

EATON VANCE MUNICIPAL BOND FUND
Form N-CSR
November 25, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
Investment Company Act File Number: 811-21142

Eaton Vance Municipal Bond Fund
(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, Massachusetts 02110
(Address of Principal Executive Offices)

Maureen A. Gemma

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(Name and Address of Agent for Services)

(617) 482-8260

(Registrant's Telephone Number)

September 30

Date of Fiscal Year End

September 30, 2016

Date of Reporting Period

Item 1. Reports to Stockholders

Eaton Vance

Municipal Bond Funds

Annual Report

September 30, 2016

Municipal (EIM)

California (EVM)

New York (ENX)

Commodity Futures Trading Commission Registration. Effective December 31, 2012, the Commodity Futures Trading Commission (CFTC) adopted certain regulatory changes that subject registered investment companies and advisers to regulation by the CFTC if a fund invests more than a prescribed level of its assets in certain CFTC-regulated instruments (including futures, certain options and swap agreements) or markets itself as providing investment exposure to such instruments. Each Fund has claimed an exclusion from the definition of the term commodity pool operator under the Commodity Exchange Act. Accordingly, neither the Funds nor the adviser with respect to the operation of the Funds is subject to CFTC regulation. Because of its management of other strategies, each Fund s adviser is registered with the CFTC as a commodity pool operator and a commodity trading advisor.

Fund shares are not insured by the FDIC and are not deposits or other obligations of, or guaranteed by, any depository institution. Shares are subject to investment risks, including possible loss of principal invested.

Annual Report September 30, 2016

Eaton Vance

Municipal Bond Funds

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Management's Discussion of Fund Performance

Economic and Market Conditions

As the period opened on October 1, 2015, U.S. Treasuries, along with municipal bonds, were about two months into a rally that would continue for most of the period.

In the closing months of 2015, concerns about the Chinese economy, falling commodity prices and uncertainty about the Federal Reserve Board's (the Fed) interest rate decisions led many asset classes to experience dramatic volatility. But the municipal market, a high quality asset class with a generally improving credit landscape, continued its steady rally despite a Fed rate hike in December 2015. A combination of lower than expected new issue supply and strong inflows into municipal mutual funds in the final quarter of 2015 was an additional tailwind for the asset class.

In January of 2016, the municipal rally accelerated as U.S. equities experienced what was widely reported as their worst-ever start to a new year. The combination of plummeting oil prices and slowing economic growth in China helped drive a global flight to quality, with investors fleeing asset classes regarded as risky for the perceived safety of U.S. Treasuries and municipal bonds. Falling government interest rates around the world, driven by actions such as quantitative easing in Japan and the European Union, put many sovereign rates into negative territory and made Treasuries look attractive by comparison.

Great Britain's June 2016 vote to leave the European Union, ongoing Fed caution, and mixed U.S. economic reports continued to fuel the municipal rally in the summer of 2016. Even the Commonwealth of Puerto Rico's July 1, 2016 default on over \$1 billion in municipal bond and debt service payments—its second default in 2016 and its largest to date—failed to put a dent in the municipal rally, as the market had expected the defaults for some time.

In the final month of the period, however, remarks by three central banks—the European Central Bank, the Bank of Japan and the Fed—seemed to indicate that rates might begin to rise sooner than markets had anticipated. As a result, municipal rates crept upward in September of 2016 and prices declined modestly for the month.

For the one-year period as a whole, the yield curve flattened for municipal AAA-rated⁷ issues. Rates rose in the one- to three-year area of the curve—driven in part by new

money market regulations set to take effect in mid-October 2016—but fell for maturities of four to 30 years. In general, longer maturities saw greater rate declines and thus better price performance. Across the yield curve, municipal bonds outperformed U.S. Treasuries for the period.

Fund Performance

For the fiscal year ended September 30, 2016, Municipal Bond Fund shares at net asset value (NAV) outperformed the 8.72% return of the Funds' benchmark, the Bloomberg Barclays Long (22+) Year Municipal Bond Index (the Index³), while California Municipal Bond Fund and New York Municipal Bond Fund shares at NAV underperformed the Index.

The Funds' overall strategy is to invest primarily in higher quality bonds (rated A or higher). In managing the Funds, management employs leverage through Residual Interest Bond (RIB) financing⁶ to seek to enhance the Funds' tax-exempt income. The use of leverage has the effect of achieving additional exposure to the municipal market, and thus magnifying a fund's exposure to its underlying investments in both up and down market environments. During this period of generally falling rates and rising prices in the medium- and long-maturity areas of the municipal

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yield curve, the use of leverage contributed to performance versus the Index which does not employ leverage for all three Funds.

Management hedges to various degrees against the greater potential risk of volatility caused by the use of leverage and investing in bonds at the long end of the yield curve, by using Treasury futures and/or interest-rate swaps. As a risk management tactic within the Funds' overall strategy, interest rate hedging is intended to moderate performance on both the upside and the downside of the market. During this period of positive performance by municipal bonds, the Funds' Treasury futures hedge mitigated some of the upside and thus detracted modestly from the Funds' performance relative to the unhedged Index.

Fund-specific Results

Eaton Vance Municipal Bond Fund shares at NAV returned 10.19%, outperforming the 8.72% return of the Index. The main contributors to performance versus the Index included leverage, as mentioned earlier; security selection in the special tax sector, which was the best-performing sector in the Index during the period; and an overweight, relative to the Index,

See Endnotes and Additional Disclosures in this report.

Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) or market price (as applicable) with all distributions reinvested and include management fees and other expenses. Fund performance at market price will differ from its results at NAV due to factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for Fund shares, or changes in Fund distributions. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Performance less than or equal to one year is cumulative. Performance is for the stated time period only; due to market volatility, current Fund performance may be lower or higher than the quoted return. For performance as of the most recent month-end, please refer to eatonvance.com.

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Management's Discussion of Fund Performance *continued*

in zero coupon bonds, which were the best-performing coupon structure in the Index during the period. The chief detractors from performance relative to the Index were the Fund's hedging strategy, an overweight in prerefunded, or escrowed, bonds; and an underweight and security selection in A-rated and BBB-rated bonds.

Eaton Vance California Municipal Bond Fund shares at NAV returned 8.22%, underperforming the 8.72% return of the Index. The Fund's hedging strategy, an overweight in prerefunded bonds, and an underweight and security selection in A-rated and BBB-rated bonds all detracted from performance versus the Index. In contrast, leverage contributed to performance relative to the Index, as did an overweight in zero coupon bonds and an overweight and security selection in insured Puerto Rico bonds. The majority of the Fund's Puerto Rico holdings were insured by various municipal bond insurers. It should be noted that most uninsured bonds issued by the Commonwealth of Puerto Rico and its various conduit issuers were no longer included in the Index. As Puerto Rico continued to deal with an ongoing fiscal crisis, bonds issued by its various legal entities were impacted by a number of factors throughout the period. As the period ended, the situation in Puerto Rico was continuing to evolve.

Eaton Vance New York Municipal Bond Fund shares at NAV returned 8.01%, underperforming the 8.72% return of the Index. Key detractors from performance versus the Index included the Fund's hedging strategy, an overweight in prerefunded bonds, and an underweight in A-rated and BBB-rated bonds. Primary contributors to performance relative to the Index included leverage, an overweight in the industrial development revenue sector, and an overweight in the special tax sector.

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Municipal Bond Fund

September 30, 2016

Performance^{2,3}

Portfolio Manager Cynthia J. Clemson

% Average Annual Total Returns	Inception Date	One Year	Five Years	Ten Years
Fund at NAV	08/30/2002	10.19%	9.20%	5.88%
Fund at Market Price		14.91	8.24	5.71
Bloomberg Barclays Long (22+) Year Municipal Bond Index		8.72%	6.42%	5.29%

% Premium/Discount to NAV⁴	5.94%
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Distributions⁵

Total Distributions per share for the period	\$ 0.727
Distribution Rate at NAV	4.60%
Taxable-Equivalent Distribution Rate at NAV	8.13%
Distribution Rate at Market Price	4.89%
Taxable-Equivalent Distribution Rate at Market Price	8.64%

% Total Leverage⁶

Residual Interest Bond (RIB) Financing	38.44%
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Fund Profile

Credit Quality (% of total investments)^{7,8}

See Endnotes and Additional Disclosures in this report.

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Eaton Vance

California Municipal Bond Fund

September 30, 2016

Performance^{2,3}

Portfolio Manager Craig R. Brandon, CFA

% Average Annual Total Returns	Inception Date	One Year	Five Years	Ten Years
Fund at NAV	08/30/2002	8.22%	8.16%	4.78%
Fund at Market Price		22.99	8.03	5.49
Bloomberg Barclays Long (22+) Year Municipal Bond Index		8.72%	6.42%	5.29%

% Premium/Discount to NAV⁴	
	+3.91%

Distributions⁵	
Total Distributions per share for the period	\$ 0.684
Distribution Rate at NAV	5.24%
Taxable-Equivalent Distribution Rate at NAV	10.68%
Distribution Rate at Market Price	5.04%
Taxable-Equivalent Distribution Rate at Market Price	10.27%

% Total Leverage⁶	
RIB Financing	40.98%

Fund Profile

Credit Quality (% of total investments)^{7,8}

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New York Municipal Bond Fund

September 30, 2016

Performance^{2,3}

Portfolio Manager Craig R. Brandon, CFA

% Average Annual Total Returns	Inception Date	One Year	Five Years	Ten Years
Fund at NAV	08/30/2002	8.01%	7.33%	5.19%
Fund at Market Price		19.75	6.93	5.56
Bloomberg Barclays Long (22+) Year Municipal Bond Index		8.72%	6.42%	5.29%

% Premium/Discount to NAV⁴	+0.21%
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Distributions⁵	
Total Distributions per share for the period	\$ 0.718
Distribution Rate at NAV	5.02%
Taxable-Equivalent Distribution Rate at NAV	9.73%
Distribution Rate at Market Price	5.01%
Taxable-Equivalent Distribution Rate at Market Price	9.71%

% Total Leverage⁶	
RIB Financing	39.00%

Fund Profile

Credit Quality (% of total investments)^{7,8}

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Endnotes and Additional Disclosures

- ¹ The views expressed in this report are those of the portfolio manager(s) and are current only through the date stated at the top of this page. These views are subject to change at any time based upon market or other conditions, and Eaton Vance and the Fund(s) disclaim any responsibility to update such views. These views may not be relied upon as investment advice and, because investment decisions are based on many factors, may not be relied upon as an indication of trading intent on behalf of any Eaton Vance fund. This commentary may contain statements that are not historical facts, referred to as forward looking statements. The Fund's actual future results may differ significantly from those stated in any forward looking statement, depending on factors such as changes in securities or financial markets or general economic conditions, the volume of sales and purchases of Fund shares, the continuation of investment advisory, administrative and service contracts, and other risks discussed from time to time in the Fund's filings with the Securities and Exchange Commission.
- ² Bloomberg Barclays Long (22+) Year Municipal Bond Index is an unmanaged index of municipal bonds traded in the U.S. with maturities of 22 years or more. Prior to August 24, 2016, Bloomberg Barclays Long (22+) Year Municipal Bond Index was named Barclays Long (22+) Year Municipal Bond Index. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index.
- ³ Performance results reflect the effects of leverage. Performance since inception for an index, if presented, is the performance since the Fund's or oldest share class inception, as applicable.
- ⁴ The shares of the Fund often trade at a discount or premium from their net asset value. The discount or premium of the Fund may vary over time and may be higher or lower than what is quoted in this report. For up-to-date premium/discount information, please refer to <http://eatonvance.com/closedend>.
- ⁵ The Distribution Rate is based on the Fund's last regular distribution per share in the period (annualized) divided by the Fund's NAV or market price at the end of the period. The Fund's distributions may be comprised of amounts characterized for federal income tax purposes as tax-exempt income, qualified and non-qualified ordinary dividends, capital gains and nondividend distributions, also known as return of capital. The Fund will determine the federal income tax character of distributions paid to a shareholder after the end of the calendar year. This is reported on the IRS form 1099-DIV and provided to the shareholder shortly after each year-end. For information about the tax character of distributions made in prior calendar years, please refer to Performance-Tax Character of Distributions on the Fund's webpage available at eatonvance.com. The Fund's distributions are determined by the investment adviser based on its current assessment of the Fund's long-term return potential. Fund distributions may be affected by numerous factors including changes in Fund performance, the cost of financing for Funds that employ leverage, portfolio holdings, realized and projected returns, and other factors. As portfolio and market conditions change, the rate of distributions paid by the Fund could change.
- Taxable-equivalent performance is based on the highest combined federal and state income tax rates, where applicable. Lower tax rates would result in lower tax-equivalent performance. Actual tax rates will vary depending on your income, exemptions and deductions. Rates do not include local taxes. Subsequent distributions declared, but not reflected in Fund Performance, reflect a reduction of the monthly distribution for California Municipal Bond Fund and New York Municipal Bond Fund.
- ⁶ Fund employs RIB financing. The leverage created by RIB investments provides an opportunity for increased income but, at the same time, creates special risks (including the likelihood of greater price volatility). The cost of leverage rises and falls with changes in short-term interest rates. See Floating Rate Notes Issued in Conjunction with Securities Held in the notes to the financial statements for more information about RIB financing. RIB leverage represents the amount of Floating Rate Notes outstanding at period end as a percentage of Fund net assets plus Floating Rate Notes.

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⁷ Ratings are based on Moody's, S&P or Fitch, as applicable. If securities are rated differently by the ratings agencies, the higher rating is applied. Ratings, which are subject to change, apply to the creditworthiness of the issuers of the underlying securities and not to the Fund or its shares. Credit ratings measure the quality of a bond based on the issuer's creditworthiness, with ratings ranging from AAA, being the highest, to D, being the lowest based on S&P's measures. Ratings of BBB or higher by S&P or Fitch (Baa or higher by Moody's) are considered to be investment-grade quality. Credit ratings are based largely on the ratings agency's analysis at the time of rating. The rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition and does not necessarily reflect its assessment of the volatility of a security's market value or of the liquidity of an investment in the security. Holdings designated as "Not Rated" are not rated by the national ratings agencies stated above.

⁸ The chart includes the municipal bonds held by a trust that issues residual interest bonds, consistent with the Portfolio of Investments.

Fund profile subject to change due to active management.

Eaton Vance

Municipal Bond Fund

September 30, 2016

Portfolio of Investments

Tax-Exempt Investments 160.9%

	Principal	
	Amount	
Security	(000 s omitted)	Value
Education 15.1%		
California Educational Facilities Authority, (University of Southern California), Prerefunded to 10/1/18, 5.25%, 10/1/38 ⁽¹⁾	\$ 9,750	\$ 10,616,483
Houston Higher Education Finance Corp., TX, (St. John's School), 5.25%, 9/1/33	3,985	4,596,259
Houston Higher Education Finance Corp., TX, (William Marsh Rice University), 5.00%, 5/15/35 ⁽¹⁾	15,000	17,026,950
Massachusetts Health and Educational Facilities Authority, (Boston College), 5.50%, 6/1/27	5,810	7,822,991
Massachusetts Health and Educational Facilities Authority, (Boston College), 5.50%, 6/1/30	8,325	11,422,399
New York Dormitory Authority, (Rockefeller University), 5.00%, 7/1/40 ⁽¹⁾	15,300	16,981,776
North Carolina Capital Facilities Finance Agency, (Duke University), 5.00%, 10/1/38 ⁽¹⁾	13,500	14,825,295