of the fund.

### Floating Rate Fund Performance Attribution

Last 3 Months

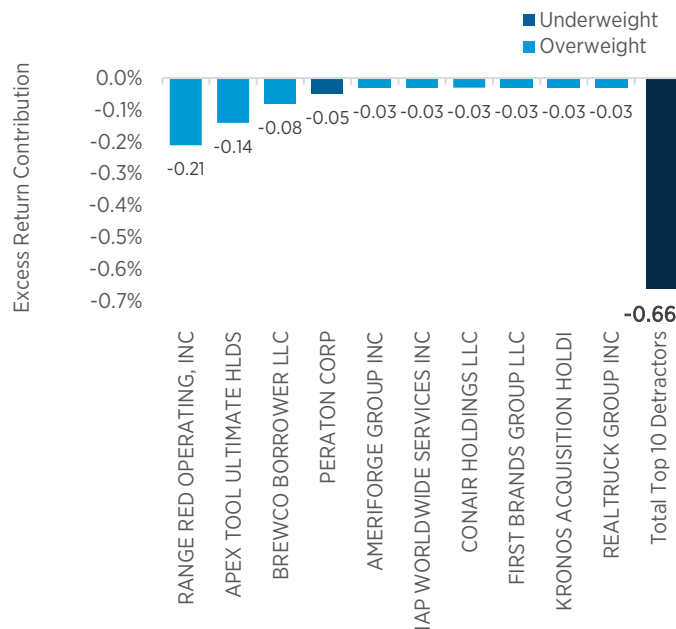
#### Top 10 Contributors

EIBLX vs. Index



#### Top 10 Detractors

EIBLX vs. Index

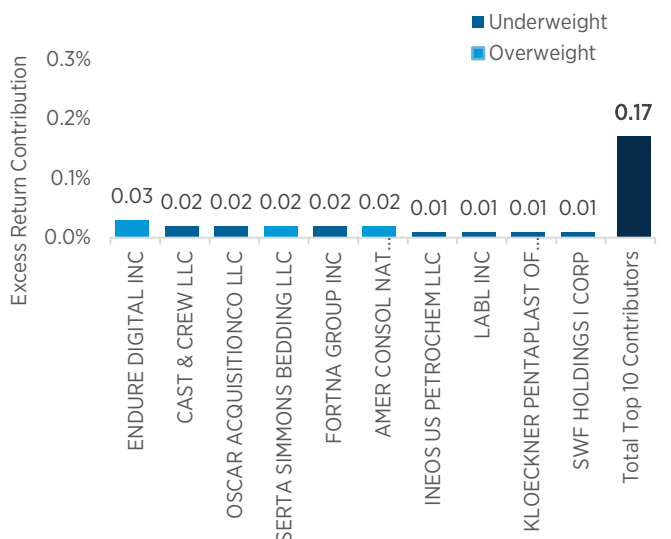


### Floating Rate Advantage Fund Performance Attribution

Last 3 Months

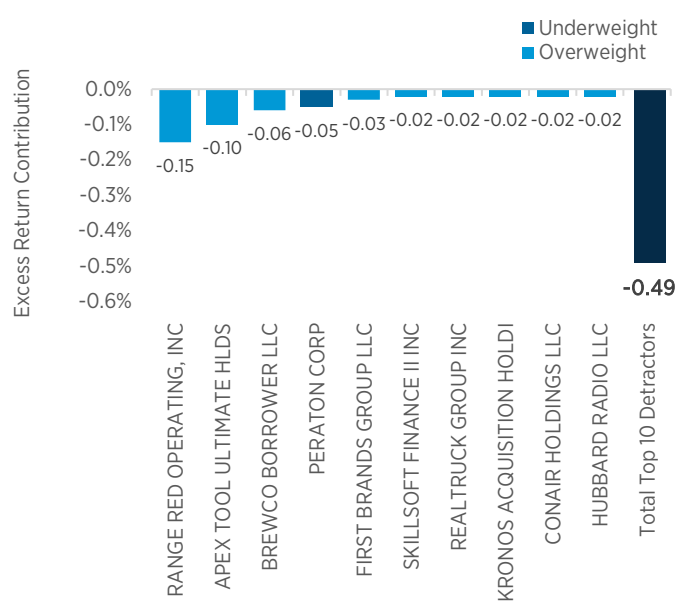
#### Top 10 Contributors

EIFAX vs. Index



#### Top 10 Detractors

EIFAX vs. Index



Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

## Portfolio Characteristics & Composition

As of December 31, 2025

### Portfolio Characteristics

	FLOATING-RATE FUND		FLOATING-RATE ADVANTAGE FUND		MORNINGSTAR LSTA US LEVERAGED LOAN INDEX	
	Q4 2025	Q3 2025	Q4 2025	Q3 2025	Q4 2025	Q3 2025
Average Loan Base Rate	3.75%	4.11%	3.74%	4.11%	—	—
Average Loan Spread	3.24%	3.24%	3.14%	3.16%	3.19%	3.21%
Average Loan Spread to 3-Year	5.40%	5.01%	4.58%	4.42%	4.29%	4.26%
Average Duration (yrs)	0.27	0.28	0.28	0.29	—	—
Average Price	\$94.82	\$95.67	\$96.50	\$96.87	\$96.64	\$97.06
Average Days to Reset (Loans)	47	47	47	47	—	—
Number of Issuers	387	396	413	419	1153	1117

### Asset Mix (%)

	Q4 2025	Q3 2025	Q4 2025	Q3 2025	Q4 2025	Q3 2025
Floating-Rate Loans	85.75	86.00	88.18	88.99	100.00	100.00
Corporate Bonds	5.76	6.16	6.18	6.37	—	—
CLO Debt	2.62	2.49	2.30	2.24	—	—
Cash & Equivalents	3.24	2.87	1.39	0.47	—	—
Other Net Assets	2.63	2.48	1.95	1.93	—	—

### Country and Currency Exposure (%)

	Q4 2025	Q3 2025	Q4 2025	Q3 2025	Q4 2025	Q3 2025
<b>By Domicile</b>						
U.S.	82.41	82.74	82.68	81.95	84.37	84.83
Non-U.S.	17.59	17.26	17.32	18.05	15.63	15.17
<b>By Currency</b>						
USD	92.75	92.59	93.49	92.99	100.00	100.00
Non-USD	7.25	7.41	6.51	7.01	—	—

### Credit Quality† (%)

	Q4 2025	Q3 2025	Q4 2025	Q3 2025	Q4 2025	Q3 2025
BBB	3.75	4.50	4.23	4.60	6.37	6.03
BB	22.18	22.80	23.42	23.67	23.59	24.11
B	64.61	63.13	65.16	64.04	62.51	62.47
CCC or Lower	4.31	5.10	3.49	4.32	4.99	5.21
Not Rated	5.15	4.47	3.70	3.37	2.54	2.18

### Loan Type (%)

	Q4 2025	Q3 2025	Q4 2025	Q3 2025	Q4 2025	Q3 2025
First-Lien	98.81	98.87	99.14	99.13	98.44	98.40
Covenant-Lite	86.08	73.63	86.87	76.03	93.02	93.22
Second-Lien	1.19	1.13	0.86	0.87	1.56	1.60

† Credit ratings are categorized using S&P. If S&P does not publish a rating, then the Moody's rating is applied. Ratings, which are subject to change, apply to the creditworthiness of the issuers of the underlying securities and not to the Fund or its shares. Credit ratings measure the quality of a bond based on the issuer's creditworthiness, with ratings ranging from AAA, being the highest, to D, being the lowest based on S&P's measures. Ratings of BBB or higher by S&P or Fitch (Baa or higher by Moody's) are considered to be investment-grade quality. Credit ratings are based largely on the ratings agency's analysis at the time of rating. The rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition and 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. Holdings designated as "Not Rated" are not rated by the national ratings agencies stated above.

## Portfolio Characteristics & Composition

As of December 31, 2025

### Top 10 Industries (%)<sup>5</sup>

FLOATING-RATE FUND	Q4 2025	Q3 2025	FLOATING-RATE ADVANTAGE FUND	Q4 2025	Q3 2025	MORNINGSTAR LSTA US LEVERAGED LOAN INDEX	Q4 2025	Q3 2025
Software	11.56	12.04	Software	11.25	11.88	Software	12.59	12.44
Health Care Providers & Services	5.33	5.50	Machinery	5.89	5.55	Hotels, Restaurants & Leisure	5.84	5.77
Machinery	5.19	4.92	Health Care Providers & Services	5.77	5.91	Health Care Providers & Services	5.20	5.00
Hotels, Restaurants & Leisure	4.60	4.64	Insurance	5.29	5.24	Capital Markets	4.39	4.06
Professional Services	4.56	4.67	Hotels, Restaurants & Leisure	4.99	5.49	Machinery	4.29	4.13
Insurance	4.40	4.17	Professional Services	4.32	4.13	IT Services	3.89	4.04
Commercial Services & Supplies	4.05	3.65	Commercial Services & Supplies	4.05	3.94	Commercial Services & Supplies	3.82	3.90
IT Services	3.49	4.04	Capital Markets	3.80	3.54	Professional Services	3.80	3.57
Capital Markets	3.19	3.06	IT Services	3.19	3.96	Insurance	3.72	3.77
Chemicals	2.50	2.79	Chemicals	2.26	2.38	Chemicals	3.25	3.45

### Top 10 Issuers (%)<sup>5</sup>

FLOATING-RATE FUND	Q4 2025	Q3 2025	FLOATING-RATE ADVANTAGE FUND	Q4 2025	Q3 2025	MORNINGSTAR LSTA US LEVERAGED LOAN INDEX	Q4 2025	Q3 2025
TransDigm, Inc.	1.00	0.91	TransDigm, Inc.	1.22	1.11	Asurion Corporation	0.81	0.82
Cloud Software Group, Inc.	0.99	0.90	TK Elevator Midco GmbH	0.96	0.76	TransDigm Inc	0.74	0.76
Marcel LUX IV SARL	0.87	0.79	American Airlines, Inc.	0.93	0.91	Quikrete Holdings Inc	0.53	0.54
American Airlines, Inc.	0.87	0.80	Allied Universal Holdco LLC	0.91	0.88	Medline Industries	0.51	0.52
UKG Inc.	0.85	0.94	Cloud Software Group, Inc.	0.89	0.87	American Airlines	0.43	0.44
Serta Simmons Bedding, LLC	0.81	0.82	AmWINS Group, Inc.	0.80	0.79	Cloud Software Group Inc.	0.43	0.44
Peer Holding III B.V.	0.79	0.69	UKG Inc.	0.77	0.75	X Corp.	0.43	0.44
Fertitta Entertainment, LLC	0.78	0.25	EOC Borrower, LLC	0.69	0.69	Peraton	0.42	0.38
Athenahealth Group, Inc.	0.75	0.76	Asurion LLC	0.68	0.71	UKG Inc	0.42	0.43
TK Elevator Midco GmbH	0.70	0.64	Peer Holding III B.V.	0.68	0.63	Gen Digital Inc	0.42	0.44

<sup>5</sup> Percent of total net assets. Portfolio profiles subject to change due to active management.

## DEFINITIONS

**Attribution analysis** shows the contribution of indicated factor exposures to a portfolio's relative total return versus a designated benchmark. Results are based on each day's ending holdings, and linked to generate attribution over longer periods. Portfolio returns do not reflect applicable expenses and trading costs, or variations in transaction prices from end of day values.

## RISK CONSIDERATIONS

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 nonpayment 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 Fund investments. Investments rated below investment grade (typically referred to as "junk") are generally subject to greater price volatility and illiquidity than higher-rated investments. As interest rates rise, the value of certain income investments is likely to decline. Bank loans are subject to prepayment risk. Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical or other conditions. Changes in the value of investments entered for hedging purposes may not match those of the position being hedged. The impact of the coronavirus on global markets could last for an extended period and could adversely affect the Fund's performance. No Fund is a complete investment program and you may lose money investing in a Fund. The Fund may engage in other investment practices that may involve additional risks and you should review the Fund prospectus for a complete description. The Funds are exposed to liquidity risk when trading volume, lack of a market maker or trading partner, large position size, market conditions, or legal restrictions impair its ability to sell particular investments or to sell them at advantageous market prices.

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