

# Floating-Rate Loan Strategy



## Strategy Review

*(as of May 31, 2021)*

## Investment Overview

This strategy provides 'intelligent exposure' to the floating-rate loan market, thoughtfully diversifying while assuming a higher-quality bias that seeks lower volatility and better risk-adjusted performance over time.

- Target excess return: 25-75 basis points.
- Target tracking error range: 100-200 basis points.
- We aim to maximise risk-adjusted performance through fundamental credit research and risk-weighted portfolio optimisation.
- Loans are analysed through Eaton Vance's proprietary credit research process, and position sizes are guided by credit analyst risk rankings.
- We take less input risk by skewing weightings away from higher credit risk issuers.
- We have experienced less output risk, resulting in lower absolute and relative volatility.
- Eaton Vance is a leader in floating-rate loans, with one of the longest track records and longest-tenure teams, and largest AUM.\*

\*eVestment Alliance/Morningstar, 12/31/2020 Based on combined eVestment Alliance Floating-Rate Bank Loan Fixed Income universe and Morningstar Bank Loan category using AUM and oldest investment offering for each firm.

---

## Portfolio Construction

- Analysts assign relative risk rankings to each loan
- Number of loans is approximately equal weighted by risk quintile
- Market value incrementally skewed towards lower risk
- Initial position size ranges from 0.1% to 1.5% as determined by risk rank
- Portfolio is perpetually optimised for risk and return

---

## Investment Team



Craig Russ  
Co-director of floating-rate loans,  
portfolio manager

33 years of industry  
experience  
22 years with Eaton Vance

B.A., Middlebury College



Andrew Sveen, CFA  
Co-director of floating-rate loans,  
portfolio manager

25 years of industry  
experience  
21 years with Eaton Vance

BA, Dartmouth College  
MBA, University of  
Rochester



John Redding  
Portfolio manager

35 years of industry  
experience  
22 years with Eaton Vance

BS, State University of New  
York - Albany



Ralph Hinckley, CFA  
Portfolio manager, senior research  
analyst

22 years of industry  
experience  
16 years with Eaton Vance

BA, Bates College  
MBA, Boston University  
Graduate School of  
Management

---

## Benchmark

- S&P/LSTA Leveraged Loan Index
-

[Insights](#)[Strategies](#)[Funds](#)[About](#)[Contact](#)

**INTERNATIONAL  
HEADQUARTERS**  
125 Old Broad Street  
London, EC2N 1AR  
United Kingdom

[Accessibility](#) | [Privacy Policy](#) | [Legal Information](#) | [Terms of Use](#) | [Cookies Policy](#) | [Key Investor Information Documents](#) |  
[Principles for Responsible Investment](#) | [Eaton Vance's Approach to Tax](#) | [Sustainability Risks Policy](#) | [Modern Slavery Statement](#)

Eaton Vance is part of Morgan Stanley Investment Management, the asset management division of Morgan Stanley

This site ([www.eatonvance.co.uk](http://www.eatonvance.co.uk)) is operated by Eaton Vance Management (International) Limited ("We"). We are a limited company, registered in England and Wales under company number 4228294 and have our registered office at 125 Old Broad Street, London, EC2N 1AR. Our VAT number is 762717416.

Eaton Vance Management (International) Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is entered on the FCA's register with register number 208634.

The value of your investment can go up or down so you may get back less than your initial investment. Past performance is not a guide to future returns.

The information on this webpage is not intended for U.S. residents. To visit our U.S. website [please click here](#).

Eaton Vance Management (Registration No. 1121368) and Parametric Portfolio Associates (Registration No. 1217626) are the registered trade marks of Eaton Vance.

Publication details: Tuesday, June 22, 2021 8:09 AM

Page ID: T50869 - <https://www.eatonvance.co.uk/floating-rate-loan-strategy.php>