

Eaton Vance Management

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This brochure provides information about the qualifications and business practices of Eaton Vance Management. If you have any questions about the contents of this brochure, please contact us at (800) 225-6265 or (617) 482-8260. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Eaton Vance Management is an SEC-registered investment adviser. This registration does not imply a certain level of skill or training. Additional information about Eaton Vance Management also is available on the SEC's website at www.adviserinfo.sec.gov.

Summary of Material Changes

The following material changes have been made to this brochure since its last annual update on January 29, 2014:

- The Fees and Compensation section was revised to reflect the current investment strategies and fee schedules offered to institutional and individual clients.

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Advisory Business

Eaton Vance Management (“Eaton Vance”) is a leading provider of investment advice to institutional clients, mutual funds and other pooled investment vehicles. Eaton Vance and its predecessor organizations have been providing investment advice since 1924. As of October 31, 2014, Eaton Vance and its affiliates manage a total of \$297.7 billion in client assets. Of this amount, Eaton Vance manages \$88.9 billion in client assets, of which \$85.6 billion is managed on a discretionary basis.

Eaton Vance is a wholly owned subsidiary of Eaton Vance Corp., a publicly held corporation, the shares of which are listed on the New York Stock Exchange. Publicly held shares of Eaton Vance Corp. common stock are all nonvoting. All outstanding shares of Eaton Vance Corp.’s voting common stock are beneficially owned by certain officers of Eaton Vance Corp. and are deposited in a voting trust. The trustees of the voting trust are all officers of Eaton Vance Corp. As of October 31, 2014, no individual shareholder owned or had the right to vote 25% or more of the voting or nonvoting shares of Eaton Vance Corp.

Eaton Vance offers advisory services in a variety of equity, income, mixed-asset and alternative strategies. In-depth fundamental analysis is the primary basis for Eaton Vance’s investment decision making. Eaton Vance is registered with the Commodity Futures Trading Commission as a commodity pool operator and a commodity trading advisor.

Eaton Vance provides investment advisory services through separately managed accounts to a variety of institutional clients (“Institutional Accounts”), including high net worth individuals, business organizations, public and private pensions, trusts, foundations, charitable organizations, sovereign wealth funds and other entities. The advisory services for these accounts are tailored to each client based on its individual investment objectives. Before establishing an Institutional Account, Eaton Vance and the client discuss the available investment strategies and the client’s investment objectives. Investment in certain securities or types of securities may be restricted at the request of the client.

Eaton Vance and its subsidiary, Boston Management and Research (“BMR”), also serve as investment adviser to private and public pooled investment vehicles sponsored by Eaton Vance (the “EV Funds”), including registered investment companies (“EV Mutual Funds”), investment companies that are exempt from registration (“Private Funds”), and investment companies domiciled and distributed outside the United States (“Offshore Funds”), as well as registered investment companies sponsored by unaffiliated parties (“Unaffiliated Funds”) (collectively, the “Funds”). Each Fund is managed in accordance with its respective investment objectives, strategies and restrictions as approved by the Fund’s Board of Trustees or other governing body, as applicable. Retail investors primarily access Eaton Vance’s advisory services indirectly by investing in the EV Mutual Funds, Offshore Funds or Unaffiliated Funds.

Eaton Vance also provides investment services to retail investors by advising (or sub-advising) separate account portfolios (traditional wrap programs) or providing model portfolios (model portfolio wrap programs) in wrap programs sponsored by banks, broker-dealers and other financial intermediaries (“Wrap Accounts”). In a traditional wrap program, Eaton Vance executes securities transactions in an account in the name of the wrap program participant (a

“Wrap Client”), subject to any investment restrictions provided by the Wrap Client. Investment advisory services are provided to model portfolio wrap programs on a non-discretionary basis; Eaton Vance provides model portfolios to the wrap program sponsor, who then executes securities transactions on behalf of the Wrap Clients. In most wrap programs, the Wrap Clients are not advisory clients of Eaton Vance. Eaton Vance provides portfolio management services to the Wrap Clients pursuant to an agreement with the wrap program sponsor. In so called “dual contract” wrap programs, Eaton Vance does have an advisory agreement with the Wrap Client. In exchange for providing portfolio management services to Wrap Clients, Eaton Vance receives a portion of the wrap fees paid by the participants to the wrap program sponsors.

Fees and Compensation

The investment advisory services provided by Eaton Vance and BMR to the EV Funds and the fee schedules for such services generally are described in each Fund's current disclosure documents filed with the Securities and Exchange Commission or private placement memorandum, as applicable. Below are the standard fee schedules for various clients of Eaton Vance. Existing clients of Eaton Vance may have different fee arrangements from those stated below.

Institutional and Individual Clients

Fee rates for Institutional Accounts, Unaffiliated Funds and Wrap Accounts (collectively, "Separate Account" clients) are quoted on an annual basis. However, fees are generally paid monthly or quarterly in arrears based upon (1) the value of the assets subject to a fee in the client's account on the last business day of the month and/or quarter, (2) the average daily net assets during the period or (3) the average net assets in the client's account at the end of each month during the quarter. Fees are generally quoted to prospective Separate Account clients in accordance with the following schedules:

Investment Strategy	Fee Schedule	Minimum Separate Account Initial Balance
Large Cap Value Equity Large Cap Core Research Large Cap Growth Equity	0.60% First \$25 million 0.50% Next \$25 million 0.42% Next \$50 million 0.35% Next \$100 million 0.30% Next \$300 million 0.25% Over \$500 million	Generally \$25 million
Focused Large Cap Value Equity Focused Large Cap Growth Equity	0.80% First \$25 million 0.70% Next \$25 million 0.60% Next \$50 million 0.50% Next \$100 million 0.40% Next \$300 million 0.35% Over \$500 million	Generally \$25 million
Fox Small Cap Value Equity	1.00% First \$5 million 0.90% Next \$20 million 0.80% Next \$25 million Amounts above \$50mm Negotiable	Generally \$5 million
Small Cap Core Equity	1.00% First \$50 million 0.85% Over \$50 million	Generally \$25 million
Small/Mid Cap Core Equity	0.90% All Assets	Generally \$25 million
Mid Cap Core Equity	0.85% All Assets	Generally \$25 million
Parametric Emerging Markets	0.80% First \$150 million 0.70% Next \$150 million 0.65% Over \$300 million	Generally \$75 million

Investment Strategy	Fee Schedule	Minimum Separate Account Initial Balance
Parametric Emerging Markets Core	0.55% First \$150 million 0.50% Next \$150 million 0.45% Over \$300 million	Generally \$50 million
Parametric Commodity	0.50% First \$25 million 0.45% Next \$25 million 0.40% Next \$50 million 0.35% Over \$100 million	Generally \$25 million
High Yield Bond	0.50% First \$50 million 0.45% Next \$50 million 0.40% Next \$100 million 0.35% Over \$200 million	Generally \$25 million
Emerging Markets Debt	0.65% First \$150 million 0.55% Next \$150 million 0.50% Over \$300 million	Generally \$50 million
Eaton Vance Real Estate Investment Strategy	0.70% First \$25 million 0.60% Next \$25 million 0.50% Over \$50 million	Generally \$10 million
Core Bond/Intermediate Core Bond	0.25% First \$100 million 0.20% Next \$150 million 0.10% Over \$250 million	Generally \$50 million
Core Plus	0.30% First \$50 million 0.25% Next \$50 million 0.20% Over \$100 million	Generally \$50 million
Multi-Sector	0.45% First \$25 million 0.375% Next \$25 million 0.30% Over \$50 million	Generally \$50 million
Municipal Bond	0.30% First \$25 million 0.25% Next \$25 million 0.20% Over \$50 million	Generally \$25 million
Institutional Cash Management Strategies	0.10% on all Assets	Generally \$100 million
Floating Rate Bank Loan	0.475% First \$100 million 0.40% Next \$100 million 0.35% Over \$200 million	Generally \$150 million
Global Macro Absolute Return Advantage	1.00% on all Assets	Generally \$250 million
Global Macro Absolute Return	0.85% on all Assets	Generally \$250 million
Tax Advantaged Bond Strategies (Actively Managed Accounts)	0.35% First \$10 million 0.30% Next \$90 million 0.20% Over \$100 million	Generally \$10 million
Tax Advantaged Bond Strategies (Laddered Portfolios)	0.16% on all Assets	Generally \$250 thousand

Investment Strategy	Fee Schedule	Minimum Separate Account Initial Balance
Liability Driven Investments	0.30% First \$50 million 0.25% Next \$50 million 0.20% Next \$50 million 0.18% Over \$150 million	Generally \$5 million
Parametric Absolute Return Strategy	-5% Drawdown 0.45% of the notional value	Generally \$10 million
Eaton Vance Parametric Risk Advisors DeltaShift	0.45% First \$20 million 0.375% Next \$20 million 0.30% Next \$20 million 0.2625% Next \$40 million 0.225% Next \$100 million 0.1875% Over \$200 million	Generally \$3 million

EV Fund Clients

Generally, the annual investment advisory fee for EV Funds is computed as a percentage of the value of the assets in the portfolio and may differ among individual portfolios. EV Funds with a master-feeder or fund-of-funds structure may incur an advisory fee on the portion of EV Fund assets invested directly in securities. In addition, certain portfolios may be charged a percentage of the gross income of the portfolio (income other than gains from the sale of portfolio securities). Fees charged to investment company clients may be subject to a breakpoint schedule (as disclosed in each portfolio's registration statement, other offering document or shareholder report) whereby the percentage fee rate charged generally decreases as portfolio assets increase. Fees generally are paid monthly in arrears based upon the average daily net assets of the EV Fund during the month. Set forth below are the fee rates (or range of fee rates) that may be charged to EV Funds by Eaton Vance or BMR, as applicable. As noted above, the fee rate may be subject to reductions at higher asset levels.

Open-End Funds	
Investment Strategy	Fee Schedule
Tax-Managed Equity Portfolios	0.625% to 1.00% of average net assets
Domestic Equity Portfolios	0.625% to 1.00% of average net assets
Global Equity Portfolios	0.75% to 1.00% of average daily net assets
Taxable Income Portfolios	0.275% to 0.3% of average net assets plus 2.75% to 3% of gross income; or 0.50% to 0.75% of average net assets; or 0.50% of average gross assets; or 0.85% of average weekly gross assets
Municipal Income Portfolios	0.10% to 0.35% of average net assets plus 1% to 3.5% of gross income; or 0.45% or 0.60% of average net assets

Open-End Funds	
Investment Strategy	Fee Schedule
Commodities Portfolios	1.05% of average net assets
Tax-Advantaged Bond Strategy	0.54% to 0.60% of average daily net assets
Privately Offered Portfolios	0.60% to 0.70% of average gross assets or a net sum calculated pursuant to the respective private placement offering memorandum for certain portfolios

Closed-End Funds	
Investment Strategy	Fee Schedule
Equity Funds	0.85% to 1.00% of the daily average gross assets
Limited Duration Funds	0.75% of average daily total leveraged assets
Taxable Fixed Income Funds	1.25% of average daily net assets
Municipal Income Funds	0.55% to 0.70% of the average weekly gross assets
Tax-Advantaged Bond and Option Strategy Funds	1.25% of average daily net assets

All Clients

Special requirements or circumstances may result in different fee arrangements than those stated above for certain clients. For example, additional reporting, investment policy or risk management consulting, legal research, or additional investment administrative services required or requested by some Separate Account clients or EV Fund clients may lead to higher fees. Similarly, Wrap Clients may pay higher or lower fees depending on the level of services provided under their wrap program. Also, some Separate Account clients pay fees quarterly in advance based upon their form of contract. Individual fee arrangements are negotiated with each client separately (including board review and approval, if applicable). Subject to applicable laws and regulations, Eaton Vance retains complete discretion over the fees that it charges to clients and may change the foregoing fee schedules at any time. A fee schedule may differ in different geographic regions outside the United States for certain investment approaches.

Fees may be negotiated or modified in light of a client's special circumstances, asset levels, service requirements or other factors in Eaton Vance's sole discretion. Eaton Vance may agree to offer certain clients a fee schedule that is lower than that of comparable clients in the same investment style. Eaton Vance may also choose to waive all or a portion of negotiated fees for a given period. Also, for fee calculation purposes, Eaton Vance may agree to aggregate the assets of related client accounts and such accounts may receive the benefit of a lower effective fee rate due to such aggregation.

In addition to asset-based investment advisory fees and fees based on a percentage of portfolio income, Eaton Vance may agree to provide investment advisory services to be compensated in part on a comparative performance or incentive basis. Any applicable performance or incentive

fee arrangement will comply with the requirements of Section 205 and Rule 205-3 of the Investment Advisers Act of 1940, as amended.

The termination provision of Eaton Vance's standard form of investment advisory agreement with Separate Account clients varies, depending on the terms of the contract, and may provide for termination (i) at any time by the client or Eaton Vance upon written notice or (ii) at any time upon written notice by the client or upon 60 days' written notice by Eaton Vance. If a client has paid any advisory fees in advance for the period in which the investment advisory agreement is terminated, Eaton Vance will pro rate the advisory fees for the period and return any unearned portion to the client by check or wire transfer. Typically, the investment advisory contracts between Eaton Vance or BMR and the EV Funds provide for automatic termination upon assignment or termination after 60 days prior written notice. From time to time, Eaton Vance may render specialized investment advisory services to clients in a manner and/or under circumstances which may not properly be characterized as investment supervisory services; e.g., investment advice with respect to structuring investments for maximum U.S. federal tax efficiency or specialized advice to executors or administrators of estates or trustees of various trusts. In such cases, the advisory fee payable to Eaton Vance may be negotiated and will be determined on a case-by-case basis.

Eaton Vance also provides management, administrative and/or sub-transfer agency services to certain clients and may charge for these services separately.

In addition to advisory fees charged by Eaton Vance, clients may pay other expenses related to the management of their accounts, such as qualified custodian fees, fees and expenses deducted from the assets of any funds in which the clients invest or brokerage charges and transaction costs incurred in connection with portfolio transactions. In most cases, these additional expenses are paid to unaffiliated third parties and are not retained by Eaton Vance or any of its affiliates. For more information about Eaton Vance's brokerage practices, see *Brokerage Practices* below.

Performance Based Fees and Side-by-Side Management

In addition to the asset-based fees described above, Eaton Vance may charge certain qualified clients a performance based fee. The amount of a performance based fee can vary depending on the performance of the applicable Fund or account relative to a particular benchmark return.

Performance based fees have the potential to generate significant advisory fees for Eaton Vance. While they are intended to reward Eaton Vance for successful management of a client account, they may create an incentive for Eaton Vance to take additional risks in the management of the account portfolio. Eaton Vance often manages multiple accounts with similar investment strategies. If some of these accounts charge performance based fees, this creates a conflict of interest with respect to the management of these accounts. For example, a portfolio manager may have an incentive to allocate attractive or limited investments to the accounts that charge performance based fees. A portfolio manager may also have an incentive to favor the performance based fee accounts with respect to trade timing and/or execution price. In addition, a portfolio manager may have an incentive to engage in front running so that the trading activity of other accounts benefits the performance based fee accounts.

To address these and other conflicts of interest, Eaton Vance has adopted various policies and procedures designed to ensure that all client accounts are treated equitably and that no account receives favorable treatment. For example, Eaton Vance has adopted procedures governing the allocation of securities transactions among clients and the aggregation of trades by multiple clients. For more information about how Eaton Vance addresses certain conflicts of interest, see *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* below. See also *Brokerage Practices* below for more information about conflicts of interest related to portfolio transactions.

Types of Clients

Eaton Vance provides investment advisory services to registered investment companies, private investment vehicles and offshore pooled vehicles sponsored by Eaton Vance. Eaton Vance may provide sub-advisory services to registered investment companies and other pooled investment vehicles sponsored by unaffiliated parties who serve as the primary investment adviser. Eaton Vance also advises separately managed accounts for a wide range of institutional clients, including high net worth individuals, business organizations, public and private pensions, trusts, foundations, charitable organizations, hospitals, labor unions, religious organizations, endowment funds, insurance companies, educational institutions and sovereign wealth funds. In addition, Eaton Vance provides investment advice to individual retail investors through Wrap Accounts sponsored by unaffiliated investment advisors, banks and broker-dealers.

Eaton Vance normally requires its clients to enter into a written investment advisory agreement with Eaton Vance. Generally, Eaton Vance's minimum account size is \$5 million for commingled fund accounts and \$25 million for separate institutional client accounts. Certain investment strategies require a substantially higher minimum account size while other investment strategies may be available to smaller accounts. See *Fees and Compensation* above for information about the minimum account size required for each investment strategy. The minimum account size for Wrap Accounts is generally lower and is determined by the agreement between Eaton Vance and the wrap program sponsor. Otherwise, Eaton Vance generally imposes no conditions on the establishment or maintenance of clients' accounts.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Eaton Vance's evaluation of investment alternatives places primary emphasis and reliance upon fundamental analysis of issuers of equity and debt securities; political, economic, and industry developments; money and capital market conditions, with attention to interest rate patterns; and any other factors that, in Eaton Vance's judgment, may have an impact on the value of an investment.

In developing information for use in making investment decisions and recommendations for clients, Eaton Vance places considerable importance on personal visits with company management by members of its research staff, in the case of issuers of equity and corporate debt securities, and with industry representatives and governmental officials where appropriate. Eaton Vance also uses various standard databases available to institutional investors. Eaton Vance may utilize other sources of information, such as on-line services and financial database services. Ultimately, primary attention and reliance is placed upon evaluations and recommendations generated internally by the Eaton Vance research and investment staff.

Although Eaton Vance considers ratings issued by rating agencies, it also may perform its own credit and investment analysis and may not rely primarily on the ratings assigned by the rating services. Credit ratings are based largely on the issuer's historical financial condition and the rating agency's investment analysis at the time of rating, and the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition. In general, the rating assigned to a security by a rating agency does not reflect assessment of the volatility of the security's market value or of the liquidity of an investment in the security.

With regard to evaluation of interests in bank loans, Eaton Vance considers various criteria relating to the creditworthiness of the borrower. Eaton Vance may perform its own independent credit analysis of the borrower in addition to utilizing information prepared and supplied to the investors in the loans. Such analysis includes an evaluation of the industry and business of the borrower, the management and financial statements of the borrower, and the particular terms of the loan and interest which might be acquired. Such analysis continues on an ongoing basis for any loan interest purchased and held on behalf of a client.

Subject to and consistent with the individual investment objectives of clients, Eaton Vance generally seeks to achieve above-average long-term investment results for its clients through emphasis on equity or debt instruments judged by Eaton Vance to have unrecognized value or investment potential. Although Eaton Vance always attempts to retain sufficient portfolio flexibility to react to abrupt changes in securities markets, investment decisions and recommendations for clients are generally made with a long-term outlook and with a perspective for capital preservation. In managing investment portfolios, Eaton Vance directs considerable attention to the overall composition of the portfolio in order to seek to provide proper portfolio balance and diversification, and thus reduce risk.

Eaton Vance does not generally engage in short-term trading for accounts, although the length of time a security has been held in a client's account will not be a limiting factor if Eaton Vance

determines that the holding should no longer be retained by the account. When appropriate, Eaton Vance may employ a dividend capture trading strategy for certain accounts where a stock is sold on or shortly after its ex-dividend date with the sale proceeds used to purchase one or more other stocks expected to pay dividends before the next dividend payment on the stock sold.

Eaton Vance may employ a tax-managed strategy for tax-efficient management of accounts, which would include some or all of the following: generally maintaining low portfolio turnover of securities with appreciated capital gains; investing in primarily lower yielding securities and/or securities paying dividends that qualify for federal income taxation at long-term capital gain rates; for Fund clients, attempting to avoid net realized short-term capital gains and fully taxable investment income in excess of Fund expenses; when appropriate, selling securities trading at below tax cost to realize losses; in selling securities, selecting the most tax-favored share lots; and selectively using tax-advantaged hedging techniques as an alternative to taxable sales. Eaton Vance may enter into derivative transactions to help manage security specific and/or overall risk or to gain or reduce investment exposure on behalf of clients. The derivative instruments typically used by Eaton Vance include listed, FLEX and over-the-counter options, over-the-counter prepaid forward sale agreements, futures contracts, swaps, structured notes, and other structured derivative transactions.

Investment Strategies

Eaton Vance offers a variety of investment strategies to address the particular investment objectives of its clients. In pursuing these strategies, Eaton Vance may invest in a wide range of financial instruments and asset classes. Listed below are four broad categories of investment strategies offered by Eaton Vance and a general description of the investment approaches and material risks associated with each.

The lines between these categories are not distinct; while a particular investment strategy may fall primarily into one of the categories listed below, it may also involve some of the investment approaches or exhibit some of the risks associated with other categories. In addition, certain investment strategies involve a combination of multiple other strategies. Eaton Vance recognizes that no single type of investment strategy will ensure rewarding investment results in every political, economic and market environment. Investing in securities and other financial instruments involves a risk of loss (which may be substantial) that clients should be prepared to bear.

The investment approaches and material risks described below for each investment strategy are not comprehensive. A particular investment strategy may involve additional investment selection criteria and be subject to additional risks not described below. The principal investment strategies and associated risks for the EV Mutual Funds or Unaffiliated Funds are described in the prospectus and SAI for each Fund. The investment strategies and associated risks for other EV Funds are described in the offering documents for such Funds. The investment strategies and associated risks for Wrap Accounts are described in the offering materials provided by the wrap program sponsor. Institutional Account clients should contact their Eaton Vance account manager for additional information about the specific investment strategies they have selected and the risks associated with those strategies.

Equity Strategies. Eaton Vance offers a wide range of equity strategies, which may focus on equity securities of a particular style, market capitalization, geographic region and/or market sector. Many equity strategies involve a combination of these approaches. Some equity strategies also feature a tax-management focus, in which Eaton Vance seeks to maximize the tax efficiency of the portfolio. Other equity strategies concentrate investments in the securities of a limited number of issuers.

Style focused equity strategies include growth, value, core (or style-neutral) and dividend income. Growth strategies seek companies with earnings growth potential, while value strategies seek companies whose securities are trading at below market valuations. Core strategies invest in a blend of growth and value securities. Dividend income strategies seek companies that provide attractive dividend payments to shareholders.

Market capitalization equity strategies focus on securities of large-cap, mid-cap or small-cap companies, or a combination of small-cap and mid-cap companies (smid-cap). A large-cap approach typically invests in securities of companies that are among the 500 largest companies by market capitalization in a particular market. A mid-cap approach typically invests in securities of the 1,000 largest companies by market capitalization, excluding the 200 largest companies. A small-cap (or smid-cap) approach typically invests in securities of companies that are among the 3,000 largest companies by market capitalization, excluding the 500-1,000 largest companies. The exact capitalization range for each approach may vary depending on the particular strategy.

Geographic equity strategies focus on companies located in a particular country, such as the United States, China or India, or a particular region, such as Asia. Geographic equity strategies may also focus on companies located in countries with either developed economies or developing economies (also known as emerging markets).

Sector equity strategies focus on companies operating in a particular industry (such as public utilities) or engaged in similar or related businesses (such as health sciences).

Focused equity strategies typically follow one or more of the equity approaches described above, but hold larger positions in a smaller number of companies than most other equity strategies.

Equity strategies may employ derivative strategies to achieve exposures, to enhance returns or for hedging purposes.

Equity investment strategies involve a number of material risks, including one or more of the following: Equity Investing Risk; Foreign and Emerging Market Investment Risk; Securities Lending Risk; Risks Associated with Active Management; General Investing Risks; Small Companies Risk; Real Estate Risk; Derivatives Risk; ETF Risk; Risk of Commodity-Related Investments; Income Risk; Borrowing Risk; Concentration Risk; Issuer Diversification Risk; Short Sale Risk; and Tax-Managed Investing Risk. Not all of these risks apply to each equity strategy. The specific risks associated with a particular equity strategy depend on the approaches used and the extent to which the strategy employs certain portfolio management techniques or

invests in financial instruments other than equity securities. For a summary of each risk, see *Descriptions of Material Risks* below.

Income Strategies. Income strategies may focus on maintaining a portfolio of debt securities or other instruments that pay either a fixed or a floating rate of interest. Other income strategies focus on debt securities that provide tax-advantaged interest payments, such as municipal bonds. Some income strategies focus on debt securities of either short or long duration or on debt securities of a particular credit quality, such as investment grade or below investment grade bonds. Other income strategies are designed to seek preservation of principal while providing sufficient liquidity and maximizing current income. Income strategies may also focus on debt securities issued by the United States government or debt securities issued by foreign governments or denominated and paying interest in foreign currencies. Income strategies may employ derivative strategies to achieve exposures, to enhance returns or for hedging purposes.

Income investment strategies involve a number of material risks, including one or more of the following: Income Market Risk; Interest Rate Risk; Credit Risk; Securities Lending Risk; Derivatives Risk; Risk of U.S. Government-Sponsored Agencies; ETF Risk; ETN Risk; Risk of Lower Rated Investments; Municipal Bond Market Risk; Issuer Diversification Risk; Risks Associated with Active Management; General Investing Risks; Real Estate Risk; Foreign and Emerging Market Investment Risk; Short Sale Risk; Risk of Repurchase Agreements and Reverse Repurchase Agreements; Risk of Commodity-Related Investments; Borrowing Risk; Duration Risk; Inflation-Linked Security Risk; Money Market Fund Risk; Maturity Risk; Risk of Leveraged Transactions; Risk of Residual Interest Bonds; Risk of Principal Only Investments; Tax Risk; and Risks Associated with Quantitative Management. Not all of these risks apply to each income strategy. The specific risks associated with a particular income strategy depend on the approaches used and the extent to which the strategy employs certain portfolio management techniques or invests in financial instruments other than debt securities. For a summary of each risk, see *Descriptions of Material Risks* below.

Mixed-Asset Strategies. Mixed-asset strategies typically have broad discretion to invest in many of the equity or income strategies described above. A mixed-asset strategy may change its allocation between equity and debt securities, or among particular equity or income approaches, depending on economic and market conditions. Mixed-asset strategies may employ derivative strategies to achieve exposures, to enhance returns or for hedging purposes.

Because mixed-asset strategies invest in a variety of equity and debt securities, they may be subject to any of the material risks listed above for equity and income strategies. Not all of these risks apply to each mixed-asset strategy. The specific risks associated with a mixed-asset strategy may change over time and depend on its allocation among particular equity and income investment approaches. The specific risks associated with a mixed-asset strategy also depend on the extent to which the strategy employs certain portfolio management techniques or invests in financial instruments other than equity and debt securities. For a summary of each risk, see *Descriptions of Material Risks* below.

Alternative Strategies. Alternative strategies encompass a broad range of investment approaches, including absolute return strategies, real estate strategies, commodity strategies and

option strategies. Unlike relative investment strategies, which typically seek to outperform a particular securities benchmark, absolute return strategies typically seek to maintain a target portfolio duration and annualized volatility or to generate a return in excess of short-term cash instruments. Absolute return strategies are generally unconstrained by a benchmark and their return is substantially independent of longer term movements in the stock and bond markets. Absolute return strategies may invest in a wide range of instruments, including equities, debt, commodities, currencies and derivatives. Real estate strategies may invest in physical real estate, real estate investment trusts and equity securities of operating companies engaged in the real estate industry. Commodity strategies invest primarily in instruments that provide exposure to commodities or the commodities market (including commodity based derivatives and/or companies involved in the mining or production of commodities). Commodity strategies typically are backed by a portfolio of fixed income securities. Option strategies involve the use of equity options in conjunction with an actively managed equity portfolio in order to reduce the volatility and risk associated with the equity markets.

Alternative investment strategies involve a number of material risks, including: Income Market Risk; Interest Rate Risk; Credit Risk; Equity Investing Risk; Securities Lending Risk; Derivatives Risk; Risk of U.S. Government-Sponsored Agencies; Risk of Lower Rated Investments; Issuer Diversification Risk; Risks Associated with Active Management; General Investing Risks; Short Sale Risk; Risk of Repurchase Agreements and Reverse Repurchase Agreements; Risk of Commodity-Related Investments; Foreign and Emerging Market Investment Risk; Concentration Risk; Risk of Loans; S&P 500 Index and SPDR Risk; ETF Risk; Inflation-Linked Security Risk; Duration Risk; Risks of Zero-Coupon and Deep Discount Bonds and PIK Securities; Municipal Bond Market Risk; Real Estate Risk; Small Companies Risk; Securities Lending Risk; Structured Management Risks; Option Strategy Risk; Hedge Correlation Risk; Currency Risk; and Tracking Error Risk. Not all of these risks apply to each alternative strategy. The specific risks associated with a particular alternative strategy depend on the asset classes and portfolio management techniques involved. For a summary of each risk, see *Descriptions of Material Risks* below.

Summary of Material Risks

Equity Investing Risk. The strategy may be sensitive to stock market volatility and the stocks in which it invests may be more volatile than the stock market as a whole. The value of stocks and related instruments may decline in response to conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations, as well as issuer or sector specific events. Market conditions may affect certain types of stocks (such as large-cap or growth stocks) to a greater extent than other types of stocks. If the stock market declines, the value of a portfolio will also likely decline and although stock values can rebound, there is no assurance that values will return to previous levels.

Foreign and Emerging Market Investment Risk. The value of a client portfolio can be adversely affected by changes in currency exchange rates and political and economic developments abroad. In emerging or less developed countries, these risks can be more significant. Investment markets in emerging market countries are typically substantially smaller, less liquid and more volatile

than the major markets in developed countries, and as a result, the value of a portfolio investing in these markets may be more volatile. Emerging market countries may have relatively unstable governments and economies. Emerging market investments often are subject to speculative trading, which typically contributes to volatility. Trading in foreign and emerging markets typically involves higher expense than trading in the United States. A client portfolio investing in these markets may have difficulties enforcing its legal or contractual rights in a foreign country. Depositary receipts are subject to many of the risks associated with investing directly in foreign securities, including political and economic risks.

Securities Lending Risk. Securities lending involves possible delay in recovery of the securities or possible loss of rights in the collateral should the borrower fail financially. As a result, the value of a client portfolio may fall and there may be a delay in recovering the loaned securities. The value of a client portfolio could also fall if a loan is called and the portfolio is required to liquidate reinvested collateral at a loss or is unable to reinvest cash collateral at rates that exceed the costs involved.

Risks Associated with Active Management. The success of a client's account that is actively managed depends upon the investment skills and analytical abilities of Eaton Vance to develop and effectively implement strategies that achieve the client's investment objective. Subjective decisions made by Eaton Vance may cause a client portfolio to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

General Investing Risks. Most investment strategies are not intended to be a complete investment program. Clients generally should have a long-term investment perspective and be able to tolerate potentially sharp declines in value and/or investment losses. Investment advisers, other market participants and many securities markets are subject to rules and regulations and the jurisdiction of one or more regulators. Changes to applicable rules and regulations could have an adverse effect on securities markets and market participants, as well as on the ability to execute a particular investment strategy.

Small Companies Risk. Smaller companies are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk. Such companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management group, or lack substantial capital reserves or an established performance record. There is generally less publicly available information about such companies than for larger, more established companies. Stocks of these companies frequently have lower trading volumes making them more volatile and potentially more difficult to value.

Real Estate Risk. Real estate investments, including real estate investment trusts ("REITs"), are subject to special risks associated with real estate. Real estate investments are sensitive to factors such as changes in real estate values, property taxes, interest rates, cash flow of underlying real estate assets, occupancy rates, government regulations affecting zoning, land use, and rents, and the management skill and creditworthiness of the issuer. Real estate investments may also be subject to liabilities under environmental and hazardous waste laws, among others. Changes in underlying real estate values may have an exaggerated effect to the extent that REITs concentrate investments in particular geographic regions or property types.

Derivatives Risk. The use of derivatives can lead to losses because of adverse movements in the price or value of the asset, index, rate or instrument underlying a derivative, due to failure of a counterparty or due to tax or regulatory constraints. Derivatives may create economic leverage in a client portfolio, which magnifies the portfolio's exposure to the underlying investment. Derivatives risk may be more significant when derivatives are used to enhance return or as a substitute for a position or security, rather than solely to hedge the risk of a position or security held by a client portfolio. Derivatives for hedging purposes may not reduce risk if they are not sufficiently correlated to the position being hedged. A decision as to whether, when and how to use derivatives involves the exercise of specialized skill and judgment, and a transaction may be unsuccessful in whole or in part because of market behavior or unexpected events. Derivative instruments may be difficult to value, may be illiquid, and may be subject to wide swings in valuation caused by changes in the value of the underlying instrument. If a derivative counterparty is unable to honor its commitments, the value of a client portfolio may decline and/or the portfolio could experience delays in the return of collateral or other assets held by the counterparty. The loss on derivative transactions may substantially exceed the initial investment. Certain strategies may use derivatives extensively.

Income Risk. A portfolio's ability to generate income will depend on the yield available on the securities held by the portfolio. In the case of equity securities, changes in the dividend policies of companies held by a client portfolio could make it difficult for the portfolio to generate a predictable level of income. The use of dividend capture strategies to generate income will expose a client portfolio to higher portfolio turnover, increased trading costs and potential for capital loss or gain, particularly in the event of significant short-term price movements of stocks subject to dividend capture trading.

Concentration Risk. A strategy that concentrates its investments in a particular sector of the market (such as the utilities or financial services sectors) or a specific geographic area (such as a country or state) may be affected by events that adversely affect that sector or area and the value of a portfolio using such a strategy may fluctuate more than that of a less concentrated portfolio.

Issuer Diversification Risk. Strategies that focus their investments in a small number of issuers are generally more susceptible to risks affecting such issuers than a more diversified strategy might be.

Short Sale Risk. Short sale risk includes, among other things, the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the client portfolio.

Tax-Managed Investing Risk. Market conditions may limit the ability to generate tax losses or to generate dividend income taxed at favorable tax rates. A tax-managed strategy may cause a client portfolio to hold a security in order to achieve more favorable tax-treatment or to sell a security in order to create tax losses. The ability to utilize various tax-management techniques may be curtailed or eliminated in the future by tax legislation or regulation.

Income Market Risk. Economic and other events (whether real or perceived) can reduce the demand for certain income securities or for investments generally, which may reduce market prices and cause the value of a client portfolio to fall. The frequency and magnitude of such changes cannot be predicted. Certain income securities can experience downturns in trading activity and, at such times, the supply of such instruments in the market may exceed the demand. At other times, the demand for such instruments may exceed the supply in the market. An imbalance in supply and demand in the market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market. No active trading market may exist for certain investments, which may impair the ability of Eaton Vance to sell or to realize the full value of such investments in the event of the need to liquidate such assets. Adverse market conditions may impair the liquidity of some actively traded investments.

Interest Rate Risk. As interest rates rise, the value of a client portfolio invested primarily in fixed-income securities or similar instruments is likely to decline. Conversely, when interest rates decline, the value of such a client portfolio is likely to rise. Securities with longer maturities are more sensitive to changes in interest rates than securities with shorter maturities, making them more volatile. A rising interest rate environment may extend the average life of mortgages or other asset-backed receivables underlying mortgage-backed or asset-backed securities. This extension increases the risk of depreciation due to future increases in market interest rates. In a declining interest rate environment, prepayment of certain types of securities may increase. In such circumstances, Eaton Vance may have to reinvest the prepayment proceeds at lower yields. A strategy that is managed toward an income objective may hold securities with longer maturities and thereby be more exposed to interest rate risk than a strategy focused on total return.

Credit Risk. Debt obligations are subject to the risk of non-payment of scheduled principal and interest. Changes in economic conditions or other circumstances may reduce the capacity of the party obligated to make principal and interest payments on such instruments and may lead to defaults. Such non-payments and defaults may reduce the value of, or income distributions from, a client portfolio. The value of a fixed income security also may decline because of concerns about the issuer's ability to make principal and interest payments. In addition, the credit ratings of debt obligations may be lowered if the financial condition of the party obligated to make payments with respect to such instruments changes. Credit ratings assigned by rating agencies are based on a number of factors and do not necessarily reflect the issuer's current financial condition or the volatility or liquidity of the security. In the event of bankruptcy of the issuer of debt obligations, a client portfolio could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing the instrument. In order to enforce its rights in the event of a default, bankruptcy or similar situation, a client may be required to retain legal or similar counsel at its own expense.

Risk of U.S. Government-Sponsored Agencies. While certain U.S. Government-sponsored agencies (such as the Federal Home Loan Mortgage Corporation and Fannie Mae) may be chartered or sponsored by acts of Congress, their securities are neither issued nor guaranteed by the U.S. Treasury.

ETF Risk. Investing in an ETF exposes a client portfolio to all of the risks of that ETF's investments and subjects it to a pro rata portion of the ETF's fees and expenses. As a result, the cost of investing in ETF shares may exceed the costs of investing directly in its underlying investments. ETF shares trade on an exchange at a market price which may vary from the ETF's net asset value. ETFs may be purchased at prices that exceed the net asset value of their underlying investments and may be sold at prices below such net asset value. Because the market price of ETF shares depends on the demand in the market for them, the market price of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track, and a client account may not be able to liquidate ETF holdings at the time and price desired, which may impact its performance.

ETN Risk. ETNs are debt obligations and their payments of interest or principal are linked to the performance of a reference investment (typically an index). ETNs are subject to the performance of their issuer and may lose all or a portion of their entire value if the issuer fails or its credit rating changes. An ETN that is tied to a specific index may not be able to replicate and maintain exactly the composition and weighting of the components of that index. ETNs also incur certain expenses not incurred by the reference investment and the cost of owning an ETN may exceed the cost of investing directly in the reference investment. The market trading price of an ETN may be more volatile than the reference investment it is designed to track. ETNs may be purchased at prices that exceed net asset value and may be sold at prices below such value. A client account may not be able to liquidate ETN holdings at the time and price desired, which may impact its performance.

Risk of Lower Rated Investments. Investments rated below investment grade and comparable unrated investments ("junk bonds") have speculative characteristics because of the credit risk associated with their issuers. Changes in economic conditions or other circumstances typically have a greater effect on the ability of issuers of lower rated investments to make principal and interest payments than they do on issuers of higher rated investments. An economic downturn generally leads to a higher non-payment rate, and a lower rated investment may lose significant value before a default occurs. Lower rated investments generally are subject to greater price volatility and illiquidity than higher rated investments.

Municipal Bond Market Risk. The amount of public information available about municipal bonds is generally less than that for corporate equities or bonds and the investment performance of a client portfolio may be more dependent on the analytical abilities of Eaton Vance than would be the case for corporate stock or bond investments. The secondary market for municipal bonds also tends to be less well-developed and less liquid than many other securities markets, which may adversely affect the ability to sell bonds at attractive prices. Because issuance of Build America Bonds ceased on December 31, 2010, it is difficult to predict the extent to which a market for such bonds will continue, meaning that Build America Bonds may experience greater illiquidity than other municipal obligations. In addition, municipal obligations can experience downturns in trading activity and the supply of municipal obligations may exceed the demand in the market or demand can exceed supply. During such periods, the spread can widen between the price at which an obligation can be purchased and the price at which it can be sold. Less liquid obligations can become more difficult to value and be subject to erratic price

movements. The increased presence of non-traditional participants in the municipal markets may lead to greater volatility in the markets.

Risk of Repurchase Agreements and Reverse Repurchase Agreements. In the event of the insolvency of the counterparty to a repurchase agreement or reverse repurchase agreement, recovery of the repurchase price owed to a client portfolio or, in the case of a reverse repurchase agreement, the securities sold by a client portfolio, may be delayed. In a repurchase agreement, such an insolvency may result in a loss to the extent that the value of the purchased securities decreases during the delay or that value has otherwise not been maintained at an amount equal to the repurchase price. In a reverse repurchase agreement, the counterparty's insolvency may result in a loss equal to the amount by which the value of the securities sold by a client portfolio exceeds the repurchase price payable by the client portfolio; if the value of the purchased securities increases during such a delay, that loss may also be increased. When a client portfolio enters into a reverse repurchase agreement, any fluctuations in the market value of either the securities transferred to another party or the securities in which the proceeds may be invested would affect the market value of the client portfolio. Because reverse repurchase agreements may be considered to be the practical equivalent of borrowing funds, they constitute a form of leverage. If Eaton Vance reinvests the proceeds of a reverse repurchase agreement at a rate lower than the cost of the agreement, entering into the agreement will lower the rate of return on the investment.

Risk of Commodity-Related Investments. The value of commodities investments will generally be affected by overall market movements and factors specific to a particular industry or commodity, which may include weather, embargoes, tariffs, and health, political, international and regulatory developments. Economic and other events (whether real or perceived) can reduce the demand for commodities, which may reduce market prices and cause the value of a client portfolio to fall. The frequency and magnitude of such changes cannot be predicted. Exposure to commodities and commodities markets may subject a client portfolio to greater volatility than investments in traditional securities. No active trading market may exist for certain commodities investments, which may impair the ability to sell or to realize the full value of such investments in the event of the need to liquidate such investments. In addition, adverse market conditions may impair the liquidity of actively traded commodities investments. Certain types of commodities instruments (such as total return swaps and commodity-linked notes) are subject to the risk that the counterparty to the instrument will not perform or will be unable to perform in accordance with the terms of the instrument.

Borrowing Risk. Borrowing cash to increase investments may exaggerate the effect on the value of a client portfolio of any increase or decrease in the value of the security or other instrument purchased with the borrowings. Successful use of a borrowing strategy depends on Eaton Vance's ability to correctly predict interest rates and market movements. There can be no assurance that the use of borrowings will be successful. A borrower typically is required to maintain specified asset coverage with respect to borrowings and also may be subject to regulatory requirements relating to asset coverage. The borrower may be required to dispose of portfolio investments on unfavorable terms in order to maintain any required asset coverage. Borrowings involve additional expense.

Duration Risk. Duration measures the expected life of a fixed-income security, which can determine its sensitivity to changes in the general level of interest rates. Securities with longer durations tend to be more sensitive to interest rate changes than securities with shorter durations. A portfolio with a longer dollar-weighted average duration can be expected to be more sensitive to interest rate changes than a portfolio with a shorter dollar-weighted average duration. Duration differs from maturity in that it considers a security's coupon payments in addition to the amount of time until the security matures. As the value of a security changes over time, so will its duration.

Inflation-Linked Security Risk. Inflation-linked debt securities are subject to the effects of changes in market interest rates caused by factors other than inflation (real interest rates). In general, the price of an inflation-linked security tends to decrease when real interest rates increase and can increase when real interest rates decrease. Interest payments on inflation-linked securities may vary widely and will fluctuate as the principal and interest are adjusted for inflation. Any increase in the principal amount of an inflation-linked debt security will be taxable ordinary income, even though the portfolio will not receive the principal until maturity. There can be no assurance that the inflation index used will accurately measure the real rate of inflation in the prices of goods and services. A portfolio's investments in inflation-linked securities may lose value in the event that the actual rate of inflation is different than the rate of the inflation index.

Money Market Fund Risk. For money market fund clients, certain events could reduce the fund's income level and/or share price, such as a sharp rise in prevailing short-term interest rates; adverse developments in the banking industry, which issues or guarantees many money market securities; adverse economic, political or other developments affecting domestic issuers of money market securities; changes in the credit quality of issuers; and default by a counterparty. A money market fund's yield will change as the short-term securities held in its portfolio mature and the proceeds are reinvested in securities with different interest rates. Because income on short-term debt securities tends to be lower than income on longer-term debt securities, a money market fund's yield will likely be lower than the yield on longer-term fixed income funds. If a money market fund's expenses exceed income, the fund shareholders will not receive distributions. A money market fund's investments in certain debt obligations may cause the fund to recognize taxable income in excess of the cash generated by such obligations. Thus, the money market fund could be required at times to liquidate other investments in order to satisfy its distribution requirements. Although money market funds generally seek to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in a money market fund.

Maturity Risk. Interest rate risk will generally affect the price of a fixed income security more if the security has a longer maturity. Fixed income securities with longer maturities will therefore be more volatile than other fixed income securities with shorter maturities. Conversely, fixed income securities with shorter maturities will be less volatile but generally provide lower returns than fixed income securities with longer maturities. The average maturity of a client portfolio's investments will affect the volatility of the portfolio's rate of return.

Risk of Leveraged Transactions. Certain types of investment transactions may give rise to a form of leverage. Such transactions may include, among others, the use of when-issued, delayed delivery or forward commitment transactions, residual interest bonds, short sales and certain derivative transactions. A client portfolio may be required to segregate liquid assets or otherwise cover the portfolio's obligation created by a transaction that may give rise to leverage. To satisfy the portfolio's obligations or to meet segregation requirements, portfolio positions may be required to be liquidated when it may not be advantageous to do so. Leverage may cause the value of a client portfolio to be more volatile than if it had not been leveraged, as certain types of leverage may exaggerate the effect of any increase or decrease in the value of securities in a client portfolio. The loss on leveraged transactions may substantially exceed the initial investment.

Risk of Residual Interest Bonds. A client portfolio may enter into residual interest bond transactions, which expose the client portfolio to leverage and greater risk than an investment in a fixed-rate municipal bond. The interest payments that a client portfolio receives on the residual interest bonds acquired in such transactions vary inversely with short-term interest rates, normally decreasing when rates increase. The value and market for residual interest bonds are volatile and such bonds may have limited liquidity.

Risk of Principal Only Investments. Principal only investments entitle the holder to receive par value of such investment if held to maturity. The values of principal only investments are subject to greater fluctuation in response to changes in market interest rates than bonds which pay interest currently. Client portfolios that are required to make annual distributions will accrue income on these investments and may be required to sell securities to obtain cash to meet such distribution obligations.

Tax Risk. The tax treatment of investments held in a client portfolio may be adversely affected by future tax legislation, Treasury Regulations and/or guidance issued by the Internal Revenue Service that could affect the character, timing, and/or amount of taxable income or gains attributable to an account. Income from tax-exempt municipal obligations could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or non-compliant conduct of a bond issuer.

Risks Associated with Quantitative Management. Quantitative investment techniques and analyses may be used in whole or in part in making investment decisions for a client portfolio, but there can be no assurance that these will achieve the desired results. Client portfolios that use quantitative management are highly dependent on quantitatively-based pricing theories and valuation models that generally have not been independently tested or otherwise reviewed.

Risk of Loans. Risks of investments in senior loans are similar to the risks of lower rated securities, although interest rate risk may be reduced because senior loan rates generally are adjusted for changes in short-term interest rates. Junior loans are subject to the same general risks. Due to their lower place in the borrower's capital structure and possible unsecured status, junior loans may involve a higher degree of overall risk than senior loans of the same borrower.

S&P 500 Index and SPDR Risk. Call and put spreads employed by certain strategies may be based on the S&P 500 Index or on SPDRs. In the case of the S&P 500 Index, returns realized on call and put spread positions over each roll cycle will be determined by the performance of the S&P 500 Index. If the S&P 500 Index appreciates or depreciates sufficiently over the period to offset the net premium received, the client portfolio will incur a net loss. The amount of potential loss in the event of a sharp market movement is subject to a cap defined by the difference in strike prices between written and purchased call and put options, and the notional value of the positions. SPDRs represent share interests in an exchange-traded fund that seeks to replicate the performance of the S&P 500 Index. The value of SPDRs is subject to change as the values of the component securities fluctuate. SPDRs may not exactly match the performance of the S&P 500 Index. SPDRs reflect the underlying risks of the S&P 500 Index and SPDR options are subject to the same risks as S&P 500 Index options.

Risks of Zero-Coupon and Deep Discount Bonds and PIK Securities. Zero-coupon and deep discount bonds may experience volatility in market value due to changes in interest rates. Securities purchased on a when-issued or forward commitment basis are subject to the risk that when delivered they will be worth less than the agreed upon payment price. Bonds and preferred stocks that make “in-kind” payments and other securities that do not pay regular income distributions may experience greater volatility in response to interest rate changes and issuer developments. Client portfolios that are required to make annual income distributions under the Internal Revenue Code will accrue income on certain of these instruments and may be required to sell securities to obtain cash to meet such requirement.

Structured Management Risks. Parametric Portfolio Associates LLC (“PPA”), an affiliate of Eaton Vance (see *Other Financial Industry Activities and Affiliations* below), acts as sub-adviser for certain equity and alternative investment strategies. For these strategies PPA uses proprietary investment techniques and analyses in making investment decisions, seeking to achieve total return while minimizing exposure to market risk. These strategies seek to take advantage of certain quantitative and behavioral market characteristics identified by PPA, utilizing a rules-based country, sector and commodity weighting process, a structured allocation methodology and a disciplined rebalancing model. These investment strategies have not been independently tested or validated, and there can be no assurance that they will achieve the desired results.

Option Strategy Risk. A client portfolio may employ an option strategy that seeks to take advantage of a general excess of option price-implied volatilities for the S&P 500 over realized index volatilities. This market observation is often attributed to an excess of natural buyers over natural sellers of S&P 500 index options. There can be no assurance that this imbalance will apply in the future over specific periods or generally. It is possible that the imbalance could decrease or be eliminated by actions of investors that employ strategies seeking to take advantage of the imbalance, which could have an adverse effect on the client portfolio’s ability to achieve its investment objective.

Hedge Correlation Risk. Certain strategies seek to maintain substantially offsetting exposures and follow a generally market-neutral approach. Hedging instruments utilized for these strategies may not maintain the intended correlation to the investment being hedged or may otherwise fail to achieve their intended purpose. Failure of the hedge instruments to track a

client portfolio's investments could result in the client portfolio having substantial residual exposure to market risk.

Currency Risk. In general, the value of investments in, or denominated in, foreign currencies increase when the U.S. dollar is weak (*i.e.*, is losing value relative to foreign currencies) or when foreign currencies are strong (*i.e.*, are gaining value relative to the U.S. dollar). When foreign currencies are weak or the U.S. dollar is strong, such investments generally will decrease in value. The value of foreign currencies as measured in U.S. dollars may be unpredictably affected by changes in foreign currency rates and exchange control regulations, application of foreign tax laws (including withholding tax), governmental administration of economic or monetary policies (in the U.S. or abroad), intervention (or the failure to intervene) by U.S. or foreign governments or central banks, and relations between nations. A devaluation of a currency by a country's government or banking authority will have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets and currency transactions are subject to settlement, custodial and other operational risks. Exposure to foreign currencies through derivative instruments will be subject to *Derivatives Risks* described above.

Tracking Error Risk. Tracking error risk refers to the risk that the performance of a client portfolio may not match or correlate to that of the index it attempts to track, either on a daily or aggregate basis. Factors such as fees and trading expenses, imperfect correlation between the portfolio's investments and the index, changes to the composition of the index, regulatory policies, high portfolio turnover rate and the use of leverage all contribute to tracking error. Tracking error risk may cause the performance of a client portfolio to be less or more than expected.

Disciplinary Information

Eaton Vance is periodically subject to routine regulatory examinations or involved in litigation arising in the ordinary course of business. None of the regulatory examinations or litigation in which Eaton Vance has been involved in the past 10 years is material to a client's evaluation of Eaton Vance's investment advisory business or the integrity of its management.

Other Financial Industry Activities and Affiliations

Eaton Vance Corp., the parent company of Eaton Vance, owns all of the outstanding stock of Eaton Vance Distributors, Inc. (“EVD”), a broker-dealer registered with the Securities and Exchange Commission. EVD serves as principal underwriter and distributor for certain EV Funds. Certain officers and employees of Eaton Vance are registered representatives of EVD.

Eaton Vance has been engaged to serve as administrator or manager, under an Administration Agreement or Management Contract (each an “Agreement”), by certain EV Funds. Under such Agreement(s), Eaton Vance is responsible for managing the business affairs of such EV Funds, subject to the supervision of the EV Fund’s Board of Trustees or other governing body, as applicable. Eaton Vance’s services include recordkeeping, preparation and filing of documents required to comply with federal and state securities laws, supervising the activities of the EV Funds’ custodian and transfer agent, providing assistance in connection with the EV Funds’ and shareholder meetings and other administrative services, including furnishing for the use of the EV Funds office space and all necessary office facilities, equipment and personnel which may be necessary for managing and administering the business affairs of the EV Funds. However, due to the nature of these services, it is impossible to accurately quantify the time spent on providing the services. Eaton Vance (or an affiliate) may or may not provide investment management or advisory services to these EV Funds. For its services provided under the Agreement(s), a Fund is required, in some cases, to pay Eaton Vance a monthly fee calculated at annual rates (up to 0.50% of average daily net assets). Each Agreement remains in full force and effect indefinitely, but only to the extent the continuance of such Agreement is specifically approved at least annually by the EV Fund’s Board of Trustees or other governing body, as applicable. Eaton Vance also provides investment management and administrative services to subsidiaries of certain privately offered investment vehicles that invest in real property.

Eaton Vance is registered with the SEC as a non-bank transfer agent. Eaton Vance has been engaged as a sub-transfer agent by certain EV Mutual Funds to perform certain transfer agent functions.

Eaton Vance is registered with the Commodity Futures Trading Commission as a commodity pool operator and a commodity trading advisor. Certain officers of Eaton Vance are registered as associated persons of Eaton Vance.

Eaton Vance oversees the management of real properties owned by certain of its clients. Day-to-day operating management of such properties typically is expected to be provided by professional property management companies not affiliated with Eaton Vance.

Eaton Vance owns Boston Management and Research (“BMR”), which serves as investment adviser to certain EV Funds and to certain Eaton Vance sponsored portfolios (“EV Portfolios”) which are privately offered to certain EV Funds, the shares of which are offered and sold to the public. BMR also acts as investment adviser to certain EV Funds, the shares of which are or have been privately offered to qualified investors. BMR is registered as an investment adviser with the SEC. BMR is also registered with the Commodity Futures Trading Commission as a commodity pool operator and a commodity trading advisor. Certain officers of Eaton Vance are registered as associated persons of BMR. Eaton Vance also owns Eaton Vance Advisers

(Ireland) Limited and Eaton Vance Management (International) Limited, each of which serves as investment adviser or distributor to certain Offshore Funds. Eaton Vance Investment Counsel (“EVIC”), a wholly owned subsidiary of Eaton Vance Corp., is registered as an investment adviser with the SEC. EVIC serves as an investment adviser to high net worth individuals, trusts, pension plans and institutions on both a discretionary and non-discretionary basis. Individual investment counselors employed by EVIC also serve as trustee to certain EVIC trust clients. Eaton Vance Corp., through a subsidiary, wholly owns Fox Asset Management LLC (“Fox”). Fox is registered as an investment adviser with the SEC. Eaton Vance Corp., through subsidiaries, owns approximately 99% of Atlanta Capital Management Company, LLC (“Atlanta Capital”). Atlanta Capital is registered as an investment adviser with the SEC and serves as sub-adviser to certain EV Funds and EV Portfolios. Eaton Vance Corp., through subsidiaries, owns approximately 97% of the outstanding shares of Parametric Portfolio Associates LLC (“PPA”). PPA is registered as an investment adviser with the SEC and serves as sub-adviser to certain EV Funds and EV Portfolios. PPA is a commodity trading advisor and a commodity pool operator registered with the Commodity Futures Trading Commission. PPA wholly owns Parametric Risk Advisors LLC (“PRA”). PRA is registered as an investment adviser with the SEC and serves as sub-adviser to certain EV Funds and EV Portfolios. In addition, certain employees of PRA are considered so-called dual employees of PRA and Eaton Vance and as such receive a portion of their salary and benefits from Eaton Vance. Eaton Vance Corp., through a subsidiary, owns approximately 49% of Hexavest Inc. Hexavest Inc. is registered as an investment adviser with the SEC and serves as sub adviser to certain EV Funds.

Eaton Vance Corp. owns Eaton Vance Trust Company, a limited purpose non-depository trust company organized and operating under the laws of Maine. Eaton Vance Trust Company serves as trustee to common trust funds and collective investment trusts, and to private trusts for which Eaton Vance Investment Counsel acts as investment adviser.

Eaton Vance provides investment advisory services to Wrap Account programs sponsored by banks, broker-dealers and other financial intermediaries. Eaton Vance may be deemed to be the adviser or sub-adviser to a Wrap Account program, depending on whether the program sponsor or another investment adviser retains the basic investment advisory function. In a Wrap Account program, the Wrap Client pays a comprehensive fee to the program sponsor which generally covers both brokerage and investment management services. It is the Wrap Client’s sole responsibility to negotiate the separate account fee with the program sponsor. If Eaton Vance is selected as an adviser (or sub-adviser) for a Wrap Client’s assets through the Wrap Account program, Eaton Vance will have no ongoing responsibility to assess the value of services delivered by the program sponsor. The overall costs associated with a Wrap Account program may be higher or lower than what the Wrap Client might otherwise experience by paying Eaton Vance advisory fees directly and negotiating transaction charges with the program sponsor. The advisory and other services provided by a Wrap Account program might not be available to the Wrap Client other than pursuant to the Wrap Account program. When acting as a sub-adviser in certain Wrap Account programs commonly called Multiple Style Portfolios (“MSP Program”), Eaton Vance acts as a non-discretionary sub-adviser presenting a model portfolio to the MSP Program’s adviser, who is responsible, in part, for trade execution, client reporting and other aspects of MSP Program client services. Eaton Vance, when acting as adviser in an MSP Program, generally will retain sub-advisers, which may include affiliated entities, to act as non-

discretionary investment advisers. The fee Eaton Vance receives in connection with its services under the Wrap Account program may be less than it might otherwise receive for providing similar services to other clients. The minimum dollar value of assets for these programs may differ from normal minimum levels imposed by Eaton Vance.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Eaton Vance has adopted various policies, including a Code of Ethics (the “Code”), to address the potential for self-dealing and conflicts of interest which may arise with respect to personal securities trading by employees, officers and other affiliated persons (“Designated Individuals”). The Code applies not only to Designated Individuals, but also to members of their “immediate family” (as defined in the Code), which includes most relatives living in the Designated Individual’s principal residence. The Code and other policies cover, among other things, portfolio management and trading practices, personal investment transactions and insider trading. These policies are meant to avoid actual and apparent conflicts of interest and to ensure that clients’ interests are put first. For example, the Code restricts the timing and other circumstances under which certain Designated Individuals may purchase or sell a security which to their knowledge is being purchased or sold or being considered for purchase or sale by a client. The Code further restricts or discourages certain investment activities, such as participation in IPOs or limited offerings, frequent securities trading and the use of short sales and naked options. Designated individuals are also prohibited from purchasing or selling any security for their own account or for that of a client while in possession of material, non-public information concerning the security or its issuer. The Code also requires certain Designated Individuals to obtain pre-clearance before trading in securities for their own account and to periodically report their securities holdings, including any interests held in registered investment companies advised by Eaton Vance or its affiliates. To facilitate this reporting, these Designated Individuals are generally required to maintain personal brokerage accounts only at certain designated broker-dealers and to disclose these accounts to the Eaton Vance Compliance Department.

Eaton Vance may impose sanctions for violations of the Code. Possible sanctions include a ban on personal securities trading, disgorgement of trading profits, monetary fines and suspension or termination of employment.

In addition, each registered investment company advised by Eaton Vance and certain affiliates has adopted the Code, which governs personal securities transactions of Fund directors, trustees, officers and employees. The Code is available online at www.eatonvance.com. You may also obtain a copy of the Code by writing: Eaton Vance Management, Attn: Legal Dept. – Code of Ethics, Two International Place, Boston, MA 02110.

Additional Conflicts of Interest

In special circumstances and consistent with the client’s investment objectives, Eaton Vance may invest a portion of the assets of an Institutional Account client’s discretionary account in shares of an EV Fund or may recommend such an investment to an Institutional Account client having a non-discretionary account. Since Eaton Vance or an affiliate receives management and/or administrative fees for serving as investment adviser to the EV Funds, with respect to that portion of an Institutional Account client’s account invested in an EV Fund, the client is not charged an advisory fee by Eaton Vance (*i.e.*, when calculating the advisory fee payable to Eaton Vance, the value of the Institutional Account client’s account is reduced by the value of the shares of any EV Funds owned by the client in that account). The management and administrative fee rate payable by the EV Fund may be more or less than that otherwise payable

by the Institutional Account client in connection with its investment advisory account. Such investments will generally not be made by Eaton Vance without the consent of the client. Eaton Vance may occasionally invest a portion of its assets in shares of an EV Fund or EV Portfolio.

Certain EV Funds are structured as funds of funds and pursue their investment objectives by investing in other investment companies managed by Eaton Vance or its affiliates. In such a structure, the fund of funds generally does not charge a management fee. Instead, Eaton Vance or an affiliate receives a management fee from each of the underlying investment companies in which the fund of funds invests. This structure can create a conflict of interest with respect to the investment allocation of the fund of funds. Because the management fees of the underlying investment companies may differ, Eaton Vance may have an incentive to allocate the fund of funds' assets to investment companies that charge a higher management fee. In making such investment decisions, Eaton Vance does not consider the fee structures of the underlying investment companies.

Certain EV Funds may invest in a money market fund managed by Eaton Vance or an affiliate with the management fees charged by such money market fund credited against the investing EV Fund's management fee. For certain EV Funds involved in lending portfolio securities, cash collateral received in connection with loaned securities may be invested in a privately offered investment company managed by Eaton Vance or an affiliate. Any such investment in an affiliated investment company will be subject to a management fee.

Eaton Vance may combine transaction orders placed on behalf of clients, including accounts in which affiliated persons of Eaton Vance have an investment interest. Available investment opportunities will be allocated among clients in a manner deemed equitable by Eaton Vance. See *Brokerage Practices* below for more information.

Brokerage Practices

Selection of Broker-Dealers

Eaton Vance seeks to achieve best overall execution when selecting broker-dealers for client portfolio transactions. In seeking best overall execution, Eaton Vance will use its best judgment in evaluating the terms of a transaction, and will give consideration to various relevant factors, including but not limited to the full range and quality of the services provided by the broker-dealer, the responsiveness of the broker-dealer to Eaton Vance, the size and type of the transaction, the nature and character of the market for the security, the confidentiality, speed and certainty of effective execution required for the transaction, the general execution and operational capabilities of the broker-dealer, the reputation, reliability, experience and financial condition of the broker-dealer, the value of services rendered by the broker-dealer in other transactions, and the amount of the spread or commission, if any. Eaton Vance may also consider the receipt of brokerage and research services, provided it does not compromise Eaton Vance's obligation to seek best overall execution. See *Soft Dollar Practices* below for additional information about the brokerage and research services Eaton Vance receives from broker-dealers.

Brokerage Commissions

In general, for all discretionary accounts and for non-discretionary accounts where the client has so authorized, Eaton Vance will place portfolio transaction orders on behalf of such accounts with one or more broker-dealer firms which Eaton Vance selects to execute the transactions. Transactions on stock exchanges and other agency transactions involve the payment by the client of negotiated brokerage commissions. Such commissions vary among different broker-dealer firms, and a particular broker-dealer may charge different commissions according to such factors as the difficulty and size of the transaction and the volume of business done with such broker-dealer. Transactions in foreign equity securities often involve the payment of brokerage commissions that are higher than those in the United States. There may be no stated commission in the case of securities traded in the over-the-counter markets. In such cases, the price paid or received by the client usually includes an undisclosed dealer markup or markdown (the "spread"). In an underwritten offering, the price paid by the client includes a disclosed fixed commission or discount retained by the underwriter or dealer.

Fixed income securities purchased and sold for clients are traded in the over-the-counter market through broker-dealers. Such firms attempt to profit from such transactions by buying at the bid and selling at the higher asked price of the market for such obligations, and the difference between the bid and asked price is customarily referred to as the spread. Eaton Vance uses its best efforts to obtain execution at prices that are advantageous to the client and at reasonably competitive spreads. Fixed income securities may also be purchased from underwriters and dealers in fixed-price offerings, the cost of which may include undisclosed fees and concessions received by the underwriters.

Soft Dollar Practices

While Eaton Vance has an obligation to seek best overall execution with respect to client portfolio transactions, this does not necessarily require Eaton Vance to pay the lowest available brokerage commission for a particular transaction. Investment advisers commonly receive brokerage and research services from broker-dealers that effect client portfolio transactions. These brokerage and research services may benefit clients directly or indirectly and are paid for with the commissions charged by the broker-dealers for effecting portfolio transactions. The practice of paying for brokerage and research services with commissions generated by client portfolio transaction is known as using soft dollars. Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a safe harbor for the use of soft dollars by investment advisers. Under the safe harbor, Eaton Vance may pay a broker or dealer who executes a portfolio transaction on behalf of an Eaton Vance client a commission that is greater than the amount of commission another broker or dealer would have charged for effecting the same transaction provided that Eaton Vance determines in good faith that such commission was reasonable in relation to the value of the brokerage and research services provided. This determination may be made on the basis of either that particular transaction or the overall responsibility that Eaton Vance and its affiliates have for accounts over which they exercise investment discretion. Brokerage and research services may include advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts; effecting securities transactions and performing functions incidental thereto (such as clearance and settlement); and the “Research Services” discussed below. Eaton Vance may also receive brokerage and research services from underwriters and dealers in fixed-price offerings.

Research Services. Research Services include any and all brokerage and research services to the extent permitted by Section 28(e) of the Securities and Exchange Act of 1934, as amended. Generally, Research Services may include, but are not limited to, such matters as research, analytical and quotation services, data, information and other services products and materials which assist Eaton Vance in the performance of its investment responsibilities. More specifically, Research Services may include general economic, political, business and market information, industry and company reviews, evaluations of securities and portfolio strategies and transactions, recommendations as to the purchase and sale of securities and other portfolio transactions, technical analysis of various aspects of the securities markets, non mass-marketed financial, industry and trade publications, certain news and information services, and certain research oriented software, data bases and services that provide Eaton Vance with lawful and appropriate assistance in the performance of its investment decision making responsibilities. Any particular Research Service obtained through a broker-dealer may be used by Eaton Vance in combination with client accounts other than those accounts which pay commissions to such broker-dealer. Any such Research Service may be broadly useful and of value to Eaton Vance in rendering investment advisory services to all or a significant portion of its clients, or may be relevant and useful for the management of only one client’s account or of a few clients’ accounts, or may be useful for the management of merely a segment of certain clients’ accounts, regardless of whether any such account or accounts paid commissions to the broker-dealer through which such Research Service was obtained. Eaton Vance evaluates the nature and

quality of the various Research Services obtained through broker-dealer firms and may attempt to allocate sufficient portfolio transactions to such firms to ensure the continued receipt of Research Services which Eaton Vance believes are useful or of value to it in rendering investment advisory services to its clients.

Proprietary Research. Research Services provided by (and produced by) broker-dealers that execute portfolio transactions or from affiliates of executing broker-dealers are referred to as “Proprietary Research”. Eaton Vance may consider the receipt of Proprietary Research Services as a factor in selecting broker dealers to execute client portfolio transactions, provided it does not compromise Eaton Vance’s obligation to seek best overall execution.

Third Party Research. Investment advisers also commonly receive Research Services from research providers that are not affiliated with an executing broker-dealer, but which have entered into payment arrangements involving an executing broker-dealer (“Third Party Research Services”). Eaton Vance may consider the receipt of Third Party Research Services as a factor in selecting broker dealers to execute client portfolio transactions, provided it does not compromise Eaton Vance’s obligation to seek best overall execution. Under a typical Third Party Research Services arrangement, the research provider agrees to provide research services to an investment adviser in exchange for a specified payment to the research provider by a broker-dealer that executes portfolio transactions for clients of the investment adviser. The investment adviser and the executing broker-dealer enter into a related agreement specifying the amount of brokerage business the investment adviser will direct to the executing broker-dealer to offset payments made by the executing broker-dealer for Third Party Research Services received by the investment adviser. Third Party Research Services arrangements typically involve execution of portfolio transactions in equity securities, but may arise in other contexts as well. For example, with respect to municipal obligations, an executing broker-dealer enters into an arrangement with an investment adviser to provide “research credits” typically generated as a result of acquisition of new issuances of municipal obligations in fixed price offerings. The amount of the research credit generated as a result of a particular transaction is a percentage of the offering price of the municipal obligations.

Client Commission Arrangements. Eaton Vance may consider the receipt of Research Services under so called “client commission arrangements” or “commission sharing arrangements” (both referred to as “CCAs”) as a factor in selecting broker dealers to execute transactions, provided it does not compromise Eaton Vance’s obligation to seek best overall execution. Under a CCA, Eaton Vance may cause client accounts to effect transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions paid on those transactions to a pool of commission credits that are paid to other firms that provide Research Services to Eaton Vance. Under a CCA, the broker-dealer that provides the Research Services need not execute the trade.

Participating in CCAs may enable Eaton Vance to consolidate payments for research using accumulated client commission credits from transactions executed through a particular broker-dealer to periodically pay for Research Services obtained from and provided by other firms, including other broker-dealers that supply Research Services. Eaton Vance believes that CCAs offer the potential to optimize the execution of trades and the acquisition of a variety of high quality Research Services that Eaton Vance might not be provided access to absent CCAs.

Eaton Vance will only enter into and utilize CCAs to the extent permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended. As required by interpretive guidance issued by the SEC, any CCAs entered into by Eaton Vance will provide that: (1) the broker-dealer pays the research preparer directly; and (2) the broker-dealer takes steps to assure itself that the client commissions that Eaton Vance directs it to use to pay for Research Services are only for eligible research under Section 28(e).

Other commission uses. The EV Funds may allocate brokerage commissions to acquire information relating to the performance, fees and expenses of such Funds and other investment companies, which information is used by the Trustees of such Funds to fulfill their responsibility to oversee the quality of the services provided by various entities, including Eaton Vance, to the EV Funds. The EV Funds may also pay cash for such information.

Client Referrals

In selecting broker-dealers for client portfolio transactions, Eaton Vance does not consider whether it or an affiliate receives client referrals from potential broker-dealers. Nevertheless, Eaton Vance may engage in portfolio brokerage transactions with a broker-dealer firm that sells shares of EV Funds, provided that such transactions are not directed to that firm as compensation for the promotion or sale of such shares. Client portfolio transactions may also be effected through broker-dealer firms that have introduced prospective clients to Eaton Vance or its affiliates. Such brokerage transactions are subject to Eaton Vance's obligation to seek best execution and may not be directed to broker-dealers as compensation for the introduction of prospective clients.

Trade Execution

Eaton Vance maintains separate trading desks based on asset class. These trading desks operate independently of one another. For example, high yield bonds are generally traded through Eaton Vance's High Yield Bond Department trading desk, while interests in bank loans are traded through Eaton Vance's Bank Loan Department trading desk. In addition, Eaton Vance maintains two separate trading desks for equity securities. One generally executes transactions for non-Wrap Account client accounts (referred to as the "Equity Trading Desk") and the other generally executes transactions for Wrap Accounts (referred to as the "Corporate Operations Trading Desk"). The two equity trading desks do not share information. The separate equity trading desks may result in one desk competing against the other desk when implementing buy and sell transactions, possibly causing certain accounts to pay more or receive less for a security than other accounts. When appropriate, an Eaton Vance trading desk may rotate trades among client accounts in accordance with Eaton Vance's policy to treat all accounts fairly and equitably over time. In addition to any trade rotation employed by a trading desk, the portfolio management team responsible for making investment decisions on behalf of equity clients may also, where it seems appropriate, rotate trades based on client type and/or the relevant trading desks involved in executing such trades. Any such trade rotation employed by the portfolio management team will be determined in accordance with Eaton Vance's policy to treat all clients fairly and equitably over time. Accounts in a rotation may experience sequencing delays and market impact costs

with respect to certain transactions relative to other accounts in the rotation. The Corporate Operations Trading Desk may also assist portfolio managers with the allocation of trades for certain clients.

Trade Aggregation

Investment decisions to buy or sell securities for any account are the product of many factors, including, but not limited to, the particular client's investment objectives, available cash resources, the relative size of the client's portfolio holdings of the same or similar securities, the size of investment commitments generally held by the client and the opinions of the persons responsible for making investments for such account. Thus, a particular security may be bought or sold for certain clients even though it could have been bought or sold for other clients at the same time. In some cases, a particular security may be bought for certain clients when other clients are selling that security. In certain instances, in accordance with any applicable legal requirements, a client may sell a particular security to another client. At other times, two or more clients may participate in an aggregated order, where they are simultaneously engaged in the purchase or sale of the same security. In such cases, Eaton Vance will aggregate the security transactions (including so-called "IPOs" or "new issues") of participating clients pursuant to its trading policies and procedures as follows: (1) aggregation is allowed only when it is consistent with a client's advisory agreement, with this Form ADV and applicable offering documents, and with the duty to execute securities transactions at advantageous prices and at reasonably competitive commission rates; (2) generally, aggregated orders will be executed only after written order tickets, which may be in an electronic format, have been received by the trading desk specifying the participating accounts and the number or percentage of shares to be allocated among the various accounts; (3) if an aggregated order cannot be filled completely, allocation among orders will be made pro rata based on the number or percentage of shares specified in the order tickets, which may be in an electronic format, provided that the following exceptions may apply: consideration in allocation may be given to (i) portfolio managers who have been instrumental in developing or negotiating a particular investment, (ii) a client with specialized investment policies or instructions that coincide with the particulars of a specific offering; (iii) the relative size of a client's portfolio holdings in the same or similar investments; (iv) the percentage of uninvested cash per account; (v) for certain fixed income securities, the size of offering; (vi) for fixed income accounts, the variation of account duration from target duration; (vii) whether the portfolio manager has specified an alternative allocation on the order ticket; and (viii) whether the allocation would be so *de minimis* that it would provide no material benefit to the client and / or present difficulty in effecting an advantageous disposition; and (4) Eaton Vance will receive no additional compensation or remuneration of any kind as a result of aggregating orders. As a result of such allocations, there may be instances when a client's account does not participate in a transaction (including an IPO) that is allocated among other clients. Eaton Vance believes that aggregated transactions can, in many instances, produce better executions for clients, but, in certain instances, they could have a negative effect on the size of the position obtained for or disposed of or the price paid or received by a particular client. Depending on such factors as the size of the order and the type and availability of a security, orders may be executed throughout the day rather than being aggregated. When these orders are placed they may experience sequencing delays and market impact costs, which Eaton Vance will

attempt to minimize. Eaton Vance's trading desk may depart from the above procedures if, in the exercise of its reasonable judgment, it determines that such a departure is advisable.

Directed Brokerage

A client may instruct Eaton Vance to execute orders for its account through a specific broker-dealer firm or firms (referred to as "directed brokerage"), to restrict or prohibit trading through a specific broker-dealer firm or firms, to include or exclude a specific broker-dealer firm or firms in a competitive bidding process, or to institute a similar limitation with respect to orders executed for its account (which restrictions are collectively referred to in this section as "restricted brokerage"). Restricted brokerage may affect (1) Eaton Vance's ability to negotiate favorable commission rates or volume discounts, (2) the availability of certain spreads, and (3) the timeliness of execution, and as a consequence, may result in a less advantageous price being realized by the account. Eaton Vance normally will not include orders for restricted brokerage accounts in larger simultaneous aggregated transactions but rather it normally will place orders for restricted brokerage accounts after the completion of non-restricted brokerage orders so as to avoid conflicts in the trading marketplace. For directed brokerage accounts, the client will be responsible for negotiating the commission rates with such firms or firms, and that negotiation may result in higher commissions than would have been paid if Eaton Vance had full discretion in the selection of broker-dealer firms. In addition, client directed brokerage on behalf of employee benefit plan clients may be subject to special requirements under the Employee Retirement Income Security Act of 1974 ("ERISA").

Wrap/Separate Accounts. Eaton Vance participates as an investment manager to separate accounts in certain wrap account programs. While Eaton Vance may have discretion to select broker-dealers other than the wrap program sponsor to execute trades for Wrap Accounts in a particular program, equity trades are generally executed through the financial institution sponsoring the wrap program, and fixed income trades are generally executed away from the financial institution sponsoring the wrap program. A wrap program sponsor may instruct Eaton Vance not to execute transactions on behalf of the Wrap Accounts in that program with certain broker-dealers. When a sponsor so restricts Eaton Vance, it may affect (1) Eaton Vance's ability to negotiate favorable commission rates or volume discounts, (2) the availability of certain spreads, and (3) the timeliness of execution, and as a consequence, may result in a less advantageous price being realized by the account. Eaton Vance endeavors to treat all Wrap Accounts fairly and equitably over time in the execution of client orders. Depending on such factors as the size of the order, and the type and availability of a security, orders for Wrap Accounts may be executed throughout the day. When orders are placed with broker-dealers, such trades may experience sequencing delays and market impact costs, which the firm will attempt to minimize. When the Corporate Operations Trading Desk deems it appropriate, trades for Wrap Accounts may be rotated in accordance with Eaton Vance's policy to treat all clients fairly and equitably over time. As discussed above, Eaton Vance maintains two separate trading desks for equity securities, the Equity Trading Desk for its non-Wrap Account client accounts and the Corporate Operations Trading Desk for Wrap Accounts and certain other client accounts. The two desks operate independently of one another. The Corporate Operations Trading Desk may place orders without regard to the timing of the placement of any aggregated order made on behalf of other Eaton Vance clients through the Equity Trading Desk. The separate trading desks

may result in one desk competing against the other desk when implementing buy and sell transactions, possibly causing certain accounts to pay more or receive less for a security than other accounts.

Trade Errors

On occasion, Eaton Vance may make an error in executing securities transactions for a client account. For example, a security may be erroneously purchased for the account instead of sold, or a trade may be entered for an incorrect number of shares. In these situations, Eaton Vance generally seeks to rectify the error by placing the fund or account in a similar position as it would have been if there had been no error. Depending on the circumstances, and subject to applicable legal and contractual requirements, various corrective steps may be taken, including canceling the trade, correcting an allocation, or taking the trade into Eaton Vance's trade error account and reimbursing the client account.

Review of Accounts

Institutional and other Non-Investment Company Clients of Eaton Vance

The frequency of the review of such accounts, the nature of the review and the factors which may trigger reviews can vary widely among particular accounts, depending on the client's investment objectives and circumstances and the complexity, portfolio structure and size of an account. The portfolio manager of each account (or his or her designated representative) is responsible for reviewing all accounts for which he or she is the principal account manager. The responsible portfolio managers conduct regular reviews at or prior to the time quarterly written appraisal reports are sent to clients. Interim reviews may be triggered by numerous factors, such as: significant equity price or interest rate changes; new economic forecasts; investment policy changes of Eaton Vance; asset additions to the account by the client; and/or changes in a client's objectives, instructions, or circumstances. The report also may include other data, including (among other things) investment commentary.

The number of accounts assigned to individual Eaton Vance account managers may vary depending upon an individual's committee or other responsibilities within Eaton Vance or upon the complexity, size, discretion level or other circumstances of the particular accounts involved.

For Wrap Accounts, the program sponsor generally will review the account with the client, although the client will be able to communicate with Eaton Vance personnel.

EV Funds and other Investment Company Clients

Portfolios of EV Funds and Unaffiliated Funds are regularly under review by the portfolio manager for each such Fund. The performance of a fund and its portfolio manager(s) is also reviewed periodically by such portfolio manager's supervisor. The portfolios of EV Mutual Funds are also formally reviewed at least annually at meetings of the EV Mutual Funds' Board of Trustees.

Client Referrals and Other Compensation

Eaton Vance may enter into written agreements with certain broker-dealer firms and other financial intermediaries or other entities or individuals permitted by law to compensate such firms or individuals for having referred certain investment advisory clients to Eaton Vance. Each firm or individual with whom an agreement exists is typically compensated in cash based upon a percentage of the investment advisory fee actually received by Eaton Vance from each referred client and/or by a flat fee. Such compensation typically continues as long as such client continues to employ Eaton Vance as the client's investment adviser and, in some cases, only if the representative of the firm who introduced the client to Eaton Vance remains an employee of the firm. Generally, the clients referred pay an advisory fee that is no higher as a result of this arrangement than Eaton Vance's regular advisory fee as set forth in *Fees and Compensation* above. Notwithstanding the foregoing, however, Eaton Vance may at times enter into a referral agreement whereby the annual advisory fee paid by the client is higher than the customary advisory fee charged by Eaton Vance by reason of the compensation paid to the firm or individual referring such client. In such cases, Eaton Vance would notify the client and obtain a written disclosure statement executed by the client which acknowledges the higher fee payment.

Eaton Vance may also enter into written agreements with certain broker-dealer firms and other financial intermediaries to compensate such firms for distributing shares of Private Funds or Offshore Funds. Each firm with whom an agreement exists is typically compensated in cash based upon a percentage of the net asset value of the shares of the Private Funds or Offshore Funds distributed by such firm.

Custody

Eaton Vance does not maintain custody of client funds and securities; client assets generally are maintained with unaffiliated qualified custodians. However, in connection with the management of certain Private Funds and Offshore Funds, Eaton Vance is deemed to have custody of client assets under Rule 206(4)-2 under the Investment Advisers Act of 1940 (the “Custody Rule”). Each of these Funds has made arrangements with a qualified custodian. The annual financial statements of these Funds are audited by an independent public accountant registered with the Public Company Accounting Oversight Board as required by the Custody Rule.

Eaton Vance is not deemed to have custody of the assets of any Separate Account clients.

Investment Discretion

Eaton Vance ordinarily manages client accounts on a discretionary basis. Wrap Account participants may impose certain reasonable limitations or restrictions regarding the management of their accounts by notifying Eaton Vance in writing. For example, a Wrap Account participant may instruct Eaton Vance not to invest in companies engaged in particular industries, such as weapons manufacturing or tobacco products. The management of discretionary Wrap Account portfolios is also subject to the terms of the agreement between Eaton Vance and the Wrap Account program sponsor, such as the mandate investment strategy selected by the program sponsor. Institutional Account clients may also impose limitations or restrictions regarding the management of their portfolios. These limitations or restrictions are negotiated individually with each client at the time the investment advisory agreement is signed, and may be modified by the client by notifying Eaton Vance in writing. Eaton Vance may be unable to accommodate certain investment limitations or restrictions sought by a Wrap Account participant or Institutional Account client.

An Institutional Account client must authorize Eaton Vance in writing in order for Eaton Vance to trade and manage the client's account with an outside custodian. This authorization is included in the investment advisory agreement. Eaton Vance does not typically require Institutional Account clients to assign a power of attorney for Eaton Vance to manage their assets. For accounts that include certain types of derivative instruments, Eaton Vance generally requests that Institutional Account clients execute some investment documentation directly (for example, when the documents require specific confirmations about the client's tax status or other detailed information). In addition, Eaton Vance may occasionally request that Institutional Account clients execute a limited power of attorney or trading authorization when additional evidence of Eaton Vance's authority to act on behalf of the client is required (for example, in dealing with the bankruptcy of the issuer of a portfolio security or a counterparty or when trading in derivative instruments under the client's investment documentation).

In managing the EV Funds and Unaffiliated Funds, Eaton Vance is subject to any applicable investment restrictions adopted by the Funds, as well as the ongoing oversight of each Fund's Board of Trustees or other governing body, as applicable. Eaton Vance consults with the applicable governing body on a variety of significant matters relating to the EV Funds, including some strategic investment matters.

Voting Client Securities

General Policy. Eaton Vance has adopted proxy voting policies and procedures (the “Policies”) with respect to the voting of proxies on behalf of all clients, including mutual funds advised by Eaton Vance, for which Eaton Vance has voting responsibility. Eaton Vance manages its clients’ assets with the overriding goal of seeking to provide the greatest possible return to clients consistent with governing laws and the investment policies of each client. Each client is generally permitted to instruct Eaton Vance on how to vote proxy solicitations received in connection with securities held in the client’s account. Unless Eaton Vance receives instructions from a client on how to vote a particular solicitation, Eaton Vance will vote in accordance with the Policies. When charged with the responsibility to vote proxies on behalf of its clients, Eaton Vance seeks to exercise its clients’ rights as shareholders of voting securities to support sound corporate governance of the companies issuing those securities with the principal aim of maintaining or enhancing the companies’ economic value.

Voting and Use of Proxy Voting Service. The Policies are designed to promote accountability of a company’s management to its shareholders and to align the interests of management with those shareholders. When charged with the responsibility to vote proxies on behalf of its clients, Eaton Vance will generally vote such proxies through an independent, unaffiliated third-party voting service (“Proxy Voting Service”) in accordance with customized policies (“Guidelines”), and with respect to proxies referred back to Eaton Vance by the Proxy Voting Service pursuant to the Policies, in a manner that is reasonably designed to eliminate any potential conflicts of interest. The Proxy Voting Service currently is Institutional Shareholder Services; The Proxy Voting Service is responsible for coordinating with the clients’ custodians to ensure that all proxy materials received by the custodians relating to the clients’ portfolio securities are processed in a timely fashion. In addition, the Proxy Voting Service is responsible for maintaining copies of all proxy statements received by issuers and to promptly provide such materials to Eaton Vance upon request.

The Proxy Voting Service is required to establish and maintain adequate internal controls and policies in connection with the provision of proxy voting services to Eaton Vance, including methods to reasonably ensure that its analysis and recommendations are not influenced by a conflict of interest. The Guidelines include voting guidelines for matters relating to, among other things, the election of directors, approval of independent auditors, executive compensation, corporate structure and anti-takeover defenses. Eaton Vance may abstain from voting from time to time where it determines that the costs associated with voting a proxy outweigh the benefits derived from exercising the right to vote. The Proxy Voting Service will refer proxies to the Proxy Administrator for instructions under circumstances where: (1) the application of the Guidelines is unclear; (2) a particular proxy question is not covered by the Guidelines; or (3) the Guidelines require input from Eaton Vance. The Proxy Administrator solicits feedback from Eaton Vance investment professionals and/or the Proxy Group as required.

Proxy Voting Administrator and Proxy Group. Eaton Vance has appointed a Proxy Administrator to assist in the coordination of the voting of each client’s proxy in accordance with the Guidelines and the Policies. Eaton Vance also has established a Proxy Group to assist in the review of the Proxy Voting Service’s recommendations when a proxy voting issue has been referred back to Eaton Vance’s Proxy Administrator. The Proxy Group also develops Eaton

Vance's positions on all major corporate issues, creates the Guidelines and oversees the proxy voting process. The Proxy Group currently is comprised of members of Eaton Vance's Equity Group. Internal legal counsel serves as a consultant to the Proxy Group but does not have any voting rights.

The Proxy Administrator will maintain a record of all proxy questions that have been referred by the Proxy Voting Service, all applicable recommendations, analysis and research received and any resolution of the matter. In situations where the Proxy Voting Service refers a proxy question to the Proxy Administrator and the Proxy Administrator recommends that the client vote contrary to the Guidelines, the Proxy Administrator will consult with the Proxy Group. The Proxy Administrator will instruct the Proxy Voting Service as recommended by the Proxy Group. With respect to mutual fund clients advised by Eaton Vance, the Board of Trustees of the mutual fund will receive a report from Eaton Vance reflecting any votes cast contrary to the Guidelines or Proxy Voting Service recommendations, as applicable, no less than annually.

Conflicts of Interest. The Proxy Group is responsible for monitoring and resolving possible material conflicts with respect to proxy voting. Because the Guidelines are predetermined and designed to be in the best interests of shareholders, application of the Guidelines to vote client proxies should, in most cases, adequately address any possible conflict of interest. Eaton Vance will monitor situations that may result in a conflict of interest between any of its clients and Eaton Vance or any of its affiliates by maintaining a list of significant existing and prospective corporate clients. The Proxy Administrator will compare such list with the names of companies of which he or she has been referred a proxy statement (the "Proxy Companies"). If a company on the list is also a Proxy Company, the Proxy Administrator will report that fact to the Proxy Group. If the Proxy Administrator intends to instruct the Proxy Voting Service to vote in a manner inconsistent with the Guidelines or the recommendation of the Proxy Voting Service, as applicable, the Proxy Group, in consultation with Eaton Vance senior management, will then determine if a material conflict exists. If it is determined that a material conflict exists, Eaton Vance will seek instruction on how the proxy should be voted from (1) the client, in the case of an individual or corporate client; (2) in the case of a mutual fund, its board of directors, or any committee or subcommittee identified by the board; or (3) the adviser, in situations where Eaton Vance acts as sub-adviser to such adviser. If a matter is referred to the Proxy Group, the decision made and basis for the decision will be documented by the Proxy Administrator and/or Proxy Group.

Clients may obtain a complete copy of the Policies and/or Guidelines and/or information on how Eaton Vance voted on proxies related to securities held in the accounts by contacting Eaton Vance at (800) 225-6265.

Financial Information

Eaton Vance does not require or solicit prepayments of more than \$1,200 from clients six months or more in advance. Eaton Vance does, however, have discretionary authority over, and in some cases is deemed to have custody of, client funds and securities. Eaton Vance currently does not know of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

Requirements for State-Registered Advisers

Eaton Vance is not currently registered with any state securities authority.

Privacy Notice

The Eaton Vance organization is committed to ensuring your financial privacy. Each of the financial institutions identified below has in effect the following policy (“Privacy Policy”) with respect to nonpublic personal information about its customers:

- Only such information received from you, through application forms or otherwise and information about your Eaton Vance fund transactions will be collected. This may include information such as name, address, social security number, tax status, account balances and transactions.
- None of such information about you (or former customers) will be disclosed to anyone, except as permitted by law (which includes disclosure to employees necessary to service your account). In the normal course of servicing a customer’s account, Eaton Vance may share information with unaffiliated third parties that perform various required services such as transfer agents, custodians and broker/dealers.
- Policies and procedures (including physical, electronic and procedural safeguards) are in place that are designed to protect the confidentiality of such information.
- We reserve the right to change our Privacy Policy at any time upon proper notification to you. Customers may want to review our Policy periodically for changes by accessing the link on our homepage: www.eatonvance.com.

Our pledge of privacy applies to the following entities within the Eaton Vance organization: the Eaton Vance Family of Funds, Eaton Vance Management, Eaton Vance Investment Counsel, Boston Management and Research, Eaton Vance Trust Company, Eaton Vance Management’s Real Estate Investment Group and Eaton Vance Distributors, Inc.

In addition, our Privacy Policy applies only to those Eaton Vance customers who are individuals and who have a direct relationship with us. If a customer’s account (*i.e.*, fund shares) is held in the name of a third-party financial adviser/broker-dealer, it is likely that only such adviser’s privacy policies apply to the customer. This notice supersedes all previously issued privacy disclosures. For more information about Eaton Vance’s Privacy Policy, please call 1-800-262-1122.