MEMORANDUM

April 13, 2018

TO: File No. S7-08-15

FROM: J. Matthew DeLesDernier
Division of Investment Management

IC-31610

On April 4, 2018, Dalia Blass, Director, Paul Cellupica, Deputy Director, Diane Blizzard, Associate Director, Brian M. Johnson, Assistant Director, David Bartels, Senior Special Counsel, Michael Pawluk, Senior Special Counsel, Raymond Be, Attorney-Adviser, J. Matthew DeLesDernier, Senior Counsel, and John Lee, Senior Counsel of the Division of Investment Management; Jonathan Ingram, Deputy Chief Counsel, and Carolyn Sherman, Special Counsel of the Division of Corporation Finance; and Sharon Lawson, Senior Special Counsel, and Eugene Hsia, Special Counsel of the Division of Trading and Markets met with Naadia Burrows, Vice President, Mutual Fund Client Services, Charles Callan, Senior Vice President, Regulatory Affairs, Lyell Dampeer, President of Investor Communications Services U.S., Michael Liberatore, Corporate Vice President for Investor Communication Solutions, Mutual Funds, and Swatika Rajaram, Vice President, Strategy of Broadridge Financial Solutions, Inc. and Roel C. Campos, Partner, and Nicole Sarrine, Associate of Hughes Hubbard & Reed LLP in two meetings.

The purpose of the meetings was to discuss proposed rule 30e-3 under the Investment Company Act of 1940.

Attachments
Annual and Semiannual Investment Company Reports
Enhanced Notice Approach

Discussion with the SEC, Division of Investment Management

April 4, 2018
Significant and Growing Progress in Eliminating Printing & Postage…
Under SEC Guidance for E-delivery and NYSE Fees for Preference Management and “EBIPs*”

The need to mail paper is being eliminated by technologies and processing for investor preferences (inclusive of householding, e-delivery, and consolidations).

Percentage of mailings eliminated for proxy and interim communications for accounts held in street name

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</tr>
</thead>
<tbody>
<tr>
<td>Equity Proxy</td>
<td>54%</td>
<td>54%</td>
<td>55%</td>
<td>57%</td>
<td>60%</td>
<td>62%</td>
<td>64%</td>
<td>67%</td>
<td>69%</td>
<td>70%</td>
</tr>
<tr>
<td>Mutual Fund Interims</td>
<td>26%</td>
<td>29%</td>
<td>32%</td>
<td>37%</td>
<td>42%</td>
<td>49%</td>
<td>55%</td>
<td>58%</td>
<td>61%</td>
<td>65%</td>
</tr>
</tbody>
</table>

Notes: based on Broadridge’s processing data. Totals by fiscal year (ending June 30). “Interims” include direct-held positions for funds with combined distributions.

FY17 estimated total savings on printing and postage, e.g.:
• Over $2 billion on proxy (based on NIRI’s estimate of the cost of printing an annual report and proxy statement and actual postage rates)
• Over $450 million on interim communications including annual reports, semiannual reports, prospectuses and other investment company communications.

* Enhanced Brokerage Internet Platforms provide a direct connection to proxies, fund reports, and shareholder communications. Currently, 24 broker-dealers provide access to EBIPs for shareholders who as a group own 55%+ of all street positions.
Enhanced Notice of Fund Report Availability

Background

• SEC Chair White was receptive to ideas from Broadridge to “tweak” the original 30e-3 proposal – in order to make the disclosure more effective for investors and to create the same or greater cost savings for investment companies. We reached out to fund companies, brokers, investor advocates, and individual investors.
  • We tested concepts with individual investors. They showed a strong preference for an ‘enhanced notice’ over the ‘no-content notice’ that 30e-3 originally proposed, and they indicated that they would be more likely to enroll in e-delivery if they could receive enhanced notice information.
  • Results were provided to staff, the Office of the Investor Advocate, and the Investor Advisory Committee.

• The enhanced notice design reflects key elements of effective disclosure as outlined by academics and behavioral scientists in the SEC’s Evidence Summit (March 10, 2017), including: key content provided in charts, tables, and graphs; standardized formats (reflecting differences in Annual and Semiannual Reports); and an easy means to enroll in e-delivery.

• The Investor Advisory Committee (“IAC”) voiced strong support for a layered approach. December 7, 2017, recommended continued exploration of a “brief summary of key information…” “…along with prominent notice regarding how to obtain a copy of the full report.”
  • The IAC recommended that the Commission “seek public comment on the appropriate content and format.”

• Commissioner Stein stated at ICI’s Securities Law Developments Conference on December 7, 2017: “I do see a potential path forward here. Investors could benefit enormously from a compact and timely disclosure document that they actually look at and understand.”

• Commissioner Peirce stated at ICI’s conference on March 19, 2018, “For me, it is about more than saving fund investors money—although that is important. It is about facilitating a larger effort of harnessing technology to provide investors with information in a way that they can better understand and analyze.” “The Commission should… devise creative approaches for getting investors the information they need in a format they want to use.”
A Mutual Fund and Broker-Dealer Working Group is exploring ways to accelerate e-adoption.

- Consists of 25 individuals from mutual funds and broker-dealers, under the leadership of Michael Woodall, Chief of Operations, Putnam Investments. Fund participants include, among others: AllianceBernstein, Blackrock, Fidelity, Guggenheim, Invesco, Neuberger Berman, New York Life, Hartford, JPM Funds, Oppenheimer, MFS, Delaware Investments, Voya, Nationwide, and PIMCO.

- The objectives are to:
  - Drive significant value and cost savings among both direct-held and beneficial accounts -- by helping to improve the e-delivery experience and by sharing best practices to increase e-adoption.
  - Help Mutual Funds and Brokers better engage with their investors/shareholders on a regular basis to support their brand awareness.

- The Working Group has conducted pilots that tested the effectiveness of “reimagined” emails. Five pilots were completed to date (of which four used reimagined emails that are akin to Enhanced Notices).
Reimagined Emails Were Piloted with Segments of Direct-Held Accounts (illustrative)
Enhanced Notice: A Better Way to Drive More E-Delivery

- Key content provided in charts, tables, and graphs
- Standardized formats – reflect differences in Annual and Semiannual Reports
- Easy sign-up for e-delivery
- Mobile-enabled version (scrollable) has similar information
Enhanced Notice method:
Improved Cost Savings and Investor Benefits in Comparison to the Original 30e-3 Proposal

- **Layered disclosure:** provides notification of the internet-availability of annual and semiannual reports along with key information -- including performance, expenses, portfolio, and other information. Some differences for annual and semiannual reports.

- **No change in the default for receiving key information:** important information is provided without investors’ having to request it or to take extra steps to view it.

- **E-delivery:** several means to enroll, tied to the investor’s brokerage account for funds held in street name. Will lead to higher levels of e-delivery.

- **Better economics of the Enhanced Notice method:**
  - With enhanced information in hand, the SEC could choose to eliminate the “implied consent” aspect of 30e-3, saving $60 million on “initial statement” mailings and $10 million annually on reply forms.
  - Utilizes a standard print-on-demand (“POD”) format, with fund and broker branding, that creates processing efficiencies, e.g., it reduces costs of handling hard copies.
  - Eliminates insertions of forms and envelopes.
  - Utilizes a self-mailer (for over 40% of distributions), creating further efficiencies.
  - Potential to leverage some of the technology/infrastructure of proxy notice & access.
  - With these changes, we can develop and implement enhanced notices at a lower fee for 30e-3.
  - **Greater adoption:** With a lower fee for 30e-3, over 2,000 additional fund “jobs” would save money.

**Broadridge is committed to working with investment companies and broker-dealers to streamline the enhanced notice method and to create cost savings for fund investors.**
Better Economics with Certain Distributions Would Encourage Greater Adoption. Will Drive Additional Efficiencies and Cost Savings on Printing, Postage & Forms.

- Because the unit cost to print many reports is low, the cost savings of mailing notices is limited in certain distributions. Under the NYSE’s regulated fee for 30e-3, as approved, approximately 68% of the jobs (6,500) would see some savings, others would see no cost savings.

- With better economics for enhanced notices, approximately 90% of the jobs (8,600) would have cost savings. As a group, these jobs cover 86% of the volume of reports sent by mail (190 million). For many fund families, the savings would be substantial.

- Greater engagement with enhanced notices will lead to greater levels of participation in true e-delivery (i.e., no physical mailings), and greater future savings.

- All funds, including those not using Notice & Access, will benefit from increased e-adoption on the street side through network benefits.

Note: based on CY16 data
The SEC’s current guidance for e-delivery AND an Enhanced Notice option reduce printing & postage costs by over 80% in comparison to the use of full reports for all mailings. (From $405m down to $65m, FY20)

- The enhanced notice would eliminate implied consents, business return envelops, and insertions. It utilizes POD and a self-mailer document for many distributions.
- With these functional changes, Broadridge and its broker-dealer clients could execute at a lower fee for 30e-3 notices.
- With a lower fee for 30e-3, more funds will save money.
  - With better economics, the maximum that could be billed would be approximately $20 million, assuming full adoption.
  - Under the SEC’s original proposal and method for 30e-3, the maximum that could be billed would be $40 million, assuming full adoption.
  - Better economics provide an additional savings of $20 million to fund investors.
- The enhanced notice approach will drive greater growth in e-delivery. As true e-delivery grows, the notice fee declines (notice fees are charged only on notices that are mailed).
- E-delivery savings are before the NYSE preference management fee of $0.10.
- Assumes constant volume and constant costs for printing & postage. Figures are rounded.
Appendix

Background on E-Delivery and Survey of Reimagined Emails
Most industries have made limited progress in getting their customers to choose to use digital solutions.

**ACTIVE DIGITAL CUSTOMERS**

- Retail Banking: 65%
- Wealth Management: 23%
- Utilities: 12%
- Insurance: 7%

Sources: Broadridge Data Analysis and Quantcast
Individuals use the Internet for some types of communications but not others.

- 98% Internet Users
- 2% Offline

Distribution of Bills & Statements:
- 30% Exclusively Digital
- 70% Use Print & Mail

20% “Double Dippers”

The key is to improve the user’s experience with fund report disclosures.

Sources: Pew Research Center, 2016; Aite Group, 2017; InfoTrends, 2017; Dalbar, 2016; and, Broadridge data analysis.
The “No-Content” Notice Originally Proposed by Rule 30e-3 (illustration*) Would Not Be Effective in Driving Individuals to Use Technology

A single sheet of paper (illustrative)

Front Page

IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF SHAREHOLDER REPORTS

FUND NAME
ONE MAIN STREET
ANY TOWN, NY 12345

Information enclosed regarding your investment

A/C 00000123456789ABC01

JOHN DOE
123 CENTRAL AVENUE
ANY TOWN, NY 12345

You are receiving this notice because you consented to receive notifications of the availability of shareholder reports on the Internet. Shareholder reports contain important information about your mutual funds and exchange traded funds investments, including performance information and portfolio holdings.

A new shareholder report is now available on the Internet for your review.

See the reverse side for instructions on how to access shareholder report.

Back Page

How to Access the Shareholder Report

Materials available to view:
ANNUAL REPORT

How to view online:
You may now access the <issname1> shareholder report online at www.materialnotice.com*

As an alternative, if you would like to further reduce your fund’s printing costs, you can consent to receive all future investor communications including shareholder reports electronically via e-mail. To sign up for electronic delivery, please follow the instructions on the following website.

www.investordelivery.com

* NOTE: Fund Notice & Access will necessitate the use of control numbers, or their functional equivalent, for several reasons. For example, control numbers make it easier for recipients of a mailed notice to view a report by typing in a relatively limited number of characters on a familiar centralized site. In a recent sample of fund URLs sent as links contained in email messages, we found that URLs ranged from 20 characters to over 100 characters in length. Under a mailed notice option, these lengthy URLs would need to be typed into a browser. Use of a control number or its functional equivalent would eliminate this practical impediment for many investors.

* The original proposal did not include a means to enroll in e-delivery.
“Reimagined” Fund E-mails: a better way to engage investors (mobile enabled).

HISTORICAL RETURNS (%)

<table>
<thead>
<tr>
<th>Period</th>
<th>3 Yrs</th>
<th>5 Yrs</th>
<th>7 Yrs</th>
<th>1 Yr</th>
<th>3 Mths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annualized</td>
<td>5.02</td>
<td>4.15</td>
<td>3.98</td>
<td>4.19</td>
<td>4.80</td>
</tr>
</tbody>
</table>

GROWTH OF $10K

<table>
<thead>
<tr>
<th>Period</th>
<th>$10,000</th>
<th>$10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 Years</td>
<td>$18,050</td>
<td>$21,000</td>
</tr>
</tbody>
</table>

SECTOR ALLOCATION (%)

- Healthcare REITs: 22.5%
- Malls and Factory-Outlets REITs: 15.6%
- Office REITs: 11.0%
- Strip Centers REITs: 10.8%
- Diversified Specialty & Other REITs: 9.2%
- Self Storage REITs: 7.9%
- Industrial REITs: 7.4%
- Industrial REITs: 6.3%
- Hotels & Resorts REITs: 4.1%
- Retail REITs: 2.6%
- Other: 0.8%

MANAGEMENT TEAM

J. Scott Craig
Vice President, Eaton Vance Management
Jared Eaton Vance 2005

Biography
J. Scott Craig is a vice president of Eaton Vance Management, portfolio manager of the firm’s real estate equity strategies and equity analyst on Eaton Vance's value team. As a portfolio manager, he...
Executive Summary

Broadridge might be able to transition investors from paper copies to an electronic version with this new email.

Currently, two-thirds receive a paper version of the mutual fund report. When presented with the new version as an option, only one-quarter selected the paper copy, while nearly two-thirds preferred the enhanced email.

<table>
<thead>
<tr>
<th>Current Receipt</th>
<th>Preferred Receipt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker/advisor gave me a copy, 4%</td>
<td>No preference, 6%</td>
</tr>
<tr>
<td>Searched Internet to access report, 2%</td>
<td>Paper copy, 38%</td>
</tr>
<tr>
<td>Received both paper copy and email with link, 24%</td>
<td>Current email, 5%</td>
</tr>
<tr>
<td>Received email with link to view the report, 28%</td>
<td>New email, 51%</td>
</tr>
<tr>
<td>Received paper copy in mail, 43%</td>
<td></td>
</tr>
</tbody>
</table>

Currently, 67% respondents report receiving a paper copy of their mutual fund reports.

With the current version in the mix, even those currently receiving only a paper copy would prefer (51%) to receive the new email.
When directly compared, the enhanced email is the clear choice over the current version.

- More than half of the survey respondents would rather invest with the firm associated with the enhanced email.
- The vast majority of respondents indicated they would rather receive the enhanced email, would be more likely to read it, and feel it contains more useful information.
- Few survey respondents chose the current version of the email over the enhanced email.
Fund Report Information Investors Say They Most Want to See

July, 2016 survey of 1,811 mutual fund investors done by True North Market Insights. Tested reaction to current and enhanced version of emails of fund reports.

Investors identify performance-related information as most critical to include in mutual fund emails.

Fund performance was selected as most important (58%), followed by benchmark to compare performance (32%).

Secondarily, percent of assets invested with fund, sales charges, expense ratio, hypothetical investment of $10,000, and link to "Log In" to account were selected.

Surveys by ICI (2006), SEC (2012), and Forrester (2015) confirm that the majority of fund investors review fund reports some, most, or all of the time.

Q22. The following are items you said you’d like to have included in this email. Please select up to 4 that you would MOST LIKE to see included.
Path to the Next Generation of Email/Digital
Improving the User Experience with Annual and Semiannual Reports

July, 2016

True North Market Insights
Study Overview

Background & Objectives
The purpose of this study was to evaluate e-delivery options for mutual fund annual and semiannual shareholder communications in an effort to:

- Determine investor/shareholder opinions on the enhanced email communications concept.
- Identify the extent to which the enhanced communication drives investor engagement.

Methodology
1,811 consumers completed a 10-minute survey June 8-11, 2016.
- Broadridge was not identified as the sponsor of the study.

Survey Overview
Two versions of an email message were shown to survey respondents:

- One version is a mock-up of the email message many investors currently receive.
- The other version is a mock-up of a redesigned email concept.

Each version was evaluated on its own and then directly compared.
- The order of presentation was rotated to eliminate order bias.
Current Email

EATON VANCE

READ NOW! EV REAL ESTATE FUND

Important material is available for your review.

Important Materials

 Annual Report

Job Number: K34598

(c)1997 - 2016 Broadridge Financial Solutions, Inc. ProxyVote and Broadridge are trademarks of Broadridge Financial Solutions, Inc. CUSIP is a registered trademark of the American Bankers Association. All other registered marks belong to their respective owners. Email Settings | Terms and Conditions | Privacy Statement
“Reimagined” Email Concept

**Top Section**

Eaton Vance Management Real Estate Fund Annual Report
May 13, 2016

- [Image]
- [Image]
- [Image]

[Shareholder’s Name], thank you for being a Eaton Vance Shareholder. If you have any questions about this document, or anything associated with your account please contact us at:

  - Call: 800-225-1581 or [Chat Now]

**OVERVIEW**

The Fund
The Fund offers a portfolio of real estate companies and real estate investment trusts (REITs) representing a broad range of geographic regions, property types and individual issuers. The Fund manager has more than 29 years of real estate experience.

The Approach
The portfolio manager generally seeks to purchase securities of companies believed to be highly in quality and reasonably priced in relation to their fundamental value. The portfolio manager considers asset quality, quality of management, and type and location of real estate in making investment decisions.

**Middle Section**

**HISTORICAL RETURNS (%)**

<table>
<thead>
<tr>
<th>Period</th>
<th>1 Year</th>
<th>3 Years</th>
<th>YTD</th>
<th>1 Yr.</th>
<th>3 Yrs.</th>
<th>5 Yrs.</th>
<th>10 Yrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual</td>
<td>-0.2%</td>
<td>1.4%</td>
<td>-1.6%</td>
<td>3.8%</td>
<td>7.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund at NAV</td>
<td>0.2%</td>
<td>5.8%</td>
<td>-0.8%</td>
<td>3.4%</td>
<td>7.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund in Net Sales Change</td>
<td>0.19%</td>
<td>1.2%</td>
<td>-0.6%</td>
<td>1.8%</td>
<td>6.2%</td>
<td>0.7%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Dow Jones U.S. Select Real Estate Securities Index</td>
<td>-2.01%</td>
<td>4.86%</td>
<td>5.91%</td>
<td>7.84%</td>
<td>11.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitality Real Estate Category</td>
<td>-2.34%</td>
<td>3.07%</td>
<td>2.31%</td>
<td>5.60%</td>
<td>6.52%</td>
<td>9.09%</td>
<td>9.50%</td>
</tr>
</tbody>
</table>

Past performance is no guarantee of future results. Investment returns and principal value of the Fund will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. The Fund’s performance may be different from that of the indices shown. Due to round-off, percentages may not add up to 100%.

**SECTOR ALLOCATION (%)**

- Multifamily REITs: 22.5%
- Mills and Factory Outlets REITs: 15.6%
- Office REITs: 13.6%
- Strip Centers REITs: 10.8%
- Diversified, Specialty & Other REITs: 9.1%
- Self Storage REITs: 7.9%
- Health Care REITs: 7.4%
- Industrial REITs: 6.3%
- Hotels & Resorts REITs: 4.1%
- Hotels, Restaurants & Leisure: 2.6%
- Other: 0.0%

**TOP 10 HOLDINGS (%) of net assets**

- Simon Property Group Inc: 11.21%
- Public Storage: 9.42%
- Equinix: 7.13%
- Anadarko Communities Inc: 5.95%
- EYV Cash Reserves Fund: 5.08%
- Essex Property Trust Inc: 4.01%
- Federal Realty Investment Trust: 3.90%
- Boston Properties Inc: 3.75%
- Ventas Inc: 2.91%
- Wall Street Inc: 2.80%

**Bottom Section**

**GROWTH OF $10K**

Class A at NAV
Class A with Maximum Sales Charge
Class B at NAV
Class B with Maximum Sales Charge
S&P 500 Index

**MANAGEMENT TEAM**

- J. Scott Craig
  - Vice President, Eaton Vance Management
  - Joined Eaton Vance 2005

Biography
Scott Craig is a vice president of Eaton Vance Management, portfolio manager of the firm’s real estate equity strategies and equity analyst on Eaton Vance’s value team. As a portfolio manager, he . . .

Learn more about Eaton Vance’s Atlanta Capital SMID-Cap Fund

- [Image]

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**Delivery Preference**

Broadridge might be able to transition investors from paper copies to an electronic version with this new email.

Currently, two-thirds receive a paper version of the mutual fund report. When presented with the new version as an option, only one-quarter selected the paper copy, while nearly two-thirds preferred the enhanced email.

Currently, 67% respondents report receiving a paper copy of their mutual fund reports.

With the current version in the mix, even those currently receiving only a paper copy would prefer (51%) to receive the new email.
Direct Comparison of Emails

When directly compared, the new email is the clear choice over the current version.

Seven in ten indicate they would rather receive the enhanced version, would be more likely to read it, and feel it contains more useful information.

Over half would rather invest with the firm associated with the new email.

Few respondents selected the current version.

Email Preference

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Would rather invest</td>
<td>5%</td>
<td>59%</td>
</tr>
<tr>
<td>Would rather receive</td>
<td>8%</td>
<td>72%</td>
</tr>
<tr>
<td>More likely to read</td>
<td>9%</td>
<td>73%</td>
</tr>
<tr>
<td>Contains more useful</td>
<td>6%</td>
<td>74%</td>
</tr>
</tbody>
</table>

Base: Respondents Rating First Email (Current n=904; New n=907)

Q16. Which email are you more likely to read?
Q17. Which email contains useful information?
Q18. Which email would you rather receive?
Q19. Assuming these came from different brokerage firms, which would you rather invest with?
Investors identify performance-related information as most critical to include in mutual fund emails.

Fund performance was selected as most important (58%), followed by benchmark to compare performance (32%).

Secondarily, percent of assets invested with fund, sales charges, expense ratio, hypothetical investment of $10,000, and link to "Log In" to account were selected.
Survey respondents indicated that the enhanced email provides them with more valuable information.

- The enhanced email significantly outperforms the current version (9% to 28% rating differential).
- The enhanced email is likely to drive more investor engagement, including higher open rates and readership.

<table>
<thead>
<tr>
<th></th>
<th>Current Email</th>
<th>Enhanced Email</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>This email is visually appealing</td>
<td>40%</td>
<td>68%</td>
<td>+28%</td>
</tr>
<tr>
<td>It contains very useful information</td>
<td>52%</td>
<td>73%</td>
<td>+21%</td>
</tr>
<tr>
<td>It contains the information I value most</td>
<td>39%</td>
<td>60%</td>
<td>+21%</td>
</tr>
<tr>
<td>This is something I would look forward to receiving</td>
<td>31%</td>
<td>48%</td>
<td>+17%</td>
</tr>
<tr>
<td>It is easy to read and understand</td>
<td>54%</td>
<td>69%</td>
<td>+15%</td>
</tr>
<tr>
<td>I would use this information when evaluating my investments</td>
<td>51%</td>
<td>65%</td>
<td>+14%</td>
</tr>
<tr>
<td>I would appreciate the firm that sends me this information</td>
<td>55%</td>
<td>64%</td>
<td>+9%</td>
</tr>
</tbody>
</table>