

# Auction Preferred Shares

Beginning in February 2008, the functioning of the auction market for certain types of “auction rate securities” in the U.S. was disrupted by an imbalance between buy and sell orders. Issuers of auction rate securities included student loan programs, municipalities and closed-end funds.

A number of Eaton Vance closed-end funds (the “Funds”) had outstanding series of Auction Preferred Shares (“APS”), which are a type of auction rate securities issued by closed-end funds as a source of financial leverage. APS are senior equity securities that have priority over the issuing Fund’s common shares with respect to dividend payments and Fund liquidation proceeds. APS are perpetual in nature and are not subject to mandatory redemption so long as the issuing Fund maintains certain specified asset coverage tests.

When auctions fail to clear, distributions on APS are payable at a specified maximum applicable rate, equal to a stated spread over a reference money market benchmark rate. Liquidity may be available to APS holders outside of the auction process through secondary market sales, repurchase by a broker-dealer pursuant to a buy-back program and/or redemption of the APS by the issuing Fund. Shortly after the APS market was disrupted, a number of broker-dealers repurchased APS from certain clients at full value. APS holders should contact their financial advisor for details.

At the time of the 2008 auction failures, 29 Funds had \$5 billion of outstanding APS. As of June 2023, the Funds have redeemed or repurchased APS with an aggregate liquidation preference of \$4.7 billion, reducing the amount of the Funds’ outstanding APS by approximately 94%. Eaton Vance was the first fund sponsor to completely redeem all of its equity Fund APS. Eaton Vance was also the first fund sponsor to redeem taxable income fund APS. The Eaton Vance municipal income Funds have also eliminated all of their outstanding APS. At this time, only 3 Funds have outstanding APS. Actions taken by the Funds to restore liquidity to APS holders include the following:

## Equity Funds

On March 10, 2008, Eaton Vance Tax-Advantaged Dividend Income Fund (NYSE: EVT), Eaton Vance Tax-Advantaged Global Dividend Income Fund (NYSE: ETG), and Eaton Vance Tax-Advantaged Global Dividend Opportunities Fund (NYSE: ETO) announced that they had secured committed financing to enable the Funds to redeem all of their outstanding APS, totaling approximately \$1.6 billion. ETG completed its APS redemptions on April 14, 2008 and EVT and ETO completed their APS redemptions on April 23, 2008. As noted above, with these redemptions, Eaton Vance was the first fund family to completely redeem all of its equity fund APS.

## Taxable Income Funds

On April 11, 2008, Eaton Vance Floating-Rate Income Trust (NYSE: EFT), Eaton Vance Senior Floating-Rate Trust (NYSE: EFR), and Eaton Vance Limited Duration Income Fund (NYSE American: EVV) announced that they had secured committed financing to enable the Funds to redeem approximately two-thirds of each of their outstanding APS, or a total of approximately \$1.1 billion of APS. EVV completed its partial APS redemption on May 7, 2008 and EFT and EFR completed their partial APS redemptions on May 27, 2008. A proportionate amount of each series of the Funds’ APS was redeemed. As noted above, these were the first redemptions by any fund sponsor of taxable income fund APS.

EFT redeemed an additional \$65 million of APS on October 21, 2009 and went on to redeem all of its remaining outstanding APS (\$80 million) on January 13, 2013 using the net proceeds of the private placement of Variable Rate Term Preferred Shares (VRTP Shares).

In August 2016, EFR and Eaton Vance Senior Income Trust (NYSE: EVF) commenced tender offers for their outstanding APS at a discount to the APS liquidation preference. On September 23, 2016, EFR and EVF each announced the final results of their tender offers and repurchased APS with a total liquidation preference of \$35.4 million and \$48.4 million, respectively. Each Fund also announced that it had increased the amount of its existing credit facility.

In August 2018, EVV, EFR and EVF commenced tender offers for their outstanding APS at a discount to the APS liquidation preference. On September 14, 2018, EVV, EFR and EVF each announced the final results of their tender offers and repurchased APS with a total liquidation preference of \$46.6 million, \$18.5 million and \$22 million, respectively. EFR and EVF also each announced that they had increased the amount of their existing credit facilities.

## Municipal Income Funds

On April 23, 2008, three municipal income Funds announced that they had secured new financing to enable the Funds to redeem \$580 million of APS, the first redemptions by any fund sponsor of municipal income fund APS. In subsequent announcements in June, August, October, November and December 2008, an additional 17 municipal income Funds announced APS redemptions, bringing the total amount of municipal income Fund APS redeemed at that time to approximately \$1.1 billion.

In October 2015, eight municipal income Funds commenced tender offers for their outstanding APS at a discount to the APS liquidation preference. On December 11, 2015, each such Fund



announced the final results of its tender offer and its issuance of new preferred shares as replacement financing for the tendered APS, which had an aggregate liquidation preference across all eight Funds of approximately \$152.3 million.

In December 2015, an additional eight municipal income Funds commenced tender offers for their outstanding APS at a discount to the APS liquidation preference. On February 26, 2016, each such Fund announced the final results of its tender offer and its issuance of new preferred shares as replacement financing for the tendered APS, which had an aggregate liquidation preference across all eight Funds of approximately \$280.0 million.

On March 26, 2018, sixteen municipal income Funds redeemed their outstanding APS at the APS liquidation preference.

As of the date hereof, 26 Funds have redeemed or repurchased all of their APS and 3 Funds have redeemed or repurchased a significant portion of their APS. The ticker symbols and amount of APS redeemed by each such Fund are as follows:

- EVT, ETG, ETO, EOE\*, EFT, EIM, EVM, ENX, FEV\*, EIA\*, MAB\*, MIW\*, EIV\*, EMJ\*, NYH\*, EIO\*, EIP\*, CEV, MMV\*, EMI\*, EVN, EVJ\*, EVY\*, EVO\*, EVP\* and EIF\* have redeemed or repurchased 100% of their APS
- EFR has redeemed/repurchased 81% of its APS
- EVF has redeemed/repurchased 66% of its APS
- EVV has redeemed/repurchased 73% of its APS

\*Fund has been liquidated or merged out of existence.

Eaton Vance continues to seek liquidity solutions for the Funds' remaining APS holders. In addition, Eaton Vance continues to monitor the efforts of other market participants to address this matter. It is not clear at this time when, or if, solutions may be identified and implemented for the Funds' remaining APS holders.

**More Information.** Information about currently outstanding APS is available on the Funds' website.

## RISK CONSIDERATIONS

The information contained herein is provided for informational purposes only and does not constitute a solicitation of an offer to buy or sell Fund shares. Common shares of the Funds are available for purchase and sale at current market price on a stock exchange. There is no assurance that a Fund will achieve its investment objective. Each Fund is subject to numerous risks, including investment risks. Shares of closed-end funds often trade at a discount from their net asset value. Each Fund is not a complete investment program and you may lose money investing in the Fund. An investment in a Fund may not be appropriate for all investors. Investors should review and consider carefully a Fund's investment objective, risks, charges and expenses.

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