

Eaton Vance Municipal Income Term Trust

Form N-2/A

March 22, 2013

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As filed with the Securities and Exchange Commission on March 22, 2013

1933 Act File No. 333-185340

1940 Act File No. 811-22777

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-2

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

PRE-EFFECTIVE AMENDMENT NO. 3

POST-EFFECTIVE AMENDMENT NO.

and/or

REGISTRATION STATEMENT

UNDER

THE INVESTMENT COMPANY ACT OF 1940

AMENDMENT NO. 3

(Check appropriate box or boxes)

..

X

..

..

X

Eaton Vance Municipal Income Term Trust

(Exact Name of Registrant as Specified in Charter)

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Two International Place, Boston, Massachusetts 02110

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code (617) 482-8260

FREDERICK S. MARIUS

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Name and Address (of Agent for Service)

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Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. "

It is proposed that this filing will become effective (check appropriate box):

" when declared effective pursuant to Section 8(c)

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being	Amount Being	Proposed	Proposed	Amount of
		Maximum	Maximum	
Registered	Registered (1)	Offering Price	Aggregate	Registration
Common Shares of Beneficial Interest, \$0.01 par value	13,750,000	Per Unit (1) \$20.00	Offering Price (1) \$275,000,000	Fees (1)(2)(3) \$37,510

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- (1) Estimated solely for purposes of calculating the registration fee, pursuant to Rule 457(o) under the Securities Act of 1933.
- (2) Includes Shares that may be offered to the Underwriters pursuant to an option to cover over-allotments.
- (3) A registration fee of \$136.40 was previously paid in connection with the initial filing filed on Dec. 7, 2012.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale would be prohibited.

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION

March 22, 2013

Shares

Eaton Vance Municipal Income Term Trust

Common Shares

Investment objective and policies. Eaton Vance Municipal Income Term Trust (the **Trust**) is a newly organized, diversified, closed-end management investment company. The Trust's investment objective is to provide current income exempt from regular federal income tax. The Trust will seek to achieve its investment objective by investing primarily in municipal obligations (as defined below), a portion of which will be investment grade and a portion of which may be below investment grade at the time of investment. An investment in the Trust may not be appropriate for all investors, particularly those that are not subject to federal income tax. There is no assurance that the Trust will achieve its investment objective.

The Trust has a term of fifteen years and currently intends to cease its investment operations on or about June 30, 2028 and thereafter liquidate and distribute its net assets to holders of the Trust's common shares (the **Common Shares**).

The Adviser. The Trust's investment adviser is Eaton Vance Management (Eaton Vance or the **Adviser**). As of December 31, 2012, Eaton Vance and its affiliates managed approximately \$238.4 billion of assets, including 54 open-end and closed-end municipal bond funds with combined assets of about \$16.5 billion.

Portfolio contents. During normal market conditions, the Trust will invest at least 80% of its net assets, plus borrowings for investment purposes, in debt obligations issued by or on behalf of states, territories and possessions of the United States, including the District of Columbia, and their political subdivisions, agencies or instrumentalities, the interest on which is exempt from regular federal income tax (municipal obligations), including the value of residual interest bonds whose interest is exempt from regular federal income tax. Up to 30% of the Trust's total managed assets may be invested in municipal obligations that pay interest that is taxable under the federal alternative minimum tax applicable to individuals. During normal market conditions, at least 50% of the Trust's total managed assets will be invested in municipal obligations that at the time of investment are investment grade quality. During normal market conditions, up to 50% of the Trust's total managed assets may be invested in municipal obligations that at the time of investment are below investment grade quality (commonly referred to as junk bonds) and involve special risks and have speculative characteristics.

(continued on inside front cover)

No prior history. Because the Trust is newly organized, the Common Shares have no history of public trading. The shares of closed-end investment companies often trade at a discount from their net asset value, which may increase investors' risk of loss. The returns earned by holders of Common Shares (Common Shareholders) who purchase their shares in this offering and sell their shares below net asset value will be reduced. This risk may be greater for investors who intend to sell their shares in a relatively short period after completion

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of the initial public offering.

The Trust anticipates that the Common Shares will be approved for listing on the New York Stock Exchange, subject to notice of issuance, under the ticker symbol ETX.

Investing in the Common Shares involves certain risks. See **Risk Considerations** beginning on page 29 of this prospectus. Certain of these risks are summarized in **Prospectus Summary** **Special Risk Considerations**.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or determined this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to public	Sales load(1)	Proceeds to Trust(2)
Per share	\$ 20.00	\$ 0.90	\$ 19.10
Total			
Total assuming full exercise of the over-allotment option(3)			

(see notes on inside front cover page)

The underwriters are offering the Common Shares subject to various conditions and expect to deliver the Common Shares to purchasers on or about , 2013.

UBS Investment Bank

BofA Merrill Lynch

Citigroup

Morgan Stanley

RBC Capital Markets

J.J.B. Hilliard, W.L. Lyons, LLC

Ladenburg Thalmann & Co. Inc.

Maxim Group LLC

Pershing LLC

Southwest Securities

Wunderlich Securities

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(notes continued from previous page)

- (1) Eaton Vance (not the Trust) will pay from its own assets structuring fees to UBS Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Pershing LLC. The total compensation received by the Underwriters will not exceed 9.0% of the aggregate initial offering price of the Common Shares offered hereby. See Underwriting.
- (2) In addition to the sales load, the Trust will pay offering costs of up to \$0.04 per share, estimated to total approximately \$, which will reduce the Proceeds to the Trust (above). Eaton Vance or an affiliate has agreed to pay the amount by which the aggregate of all of the Trust's offering costs (other than sales loads) exceed \$0.04 per share, estimated to total approximately \$ (or approximately \$ per share). Eaton Vance or an affiliate has agreed to reimburse all organizational costs of the Trust.
- (3) The Trust has granted the underwriters an option to purchase up to additional Common Shares at the price to the public, less the sales load, within 45 days of the date of this prospectus solely to cover over-allotments, if any.

(continued from previous page)

A municipal obligation is considered investment grade quality if, at the time of investment, it is rated Baa3 or higher by Moody's Investors Service, Inc. (Moody's), BBB- or higher by Standard & Poor's Ratings Group (S&P) or BBB- or higher by Fitch Ratings (Fitch) (each of Moody's, S&P and Fitch, a Rating Agency) or, if unrated, is determined by the Adviser to be of investment grade quality. If a municipal obligation is rated differently by two or more Rating Agencies, the Trust will use the higher of such ratings (the Municipal Obligation Rating). If a municipal obligation is insured, the Trust will use the higher of the Municipal Obligation Rating or the insurance issuer's rating. A municipal obligation is considered below investment grade quality if its highest rating from a Rating Agency is below investment grade or, if unrated, is judged by the Adviser to be of below investment grade quality. Municipal obligations of below investment grade quality (commonly referred to as junk bonds) involve special risks as compared to municipal obligations of investment grade quality and have speculative characteristics. These risks include greater sensitivity to a general economic downturn, greater market price volatility and less secondary market trading. The Trust may invest in below investment grade municipal obligations of any quality. The Trust has no current intention for more than 10% of the Trust's total managed assets to consist of municipal obligations that, at the time of investment, have a Municipal Obligation Rating that is below B-/B3 or are unrated and considered by the Adviser to be of comparable quality. This means that up to 10% of the Trust's investments may be in municipal issuers that are having financial difficulties, which may include being in default on obligations to pay principal or interest thereon when due or involved in bankruptcy or insolvency proceedings (such securities are commonly referred to as distressed securities).

15-Year Term. The Trust currently intends to cease its investment operations on or about June 30, 2028 (the Termination Date) and thereafter liquidate its portfolio, retire or redeem leverage facilities and distribute its net assets to Common Shareholders of record as of the Termination Date. The Trust's term may be extended for a period of not more than 12 months from the Termination Date by a vote of the Board of Trustees (Board), if the Board determines it is in the best interest of the Common Shareholders to do so. **The Trust's investment objective and policies are not designed to return to investors who purchase Common Shares in this offering their initial investment on the Termination Date, and such initial investors and any investors that purchase Common Shares after the completion of this offering may receive more or less than their original investment upon termination.**

Leverage. The Trust anticipates using leverage to seek to enhance returns, initially by investing in residual interest bonds. The Trust currently intends to utilize leverage not in excess of 45% of its total managed assets. Residual interest bonds are securities that pay interest at rates that vary inversely with changes in prevailing short-term interest rates and provide the economic effect of leverage. Although the Trust has no current intention to do so, the Trust is authorized also to utilize leverage through the

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issuance of preferred shares and/or borrowings, including the issuance of debt securities, to the maximum extent permitted by the Investment Company Act of 1940 (the "1940 Act"). The Trust may borrow for temporary, emergency or other purposes as permitted by the 1940 Act. The use of leverage involves certain increased risks. See "Risk Considerations" "Leverage Risk."

This prospectus sets forth concisely information you should know before investing in the Common Shares. Please read and retain this prospectus for future reference. A Statement of Additional Information dated _____, 2013, has been filed with the SEC. The Statement of Additional Information, annual and semi-annual reports to shareholders when available and other information about the Trust can be obtained without charge by calling 1-800-225-6265, by writing to the Trust at the address below or from the Trust's website (<http://www.eatonvance.com>). A table of contents to the Statement of Additional Information is located at page 57 of this prospectus. This prospectus incorporates by reference the entire Statement of Additional Information. The Statement of Additional Information is available along with other Trust-related materials: at the SEC's public reference room in Washington, DC (call 1-202-942-8090 for information on the operation of the reference room); from the EDGAR database on the SEC's internet site (<http://www.sec.gov>); upon payment of copying fees by writing to the SEC's public reference section, Washington, DC 20549-0102; or by electronic mail at publicinfo@sec.gov. The Trust's address is Two International Place, Boston, Massachusetts 02110 and its telephone number is 1-800-225-6265.

The Common Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any governmental agency.

You should rely only on the information contained or incorporated by reference in this prospectus. The Trust has not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Trust is not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The Trust will notify Common Shareholders promptly of any material change to this prospectus during the period the Trust is required to deliver the prospectus. The Trust's business, financial condition and results of operations may have changed since the date of this prospectus.

You should not construe the contents of this prospectus as legal, tax or financial advice. You should consult your own professional advisers as to legal, tax, financial or other matters relevant to the suitability of an investment in the Trust.

Until _____, 2013 (25 days after the date of this prospectus), all dealers that buy, sell or trade the Common Shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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Prospectus summary

The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this prospectus and the Statement of Additional Information.

THE TRUST

Eaton Vance Municipal Income Term Trust (the **Trust**) is a newly organized, diversified, closed-end management investment company. The Trust offers investors the opportunity to receive current income, a substantial portion of which is anticipated to be exempt from regular federal income tax, through a professionally managed portfolio of municipal obligations. Investments are based on the municipal obligations research, trading and portfolio management of the Trust's investment adviser, Eaton Vance Management (Eaton Vance or the **Adviser**), which generally are not available to individual investors. The Trust's net asset value and distribution rate will vary and may be affected by several factors, including changes in interest rates and the credit quality of municipal issuers. An investment in the Trust may not be appropriate for all investors, particularly those that are not subject to federal income tax. There is no assurance that the Trust will achieve its investment objective.

THE OFFERING

The Trust is offering common shares of beneficial interest (the **Common Shares**), par value \$0.01 per Share, through a group of underwriters (the **Underwriters**) led by UBS Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC. The Underwriters have been granted an option by the Trust to purchase up to additional Common Shares solely to cover over-allotments, if any. The initial public offering price is \$20.00 per Share. The minimum purchase in this offering is 100 Common Shares (\$2,000). See **Underwriting**. Eaton Vance or an affiliate has agreed to pay the amount by which the aggregate of all of the Trust's offering costs (other than the sales load) exceed \$0.04 per Share. Eaton Vance or an affiliate has agreed to reimburse all organizational costs of the Trust.

INVESTMENT OBJECTIVE AND POLICIES

Investment objective

The Trust's investment objective is to provide current income exempt from regular federal income tax. The Trust will seek to achieve its investment objective by investing primarily in municipal obligations (as defined below), a portion of which will be investment grade and a portion of which may be below investment grade at the time of investment. There is no assurance that the Trust will achieve its investment objective.

Portfolio parameters

During normal market conditions, the Trust will invest at least 80% of its net assets, plus borrowings for investment purposes, in debt obligations issued by or on behalf of states, territories and possessions of the United States, including the District of Columbia, and their political subdivisions, agencies or instrumentalities, the interest on which is exempt from regular federal income tax (**municipal obligations**). For purposes of this 80% policy, municipal obligations will include the value of residual interest bonds whose interest is exempt from regular federal income tax. Up to 30% of the Trust's total managed assets may be invested in municipal obligations that pay interest that is taxable under the federal alternative minimum tax applicable to individuals (**AMT Bonds**).

The Trust's investment objective is considered a non-fundamental policy that may be changed by the Trust's Board of Trustees (the **Board**) without approval of the holders of the Common Shares.

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(Common Shareholders). The Trust's policy of investing at least 80% of its net assets, plus borrowings for investment purposes, in municipal obligations is considered fundamental and may be changed only upon Common Shareholder approval.

The Adviser seeks to purchase securities for investment by the Trust that it believes offer attractive relative value with regard to price, yield, and expected total return in relation to available bonds in the markets in which the Trust invests. Investment decisions are made primarily on the basis of fundamental research and relative value. The Trust may sell a security when the Adviser believes it no longer represents attractive relative value or as cash needs dictate.

Municipal obligations include bonds, notes and commercial paper issued by a municipality, a group of municipalities or participants in qualified issues of municipal debt for a wide variety of both public and private purposes. General obligation bonds issued by municipalities can be adversely affected by economic downturns and the resulting decline in tax revenues, pension funding risk, other post-employment benefit risk, budget imbalances, taxing ability risk, lack of political willpower and federal funding risk, among others. Revenue bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise tax or other specific revenue source such as payments from the user of the facility being financed and can be adversely affected by the negative economic viability of the facility or revenue source. Municipal obligations also include municipal leases and participations in municipal leases. An issuer's obligation under such leases is often subject to the appropriation by a legislative body, on an annual or other basis, of funds for the payment of the obligations.

Certain municipal obligations may be purchased on a when-issued basis, which means that payment and delivery occur on a future settlement date. The price and yield of such securities are generally fixed on the date of commitment to purchase. The values of zero coupon bonds and principal only strips are subject to greater fluctuation in response to changes in market interest rates than bonds that pay interest currently. The Trust accrues income on these investments and is required to distribute that income each year. The Trust may be required to sell securities to obtain cash needed for income distributions.

The interest on municipal obligations is (in the opinion of the bond issuer's counsel) generally exempt from regular federal income tax. Interest income from certain types of municipal obligations generally will be subject to the federal alternative minimum tax (the AMT) for individuals. Distributions to corporate investors also may be subject to the AMT. The Trust may not be suitable for investors subject to the AMT.

Under normal market conditions the Trust will invest subject to the following policies:

at least 80% of its net assets, plus borrowings for investment purposes, in municipal obligations, the income from which is exempt from regular federal income tax.

at least 50% of its total managed assets in municipal obligation that, at the time of investment, are investment grade quality. A municipal obligation is considered investment grade quality if it is rated Baa3 or higher by Moody's Investors Service, Inc. (Moody's), BBB- or higher by Standard & Poor's Ratings Group (S&P), or BBB- or higher by Fitch Ratings (Fitch) (each of Moody's, S&P and Fitch, a Rating Agency) or, if unrated, is determined by the Trust's investment adviser to be of investment grade quality. If a municipal obligation is rated differently by two or more Rating Agencies, the Trust will use the higher of such ratings (the Municipal Obligation Rating). If a municipal obligation is insured, the Trust will use the higher of the Municipal Obligation Rating or the insurance issuer's rating.

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up to 50% of its total managed assets in municipal obligations that, at the time of investment, are below investment grade quality. A municipal obligation is considered below investment grade quality if its highest rating from a Rating Agency is below investment grade or, if unrated, is judged by the Adviser to be of below investment grade quality. The Trust may invest in below investment grade municipal obligations of any quality.

no more than 10% of its total managed assets in municipal obligations that, at the time of investment, have a Municipal Obligation Rating that is below B-/B3 or are unrated and considered by the Adviser to be of comparable quality. This means that up to 10% of the Trust's investments may be in municipal issuers that are having financial difficulties, which may include being in default on obligations to pay principal or interest thereon when due or involved in bankruptcy or insolvency proceedings (such securities are commonly referred to as distressed securities).

up to 30% of its total managed assets in AMT Bonds.

no more than 25% of its total managed assets in municipal obligations in any one industry and no more than 5% of its total managed assets in any one issuer.

no more than 10% of its total managed assets in tobacco settlement bonds.

The foregoing credit quality policies apply only at the time a security is purchased, and the Trust is not required to dispose of a security in the event that a Rating Agency downgrades its assessment of the credit characteristics of a particular issue or withdraws its assessment. In determining whether to retain or sell such a security, Eaton Vance may consider such factors as Eaton Vance's assessment of the credit quality of the issuer of such security, the price at which such security could be sold and the rating, if any, assigned to such security by other Rating Agencies.

Municipal obligations of below investment grade quality (commonly referred to as junk bonds or high yield securities) are regarded as having speculative characteristics with respect to an issuer's capacity to pay interest and repay principal, and involve special risks as compared to municipal obligations of investment grade quality. These risks include greater sensitivity to a general economic downturn, a possibility of greater market price volatility and less secondary market trading.

The Trust has no current intention to invest 25% or more of its total managed assets in municipal obligations of issuers located in the same state (or U.S. territory), but reserves the flexibility to do so in the future. If the Trust focuses its investments in any one state (or U.S. territory), the Trust may be more susceptible to adverse economic, political or regulatory occurrences affecting a particular state (or territory).

Total managed assets of the Trust shall mean total assets of the Trust, including any form of investment leverage, minus all liabilities incurred in the normal course of operations, but not excluding any liabilities or obligations attributable to investment leverage obtained through (i) indebtedness of any type (including, without limitation, borrowing through a credit facility or the issuance of debt securities or through the purchase of residual interest bonds), (ii) the issuance of preferred stock or other similar preference securities, (iii) the reinvestment of collateral received for securities loaned in accordance with the Trust's investment objective and policies, and/or (iv) any other means, all as determined in accordance with generally accepted accounting principles in the United States (GAAP).

The Trust may invest in certain derivative instruments in pursuit of its investment objective. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default

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swaps), options on financial futures, options on swap contracts, or other derivative instruments. The Adviser may use derivative instruments to seek to enhance return, to hedge some of the risk of the Trust's investments in municipal obligations or as a substitute for a position in the underlying asset. These types of strategies may generate taxable income. See Investment Objective, Policies and Risks Additional Investment Practices Derivative Instruments.

The Trust is a diversified investment company which means that with respect to 75% of its total assets (1) it may not invest more than 5% of its total assets in the securities of any one issuer and (2) it may not own more than 10% of the outstanding voting securities of any one issuer. Therefore, with respect to no more than 25% of its total assets, the Trust may invest more than 5% of the value of its total assets in the obligations of any single issuer. To the extent the Trust invests a relatively high percentage of its assets in obligations of a limited number of issuers, the Trust will be more susceptible to any single corporate, economic, political or regulatory occurrence.

15-YEAR TERM

The Trust intends to cease its investment operations on or about June 30, 2028 (the Termination Date) and thereafter liquidate its portfolio, retire or redeem leverage facilities and distribute its net assets to Common Shareholders of record as of the Termination Date. The Trust's term may be extended for a period of not more than 12 months from the Termination Date by a vote of the Board, if the Board determines it is in the best interest of the Common Shareholders to do so. The Trust's term may not be extended further than a 12 month period without a Common Shareholder vote.

As the Trust approaches its Termination Date, its portfolio composition will likely change as more of the Trust's holdings mature or are called, or are sold, reflecting the Adviser's active management strategy. To enhance flexibility and liquidity in managing the portfolio, and depending upon market conditions at that time, the Trust may invest in shorter term and lower yielding securities, which may reduce investment income and, therefore, the monthly dividends during the period prior to termination. The Trust may make more than one liquidating distribution to Common Shareholders.

The Trust's investment objective and policies are not designed to return to investors who purchase Common Shares in this offering their initial investment on the Termination Date. Upon the termination of the Trust, the final distribution to Common Shareholders will be based upon the Trust's net asset value at the Termination Date and such initial investors and any investors that purchase Common Shares after the completion of this offering may receive more or less than their original investment. See Risk Considerations 15-Year Term Risk.

LISTING

The Trust anticipates that the Common Shares will be approved for listing on the New York Stock Exchange, subject to notice of issuance, under the ticker symbol ETX.

LEVERAGE

The Trust anticipates using leverage to seek to enhance returns, initially by investing in residual interest bonds. The Trust will comply with the asset segregation requirements of the 1940 Act in making such investments. The Trust currently intends to utilize leverage not in excess of 45% of its total managed assets. For these purposes, leverage includes exposure created through investment in residual interest bonds, borrowings, and the issuance of preferred shares and debt securities, but not economic exposure that may be created by investing in derivative instruments.

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Residual interest bonds create investment leverage in the Trust because they provide more than one dollar of exposure to municipal bonds for each dollar the Trust invests in them. Residual interest bonds are securities that pay interest at rates that vary inversely with changes in prevailing short-term interest rates and provide the economic effect of leverage. To initiate a residual interest bond investment, the Trust may sell a bond it holds to a broker-dealer for cash. At the same time, the Trust buys a residual interest in the assets and cash flows of a special-purpose vehicle (SPV) set up by the broker-dealer, the assets of which consist of a bond that is identical to that sold to the broker-dealer by the Trust (the SPV Bond). The SPV also issues and sells notes paying floating rates of interest (Floating-Rate Notes) to third parties. The Floating-Rate Notes have interest rates that generally reset weekly based on changes in a reference interest rate (such as the London Interbank Offered Rate (LIBOR), or the Securities Industry and Financial Markets Association (SIFMA) Municipal Bond Swap Index) and their holders have the option to tender to the broker-dealer who sponsored the SPV for redemption at par value at each reset date. The income earned on the SPV Bond is, in effect, first used to pay the interest payable on the Floating-Rate Note, with any remaining income then going to the residual interest bond. The holder of the Floating-Rate Note effectively holds a demand obligation that bears interest at the prevailing short-term, tax-exempt rate. As the holder of the residual interest bond, the Trust receives the residual cash flow from the SPV.

A residual interest bond investment held by the Trust generally gives the Trust the right (1) to cause the holders of the Floating-Rate Notes to tender their notes at par value and (2) to require the sponsoring broker-dealer to terminate the SPV and transfer the SPV Bond to the Trust. Should the Trust exercise this right, it would generally pay the broker-dealer the par value of the Floating-Rate Notes and exchange the residual interest bond for the underlying SPV Bond. The SPV also may be terminated by the sponsoring broker-dealer upon the occurrence of certain termination events as defined in the SPV's trust agreement, such as a downgrade in the credit quality of the underlying SPV Bond, bankruptcy of or payment failure by the issuer of the SPV Bond, the broker-dealer's inability to remarket Floating-Rate Notes that have been tendered due to insufficient buyers in the market or the SPV's failure to obtain renewal of the liquidity support agreement provided for the Floating-Rate Notes. The Trust may enter into shortfall and forbearance agreements with an SPV's sponsoring broker-dealer by which the Trust agrees to reimburse the broker-dealer, in certain circumstances, for the difference between the liquidation value of the SPV Bond and the liquidation value of the Floating-Rate Notes, as well as shortfalls in interest cash flows. Such agreements may expose the Trust to a risk of loss that exceeds its investment in the residual interest bonds. Absent a shortfall and forbearance agreement, the Trust would not be required to make such a reimbursement.

The Trust will segregate or earmark liquid assets at its custodian equal to the value of economic leverage created by residual interest bonds, whether initiated by the Trust or purchased on the secondary market.

Investments in residual interest bonds typically offer the potential for yields exceeding the yields available on fixed rate bonds with comparable credit quality and maturity. Because the residual interest bond is an inverse floating rate security and only pays a residual income, compared to fixed rate municipal bonds, the value of residual interest bonds will fluctuate to a greater extent in response to changes in prevailing long-term interest rates. These securities tend to underperform the market for fixed rate bonds in a rising long-term interest rate environment, but tend to outperform the market for fixed rate bonds when long-term interest rates decline. Moreover, the income earned on such bonds will fluctuate in response to changes in prevailing short-term interest rates. When residual interest bonds are held by the Trust, an increase in short- or long-term market interest rates may adversely affect the income received from such bonds or the net asset value of Common Shares.

Although the Trust has no current intention to do so, the Trust is authorized also to utilize leverage through the issuance of preferred shares and/or borrowings, including the issuance of debt securities, to

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the maximum extent permitted by the 1940 Act. The Trust may borrow for temporary, emergency or other purposes as permitted by the 1940 Act. The fee paid to Eaton Vance will be calculated on the basis of the Trust's average daily total managed assets, including assets purchased with forms of leverage, so the fees will be higher when leverage is utilized.

SPECIAL TAX CONSIDERATIONS

The Trust may invest up to 30% of its total managed assets in AMT Bonds. If you are, or as a result of investment in the Trust would become, subject to the AMT, the Trust may not be a suitable investment for you. In addition, distributions of ordinary taxable income (including any net short-term capital gain) will be taxable to Common Shareholders as ordinary income (and not eligible for favorable taxation as qualified dividend income), and capital gain dividends will be subject to capital gains taxes. Because tax laws are complex and often change, you should consult your tax adviser about the tax consequences of an investment in the Trust. See Federal Income Tax Matters.

INVESTMENT ADVISER AND ADMINISTRATOR

Eaton Vance, a direct wholly-owned subsidiary of Eaton Vance Corp., is the Trust's investment adviser and administrator. As of December 31, 2012, Eaton Vance and its affiliates managed approximately \$238.4 billion of assets, including 54 open-end and closed-end municipal bond funds with combined assets of about \$16.5 billion. See Management of the Trust.

DIVIDEND REINVESTMENT PLAN

The Trust has established a dividend reinvestment plan (the Plan). Under the Plan, unless a Common Shareholder elects to receive distributions in cash, all distributions will be automatically reinvested in additional Common Shares, either purchased in the open market or newly issued by the Trust if the Common Shares are trading at or above their net asset value. Common Shareholders who intend to hold their Common Shares through a broker or nominee should contact such broker or nominee regarding the Plan. See Dividend Reinvestment Plan.

DISTRIBUTIONS

The Trust currently intends to make monthly distributions of net investment income. The Trust will distribute annually any net short-term capital gain and any net capital gain (which is the excess of net long-term capital gain over net short-term capital loss). Distributions to Common Shareholders cannot be assured, and the amount of each monthly distribution is likely to vary. Initial distributions to Common Shareholders are expected to be declared approximately 45 to 60 days and are expected to be paid approximately 60 to 90 days after the completion of this offering.

CLOSED-END STRUCTURE

Closed-end funds differ from open-end management investment companies (commonly referred to as mutual funds) in that closed-end funds generally list their shares for trading on a securities exchange and do not redeem their shares at the option of the shareholder. By comparison, mutual funds issue securities redeemable at net asset value at the option of the shareholder and typically engage in a continuous offering of their shares. Mutual funds are subject to continuous asset inflows and outflows that can complicate their portfolio management, whereas closed-end funds generally can stay more fully invested in securities consistent with the closed-end fund's investment objectives and policies. In addition, in

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comparison to open-end funds, closed-end funds have greater flexibility in their ability to make certain types of investments, including investments in illiquid securities, and to utilize leverage. However, shares of closed-end funds frequently trade at a discount from their net asset value. In recognition of the possibility that the Common Shares might trade at a discount to net asset value and that any such discount may not be in the interest of Common Shareholders, the Board, in consultation with Eaton Vance, from time to time may review possible actions to reduce any such discount. The Board might consider open market repurchases or tender offers for Common Shares at net asset value. There can be no assurance that the Board will decide to undertake any of these actions or that, if undertaken, such actions would result in the Common Shares trading at a price equal to or close to net asset value per Share. The Board might also consider the conversion of the Trust to an open-end management investment company. The Board believes, however, that the closed-end structure is desirable, given the Trust's investment objective and policies. Investors should assume, therefore, that it is highly unlikely that the Board would vote to convert the Trust to an open-end management investment company. Although the Trust has no current intention to issue preferred shares, investors should note that any possible future issuance of preferred shares to provide leverage could make a conversion to open-end form more difficult due to the voting rights of preferred shareholders, the costs of redeeming preferred shares and other factors. See Description of Capital Structure.

SPECIAL RISK CONSIDERATIONS

No operating history

The Trust is a closed-end management investment company with no history of operations and is designed for long-term investors and not as a trading vehicle.

Investment and market risk

An investment in Common Shares is subject to investment risk, including the possible loss of the entire principal amount invested. An investment in Common Shares represents an indirect investment in the securities owned by the Trust, which will generally trade in the over-the-counter markets. The Common Shares at any point in time may be worth less than the original investment, even after taking into account any reinvestment of distributions.

Market discount risk

The shares of closed-end management investment companies often trade at a discount from their net asset value, and the Common Shares may likewise trade at a discount from net asset value. This risk is separate and distinct from the risk that the Trust's net asset value could decrease as a result of its investment activities. The trading price of the Common Shares may be less than the initial public offering price, creating a risk of loss for investors purchasing in the initial public offering of the Common Shares. This market price risk may be greater for investors who sell their Common Shares within a relatively short period after completion of this offering.

15-year term risk

Because the assets of the Trust will be liquidated in connection with its termination, the Trust may be required to sell portfolio securities when it otherwise would not, including at times when market conditions are not favorable, which may cause the Trust to lose money. The Trust's investment objective and policies are not designed to seek to return to investors who purchase Common Shares in this offering their initial investment on the Termination Date. When terminated, the Trust's distributions will be based upon the Trust's net asset value at the end of the term and such initial investors and any investors that purchase Common Shares after the completion of this offering may receive more or less than their original investment upon termination. See Risk Considerations 15-Year Term Risk.

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Interest rate and income risk

The prices of municipal obligations tend to fall as interest rates rise. When interest rates decline, the value of municipal obligations held by the Trust can be expected to rise. Interest rate risk is the risk that the municipal obligations in the Trust's portfolio will decline in value because of increases in market interest rates. These risks may be greater in the current market environment because of prevailing low interest rates. In typical market interest rate environments, the prices of longer-term municipal obligations tend to fluctuate more in price in response to changes in market interest rates than prices of shorter-term municipal obligations. A decline in the prices of the municipal obligations owned by the Trust would cause a decline in the net asset value of the Trust, which could adversely affect the trading price of the Common Shares. This risk is usually greater among municipal obligations with longer maturities or durations. See Risk Considerations Interest Rate and Income Risk.

Call and reinvestment risks

If interest rates fall, it is possible that issuers of callable bonds with high interest coupons will call (or prepay) their bonds before their maturity date. If a call were exercised by the issuer during a period of declining interest rates, the Trust would likely replace such called security with a lower yielding security. If that were to happen, it could decrease the Trust's dividends and possibly could affect the market price of Common Shares. Similar risks exist when the Trust invests the proceeds from matured or traded municipal obligations at market interest rates that are below the Trust's current earnings rate.

Credit risk

Credit risk is the risk that one or more municipal bonds in the Trust's portfolio will decline in price, or fail to pay interest or principal when due, because the issuer of the bond experiences a decline in its financial status. In general, lower rated municipal bonds carry a greater degree of risk that the issuer will lose its ability to make interest and principal payments, which could have a negative impact on the Trust's net asset value or dividends. Securities rated in the fourth highest category (i.e., Baa by Moody's or BBB by S&P or Fitch) are considered investment grade quality, but may have speculative characteristics. See Risk Considerations Credit Risk.

Liquidity risk

The secondary market for some municipal obligations is less liquid than that for widely traded taxable debt obligations or widely traded municipal obligations. No established resale market exists for certain of the municipal obligations in which the Trust may invest. The Trust has no limitation on the amount of its assets that may be invested in securities that are not readily marketable or are subject to restrictions on resale. In certain situations, the Trust could find it more difficult to sell such securities at desirable times and/or prices. The Trust may not be able to readily dispose of such securities at prices that approximate those at which the Trust could sell such securities if they were more widely traded or at which the Trust has valued such securities and, as a result of such illiquidity, the Trust may have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. See Risk Considerations Liquidity Risk.

Municipal bond market risk

Investing in the municipal bond market involves certain risks. Certain securities in which the Trust will invest will not be registered with the Securities and Exchange Commission (SEC) or any state securities commission and will not be listed on any national securities exchange. The amount of public information available about the municipal obligations in the Trust's portfolio is generally less than for corporate

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equities or bonds, and the investment performance of the Trust may therefore be more dependent on the analytical abilities of Eaton Vance than if the Trust were a stock fund or taxable bond fund.

The ability of municipal issuers to make timely payments of interest and principal may be diminished during general economic downturns and as governmental cost burdens are reallocated among federal, state and local governments. In addition, laws enacted in the future by Congress or state legislatures or referenda could extend the time for payment of principal and/or interest, or impose other constraints on enforcement of such obligations, or on the ability of municipalities to levy taxes. Issuers of municipal obligations might seek protection under the bankruptcy laws. In the event of bankruptcy of an issuer, the Trust could experience delays in collecting principal and interest to which it is entitled, and may obtain only a limited recovery or no recovery in such circumstances. To enforce its rights in the event of default in the payment of interest or repayment of principal, or both, the Trust may take possession of and manage the assets securing the issuer's obligations on such securities, which may increase the Trust's operating expenses. Any income derived from the Trust's ownership or operation of such assets may not be tax-exempt. Many state and municipal governments are under significant economic and financial stress. See Risk Considerations Municipal Bond Market Risk.

Below investment grade securities risk

Up to 50% of the Trust's total managed assets may be invested in municipal obligations that, at the time of investment, are rated below investment grade or unrated and deemed by the Adviser to be of below investment grade quality. Such obligations are commonly called "junk bonds" and will have speculative characteristics in varying degrees. Below investment grade securities held by the Trust are subject to higher risk. Also, their yields and market values may fluctuate more than higher rated securities. Fluctuations in value do not affect the cash income from the securities, but are reflected in the Trust's net asset value. The greater risks and fluctuations in yield and value occur, in part, because investors generally perceive issuers of lower rated and unrated securities to be less creditworthy. These issuers may be particularly susceptible to market downturns, adverse economic or political events or other developments such as weather or other catastrophic events. Secondary market trading in below investment grade securities may be less liquid than the market for higher grade securities. See Risk Considerations Below Investment Grade Securities Risk.

Unrated securities risk

The Trust may invest in unrated obligations for which Eaton Vance will make a credit quality determination for purposes of the Trust's credit quality policy. To the extent that the Trust invests in such unrated obligations, the Trust's credit quality will be more dependent on Eaton Vance's credit analysis than if the Trust invested in only rated obligations. Some unrated securities may not have an active trading market or may be difficult to value.

Insurance risk

Municipal obligations may be insured as to their scheduled payment of principal and interest. Although the insurance feature may reduce some financial risks, the premiums for insurance and the higher market price sometimes paid for insured obligations may reduce the current yield on the insured obligation. Insured obligations also may be secured by bank credit agreements or escrow accounts. Changes in the ratings of an insurer may affect the value of an insured obligation, and in some cases may even cause the value of a security to be less than a comparable uninsured obligation. The insurance does not guarantee the market value of the insured obligation or the net asset value of the Trust's shares. The credit rating of an insured obligation reflects the credit rating of the insurer, based on its claims-paying ability. The obligation of a municipal bond insurance company to pay a claim extends over the life of each insured obligation. Although defaults on insured municipal obligations have been low to date and municipal

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bond insurers have met their claims, there is no assurance this will continue. A higher than expected default rate could strain the insurer's loss reserves and adversely affect its ability to pay claims to bondholders. Because a significant portion of insured municipal obligations that have been issued and are outstanding is insured by a small number of insurance companies, an event involving one or more of these insurance companies, such as a credit rating downgrade, could have a significant adverse effect on the value of the municipal obligations insured by that insurance company and on the municipal bond markets as a whole.

State and sector specific risk

The Trust has no current intention to invest 25% or more of its total managed assets in municipal obligations of issuers located in the same state (or U.S. territory), but reserves the flexibility to do so in the future. If the Trust focuses its investments in any one state (or U.S. territory) the Trust may be more susceptible to adverse economic, political or regulatory occurrences affecting a particular state (or territory). Up to 10% of the Trust's total managed assets may be in municipal obligations collateralized by the proceeds from class action or other litigation against the tobacco industry. To the extent the Trust focuses its investments in municipal obligations in one or more economic sectors, such as those relating to the education, health care, housing, transportation, or utilities industries, the Trust may be particularly exposed to specific types of adverse economic, business, political or other events. See Risk Considerations State and Sector Specific Risk.

Residual interest bond risk

Residual interest bonds create investment leverage in the Trust because they provide more than one dollar of exposure to municipal bonds for each dollar the Trust invests in them. As a result, the value of residual interest bonds may increase or decrease at a rate that is a multiple of the rate by which the value of the underlying municipal bonds underlying the residual interest bonds increase or decrease. The market values of residual interest bonds will generally be more volatile than the market values of fixed rate tax-exempt securities. To seek to limit the volatility of these securities, the Trust may purchase residual interest bonds with shorter-term maturities or that contain limitations on the extent to which the interest rate may vary. The Trust may also use derivatives to offset the volatility of residual interest bonds.

Residual interest bonds pay interest at rates that vary inversely with changes in prevailing short-term interest rates and provide the economic effect of leverage. Because the residual interest bond is an inverse floating rate security and only pays a residual income, compared to fixed rate municipal bonds, the value of residual interest bonds will fluctuate to a greater extent in response to changes in prevailing long-term interest rates. These securities tend to underperform the market for fixed rate bonds in a rising long-term interest rate environment, but tend to outperform the market for fixed rate bonds when long-term interest rates decline. Moreover, the income earned on such bonds will fluctuate in response to changes in prevailing short-term interest rates. In the extreme, increases in short-term interest rates may eliminate the interest paid to the Trust by residual interest bond investments.

Residual interest bonds have varying degrees of liquidity, and the market for these securities is relatively volatile. See Risk Considerations Residual Interest Bond Risk and Risk Considerations Leverage Risks.

Risks of municipal lease obligations (MLOs) and certificates of participation

MLOs are obligations in the form of a lease, installment purchase or conditional sales contract (which typically provide for the title to the leased asset to pass to the governmental issuer) that is issued by state

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or local governments to acquire equipment and facilities. Interest income from MLOs is generally exempt from local and state taxes in the state of issuance. MLOs, like other municipal debt obligations, are subject to the risk of non-payment. See Risk Considerations Risks of Municipal Lease Obligations (MLOs) and Certificates of Participation.

Inflation risk/deflation risk

Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions thereon can decline. In addition, during periods of rising inflation, short-term interest rates and the Trust's cost of leverage would likely increase, reducing returns to Common Shareholders to the extent that such increased cost is not offset by commensurately higher income. Deflation risk is the risk that prices throughout the economy decline over time the opposite of inflation. Deflation may have an adverse affect on the creditworthiness of issuers and may make issuer defaults more likely, which may result in a decline in the value of the Trust's investments.

Leverage risk

The Trust anticipates using leverage to seek to enhance returns, initially by investing in residual interest bonds. The Trust will comply with the asset segregation requirements of the 1940 Act in making such investments. The Trust currently intends to utilize leverage not in excess of 45% its total managed assets. Residual interest bonds are securities that pay interest at rates that vary inversely with changes in prevailing short-term interest rates and provide the economic effect of leverage. Although the Trust has no current intention to do so, the Trust is authorized also to utilize leverage through the issuance of preferred shares and/or borrowings, including the issuance of debt securities. The Trust may borrow for temporary, emergency or other purposes as permitted by the 1940 Act. There can be no assurance a leveraging strategy will be successful during any period in which it is employed. Leverage creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares and the risk that fluctuations in leverage costs will affect income and return to Common Shareholders. To the extent the income derived from securities purchased with proceeds received from leverage exceeds the cost of leverage, the Trust's distributions may be greater than if leverage had not been used. Conversely, if the income earned on the securities purchased with such proceeds is not sufficient to cover the cost of leverage, the amount available for distribution to Common Shareholders will be less than if leverage had not been used. In the latter case, Eaton Vance, in its best judgment, may nevertheless determine to maintain the Trust's leveraged position if it deems such action to be appropriate. The costs of an offering of preferred shares, borrowings and other forms of leverage would be borne by Common Shareholders and consequently would result in a reduction of the net asset value of Common Shares.

Any decline in the net asset value of the Trust's investments will be borne entirely by the holders of common shares. Therefore, if the market value of the Trust's portfolio declines, leverage will result in a greater decrease in net asset value to the holders of common shares than if the Trust were not leveraged.

In addition, the fee paid to Eaton Vance will be calculated on the basis of the Trust's average daily total managed assets, including assets purchased using proceeds from the issuance of preferred shares, borrowings and other forms of leverage, and/or the purchase of residual interest bonds, so the fee will be higher when leverage is utilized, which may create an incentive for the Adviser to employ leverage.

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Derivatives risk

The Trust may invest without limitation in derivative instruments (which are instruments that derive their value from another instrument, security or index) acquired for hedging or investment purposes. The loss on derivative instruments (other than purchased options) may substantially exceed amounts invested in these instruments. Derivative transactions in which the Trust may engage (such as futures contracts and options thereon, swaps and short sales), may subject the Trust to increased risk of principal loss due to unexpected movements in securities prices and interest rates, and imperfect correlations between the Trust's securities holdings and indices upon which derivative transactions are based. Derivatives can be illiquid, may disproportionately increase losses, and may have a potentially large impact on the Trust's performance. The Trust also will be subject to credit risk with respect to the counterparties to any over-the-counter derivatives contracts entered into by the Trust. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Trust may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding. The Trust may obtain only a limited recovery or no recovery