INDEPENDENT TRUSTEES OF THE EATON VANCE FUNDS

March 17, 2023

VIA EMAIL

Ms. Vanessa A. Countryman
Secretary
Securities and Exchange Commission
100 F Street
Washington, DC 20549-1090
rule-comments@sec.gov

Re: Open-End Fund Liquidity Risk Management Programs and Swing Pricing; Form N-PORT Reporting (File No. S7-26-22)

Dear Ms. Countryman:

The independent trustees (the "Independent Trustees") of the registered investment companies advised by Eaton Vance Management ("EVM") (together with its affiliate, Boston Research and Management, "Eaton Vance") (the "Funds" or the "Eaton Vance Funds") appreciate the opportunity to comment on the proposal (the "Proposal") of the Securities and Exchange Commission (the "SEC") to amend rules under the Investment Company Act of 1940 (the "1940 Act") that govern open-end fund liquidity risk management and mutual fund swing pricing. The Independent Trustees note that Morgan Stanley Investment Management Inc., together with Eaton Vance and Calvert Research and Management, have previously submitted a comment letter on the Proposal dated February 14, 2023 (the "MSIM Comment Letter"). The Independent Trustees agree with the comments set forth in the MSIM Comment Letter and are separately writing to the SEC in our capacity as fiduciaries overseeing the Eaton Vance Funds in light of the material adverse consequences that the Proposal, if adopted, would have on the Funds and their shareholders.

We note that providing a comment letter is unprecedented for us, as it is for many other boards. However, as the Independent Directors Council ("IDC") aptly stated in their comment letter (the "IDC Comment Letter"), we think it is important that the SEC hear from independent board members, like the Independent Trustees, given our "unique voice regarding the impact that the Proposal would have on fund shareholders". Many of our concerns were addressed fully in the IDC's Comment Letter, and we support the IDC's positions.

As fiduciaries, it is our job as Independent Trustees to represent and look out for the interests of the Eaton Vance Funds and their shareholders. While there are many troubling aspects of the Proposal, the Proposal's removal of the "less liquid" category from the Rule 22e-4 liquidity classification framework would effectively eliminate the ability to offer bank loan strategies in an open-end fund structure. As Independent Trustees overseeing a number of Eaton Vance bank loan Funds, a market leader in this space, we have serious concerns about the implications of the Proposal on these Funds and their shareholders. Below, we address these concerns and certain other troubling aspects of the Proposal that we believe are not justified by our real world experience overseeing the Eaton Vance Funds.

The Elimination of the "Less Liquid" Category Attempts to Solve a Problem that Does Not Exist

As noted above, the Proposal's elimination of the "less liquid" category in Rule 22e-4, and the resulting expansion of the definition of "illiquid investments", would effectively ban the offering of strategies focused on bank loan investments in an open-end fund structure. This would be harmful to the Eaton Vance open-end bank loan Funds and their shareholders because it likely would require these Funds to change their investment strategy, liquidate or convert to a closed-end fund structure notwithstanding the expectations of shareholders, supported by years of experience, that they would be able to gain exposure to the bank loan asset class through an open-end fund structure. More generally, this aspect of the Proposal, together with other proposed changes to the effective liquidity risk management framework that exists today, would eliminate investor choice, reduce shareholder returns and introduce unnecessary risk and complexity by trying to solve a problem that does not exist. Any perceived or theoretical benefits of the Proposal are far outweighed by the significant consequences noted above.

As noted in the MSIM Comment Letter, the Eaton Vance open-end bank loan Funds provide shareholders with access to an asset class with a distinctive and highly valuable investment profile, generating floating rates of income from underlying income investments that are typically senior in the capital structure of the issuing corporations and secured by a first claim on corporate assets. For over two decades, our shareholders have had the ability to access this asset class in a mutual fund structure with daily liquidity at a Fund's current net asset value ("NAV") per share. Subject to our oversight as independent fiduciaries, Eaton Vance has effectively managed the liquidity of the Eaton Vance open-end bank loan Funds. The Funds are subject to an effective liquidity risk management program, reflective of the implementation of Rule 22e-4, that has weathered various market events, including disruptions associated with the onset of the COVID-19 pandemic in March 2020. Throughout this and all other periods since their inceptions, including the 2008 financial crisis, the Eaton Vance open-end bank loan Funds have maintained sufficient liquidity to meet their redemption obligations. Indeed, the SEC does not cite to any period in history when open-end bank loan funds had trouble meeting redemption requests and even recognizes that bank loan funds were able to meet redemptions during March 2020. We question whether the SEC's justification for the elimination of the "less liquid" category is sufficient to support the significant disruption and costs that this aspect of the Proposal would entail. Accordingly, we urge the SEC to withdraw this aspect of the Proposal and engage in a more active dialogue with the industry that would not result in such a draconian result to our Funds and their shareholders.

We also support the MSIM Comment Letter's suggestion that, if the SEC is determined to take action with respect to open-end bank loan funds, it should explore other more targeted alternatives that are not as disruptive and, accordingly, would allow the funds to remain available to investors while addressing the SEC's specific concerns. We also support the MSIM Comment Letter's concerns with respect to other aspects of the Proposal relating to liquidity risk management.

Mandatory Swing Pricing and the Associated "Hard Close" Would Increase Costs, Introduce Undue Confusion and Compromise the Mutual Fund Structure

The Proposal would also require all open-end funds, except money market funds and ETFs, to engage in swing pricing under certain conditions. Under this mandatory regime, mutual funds would be required to adjust a fund's current NAV per share by a "swing factor" in the case of net redemptions (with no threshold) or net subscriptions exceeding 2% of the fund's net assets. To implement swing pricing, the Proposal contemplates a "hard" close whereby, in order to receive fund shares at the current day's NAV, an investor's subscription or redemption request must be received directly by the fund, its designated transfer agent or a registered securities clearing agency by the applicable cut-off time (typically, 4 p.m. Eastern time). The "hard close" requirement would be a fundamental change from current practices whereby investors may receive a fund's current day's NAV if intermediaries receive orders before the cut-off time but ultimately submit such orders to the fund, its transfer agent or a registered securities clearing agency after the cut-off time. The mandatory swing pricing regime and associated "hard close" requirements would introduce unnecessary cost, complexity and confusion that would negatively impact the Eaton Vance Funds and their shareholders. We are opposed to these aspects of the Proposal.

With respect to the "hard close", this change would fundamentally compromise and alter a key feature of open-end Funds – that being the ability of investors to receive shares or redemption proceeds at the current day's NAV. This is critically important to all shareholders and the financial advisers and other intermediaries that maintain direct relationships with investors. Same day pricing is a hallmark of the mutual fund structure. The imposition of the "hard close" would result in disparate impacts on investors, materially compromising the ability of investors who transact through an intermediary, including a retirement plan, to receive shares or proceeds at the current day's NAV. We believe investors will be harmed if they are forced to choose between using an intermediary and having until 4:00 p.m. Eastern time to submit their orders. Specifically, if a hard close is adopted, investors holding Fund shares through intermediaries would be disadvantaged relative to shareholders investing directly in the Funds. This disparity is particularly acute for investors physically located on the west coast who transact through intermediaries and would need to submit a subscription or redemption request early in the morning to transact at the current day's NAV and, as a result, would be forced to make investment decisions without the benefit of knowledge of late-breaking market and other events (arising after the cut-off but before 4:00 p.m.).

We wholly reject any assertion by the SEC that same day pricing is not important to long-term investors. On the contrary, on the day that an investor makes an investment decision, same day pricing is critical and part of the investor's expectations for transacting in any mutual fund. We are also concerned with references in the Proposal to the "late trading" scandal in the early 2000s as a justification for the "hard close" requirement. We are not aware of any evidence that such problems exist today and note that the Eaton Vance Funds maintain effective procedures designed to prevent inappropriate late trading. In short, we oppose the "hard close" and the disparate impact that it would have on shareholders of the Eaton Vance Funds, which runs counter to the fundamental premise that mutual fund shareholders be treated equitably when buying and selling fund shares.

With respect to mandatory swing pricing, the Proposal would be a radical departure from current practices and would impact a bedrock of the mutual fund pricing regime that investors have come to expect and value – receiving shares or proceeds based on NAV. Adjusting the NAV by a swing factor, and associated estimates that go along with such adjustment, is at odds with receiving a share price based on actual valuations of portfolio investments. The Proposal also would effectively result in the "demutualization" of the mutual fund structure as trading costs would no longer be mutually shared expenses spread across a fund's entire shareholder base. Moreover, mandatory swing pricing introduces significant downside and unpredictability for an individual shareholder who will be forced to transact in Fund shares without knowledge of the direction and magnitude of a swing. In short, the NAV-based pricing regime works well and is critical to Funds and their shareholders. We encourage the SEC to fully consider the fact that, and understand the reasons why, no fund complexes in the United States have utilized swing pricing under the current "permissive" regime.

We are also very concerned that many intermediaries may determine that the costs and complexity associated with swing pricing are not worth making such costly investments in infrastructure to accommodate swing pricing and would, as a result, steer investors to less regulated products that do not have the benefit of independent board oversight and other important investors protections afforded under the 1940 Act.

Conclusion

We appreciate your consideration of our comments on the foregoing issues and for the opportunity to provide comments on the Proposal. We may be reached through Marco E. Adelfio or Paul J. Delligatti of Goodwin Procter LLP, our independent counsel.

Respectfully submitted,

George J. Gorman

George J. Gorman
Independent Trustee and Chair of the Board
of the Eaton Vance Funds

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