

Eaton Vance Investment Counsel

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This brochure provides information about the qualifications and business practices of Eaton Vance Investment Counsel. 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 Investment Counsel is an SEC-registered investment adviser. This registration does not imply a certain level of skill or training. Additional information about Eaton Vance Investment Counsel also is available on the SEC's website at www.adviserinfo.sec.gov.

Summary of Material Changes

No material changes have been made to this brochure since its last annual update on January 29, 2014.

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Advisory Business

Eaton Vance Investment Counsel (“EVIC”) renders professional investment management services on both a discretionary and a non-discretionary basis to high net worth individuals, families, pension plans, trusts, endowments and other institutional clients. As of October 31, 2014, EVIC manages a total of \$6.4 billion in client assets. Of this amount, \$4.7 billion is managed on a discretionary basis.

EVIC was originally organized in 2004 as a wholly owned subsidiary of Eaton Vance Corp. EVIC is the successor in interest to the investment counsel business of Eaton Vance Management, an affiliate of EVIC. Eaton Vance Management and its predecessor organizations have been providing investment advice since 1924. Eaton Vance Corp. is 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.

EVIC provides customized investment advice to clients through a variety of investment strategies. Each client works with an investment counselor or a team of counselors who serve as the portfolio manager for the client account and the primary client contact. The investment counselor discusses the investment objectives with the client and customizes an appropriate investment strategy. In-depth fundamental analysis is the primary basis for EVIC’s investment decision making in its direct management of assets. Under a typical discretionary account, the client has authorized EVIC to supervise, manage and direct the investment of the assets of the account, including the selection of appropriate investment vehicles, such as mutual funds, without prior consultation with the client. Accounts with respect to which EVIC makes recommendations to the clients or otherwise must consult with the client prior to making and implementing investment decisions are non-discretionary accounts. In some cases, a discretionary account will implicitly contain a non-discretionary component, such as when a subscription for an investment managed by an outside manager requires a client’s signature. Investment decisions or recommendations for both types of accounts are made and implemented in accordance with each client’s investment objectives and any investment restrictions described in the advisory agreement or otherwise provided to EVIC by the client. For more information about EVIC’s investment advisory services, see *Methods of Analysis, Investment Strategies and Risk of Loss* below.

Fees and Compensation

Fee rates for clients are quoted on an annual basis. For certain clients, fees are paid quarterly in arrears based upon the appraised market value of the assets subject to a fee in the client's account on the last business day of the quarter. For certain other clients, fees are paid quarterly in advance based upon the appraised market value of the assets subject to a fee in the client's account on the last business day of the previous quarter. In most cases, EVIC deducts fees directly from the client account. Fees are generally quoted to prospective clients in accordance with the following schedule:

Investment Strategy	Fee Schedule	Minimum Separate Account Initial Balance
Equity and Balanced Management	1.00% on first \$2 million 0.80% on next \$3 million 0.50% on next \$5 million 0.40% on balance	Generally \$1 million or a minimum annual fee of \$10,000
High Yield Bond Management	0.50% on first \$50 million 0.45% on next \$50 million 0.40% on next \$100 million 0.35% on balance	Generally \$20 million or a minimum annual fee of \$100,000
Investment Grade Bond Management	0.45% first \$10 million 0.30% next \$40 million 0.20% on balance	Generally \$2 million or a minimum annual fee of \$9,000
Municipal Bond Management	0.45% on first \$10 million 0.30% on next \$40 million 0.20% on balance	Generally \$2 million or a minimum annual fee of \$9,000
Floating Rate Bank Loan Management	0.475% on first \$100 million 0.40% on next \$100 million 0.35% on balance	Generally \$100 million or a minimum annual fee of \$475,000
Non-Proprietary Management Strategies	0.50% on balance	Generally \$1 million or a minimum annual fee of \$10,000

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, estate planning resources or additional investment administrative services requested by clients may lead to higher fees. In some cases, EVIC charges a flat annual fee. Individual fee arrangements are negotiated with each client based on the level of services provided.

In addition to asset-based investment advisory fees and fees based on a percentage of portfolio income, EVIC may agree to provide investment advisory services to be compensated in part on a comparative performance or incentive basis. Though not currently used, 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.

EVIC's standard form of investment counsel agreement with clients provides that the client or EVIC may terminate the agreement at any time by written notice. If a client has paid any advisory fees in advance for the period in which the investment advisory agreement is terminated, EVIC will pro rate the advisory fees for the period and return any unearned portion to the client by check or wire transfer. The amount of any such unearned portion is calculated as of the date indicated on the "Account Closing Form". From time to time, EVIC 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; for example, 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 EVIC may be negotiated and will be determined on a case-by-case basis. When requested by a client, EVIC may also provide certain financial planning and retirement planning services and advice on charitable giving strategies in addition to its advisory services. EVIC may also advise clients on special situations such as deferred compensation programs and business succession plans. EVIC does not ordinarily charge an additional fee for these services.

In addition to advisory fees charged by EVIC, 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 unaffiliated funds in which the clients invest (such as hedge funds, private equity funds or ETFs) 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 EVIC or any of its affiliates. Eaton Vance Trust Company, an affiliate of EVIC, serves as custodian to certain client accounts. In such instances, the client may pay Eaton Vance Trust Company a custodian fee which is generally deducted directly from the client account. Portfolio transactions for EVIC client accounts are executed by Eaton Vance Management's trading desks. Eaton Vance Management may enter into soft dollar arrangements with certain broker-dealers from time to time under which it receives brokerage and research services paid for with client brokerage commissions. For more information about Eaton Vance Management's brokerage and soft dollar practices, see *Brokerage Practices* below.

Performance Based Fees and Side-by-Side Management

EVIC does not currently receive any performance based fees from clients and none of EVIC's supervised persons currently manages any accounts that are charged a performance based fee.

Types of Clients

EVIC provides investment advisory services primarily to high net worth individuals, trusts, estates, personal holding companies, pension and profit sharing plans, labor unions, religious organizations, foundations and charitable organizations, corporations, endowment funds, insurance companies and educational institutions. EVIC does not manage any pooled investment vehicles.

EVIC normally requires its clients to enter into a written investment advisory agreement. Generally, EVIC's minimum relationship size is \$1 million. Otherwise, EVIC generally imposes no conditions on the establishment or maintenance of clients' accounts.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

EVIC'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; and any other factors that, in EVIC's judgment, may have an impact on the value of an investment.

Although it conducts some of its own independent research, EVIC relies heavily on the research evaluations and recommendations developed by its affiliate, Eaton Vance Management. In developing information for use in making investment decisions and recommendations for clients, Eaton Vance Management 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 Management and EVIC also use various standard databases available to institutional investors. EVIC and Eaton Vance Management may utilize other sources of information, such as on-line services and financial database services.

In some cases EVIC may rely on ratings issued by third party rating services. In other cases, although EVIC may consider ratings issued by third party rating services, it utilizes Eaton Vance Management to perform credit and investment analysis and does not rely primarily on the ratings assigned by the third party 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.

EVIC will at times recommend investment strategies and vehicles that are not proprietary to Eaton Vance Management or its affiliates, including mutual funds, ETFs, and exchange traded notes. Such non-proprietary investments are screened by individual investment counselors before they are recommended to clients, with careful analysis of risk made at the counselor level.

Certain third-party managers operate either through a separately managed account or private offering format and typically require larger minimum investments. Such managers are subject to additional due diligence procedures before being approved for recommendation to EVIC clients by the EVIC Committee on Outside Managers. This due diligence process involves discussions with the third-party manager's executives, investment staff and compliance officers. EVIC questions the third-party manager's employees about their organization and regulatory compliance matters. EVIC independently verifies the custodians, prime brokers, independent accountant and other service providers used by the third-party manager. EVIC also examines the third-party manager's historical investment returns and assesses the viability of their investment thesis. After selecting a third-party manager to recommend to clients, EVIC continually monitors the manager, with the EVIC Committee on Outside Managers meeting quarterly to review approved managers. Finally, EVIC monitors for any complaints about the third-party manager that are filed with the SEC.

Subject to and consistent with the individual investment objectives of clients, EVIC generally seeks to achieve above-average long-term investment results for its clients through emphasis on equity, debt instruments, real assets and currencies judged by EVIC to have unrecognized value or investment potential. Although EVIC 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 consistent with a client's long term objectives. In managing investment portfolios, EVIC directs considerable attention to the overall composition of the portfolio in order to provide proper portfolio balance and diversification, and thus reduce risk.

EVIC 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 EVIC determines that the holding should no longer be retained by the account.

Investment Strategies

Rather than offering clients a preset menu of investment strategies from which to choose, EVIC provides customized investment strategies designed to meet the needs of individual clients. EVIC's advisory relationships may also involve a wider range of services than just portfolio management. For example, EVIC advises certain clients on financial planning issues, tax-management strategies, charitable giving, estate planning and wealth transfer, executive compensation and business succession strategies. The proprietary investment strategy designed for a particular client will be tailored to consider these and other issues relevant to the client's unique situation. As such, the proprietary investment strategies offered by EVIC are not easily summarized. However, when designing a proprietary investment strategy for a client, EVIC will generally pursue investments in one or more of the following asset classes: equities, investment grade bonds, high yield bonds, municipal bonds and floating-rate bank loans. EVIC also offers non-proprietary management strategies, which involve investing client assets in funds or accounts managed by unaffiliated third-party managers. EVIC assists clients in identifying third-party managers that specialize in particular investment strategies. The available non-proprietary management strategies are not limited, but third-party managers typically include private equity fund managers, hedge fund managers (including fund-of-hedge fund managers) and traditional asset managers with an expertise in a particular area (such as emerging markets investing). Listed below are the material risks associated with EVIC's proprietary investment strategies and non-proprietary management strategies. These material risks are not comprehensive and a particular investment strategy may invest in other types of financial instruments (such as derivatives or commodities) and be subject to additional risks not described below.

EVIC 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 that clients should be prepared to bear.

Equities. Equity strategies may involve one or more of the following material risks: Equity Investing Risk; Foreign and Emerging Market Investment Risk; ; Risks Associated with Active Management; General Investing Risks; Small Companies Risk; Real Estate Risk; Derivatives

Risk; ETF Risk; Income 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.

Investment Grade Bonds. Investment grade bond strategies may involve one or more of the following material risks: Income Market Risk; Interest Rate Risk; Credit Risk; Derivatives Risk; Risk of U.S. Government-Sponsored Agencies; ETN Risk; Issuer Diversification Risk; Risks Associated with Active Management; General Investing Risks; Duration Risk; Inflation-Linked Security Risk; Maturity Risk; Risk of Leveraged Transactions; Risk of Residual Interest Bonds; Risk of Principal Only Investments; Risks of Zero-Coupon and Deep Discount Bonds and PIK Securities; Tax Risk; and Risks Associated with Quantitative Management. Not all of these risks apply to each investment grade bond strategy. The specific risks associated with a particular investment grade bond 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 investment grade bonds. For a summary of each risk, see *Descriptions of Material Risks* below.

High Yield Bonds. High yield bond strategies may involve one or more of the following material risks: Income Market Risk; Interest Rate Risk; Credit 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; Duration Risk; Maturity Risk; Risk of Leveraged Transactions; Risk of Residual Interest Bonds; Risk of Principal Only Investments; Risks of Zero-Coupon and Deep Discount Bonds and PIK Securities; Tax Risk; and Risks Associated with Quantitative Management. Not all of these risks apply to each high yield bond strategy. The specific risks associated with a particular high yield bond 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 high yield bonds. For a summary of each risk, see *Descriptions of Material Risks* below.

Municipal Bonds. Municipal bond strategies may involve one or more of the following material risks: Income Market Risk; Interest Rate Risk; Credit Risk; Derivatives Risk; Risk of Lower Rated Investments; Municipal Bond Market Risk; Issuer Diversification Risk; Risks Associated with Active Management; General Investing Risks; Duration Risk; Inflation-Linked Security Risk; Maturity Risk; Risk of Leveraged Transactions; Risk of Residual Interest Bonds; Risks of Principal Only Investments; Tax Risk; and Risks Associated with Quantitative Management. Not all of these risks apply to each municipal bond strategy. The specific risks associated with a particular municipal bond 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 municipal bonds. For a summary of each risk, see *Descriptions of Material Risks* below.

Floating Rate Bank Loans. Floating rate bank loan strategies may involve one or more of the following material risks: Income Market Risk; Interest Rate Risk; Credit Risk; Derivatives Risk;

Risk of Lower Rated Investments; Issuer Diversification Risk; Risks Associated with Active Management; General Investing Risks; Duration Risk; Maturity Risk; Risk of Loans; Tax Risk; and Risks Associated with Quantitative Management. Not all of these risks apply to each floating rate loan strategy. The specific risks associated with a particular high floating rate loan 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 floating rate loans. For a summary of each risk, see *Descriptions of Material Risks* below.

Non-Proprietary Management Strategies. Non-proprietary management strategies may involve a wide array of risks. The risks associated with an investment in a fund or account managed by a particular third-party manager will be described in the fund offering documents (if applicable) or the third-party manager's Form ADV. A client should carefully review the applicable offering documents and/or third-party manager's Form ADV before pursuing a non-proprietary management strategy. Listed below are a number of risks that may be applicable to an investment in a non-proprietary management strategy: Manager Selection Risk; Income Market Risk; Interest Rate Risk; Credit Risk; Equity Investing 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; Inflation-Linked Security Risk; Duration Risk; Risks of Zero-Coupon and Deep Discount Bonds and PIK Securities; Municipal Bond Market Risk; Small Companies Risk; Securities Lending Risk; Option Strategy Risk; Hedge Correlation Risk; Currency Risk; and Tracking Error Risk. Not all of these risks apply to each non-proprietary management strategy. The specific risks associated with a particular non-proprietary management strategy depend on the investment strategies used by the third-party manager. 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.

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.

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.

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.

Manager Selection Risk. Non-proprietary management strategies rely on the expertise of unaffiliated third-party managers. In recommending third-party managers to clients as part of a non-proprietary management strategy, EVIC attempts to identify managers with a track record of successful asset management. However, there can be no assurance that any third-party manager recommended by EVIC will achieve a desired investment result. Furthermore, because EVIC does not control third-party managers or their investment decisions, there can be no assurance that a third-party manager will adhere to its stated investment guidelines or strategies. EVIC monitors third-party managers on a regular basis and will take steps to terminate a client's investment with a third-party manager if the manager fails to adhere to its stated investment guidelines or strategies. Nevertheless, if a third-party manager deviates from its stated investment guidelines or strategies, or if those guidelines or strategies do not work as intended, a client account may incur a loss before EVIC is able to redeem the client's investment. While EVIC conducts due diligence on all third-party managers, there remains a risk that a third-party manager will misappropriate a client's investment or otherwise engage in fraudulent conduct resulting in a loss of a client's investment.

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

EVIC 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 EVIC has been involved since its formation in 2004 is material to a client's evaluation of EVIC's investment advisory business or the integrity of its management.

Other Financial Industry Activities and Affiliations

Eaton Vance Corp., the parent company of EVIC, 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 open-end investment companies advised by affiliates of EVIC. Certain officers and employees of EVIC are registered representatives of EVD.

Eaton Vance Management, a wholly owned subsidiary of Eaton Vance Corp., is registered as an investment adviser with the SEC and serves as administrator and/or investment adviser to certain open-end and closed-end investment companies (the “Eaton Vance Funds”). Eaton Vance Management is a commodity trading advisor and a commodity pool operator registered with the Commodity Futures Trading Commission. Eaton Vance Management owns Boston Management and Research (“BMR”), which serves as investment adviser to certain Eaton Vance Funds and Eaton Vance sponsored portfolios (“EV Portfolios”) which are privately offered to certain Eaton Vance Funds, the shares of which are offered and sold to the public. BMR also acts as investment adviser to certain Eaton Vance Management sponsored 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 a commodity trading advisor and a commodity pool operator registered with the Commodity Futures Trading Commission. Eaton Vance Management 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 investment vehicles sponsored by Eaton Vance Management. 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 Eaton Vance Funds and EV Portfolios. Eaton Vance Corp., through subsidiaries, owns approximately 97% of Parametric Portfolio Associates LLC (“PPA”). PPA is registered as an investment adviser with the SEC and serves as sub-adviser to certain Eaton Vance 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 Eaton Vance Funds and EV Portfolios. In addition, certain employees of PRA are considered so-called dual employees of PRA and Eaton Vance Management and as such receive a portion of their salary and benefits from Eaton Vance Management. 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 Eaton Vance 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 provides custodial and/or corporate trustee services to certain EVIC clients. State Street Bank and Trust Company generally provides qualified custodial or sub-custodial services to these accounts.

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

EVIC has adopted various policies, including a Code of Ethics (the “Code”) (which also applies to Eaton Vance Management and BMR), 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 Management 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 Management Compliance Department.

EVIC 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.

EVIC will provide a copy of the Code to any client or prospective client upon request. You may obtain a copy of the Code by writing: Eaton Vance Management, Attn: Legal Dept. – Code of Ethics, Two International Place, Boston, MA 02110. The Code is also available online at www.eatonvance.com.

Additional Conflicts of Interest

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

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

Brokerage Practices

EVIC uses the trading desks of its affiliate, Eaton Vance Management, to effect client portfolio transactions. This section describes the brokerage practices employed by Eaton Vance Management on behalf of EVIC.

Selection of Broker-Dealers

Eaton Vance Management seeks to achieve best overall execution when selecting broker-dealers for client portfolio transactions. In seeking best overall execution, Eaton Vance Management 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 Management, 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 Management may also consider the receipt of brokerage and research services, provided it does not compromise Eaton Vance Management's obligation to seek best overall execution. See *Soft Dollar Practices* below for additional information about the brokerage and research services Eaton Vance Management 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 Management will place portfolio transaction orders on behalf of such accounts with one or more broker-dealer firms which Eaton Vance Management 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 Management 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 Management has an obligation to seek best overall execution with respect to client portfolio transactions, this does not necessarily require Eaton Vance Management 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 Management may pay a broker or dealer who executes a portfolio transaction on behalf of a 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 Management 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 Management 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 Management 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 Management 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 Management 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 Management 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 Management or its affiliates in rendering investment advisory services to all or a significant portion of their 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 Management 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 Management believes are useful or of value to it or its affiliates in rendering investment advisory services to 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 Management 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 Management'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 Management 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 Management'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 Management 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 Management's obligation to seek best overall execution. Under a CCA, Eaton Vance Management 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 Management. Under a CCA, the broker-dealer that provides the Research Services need not execute the trade.

Participating in CCAs may enable Eaton Vance Management 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 Management 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 Management might not be provided access to absent CCAs.

Eaton Vance Management 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 Management will provide that: (1) the broker-dealer pay the research preparer directly; and (2) the broker-dealer take steps to assure itself that the client commissions that Eaton Vance Management directs it to use to pay for Research Services are only for eligible research under Section 28(e).

Client Referrals

In selecting broker-dealers for client portfolio transactions, Eaton Vance Management does not consider whether it or an affiliate receives client referrals from potential broker-dealers. Nevertheless, Eaton Vance Management may engage in portfolio brokerage transactions with a broker-dealer firm that sells shares of Eaton Vance 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 Management or its affiliates. Such brokerage transactions are subject to Eaton Vance Management'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 Management 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 Management's High Yield Bond Department trading desk, while interests in bank loans are traded through Eaton Vance Management's Bank Loan Department trading desk. In addition, Eaton Vance Management maintains two separate trading desks for equity securities, one generally executes discretionary transactions (referred to as the "Equity Trading Desk") and the other generally executes directed transactions (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 Management trading desk may rotate trades among client accounts in accordance with Eaton Vance Management's policy to treat all accounts fairly and equitably over time.

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 Management will allocate the security transactions (including so-called "IPOs" or "new issues") among the 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 registration statements, 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 Management 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 Management 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 Management will attempt to minimize. Eaton Vance Management'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 EVIC 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 Management’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 Management 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 Management 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”).

Trade Errors

On occasion, Eaton Vance Management 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 Management 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 Management’s trade error account and reimbursing the client account.

Review of Accounts

The frequency of the review of 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 investment counselor assigned to each account is responsible for reviewing all accounts for which he or she is the principal account manager. There are currently more than twenty such investment counselors and all are officers of EVIC.

Each investment counselor continually monitors the accounts for which he or she is responsible. In addition, the responsible investment counselor conducts an in-depth account review twice a year at or prior to the time periodic appraisal reports are sent to clients. All client accounts are also reviewed at least twice a year by two other investment counselors to ensure that accounts are within applicable policies and guidelines. Interim reviews of varying degrees may be triggered by numerous factors, such as: significant equity price or interest rate changes; new economic forecasts; investment policy changes of EVIC; asset additions to the account by the client; and/or changes in a client's objectives, instructions, or circumstances.

EVIC sends written appraisals of accounts to its clients at least quarterly and such appraisals are available more frequently upon request. The reports consist of a full listing of the assets in the account showing current market values, cost of securities, dividends and/or interest rates, estimated annual income and current yield. The reports also include a summary of assets in the account categorized by cash equivalents, bonds, common stocks (showing industry representation) and miscellaneous assets. EVIC clients also have the option to receive confirmation of portfolio securities transactions as they occur.

Client Referrals and Other Compensation

EVIC may enter into written agreements with certain lawyers, broker-dealer firms and other individuals or financial intermediaries to compensate such individuals or firms for having referred certain investment advisory clients to EVIC. Each individual or firm with whom an agreement exists is compensated in cash based upon a percentage of the investment advisory fee actually received by EVIC from each referred client. Such compensation typically continues as long as such client continues to employ EVIC as the client's investment adviser and, in some cases, as long as the representative of the firm who introduced the client to EVIC 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 EVIC's regular advisory fee as set forth in *Fees and Compensation* above. Notwithstanding the foregoing, however, EVIC 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 EVIC by reason of the compensation paid to the individual or firm referring such client. In such cases, EVIC notifies the client and obtains a written disclosure statement executed by the client which acknowledges the higher fee payment.

Custody

EVIC does not maintain custody of client funds and securities; client assets generally are maintained with unaffiliated qualified custodians. However, in certain situations, EVIC may be deemed to have custody of client assets under Rule 206(4)-2 (the “Custody Rule”) under the Investment Advisers Act of 1940.

EVIC has confirmed with each qualified custodian currently used by its clients that the custodian sends account statements to clients at least quarterly. If a client does not receive its custodian statements, the client should contact its investment counselor who will work with the client and the client’s custodian to ensure that the client receives this information. Clients should carefully review their custodian statements to ensure that they reflect appropriate activity in their account. Clients should also compare the account statements they receive from EVIC to the account statements they receive from their custodian. Should a client have any questions about how to reconcile these two statements, they should contact their investment counselor who can assist them.

Investment Discretion

EVIC ordinarily manages client accounts on a discretionary basis. Clients may impose certain limitations or restrictions regarding the management of their accounts by notifying EVIC in writing. For example, a client may limit the level of cash held in their account or instruct EVIC not to invest in companies engaged in particular industries or companies whose securities are issued outside the U.S. 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 at any time by notifying EVIC in writing.

For each account managed on a discretionary basis, EVIC requires the prospective client to assign a power of attorney authorizing EVIC to supervise, manage and direct the investments of the client's account (a "Trading Authorization"). EVIC may provide this Trading Authorization to broker-dealer firms or custodians as evidence of its authority to act on behalf of the client's account.

Voting Client Securities

General Policy. EVIC has adopted proxy voting policies and procedures (the “Policies”) with respect to the voting of proxies on behalf of all clients for which EVIC has voting responsibility. EVIC 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 EVIC on how to vote proxy solicitations received in connection with securities held in the client’s account. Unless EVIC receives instructions from a client on how to vote a particular solicitation, EVIC will vote in accordance with the Policies. When charged with the responsibility to vote proxies on behalf of its clients, EVIC 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, EVIC 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 EVIC 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 EVIC, 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. EVIC 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 EVIC. The Proxy Administrator solicits feedback from EVIC investment professionals and/or the Proxy Group as required.

Proxy Voting Administrator and Proxy Group. EVIC 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. EVIC 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 EVIC’s Proxy Administrator. The Proxy Group also develops EVIC’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 Management'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.

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. EVIC will monitor situations that may result in a conflict of interest between any of its clients and EVIC 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 Management senior management, will then determine if a material conflict exists. If it is determined that a material conflict exists, EVIC will seek instruction on how the proxy should be voted from the client. 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 EVIC voted on proxies related to securities held in the accounts by contacting EVIC at (800) 225-6265.

Financial Information

EVIC does not require or solicit prepayments of more than \$1,200 from clients six months or more in advance. EVIC does, however, have discretionary authority over, and in some cases is deemed to have custody of, client funds and securities. EVIC 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

EVIC 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.