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MAY 27, 2022

[Floating-Rate Loans](#) | [Leveraged Credit](#) | [Multi-Asset Credit](#)

Floating-Rate Loans: Forward Return Prospects Appear Bright

Boston - In our view, it remains a compelling time for floating-rate loans, with the current bout of weakness only improving the forward return potential for this specialty asset class. Here are a few observations about how loans are performing this year and how we see the situation in the asset class now.

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MAY 11, 2022

[Emerging Markets Debt](#) | [Global Investing](#)

The Economic Toll of Russia-Ukraine War Weighed at IMF Spring Conference

Boston - The April spring meeting of the IMF in Washington, D.C. illustrated the pervasive impact Russia's invasion of Ukraine has had on slowing the global economy's recovery from the pandemic. Emerging markets team members perceived a general tone of pessimism, with selected optimistic factors mixed in—like the positive impact of higher commodity prices for exporting nations.

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Emerging Markets Team
Eaton Vance Management

MAY 5, 2022

Markets and Economy

Fed raises rates, but sparks broad market rally by ruling out 75-bps hikes

Boston - As widely expected, the Federal Open Market Committee (FOMC) raised the federal funds rate by 50 basis points (bps) at its May 3-4 meeting, to a target range between 0.75% and 1%. But the real headline — and by far the most important thing — was Fed Chair Jerome Powell's statement that the Fed is not "actively considering" steeper hikes of 75 bps.

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Eric Stein, CFA
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APRIL 26, 2022

Equities

Value Investors May Find Opportunities among Generational Shifts

Boston - Value stocks are at an unprecedented valuation discount relative to growth stocks. We believe, despite some potential uncertainty ahead, there may be significant, generational opportunities for alpha¹ creation for value investors in today's markets.

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APRIL 20, 2022

Investment Grade Fixed Income

Agency MBS Risk/Reward Compelling after Worst Quarter in 35 Years

Boston - The agency mortgage-backed securities (MBS) market experienced its worst quarter in over 35 years, with the ICE BofA U.S. MBS Index falling 5% in the first quarter. We would have to go back to 1987 and 1994 to find quarters when the index was down more than 2% — not even during the taper tantrum in 2013.

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APRIL 13, 2022

Investment Grade Fixed Income

Counter Inflation and Rate Hikes with a Short-Duration, Multisector Approach

Boston - Fixed income markets are experiencing a challenging start to 2022. Heightened volatility in interest rates and credit spreads have driven returns lower across the yield curve and most sectors. In our view, actively managed multisector strategies — with a focus on higher-yielding, short-duration securities — can provide opportunities to reduce interest-rate risk and potentially improve returns.

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APRIL 11, 2022

Emerging Markets Debt

Emerging Markets Debt Declines on Rising Rates,



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Ukraine Conflict and China Property

Boston - Emerging markets debt indexes fell across the board during the first quarter, as investors took stock of the Russian invasion of Ukraine, further stress in the China property market and the rate-hike plans of an increasingly hawkish U.S. Federal Reserve.

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APRIL 7, 2022

[High Yield | Municipal Bonds](#)

High Yield Municipal Bonds: Credit Fundamentals Still Strong, Now at Higher Yields

Boston - From January to March, the high yield municipal market posted the second-worst first quarter returns in 40 years, surpassed only by the first quarter of 2020 when the COVID pandemic hit. Now with stable municipal credit quality and higher absolute yields than at the beginning of the year, we are starting to see some value and better opportunities in the high yield municipal space.

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MARCH 17, 2022

[Markets and Economy](#)

After Fed's First Move, Next Rate Hikes May Come Faster than Expected

Boston - As was widely expected, the Federal Open Market Committee (FOMC) voted to increase the federal funds rate by 0.25%, to a target range between 0.25% and 0.50%. In what was certainly a bit of a hawkish surprise from the Fed's policy-setting committee, its "dot plot" of rate forecasts showed seven hikes this year, up from three projected at its December meeting.

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MARCH 14, 2022

[Floating-Rate Loans | Leveraged Credit | Multi-Asset Credit](#)

Loans Stand Out in Wake of War's Shock

Boston - Heavyweight boxer Mike Tyson once said that "everyone has a plan until they get punched in the mouth." From the perspective of whether an asset class can "take a punch," floating-rate loans are a standout in fixed-income portfolios.

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MARCH 7, 2022

[Emerging Markets Debt | Global Investing](#)

All-In Moment for Putin in Ukraine War

Boston - Despite reports of notable damages and casualties inflicted by Ukrainian armed forces on Russian troops, Russia continues to make modest gains in the amount of land controlled. Until Russia stops making gains, we think it is unlikely that there will be a negotiated peace agreement.



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MARCH 2, 2022

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Russia-Ukraine Conflict Hard to Analyze and Harder to Predict

Boston - Global trading this week suggests that investors should avoid owning any Russian assets. Developments over the weekend may also indicate brighter prospects for Ukrainian assets, as evidenced by Ukraine's success in slowing Russia's advances and securing military and financial support from foreign governments and international institutions.

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FEBRUARY 10, 2022

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China Property: Evergrande May Just Be the Canary in the Coal Mine

Boston - What seemed like an isolated credit event for Evergrande has now sent shockwaves across China's real estate economy. We think international investors should keep a close eye for potential risks of contagion stemming from the Chinese housing sector to global financial markets.

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JANUARY 27, 2022

[Markets and Economy](#)

Start of Tightening Cycle Signaled by Hawkish Powell Comments

Boston - The January 25-26 meeting of the Federal Open Market Committee resulted in a general statement that was fairly neutral. Fed Chair Jerome Powell's hawkish comments were what prompted the market response, with yields rising significantly more at the front end —resulting in a big curve flattening — although yields were up across the curve. The U.S. dollar strengthened and equities moved lower in a risk-off environment.

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JANUARY 21, 2022

2022 Outlook: COVID and Inflation Seen Driving Pace of Fed Tightening

Boston - Just weeks into 2022, we have already experienced a rapid increase in interest rates for two distinct reasons: Omicron and inflation. Prior to the most recent Federal Open Market Committee (FOMC) meeting, the markets were broadly pricing in the effects of the Omicron variant that, while highly contagious, has proved to be much less lethal than previous variants.

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JANUARY 21, 2022

[Floating-Rate Loans | Leveraged Credit](#)

2022 Outlook: Loans Take Center Stage as the Inflation Threat Grows

Boston - For the floating-rate loan asset class, 2021 was a year of superlatives, with any number of metrics at or near record levels, like issuance volume, demand, absence of defaults, and total loans outstanding. For us, the most important message from last year's buoyant market is that loans have been living up to the expectations of both investors and issuers.

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JANUARY 21, 2022

[Emerging Markets Debt | Global Investing](#)

Greater Optimism Warranted for EM Debt in 2022 After Losses in 2021

Boston - Emerging markets (EM) debt (EMD) closed out 2021 with a number of macro tail winds, including stable fundamentals supported by continuing global economic trade expansion, higher commodity prices, a solid new-issue market and multilateral institutional support (e.g., the IMF).

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JANUARY 18, 2022

[High Yield](#)

2022 Outlook: Forging Opportunities in a Changing High Yield Market

Boston - The environment for high-yield bond investing may turn less supportive in 2022, as key macro drivers related to the inflation outlook and COVID-19 virus mutations present challenges. In our view, the three most important factors to watch are liquidity, fundamentals and valuations. Our analysis of these factors, on balance, leads us to favor a moderately under-risked tilt in our portfolios.

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JANUARY 18, 2022

[Emerging Markets Debt](#)

2022 Outlook: Unearthing Opportunities in an Altered Landscape

Boston - In 2022, we expect emerging markets (EM) may embark upon a road to recovery, albeit with potential bumps along the way. While slower but ongoing recoveries in economic growth and global trade combined with reasonably attractive valuations for EM debt should act as tailwinds.

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JANUARY 18, 2022

Municipal Bonds

2022 Outlook: Stay Active to Capitalize on Municipal Bond Opportunities

Boston - Heading into 2022, investors in municipal bonds may be questioning how to prepare for another year of uncertainty.

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JANUARY 18, 2022

Equities | Global Investing

2022 Outlook: Global Environment Favors Quality Stocks in Non-U.S. Markets

London - The increase in market volatility, driven by the Omicron variant, is yet another reminder that navigating global equity markets is likely to remain challenging in 2022. We believe, however, that higher-quality companies,¹ particularly those in international markets, may offer active managers attractive stock selection opportunities.

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JANUARY 18, 2022

Multi-Asset Credit

2022 Outlook: Flexibility Will Be Key for U.S. Multisector Income

Boston - We believe 2022 will be a year of policy transition for U.S. bond markets, and that investors should prepare for higher volatility and higher interest rates. Here we discuss several themes that support this outlook and the implications for U.S. fixed-income strategy.

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JANUARY 18, 2022

Investment Grade Fixed Income

2022 Outlook: Changing Rate Environment in 2022 Could Benefit Active MBS Investors

Boston - 2021 is a year most agency Mortgage-Backed Securities (MBS) investors will be happy to have in the rearview mirror. The agency MBS market underperformed nearly all other U.S. fixed-income sectors in 2021 and suffered only its second negative year over the past 25 years, as measured by the Bloomberg U.S. Mortgage Backed Securities (MBS) Index. Both negative years (2013 and 2021) were actually the byproduct of the same event, eight years apart... tapering of the Fed's quantitative easing programs.

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JANUARY 12, 2022

Equities

Seizing Opportunity with Value Equity in 2022

Boston - Our research shows that value equity indexes —with their heavy



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weighting of cyclically sensitive sectors such as finance, energy and basic materials — tend to outperform during expansionary, reflationary economic periods. Today, the implied yield curve may well be signaling the start of another U.S. economic expansion — a positive portent for value equities. We believe that adding some value equity as a diversification¹ hedge against other more correlated assets will ultimately prove to be a path to building better outcomes.

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JANUARY 7, 2022

[Markets and Economy](#)

Amid Rising Inflation Forecasts, Fed Turns Hawkish

Boston - Only a few trading days into 2022 and we have seen a rapid increase in interest rates for two distinct reasons: Omicron and inflation.

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DECEMBER 22, 2021

[Emerging Markets Debt](#)

Not Your Typical Currency Crisis in Turkey

Boston - Turkey President Recep Tayyip Erdogan has a major, long-running bet on the power of lower interest rates to stimulate the economy, in the name of religious beliefs and "Turkish economic independence." Most recently, the central bank, now firmly a politically dependent institution, has cut rates 500 basis points since September, even as inflation soars. Since the central bank started cutting rates in September, the lira has shed approximately 50% of its value versus the dollar as of December 17, 2021.

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DECEMBER 16, 2021

[Markets and Economy](#)

Fed Threads the Needle with Short-Term Hawkish, Long-Term Dovish Message

Boston - At the December 14-15 meeting of the Federal Open Market Committee (FOMC), policymakers appeared to thread the needle perfectly, with a message of accelerated tapering and rate increases.

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Eric Stein, CFA
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DECEMBER 3, 2021

[Emerging Markets Debt](#)

Ghana's Woes Show Why In-Depth EM Research Is Vital

London - We have long championed the opportunities for emerging markets (EM) investors among countries outside the major indexes like the JPMorgan Global Bond Index - Emerging Markets (GBI-EM). At the same time, we have also stressed the importance of proprietary analysis and due diligence — for EM countries, in general, but especially outside the indexes, where available research is typically scarce.

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[Emerging Markets Debt](#)

Worries over a More Hawkish Fed and Regulatory Tightening in China Spark 3Q EM losses

Boston - Emerging markets (EM) debt followed a very strong second quarter, with a general sell-off during the third quarter, albeit with differentiation across segments. Concerns about the Delta variant of COVID-19, regulatory crackdowns in China and a more hawkish U.S Federal Reserve than anticipated all contributed to weigh on investor sentiment.

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SEPTEMBER 20, 2021

[Equities | Global Investing](#)

International Small Caps - Challenge and Opportunity

London - Since early May, international small-cap stocks, as measured by the MSCI EAFE Small/Mid Cap Index, have risen by over 2%, and are now trading at all-time highs. Having risen by 14% so far this year (as of September 13), international small caps are outpacing their international large-cap counterparts in 2021.

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AUGUST 17, 2021

[Equities | Global Investing](#)

Weighing inflationary pressures on international stocks

London - There are some commanding themes running through the current earnings season that we believe will have both shorter- and longer-term implications for international equity markets.

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JULY 16, 2021

[Equities](#)

Mid-year outlook bright for international equities amid shifting paradigms

London - On balance, our outlook for international equities is optimistic for the rest of the year. Europe is now catching up on the vaccination front and the U.K. is preparing to lift all COVID-19 restrictions over the next few weeks. Japan, which has been a notable vaccination laggard, is aggressively ramping up its efforts to control spread of the virus, most recently closing the summer Olympics to spectators.

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