

Parametric Portfolio Associates, LLC

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This brochure provides information about the qualifications and business practices of Parametric Portfolio Associates, LLC (“Parametric”). If you have any questions about the contents of this brochure, please contact Parametric at 206-694-5575. 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.

Parametric is a registered investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Parametric also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure dated January 31, 2013 is an annually amended document prepared by Parametric according to the SEC's requirements and rules relating to the Form ADV and contains the following material changes from the brochure dated January 27, 2012.

- Updated Item 4 – Advisory Business to reflect Parametric's new products as a result of the December 31, 2012 acquisition of Minneapolis-based The Clifton Group Investment Management Company.
- Updated Item 5 – Fees and Compensation to include new product fees.
- Updated Item 6 – Performance-Based Fees and Side-by-Side Management to include added disclosure regarding the potential conflicts of interest that may arise with the management of private funds and separately managed accounts in the same or similar investment strategy and how Parametric manages those conflicts of interest.
- Updated Item 10 – Other Financial Industry Activities and Affiliations to add disclosure regarding Parametric's new role as General Partner to six private funds. Parametric's new registration status with the CFTC as a Commodity Pool Operator, Swap Firm and Forex Member is also now reflected in Item 10.
- Updated Item 12 – Brokerage Practices to add disclosure regarding Parametric's policies for the use of soft dollars and the investment research products and services furnished by broker-dealers.
- Parametric's Chief Compliance Officer has changed from Joel Marcus to Deborah Lamb, effective December 31, 2012.

Currently, Parametric's brochure may be requested by contacting Deborah Lamb at Parametric, at 206-694-5575 or PPA-Compliance@paraport.com.

Additional information about Parametric is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Parametric who are registered, or are required to be registered, as investment adviser representatives of Parametric.

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Item 4 – Advisory Business

Founded in 1987, Parametric Portfolio Associates, LLC (“Parametric”) is a Seattle, Washington based Registered Investment Adviser offering a variety of engineered implementation solutions and investment strategies. Parametric is 93% owned by Eaton Vance Corp. (“EVC”), a Boston-based investment management firm, and 7% owned by current and former employees of Parametric.

Through another subsidiary, EVC owns 100% of Eaton Vance Distributors, Inc. (“EVD”), which serves as principal underwriter and distributor for Eaton Vance Funds. Parametric provides sub-advisory services to certain Eaton Vance Funds.

Parametric provides “investment supervisory services” to its investment advisory clients. These supervisory services primarily consist of the following activities:

- Creation and management of customized, engineered portfolios or overlay services based upon the clients’ investment objectives and restrictions;
- Periodic re-balancing of accounts managed by Parametric consistent with the accounts’ investment objectives and restrictions;
- Continuous monitoring of accounts for the purpose of reviewing performance and controlling adherence to strategy and objectives;
- Implementation of the investment strategies by executing portfolio transactions as needed; and
- Furnishing client reports concerning separate account activity, strategy and performance.

Parametric offers several styles of account management services described below in two general categories: Engineered Implementation Services and Engineered Alpha Strategies.

Implementation Solutions

- A. Tax-Managed Core (“TMC”):** An index-based portfolio for taxable investors. The investment objective is to provide pre-tax performance that tracks the assigned index, while minimizing net realized capital gains to provide improved returns vs. the benchmark on an after-tax basis. This is achieved by utilizing tax-efficient trading methodologies whenever possible.
- B. Traditional Overlay – Policy Implementation Overlay Services (PIOS®):** Traditional Overlay is a comprehensive set of custom overlay services designed to seek to achieve policy objectives through information technology and adherence to detailed investment management guidelines. The program’s objectives are to seek

to increase expected portfolio returns, improve fund liquidity, and reduce performance risk relative to policy benchmarks. Traditional Overlay is intended to be a risk neutral strategy relative to the target mix defined by the client. When the Traditional Overlay portfolio is combined with the underlying portfolio, it should produce volatility similar to that of the benchmark portfolio. Overlays of client designated “cash equivalent” positions (e.g. hedge fund of funds) may also be a part of the program. Leverage is not employed unless desired by the client. Traditional Overlay utilizes exchange-traded instruments, over-the-counter (“OTC”) instruments, and other financial products to achieve its objective.

Clients may use Traditional Overlay for:

- Cash Securitization
- Rebalancing
- Transition Management
- Interest Rate Management
- Currency Management
- Beta Management of Portable Alpha

C. **Passive or Custom Beta:** Passive Beta is the use of physical and/or synthetic instruments, such as futures, to obtain desired exposure to a specific benchmark index.

- Standard Index Mandate – use of physical and synthetic instruments to obtain desired exposure to a specific index.
- Passive Index Management of Nominal Sovereign Securities – use of physical securities to create and maintain desired exposure to sovereign securities.
- Passive Index Management of Treasury Securities – use of physical securities to create and maintain desired exposure to treasury securities.
- Passive Index Management of Exchange-Traded Funds (“ETFs”) – use of physical securities (ETFs) to create and maintain desired exposure.

D. **Specialty or Custom Index:** A custom or non-standard equity index-based portfolio that targets alternative or non-capitalization-weighted indexes and may include screens for environmental, social and governance (“ESG”), or socially responsible investing (“SRI”).

- E. **Centralized Portfolio Management (“CPM”):** A customized portfolio that coordinates models from multiple asset managers within one separate account. The investment objective of a CPM account is to provide—within a single coordinated portfolio—the pre-tax return of a combination of asset managers or styles while maintaining control over total portfolio risk and taxes.

Engineered Alpha Strategies

A. Systematic Alpha Strategies

- **Parametric U.S. Equity:** A diversified portfolio of equity securities primarily in companies domiciled in the U.S. The portfolio may also invest in equity securities of companies located in emerging market countries. The portfolio’s primary investment objective is to seek long-term capital appreciation by investing in securities which are representative of the major industries within each market in order to participate in the potential growth of these markets. This strategy is also offered in a tax-managed account.
- **Parametric International Equity:** A diversified portfolio of equity securities primarily in companies domiciled in developed markets outside of the U.S. The portfolio may also invest in equity securities of companies located in emerging market countries. The portfolio’s primary investment objective is to seek long-term capital appreciation by investing in securities which are representative of the major industries within each market in order to participate in the potential growth of these markets. This strategy is also offered in a tax-managed account.
- **Parametric Global Equity:** A diversified portfolio of equity securities primarily in companies domiciled in the U.S. and developed markets outside of the U.S. The portfolio may also invest in equity securities of companies located in emerging market countries. The portfolio’s primary investment objective is to seek long-term capital appreciation by investing in securities which are representative of the major industries within each market in order to participate in the potential growth of these markets. This strategy is also offered in a tax-managed account.
- **Parametric Global Small Cap Equity:** A diversified portfolio primarily consisting of equity securities of small cap companies in various foreign countries and in the U.S. The portfolio may also invest in equity securities of small cap companies located in emerging market countries. The portfolio’s primary investment objective is to seek long-term capital appreciation.
- **Parametric Emerging Markets Equity:** A diversified, non-U.S. stock portfolio invested in emerging market countries. Emerging market countries are generally countries not considered to be developed market countries, and therefore not included in the MSCI World Index. The investment objective is to buy and hold securities, which are representative of the major industries within each market,

in order to participate in the potential growth of these markets. This strategy is also offered in a tax-managed account.

- **Parametric Commodity:** A portfolio comprised of commodity futures contracts, which are fully backed by cash collateral invested in U.S. Treasury bonds. The investment objective is to provide a broad-based, long-only portfolio of commodities to capture the potential diversifying and inflation-fighting characteristics of the asset class.
- **Parametric Currency:** A portfolio generally comprised of at least 80% of its net assets in investments that create exposure to currencies other than the U.S. dollar. The investment objective is to protect against depreciation of the U.S. dollar relative to other currencies.
- **Parametric Multi-Strategy Absolute Return:** A multi-asset class portfolio of substantially off-setting long and short exposures to securities, commodities, and currencies. The investment objective is to seek total return through broad exposure among developed and emerging country securities, economic sectors, commodities, and currencies, while following a generally market-neutral strategy.

B. Risk Parity

- **Global Balanced Risk Funded Product:** A risk parity strategy that seeks to achieve excess returns through investment in a diversified risk balanced portfolio. The Global Balanced Risk portfolio seeks to produce superior risk-adjusted returns versus the more traditional 60% Equity / 40% Fixed balanced portfolio. Parametric's approach combines a proprietary risk allocation structure implemented passively through liquid, non-bilateral OTC instruments. The strategy may employ leverage to achieve a balance of risk across various risk exposures.
- **Global Balanced Risk Completion Manager:** A custom strategy designed to complement a client's existing assets such that the entire fund becomes more risk balanced. When combined with other assets from the client's fund, the strategy seeks to produce superior risk-adjusted returns. The completion manager strategy is implemented via physical securities and overlay exposure utilizing liquid, non-bilateral OTC instruments.
- **Global Balanced Risk Contraction Portfolio:** A sub-portfolio of the Global Balanced Risk Strategy designed to generate excess returns during periods of below-trend economic growth and above-trend inflation—periods in which typical institutional portfolios lag return expectations. The Contraction Portfolio seeks to improve the risk-adjusted returns of an overall fund through greater diversification. Parametric's approach combines a proprietary risk allocation

structure implemented passively through the exclusive use of liquid, non-bilateral OTC instruments. The strategy may employ leverage to meet individual client goals and objectives.

- C. **Enhanced Beta:** The use of securities or synthetic instruments to obtain desired exposure to a specific benchmark index. Depending on the specific application, underlying collateral management may or may not be incorporated. The goal of Enhanced Beta is to generate outperformance versus the stated benchmark. Enhanced Beta is funded exposure. In most cases, a portion of the portfolio is maintained in money market holdings for required variation margin while the balance is invested in high quality fixed income positions or cash equivalent positions. Enhanced returns are generated through management of high quality fixed income and enhanced cash equivalent collateral portfolio positions. Return expectations are influenced by the cash management and enhanced cash guidelines selected by the client.
- **Enhanced Core Fixed Income:** A portfolio designed to seek returns above a designated Fixed Income benchmark index over time. The strategy consists of measured long positions in fixed income futures contracts to a targeted duration level and an actively managed high grade collateral portfolio. Options contracts may also be utilized. Contracts are purchased in sufficient quantities in order to provide an effective portfolio duration that matches the duration of the benchmark index such as the Barclays Capital Aggregate Index.
 - **Enhanced U.S. Large Cap:** A portfolio designed to seek returns above the S&P 500 Index while exhibiting risk levels similar to the S&P 500 Index. The strategy consists of long S&P 500 futures contracts or other equivalent positions in a quantity consistent with the desired portfolio value. A portion of the portfolio is maintained in a high grade collateral portfolio.
 - **Enhanced U.S. Small Cap:** A portfolio designed to seek returns above the Russell 2000 Index while exhibiting risk levels similar to the Russell 2000 Index. The strategy consists of long Russell 2000 futures contracts or other equivalent index positions in a quantity consistent with desired portfolio value.
 - **Enhanced Commodities Strategies:** A portfolio designed to seek returns above the return of the benchmark (e.g. DJ-UBS, GSCI). The strategy consists of futures contracts, roll management, custom weightings, and custom rebalancing in addition to a high grade collateral portfolio.

D. **Managed Options:**

- **Defensive Equity:** A portfolio designed to seek superior risk-adjusted returns relative to the benchmark and to seek to exhibit significant outperformance in

negative market environments. The strategy utilizes exchange-traded and Treasury securities only and seeks to capitalize on the historically observed persistent overpricing of index options. It employs disciplined implementation with no market timing.

Legacy Assets

Parametric provides investment advice to a small amount of assets under management that are managed in strategies that are no longer offered. These assets are managed as a service to previously existing, long-term clients only.

Assets under Management

As of December 31, 2012, Parametric manages approximately \$87.1 billion in discretionary client assets and \$4.8 billion in non-discretionary client assets.

Item 5 – Fees and Compensation

While fee schedules for its offerings are negotiated and will vary by product type and account size, the standard fee ranges are generally as follows:

Parametric's annual fees for Engineered Implementation Solutions strategies are between 0.15% and 0.50% of assets under management.

Parametric's annual fees for Engineered Investment strategies are between 0.30% and 1.00% of assets under management.

International indexes and other indexes from certain providers generally carry additional AUM-based fees ranging from .05% to .10%.

The fees charged by Parametric are established in a client's written agreement with Parametric. Fees across all Parametric products are typically charged as a percentage of portfolio assets and include a minimum quarterly fee payable with or without positions in place during the period. A monthly reporting fee may also be charged in certain situations when the client requests enhanced reporting. This monthly fee may be applied to the minimum quarterly fee. A fixed dollar fee pricing custom quotation is also available. Fees are generally payable quarterly in arrears, but some clients may pay in advance. Clients may be billed directly for fees or authorize Parametric to directly debit fees from client accounts.

Clients or Parametric may terminate a contract for any reason. Normally, clients may cancel Parametric's services upon 30 days written notice. During the 30-day period, Parametric's ordinary fees are earned and payable. Parametric may terminate an investment advisory contract by giving 30 days' prior written notice. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. As a general policy, Parametric does not negotiate fees for individual accounts within sub-advisory or Wrap fee programs, but adjustments may be made based on the size and complexity of the accounts. In the event of fee schedule changes, Parametric reserves the right to continue a fee schedule with current clients that is more advantageous to them than the new or changed schedule.

Parametric's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third-parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfers and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs also charge internal management fees, which are disclosed in the fund's or ETF's prospectus. External legal fees incurred by Parametric associated with over-the-counter documentation are generally billed to the client separately. Such costs are exclusive of and in addition to Parametric's fee, and Parametric does not receive any portion of these costs. Please refer to Item 12 of this brochure regarding Parametric's brokerage practices and the factors that Parametric considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Some custody relationships require a minimum account size, or annual fee. Wrap fee and sub-advisory clients receive a brochure from the introducing sponsor detailing all aspects of the wrap fee or sub-advisory program before selecting Parametric as the sub-advisor. Fees and features of each program offered by the various introducing sponsors will vary. Wrap fee or sub-advisory clients should consult the introducing sponsor's brochure for the specific fees and features applicable to their program. For wrap fee or sub-advised accounts, introducing sponsors and Parametric generally share in a combined service fee charged by the introducing sponsor. Parametric is generally paid a portion of the fee by the introducing sponsor for advisory services, while the introducing sponsor retains the remainder for trade execution, custody, and additional services.

Parametric has written arrangements with its salespeople and with its affiliate EVD that define payments, commissions, and incentives made to certain Parametric salespeople and EVD consisting of a calculated percentage of the fees earned by Parametric. Certain

Parametric employees may also be supervised persons of EVD and receive compensation for promoting mutual funds sub-advised by Parametric.

Item 6 – Performance-Based Fees and Side-By-Side Management

In some cases, Parametric has entered into performance fee arrangements with qualified clients; such fees are subject to individualized negotiation with each such client. Parametric will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, Parametric shall include realized and unrealized capital gains and losses. Although such fee arrangements create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities, Parametric has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

The performance-based component of a fee may be negotiated for any part of the fee up to 100%. Performance-based fees are dependent on the achievement of an annualized performance objective relative to an agreed external index or benchmark (e.g., S&P 500 Index, Barclays Capital Intermediate Government Corporate Index, or 90 Day Treasury Bills). Fees for custom designed or created strategies, and strategies using more than one Parametric product in combination, are negotiable and are dependent on the degree of complexity and creativity involved, the expected time period over which the service is to be performed, and the value of portfolio assets to be managed.

Side-by-Side Management:

In some cases, Parametric manages private funds and separately managed accounts (“SMAs”) in the same or similar strategies. This may give rise to potential conflicts of interest if the private funds and SMAs have, among other things, different objectives, benchmarks or fees (i.e. performance fees). For example, potential conflicts may arise in the following examples:

- The portfolio manager must allocate time and investment ideas across private funds and SMAs;
- Private funds’ or SMAs’ orders do not get fully executed;
- Trades may get executed for an SMA that may adversely impact the value of securities held by a private fund;

- There will be cases where certain SMAs or private funds receive an allocation of an investment opportunity when other SMAs may not; and/or
- Trading and securities selected for a particular private fund or SMA may cause differences in the performance of different SMAs or private funds that have similar strategies.

Parametric has adopted trade allocation procedures and monitors such transactions to help ensure Parametric is not favoring private funds or SMAs over each other as well as to help ensure fair and equitable treatment of both the private funds and SMAs. During periods of unusual market conditions, Parametric may deviate from its normal trade allocation practices. There can be no assurance, however, that all conflicts have been addressed in all situations.

Item 7 – Types of Clients

Parametric provides portfolio management services to high net worth individuals, corporations, corporate pension and profit-sharing plans, Taft-Hartley plans, other pooled investment vehicles, banking or thrift institutions, charitable institutions, foundations, endowments, state or municipal government entities, registered mutual funds, private investment funds, trust programs, other investment advisers, sovereign funds, foreign funds such as UCITS, other U.S. and international institutions, and some legacy individual accounts. Parametric generally has a minimum account size of \$10 million for opening a direct account.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Parametric is a buy-and-hold, structured, rules- or index-based investment manager, often incorporating active tax-management techniques. Generally, every name in a selected target or benchmark index is a candidate for inclusion in the portfolio, unless a client has specifically placed a restriction on it.

Investing in securities involves risk of loss that clients should be prepared to bear. Parametric uses quantitative methods to control risk relative to the client's investment benchmark. Parametric's portfolios maintain controlled exposures to risk factors, such as industry, size and yield. Parametric balances risk against investment constraints, such as taxes and transaction costs, using statistical models to quantify and optimize these trade-offs.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Parametric or the integrity of Parametric’s management. Parametric has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Through its parent company, Eaton Vance Acquisitions (“EVA”), Parametric is a majority owned subsidiary of Eaton Vance Corp. (“EVC”). EVC owns 100% of Eaton Vance Distributors, Inc. (“EVD”), a broker-dealer registered with the SEC, which serves as principal underwriter and distributor for Eaton Vance Funds. In addition, EVD representatives actively market and support Parametric investment products to managed account or wrap programs.

As described above, through its parent company EVA, Parametric is approximately 92% owned by EVC. EVC directly or indirectly owns (i) 100% of Eaton Vance Management (“EVM”), a registered investment adviser with the SEC (File No. 807-15930), (ii) 100% of Boston Management and Research (“BMR”), a registered investment adviser with the SEC (File No. 801-43127), (iii) a majority of Atlanta Capital Management Company (“ACM”), a registered investment adviser with the SEC (File No. 801-60673), and (iv) 100% of Fox Asset Management (“FOX”), a registered investment adviser with the SEC (File No. 801-60656).

Parametric is also affiliated with, and owns a majority interest in Parametric Risk Advisors, LLC (“PRA”), a registered investment adviser with the SEC (File No. 801-67738). PRA provides structured options and derivatives investment advisory services, and is based in Westport, Connecticut.

Effective December 31, 2012, Parametric purchased the assets of The Clifton Group Investment Management Company, an investment manager based in Minneapolis, Minnesota.

Investment products of Parametric, EVM, BMR, ACM and FOX are jointly marketed by EVD representatives as discussed above. Parametric works closely with its affiliates to jointly market advisory services to institutional and high-net-worth clients, and to refer clients to the affiliates when appropriate. These shared marketing efforts and sales referrals result in intercompany transfers and cost-sharing payments between Parametric and its affiliates.

Pursuant to a written agreement between Parametric and EVD, Parametric compensates EVD a percentage of the investment advisory fee earned by Parametric on certain accounts for EVD's joint-marketing efforts.

Parametric provides investment overlay services to EVM for client accounts utilizing certain EVM investment strategies. Pursuant to a written agreement between Parametric and EVM, Parametric receives a portion of the total fees paid for such accounts.

Parametric acts as a general partner and investment adviser of the Clifton Commodities Fund LP ("Commodity Fund"). The Commodity Fund's objectives and strategies are to seek a total market return above a custom index (50% Dow Jones UBS / 50% S&P GSCI), utilizing exchange-traded commodity futures contracts.

Parametric acts as the managing member of the Clifton Defensive Equity Fund, LLC ("Defensive Equity Fund"). Defensive Equity Fund's objectives and strategies are similar to those of the Defensive Equity Strategy described earlier.

Parametric acts as investment manager of the Clifton Global Balanced Risk Fund Ltd. ("GBR"). GBR's objectives and strategies are similar to those of the Global Balanced Risk Strategy described earlier.

Parametric acts as investment manager of the Clifton U.S. Inflation-Linked Bond Fund Ltd., as well as the Clifton International Inflation-Linked Bond Fund ("Inflation-Linked Bond Funds"). The Inflation-Linked Bond Funds' objectives and strategies are to seek returns that correspond to a levered price and yield performance of the applicable index (the Barclays Capital U.S. Govt. Inflation Linked Bond and the Barclays Capital World Govt. Ex. U.S. Inflation Linked Bond, respectively) by investing in a sub-set of securities represented in the index.

Parametric acts as the managing member of the Clifton Equal Sector Commodity Strategy Fund, LLC ("Equal Sector Fund"). The Equal Sector Fund's objectives and strategies are to seek returns in excess of the Dow Jones UBS Index with lower volatility by investing in exchange-traded commodity futures to achieve the desired market exposure.

Parametric provides investment advisory services to wrap fee programs sponsored by several broker-dealer firms. A "wrap fee" is a comprehensive fee paid by the client covering both brokerage and money management services. It is the client's sole responsibility to negotiate the wrap fee with the particular broker-dealer. If Parametric is selected as a sub-adviser for a specific client's assets through a wrap fee type program, Parametric will have no ongoing responsibility to assess the value of services delivered by the broker-dealer or

wrap fee program adviser. A client must recognize that the overall costs associated with a wrap fee type program may be higher or lower than what the client might otherwise experience by paying Parametric standard fees and negotiating transaction and advisory charges with the broker-dealer. It must be recognized that the advisory and other services provided by a wrap fee program might not be available to the client other than pursuant to the wrap fee arrangement. In the wrap fee programs, Parametric may be deemed to be the adviser or sub-adviser to the program, depending on whether the sponsoring broker-dealer or another investment adviser retains the basic investment advisory function.

Parametric salespeople may also be registered representatives of EVD and receive compensation for promoting sales of the Eaton Vance mutual funds sub-advised by Parametric and for which Parametric receives a separate advisory fee.

Parametric is registered as a Commodity Trading Adviser ("CTA"), a Commodity Pool Operator ("CPO"), a Swap Firm and a Forex Member with the Commodities Futures Trading Commission ("CFTC"), and certain Parametric sales people are registered with the CFTC as Associated Persons.

Item 11 – Code of Ethics

Parametric has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, guidance on certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Parametric must acknowledge the terms of the Code of Ethics.

Parametric requires prompt reports on all transactions covered by the Code of Ethics. Parametric further requires that all personal investment account relationships be disclosed, that Parametric receive duplicate confirmations of transactions and custodial account statements, and that all covered persons certify compliance with the Code of Ethics.

In addition to reporting and recordkeeping requirements, the Code of Ethics imposes various substantive and procedural restrictions on covered transactions for certain Parametric employees.

Parametric anticipates that, in appropriate circumstances, consistent with the client's investment objectives, it will cause accounts over which Parametric has management

authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Parametric and/or its clients, directly or indirectly, have a position or interest. From time to time, Parametric or its affiliates may also recommend to investment advisory clients or prospective clients the purchase or sale of mutual funds in which Parametric receives a sub-advisory fee. Parametric's employees and persons associated with Parametric are required to follow the Company's Code of Ethics. Subject to satisfying this company policy and applicable laws, officers, directors and employees of Parametric may trade for their own accounts in securities that are recommended to and/or purchased for their clients. The Company's Code of Ethics is designed to assure that the activities, interests and relationships of the employees of Parametric will not interfere with (i) making decisions in the best interest of advisory clients or (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Thus, the Code designates certain classes of securities as exempt securities and certain classes of transactions as exempt transactions, based upon a determination that these would not materially interfere with the best interests of Parametric's clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics in order to ensure employees comply with the Code of Ethics, and to ensure the Code of Ethics reasonably addresses conflicts of interest between Parametric and its clients.

Additionally, in appropriate circumstances and consistent with a client's investment objectives, Parametric anticipates that it will cause accounts over which it has full management authority to effect, and will recommend to investment advisory clients, the purchase or sale of securities in which accounts of Parametric's other clients are at the same time effecting a purchase or sale in the same securities. Prior to entering into a specific transaction, a determination will be made by the persons performing the advisory duties for such account that participation in such transaction will most likely be relatively beneficial to such account.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Parametric's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Parametric will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the trade order. It is Parametric's policy that the firm will not effect any principal or agency cross securities transactions for client accounts.

Parametric will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client's account.

A copy of the Code of Ethics will be provided upon request to clients and prospective clients by contacting Deborah Lamb at 206-694-5575 or ppa-compliance@paraport.com.

Parametric may invest in securities of which related persons of its employees are insiders. Parametric's trading and research will not be based on material, non-public information, as defined in Parametric's Code of Ethics.

Parametric may buy, sell and perform research on or through companies for whom a client may be the company, an employee, officer or director.

Parametric or its employees may give charitable contributions to client organizations. Often times this is done through sponsorships at events. Parametric may also support educational endeavors of industry or client trade organizations.

Item 12 – Brokerage Practices

Parametric generally receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Parametric must observe the investment policies, limitations and restrictions of the clients for which it advises. For its mutual fund clients, Parametric's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments made for a Fund account.

Except in those instances where a client wishes to retain discretion over broker selection and commission rates, Parametric accepts discretionary authority to determine the brokers used and the commissions paid.

Unless otherwise directed by the client, Parametric's overriding objective in effecting portfolio transactions is to obtain the best combination of price and execution. Parametric seeks to effect each transaction at a price and commission that provides the most favorable total cost or proceeds reasonably attainable under the circumstances. Parametric may

consider various factors when selecting a broker or dealer, including, but not limited to: the nature of the portfolio transaction; the size of the transaction; the execution, clearing and settlement capabilities of the broker or dealer; the desired timing of the transaction; confidentiality; and, under appropriate circumstances, the availability of research and research-related services provided through such broker or dealer. Research services may be provided in the form of written reports, telephonic communications, economic and market data, credit analyses, news services, electronic information, analytic software, analyst earnings revisions, etc., and may contain information concerning securities markets, the economy, individual companies, pricing information and services, performance studies, and other information providing assistance in the performance of Parametric's investment decision-making responsibilities.

As authorized in Section 28(e) of the Securities Exchange Act of 1934, Parametric may cause its clients to pay a broker-dealer that provides brokerage and research services to Parametric an amount of commissions in excess of the commissions that another broker-dealer would have charged for effecting a transaction. Although it is not possible to assign an exact dollar value to these services, they may, if and to the extent used, tend to reduce the expenses of Parametric. The fees paid to Parametric are not reduced because it receives such services. Research services furnished by brokers and dealers with whom Parametric and its affiliates effect transactions may be beneficial to certain of the accounts advised by Parametric. It is recognized that a particular account may be charged a commission paid to a firm who supplied research services not utilized by such account. However, Parametric expects that each account will benefit overall by such practice because each is receiving the benefit of research services and the execution of such transactions not otherwise available to it without the allocation of transactions based upon the recognition of the value to such research services. On a routine basis, Parametric assesses its commission policies, rates and allocations. This review considers the contributions and value of research services received from broker-dealers.

In accordance with applicable law, soft dollars may be used from time to time to pay for a portion of the research used by the firm. This is the practice whereby an investment manager uses client commission dollars to pay for research services provided by outside companies. At times, the commissions paid under such arrangements are higher than the commission paid to a broker/dealer who provides no research capabilities or services.

Any soft dollar arrangements in which Parametric participates are in compliance with the Safe Harbor created by Section 28(e) of the Securities Exchange Act of 1934 as amended. Expenses that may be paid for in part or in whole by soft dollars adhere to the requirement that they be advice, analyses or reports. Parametric pays for access to various exchanges, Bloomberg, and security descriptive information including factors and prices.

Parametric sometimes suggests brokers as Futures Commodities Merchants for which it is familiar and provides services to Parametric such as electronic connectivity to facilitate transaction execution for the benefit of clients.

If a client decides to direct where its brokerage is placed by Parametric, the client should consider: (i) Parametric has existing integrated trading and reporting systems with some brokers which reduce the cost of transacting business with those brokers; (ii) a client who directs Parametric to use a specific broker may pay higher commissions on some transactions than might be attainable by Parametric, or may receive less favorable execution of some transactions, or both; (iii) a client who directs Parametric may forego any benefit from savings on execution costs that Parametric could obtain for its clients through negotiating volume discounts on batched transactions; (iv) a client who directs Parametric may restrict Parametric from receiving research-related products and services available from other brokers; (v) Parametric may not begin to execute client securities transactions with broker-dealers which have been directed by clients until all non-directed brokerage orders are completed; and (vi) clients directing commissions may not generate returns equal to clients which do not direct commissions.

Portfolio transactions in foreign currencies or in overseas markets often involve foreign currency transactions when settling trades, or when converting or repatriating dividends. In cases when currency transactions are not required or otherwise mandated by the custodian broker, Parametric traders conduct foreign exchange transactions for portfolios with approved counterparties. When executing these transactions for clients, Parametric recognizes its responsibility to seek best execution for the portfolio and to pursue favorable rates with foreign exchange brokers.

Parametric may aggregate purchase and sales orders of securities held in a client's account with similar orders being made simultaneously for other accounts managed by Parametric or with accounts of affiliates of Parametric, if in Parametric's reasonable judgment, such aggregation shall result in an overall economic benefit to a client's account, taking into consideration the advantageous purchase or selling price, brokerage commission, and other expenses. This consideration includes cases where Parametric steps out trades to a non-client-directed broker after determining that such action is in the client's best interest.

In the event that trade allocation is relevant, Parametric's trade allocation policy is designed to ensure fair and equitable allocation of investment opportunities among accounts over time and to ensure compliance with applicable regulatory requirements. Accounts are treated in a non-preferential manner, such that allocations are not based

upon account performance, fee structure or Portfolio Manager. This policy is not intended to provide mathematical precision in all instances.

When blocking orders together, portfolio managers must designate allocations by account prior to placing an order with trading. Fully executed orders will be allocated on a pro-rata, average price basis. Partial fills of orders will also be allocated pro-rata, on an average price basis, subject to certain limited exceptions. If the allocation is de minimis (i.e., disproportionately small in relation to the size of the account or strategy), the allocation may be reallocated to other participating accounts which remain unfilled. There may be situations in the Emerging Markets portfolios where non pro-rata trade allocations can occur due to limited liquidity, or market rules. Records shall be kept by traders supporting the reason for any such reallocation.

Parametric's trade rotation policy is designed to provide fairness for all clients. Where possible, orders for non-directed brokerage are blocked together when they are similar in direction of trade, name and benchmark. This blocking is not always available for clients that direct brokerage.

In general, trade orders are blocked by broker, side, and ticker and subsequently sent to brokers as Market on Close (MOC) orders. For wrap accounts that direct brokerage or provide preferred brokers, trades are also sent on an MOC basis following a randomly generated rotation schedule to prevent systematic bias or advantage. The wrap account trading and rotation is further broken into two transmissions of orders: those wrap programs that are eligible to use the APL portfolio trading management system, and other wrap account sponsors that direct trading to MOC ineligible brokers. Broker order in the APL transmission is determined on a random basis. Separately, the MOC ineligible brokers have their trades executed in a randomly generated order. This is the standard method unless trades are requested to be executed intraday by the portfolio manager or the client.

Investment Research Products and Services Furnished by Brokers and Dealers

When more than one broker or dealer is believed to be capable of providing a combination of best net price and execution with respect to a particular portfolio transaction, Parametric may select a broker or dealer which furnishes to Parametric investment research products or services, such as: economic, industry or company research reports or investment recommendations; subscriptions to financial publications or research data compilations; compilations of securities prices, earnings, dividends and similar data; computerized databases; quotation equipment and services; research or analytical computer software and services; or services of economic and other consultants. However, Parametric does in some instances request a broker to provide a specific research product

or service which may be proprietary to the broker or produced by a third party and made available by the broker and, in such instances, the broker, in agreeing to provide the research product or service frequently, will indicate to Parametric a specific or minimum amount of commissions which it expects to receive by reason of its provision of the product or service. Parametric does not agree with any broker to direct such specific or minimum amounts of commissions; however, Parametric does maintain an informal internal procedure to identify those brokers which provide it with research products or services and Parametric endeavors to direct sufficient commissions on client transactions to ensure the continued receipt of research products and services Parametric feels are useful.

In certain instances, Parametric may receive products or services from brokers which are used by Parametric both for investment research and for administrative, marketing or other non-research purposes. In such instances, Parametric makes a good faith effort to determine the relative proportion of its use of such product or service which is for investment research, and that portion of the cost of obtaining such product or service may be defrayed through brokerage commissions generated by client transactions, while the remaining portion of the cost of obtaining the product or service is paid by Parametric in cash.

While it is permissible to do so under the rules of the Securities and Exchange Commission, Parametric does not believe it pays brokerage commissions higher than those obtainable from other brokers in return for research products or services provided by brokers. Research products or services provided by brokers may be used by Parametric in servicing any or all of the clients of Parametric, and such research products or services may not necessarily be used by Parametric in connection with the client accounts which paid commissions to the brokers providing such products or services. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

Item 13 – Review of Accounts

In addition to ongoing daily management of accounts, all investment advisory accounts managed in Parametric's Seattle office are reviewed on an exception basis each month by Parametric's Portfolio Management Committee. The individuals performing the review include Parametric's Chief Investment Officer, Managing Director of Portfolio Management, Managing Director of Research, Directors of Research, Senior Researchers, and Directors of Portfolio Management. As part of such review, an analysis is made of the account's investment strategy, performance and other factors. A determination is made as to whether the strategy requires alteration in light of the investment objectives and restrictions.

Reviews of accounts will also occur when investment strategies and objectives are changed by the investment advisory client or Parametric and when significant events occur which are expected to impact the value of the account.

Parametric furnishes some clients with quarterly reports concerning their investment advisory accounts based upon the particular arrangements made with the client. Such reports generally consist of an account valuation combined with both a pre- and post-tax performance summary and analysis. Client reporting to clients in sub-advisory or wrap fee programs where Parametric is the sub-adviser is likely to be done by the program sponsor and content will vary by program. Upon request, Parametric provides a detailed inventory of all holdings, a transaction summary, a listing of all dividend and income payments received and a realized gain and loss report.

Parametric's Minneapolis division evaluates client account performance relative to mutually agreed upon objectives on a monthly basis and more frequently should market actions dictate. The Investment staff in Minneapolis meets monthly to review market activity, discuss developments affecting short-term strategies, present updated market outlooks, discuss potential strategy changes, and discuss matters affecting client portfolios. The Senior Portfolio Managers in Minneapolis have primary responsibility for the specific investments in client portfolios. Investment staff includes the Chief Investment Officer and E.V.P., Senior Portfolio Managers and Portfolio Managers.

Parametric's Minneapolis division's clients receive (directly or via access to password protected internet site) comprehensive reporting of their account on at least a calendar quarter basis. These reports detail the account's current holdings broken down by type of investment, list all cash transactions for the past quarter, summarize all transactions which resulted in realized gain or loss, and summarize the account performance for the current period and year to date. Indexed equity, fixed income and specialty derivative securities accounts may elect to receive reporting on a monthly basis. If the client requests not to receive a statement from Parametric, the firm has a reasonable belief that the custodian is sending statements in accordance with SEC Rule 206.

Item 14 – Client Referrals and Other Compensation

Parametric is not provided an economic benefit for providing investment advice or other advisory services to clients by anyone who is not a client or affiliate of Parametric.

Parametric has written arrangements with its salespeople and with its affiliates that define payments, commissions, and incentives made to certain Parametric salespeople and affiliates consisting of an agreed-upon portion of the advisory fees earned by Parametric. Parametric employees may also be supervised persons of EVD and receive compensation for promoting mutual funds sub-advised by Parametric.

Parametric does not directly or indirectly compensate any person for client referrals who is not a supervised person of Parametric or of an affiliated company.

Neither Parametric nor any of its employees may pay a cash fee, directly or indirectly, to any person seeking clients for Parametric unless payment agreements are in writing and are made in compliance with all applicable laws and rules and approved by Compliance.

Item 15 – Custody

Except as related to the private funds in which Parametric is the General Partner, Parametric does not take custody or possession of assets or securities of any client, except as is required in conjunction with the pre-approved collection of client fees.

Clients generally receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains custody of client assets. Clients are encouraged to carefully review such statements and to compare such official custodial records to the account statements that Parametric may provide to clients or their advisers. Parametric statements may vary occasionally from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Parametric receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Parametric observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Parametric's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments made for a Fund account.

Certain client relationships are non-discretionary. In these cases, Parametric is executing transactions as specifically directed by the client.

Investment guidelines and restrictions must be provided to Parametric in writing.

Item 17 – Voting Client Securities

Proxy voting policies and procedures are required by Rule 206(4)-6 of the Advisers Act. Parametric's Proxy Voting Policy and Procedures, which are currently effective, are reviewed at least annually to ensure that they are adequate and effective.

The purpose of these Policies and Procedures is to memorialize the procedures and policies adopted by Adviser to enable it to comply with its fiduciary responsibilities to clients and the requirements of Rule 206(4)-6 under the Investment Act of 1940, as amended ("Advisers Act"). These Policies and Procedures are also intended to reflect the fiduciary standards and responsibilities set forth by the Department of Labor for ERISA accounts.

Parametric recognizes its responsibility to exercise voting authority over client shares held by Parametric as a fiduciary. Proxies increasingly contain controversial issues involving shareholder rights, corporate governance and social concerns, among others, which deserve careful review and consideration. Exercising the proxy vote has economic value for Parametric's clients, and therefore, Parametric considers it to be its fiduciary duty to preserve and protect the assets of its clients, including proxy votes for its clients' exclusive benefit.

It is Parametric's policy to vote proxies in a prudent and diligent manner after careful review of each company's proxy statement. Parametric votes on an individual basis and bases its voting decision exclusively on its reasonable judgment of what will serve the best financial interests of its clients, the beneficial owners of the security. Where economic impact is judged to be immaterial, Parametric typically will vote in accordance with management's recommendations. In determining its vote, Parametric will not and does not subordinate the economic interests of its clients to any other entity or interested party.

Parametric's responsibility for proxy voting for the shareholders of a particular client account will be determined by the investment management agreement or other documentation. Upon establishing that Parametric has such authority, it will instruct custodians to forward all proxy materials to Parametric.

For those clients for whom Parametric has undertaken to vote proxies, Parametric will retain final authority and responsibility for such voting. In addition to voting proxies, Parametric will:

- Provide clients with this proxy voting policy, which may be updated and supplemented from time to time;
- Apply the policy consistently and keep records of votes for each client in order to verify the consistency of such voting;
- Keep records of such proxy voting available for inspection by the client or governmental agencies to determine whether such votes were consistent with policy and demonstrate that all proxies were voted; and
- Monitor such voting for any potential conflicts of interest and maintain systems to deal with these issues appropriately.

The Parametric employee responsible for administering proxy voting (the “Proxy Administrator”) may recommend that a client refrain from voting under the following circumstances: (i) if the economic effect on shareholders’ interests or the value of the portfolio holding is indeterminable or insignificant, *e.g.*, proxies in connection with securities no longer held in the portfolio of a client or proxies being considered on behalf of a client that is no longer in existence; or (ii) if the cost of voting a proxy outweighs the benefits, *e.g.*, certain international proxies, particularly in cases in which share blocking practices may impose trading restrictions on the relevant portfolio security. In such instances, the Proxy Administrator may instruct the Agent not to vote such proxy.

Proxy Committee

The Proxy Committee is responsible for voting proxies in accordance with Parametric’s Proxy Voting Policy. The Proxy Committee maintains all necessary corporate meetings, executes voting authority for those meetings, and maintains records of all voting decisions.

The Proxy Committee consists of the following staff:

- Proxy Administrator
- Proxy Administrator Supervisor
- Portfolio Management Representative
- Chief Investment Officer

In the case of a conflict of interest between Parametric and its clients, where the vote of the proxies will not be consistent with current voting guidelines, the Proxy Committee will discuss the appropriate action with regards to the existing voting policy.

Record Keeping

Proxy Voting records are maintained for five years. Records can be retrieved and accessed online by Parametric via its third-party vendor.

In addition to maintaining voting records, Parametric maintains the following:

- Current voting policy and procedures;
- All written client requests as they relate to proxy voting; and
- Any material research documentation related to proxy voting.

To Obtain Proxy Voting Information

Clients have the right to access any voting actions that were taken on their behalf. Upon written request, this information will be provided free of charge.

Toll-free phone number: 1-866-694-4101

E-mail address: proxyinfo@paraport.com

Due to confidentiality, voting records will not be provided to any third party unless authorized by the client.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition. Parametric has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Parametric's Privacy Policy

We consider customer privacy to be a fundamental aspect of our relationship with clients. We are committed to maintaining the confidentiality, integrity, and security of our current, prospective and former clients' personal information. We have developed policies designed to protect this confidentiality, while allowing client needs to be served.

In the course of providing you with products and services, we may obtain non-public personal information about you. This information may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from your transactions, from your brokerage or financial advisory firm, financial adviser or consultant, and/or from information captured on our internet web site.

We do not disclose any personal or account information provided by you or gathered by us to non-affiliated third parties, except as required or permitted by law. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on client satisfaction, and gathering shareholder proxies. We may also retain non-affiliated companies to market our products and enter in joint marketing agreements with other companies. These companies may have access to your personal and account information, but are permitted to use the information solely to provide the specific service or as otherwise permitted by law. We may also provide your personal and account information to your brokerage or financial advisory firm and/or to your financial adviser or consultant.

We do reserve the right to disclose or report personal information to non-affiliated third parties in limited circumstances where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, to protect our rights or property, or upon reasonable request by any mutual fund in which you have chosen to invest. In addition, we may disclose information about you or your accounts to a non-affiliated third party at your request or if you consent in writing to the disclosure.

We take seriously the obligation to safeguard your non-public personal information. We have implemented procedures designed to restrict access to your non-public personal information to our personnel who need to know that information to provide products or services to you. To guard your non-public personal information, physical, electronic, and procedural safeguards are in place.

In the unlikely event of a breach of information privacy, the following response protocol is activated. Timely notification is made both electronically and telephonically to the affected custodians, direct account holders, wrap sponsors, broker/dealers, and financial advisers or authorized intermediaries.