

Eaton Vance Emerging Markets Local Income Strategy

Total Assets

(as of 12/31/2020)
\$2,431 million

Total Emerging Markets Assets Managed

\$8.0 billion*

Inception Dates

07/01/2007

Vehicles Available

Mutual fund**
Separate account

Investment team

Michael Cirami, CFA

Director of Global Income Group,
Portfolio Manager (Central and Eastern Europe, Middle East, Africa)
21 years of industry experience
18 years at Eaton Vance
MBA, University of Rochester
BS, Mary Washington College

John Baur

Director of Global Portfolio Analysis,
Portfolio Manager (Latin America and Asia)
16 years of industry experience
16 years with Eaton Vance
MBA, Cornell University
BS, Massachusetts Institute of Technology

Michael O'Brien, CFA

Director of Global Trading
21 years of industry experience
16 years with Eaton Vance
MS, Boston College
BA, Colby College

Investment Overview

- A local emerging markets debt strategy investing significantly beyond the confines of the benchmark.
- Investment team of 40+ professionals focus on country-level analysis in conjunction with associated risk factors
- Investment universe of greater than 100 countries
- Country-pickers approach with focus on local, sovereign exposure and flexibility to gain limited external exposure
- Target excess return: 200 basis points
- Tracking error range: 150-350 basis points
- Information ratio target: 0.6-1.3

Benchmark

- J.P. Morgan Government Bond Index: Emerging Markets (JPM GBI-EM) Global Diversified

Portfolio Construction

- Bottom-up portfolio construction by country and risk factor in conjunction with top-down risk measurement
- Individual positions assessed through analysis of country fundamentals, risk factor valuation, portfolio fit, and expected liquidity
- Developed market interest-rate risk (U.S. and German) and currency risk (EUR/USD exchange rate) are hedged

Composite Performance Emerging Markets Local Income Annualized Results (%) as of 03/31/2021



Past performance is not a reliable indicator of future results.

Source of all data: Eaton Vance, J.P. Morgan, 03/31/2021, unless otherwise stated. *The total assets of \$8.0 Billion constitute the entire amount of emerging market debt managed across all strategies managed by the Global Income Strategy Team. **Mutual funds are distributed by Eaton Vance Distributors, Inc., member FINRA/SIPC. Although the funds employ an investment strategy similar to that described above, there may be material differences due to prospectus guidelines.

The above information is for informational purposes only and does not constitute investment advice and should not be viewed as a recommendation to buy or sell any particular securities or to adopt any investment strategy. The Composite data and other statistics are based upon the total net assets of all discretionary, fee-paying accounts eligible for inclusion in such Composite for the periods shown. Gross returns are calculated in US dollars and include the reinvestment of distributions, are after transactions costs, any foreign withholding taxes and other direct expenses, but before management fees, custody charges and other indirect expenses. Such fees and expenses would reduce the results shown. Performance less than one year is cumulative. This information is supplemental to the Composite's fully-compliant GIPS Report contained herein. It is not possible to directly invest in an index. Please refer to the end of the presentation and GIPS Report for important additional information and disclosure. The strategy performance is sensitive to stock market volatility, adverse market, economic, political, regulatory, geopolitical and other conditions. In emerging market countries, these risks may be more significant. No one strategy is a complete investment programme, the value of the portfolio may fall as well as rise. Debt securities are subject to risks that the issuer will not meet its payment obligations. Low rated or equivalent unrated debt securities of the type in which a strategy will invest generally offer a higher return than higher rated debt securities, but also are subject to greater risks that the issuer will default. Unrated bonds are generally regarded as being speculative.



Emerging Markets Local Income Strategy as of 03/31/2021

Strategy Parameters

Target Excess Return	200 bps
Target Volatility	8%-14%
Duration Range	Benchmark +/- 3 years
Correlation Range	0.9-1.0
Beta Range	0.9-1.1
Market Segment Weights:	
Benchmark	70%-100%
Off-Benchmark	25%-75%

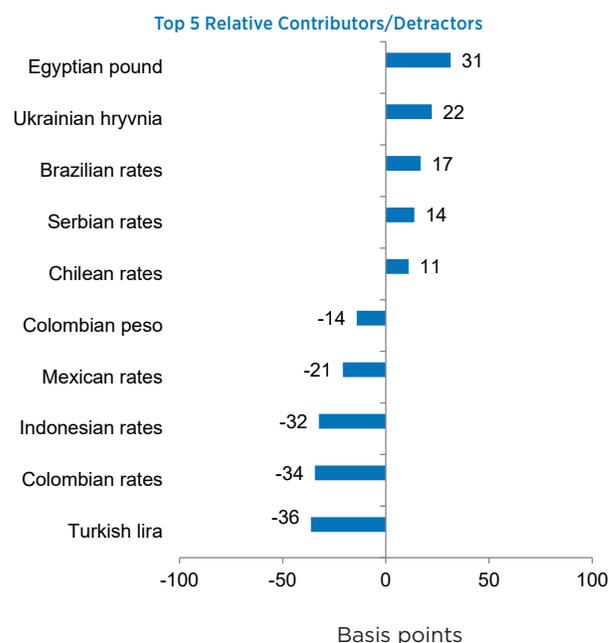
Portfolio Characteristics

	Rep. Account	Benchmark
Number of countries	35	19
% Off-Benchmark	31.87	—
% Local Sovereign	126.52	100.00
% External Sovereign	1.38	—
% Corporate	3.85	—
% Loans	0.00	—
Interest-Rate Duration (yrs):		
Emerging Markets	6.21	5.29
Credit Spread Duration (yrs):		
Sovereign	0.04	—
Corporate	0.11	—
Yield (%)	9.33	4.81

Portfolio Statistics since inception as of 03/31/2021

	Rep. Account	Benchmark
Alpha (%)	1.98	—
Beta	1.00	1.00
Information Ratio	0.78	—
Standard Deviation (%)	13.08	12.78
Correlation	0.98	1.00
Upside Market Capture (%)	105.43	100.00
Downside Market Capture (%)	94.27	100.00

Monthly Attribution as of 03/31/2021



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Benchmark: J.P. Morgan Government Bond Index: Emerging Markets (JPM GBI-EM) Global Diversified.

Portfolio Characteristics are shown gross of fees and are based upon the total assets of a single Representative Account which is included in the Emerging Markets Local Income (Composite) for the periods shown. This account were chosen because they are unrestricted and fairly represent the overall style of the manager as described. The above information, including that attributed to the Representative Account, is supplemental to the Composites GIPS Report contained herein as an integral part of this material. Portfolio profile is subject to change due to active management. Standard deviation measures the historic volatility of a portfolio.

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Market Update as of 03/31/2021

- Emerging markets debt stumbled out of the gates in 2021, producing negative returns across the asset class during the first quarter. We came into the new year with the view that the macro backdrop would be broadly supportive of the asset class and we were wrong. The backup in real rates in the U.S. in an extremely volatile and, at times, somewhat disorderly fashion was too much for EMD and, particularly, for local rates and currencies. While fundamentals during the quarter broadly continued to improve along with prospects for the global economy and broadly higher commodity prices are net positive, the macro environment was the dominant factor for most EMD investors. EM local rates were hit hardest, as many markets saw real yields rise even further than in the U.S. and differentials widened notably. EM currencies were also hit notably amid the broad, strong U.S. dollar environment. On the hard-currency side, sovereign spreads actually tightened during what was a pretty strong bid globally for credit, although corporate spreads over their relevant sovereigns broadly widened a bit. Regardless, the move higher in U.S. Treasury yields overwhelmed the returns of the respective hard-currency indexes, given their relative long U.S. duration profiles. Despite the sell-off in most prices, inflows into EMD remained robust, with approximately \$29 billion during the quarter, continuing to provide strong technical support for the asset class amid the global search for yield.
- Performance was negative for the three major EMD indexes for the quarter. U.S. dollar-denominated corporate debt, as measured by the J.P. Morgan CEMBI Broad Diversified Index, was down -0.80%. U.S. dollar-denominated sovereign debt, as measured by the J.P. Morgan EMBI Global Diversified Index, was down -4.54%. Finally, local sovereign debt, as measured by the J.P. Morgan Government Bond Index-Emerging Markets Global Diversified Index, was down -6.68%.

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Performance Review as of 03/31/2021

- Eaton Vance Emerging Markets Local Income Strategy underperformed its benchmark, the J.P. Morgan GBI-EM Index, down -7.50% (gross) versus the benchmark, which was down -6.68%.
- The Strategy experienced positive contributions to relative performance from a limited off-benchmark allocation to corporate credit.
- From a regional perspective, Africa contributed to performance.
- In Africa, off-benchmark allocations to Egyptian local Treasury bills contributed to performance. Attractive carry and a stable currency per central bank policy continue to make this an attractive position.
- In Eastern Europe, off-benchmark allocations to Ukrainian local bonds aided performance. The central bank hiked rates in March, which helped to strengthen the currency, while attractive yields further boosted performance. In Turkey, the prospect of a more orthodox monetary policy was called into question when the central bank head was fired after just four months, causing the lira to sharply sell off and spreads to widen. An overweight currency position hurt performance.
- In Latin America, the global backup in rates combined with fiscal concerns and rising inflation justified a slight underweight to Brazilian rates, which contributed to performance. In Colombia, an overweight to local rates hurt performance, as yields pretty universally backed up during the period, as noted.

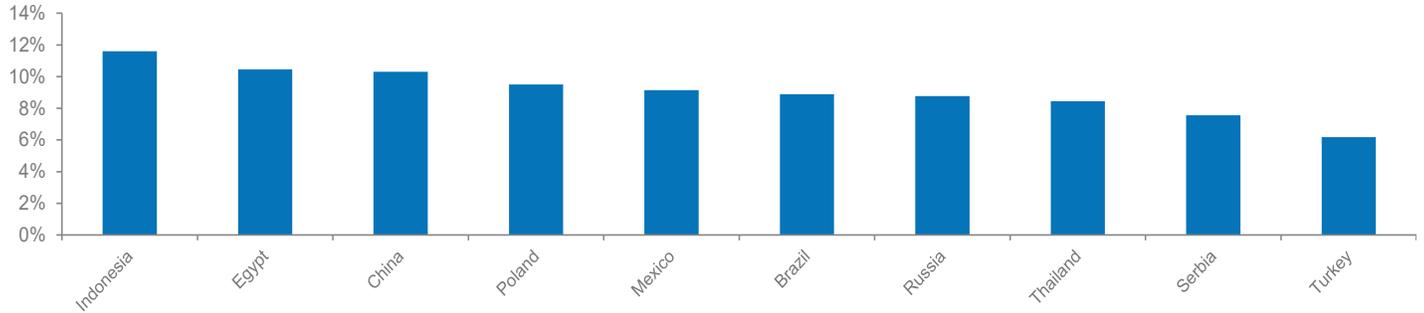
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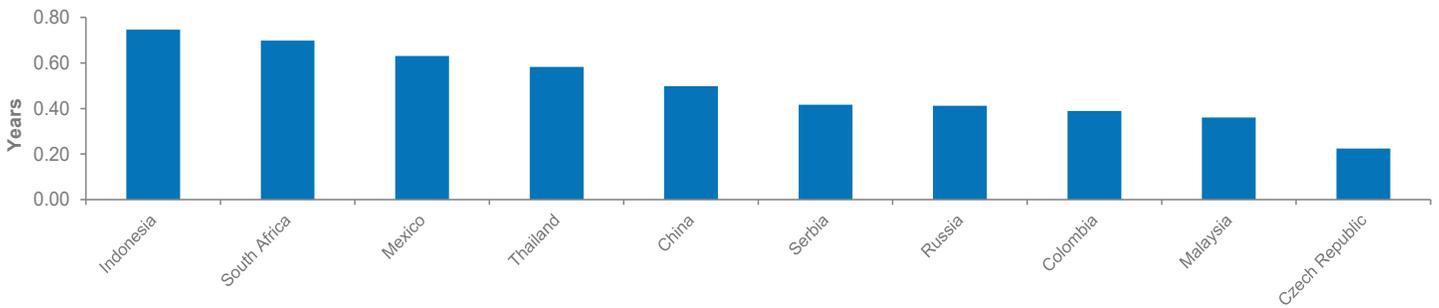


Top Exposures by Risk Factor as of 03/31/2021

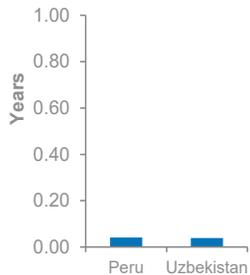
Currency Exposures



Interest-Rate Duration Contribution by Country



Credit Spread Duration Contribution by Country



Excludes countries with less than 0.25% of exposure and 0.05 years of duration. The information is based upon a single representative account which is included in the Composite as of the date indicated above. This account was chosen because it is unrestricted and fairly represents the overall style of the manager. See important additional information and disclosure below. This information is supplemental to the GIPS report below.

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Outlook as of 03/31/2021

We entered the year quite constructive on the macro backdrop and we were wrong. The backup in real rates in the U.S. was volatile at times, but we do not believe the absolute level of U.S. Treasury yields was problematic for emerging markets; however, the delta during the quarter was. Despite the pullback during the quarter, we remain constructive on the asset class entering Q2 for many of the same reasons we had coming into the year. FX remains our favored risk, as valuations remain depressed and the U.S. dollar is likely to resume weakening due to ballooning deficits in the U.S. and ongoing easy policy out of the Fed. Fundamentals continue to vary at the individual country level and, as such, country-level analysis will continue to drive value especially during times of volatility.

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Composite Report Emerging Markets Local Income Composite as of 12/31/2020, Reported in: USD

Period	Gross Returns	Net Returns	Benchmark Returns	Number of Accounts	Internal Dispersion		Total Composite Assets \$('000)	Total Firm Assets \$('000)	Composite Assets	3-Yr External Dispersion	
					High	Low				Composite	Benchmark
2011	-2.51	-3.09	-1.75	≤ 5	NA	NA	555,883	142,155,060	0.39	13.62	13.19
2012	18.11	17.41	16.76	≤ 5	NA	NA	631,419	152,207,484	0.41	13.29	12.42
2013	-8.82	-9.37	-8.98	≤ 5	NA	NA	455,997	172,036,715	0.27	13.70	12.61
2014	-2.83	-3.41	-5.72	≤ 5	NA	NA	293,006	164,420,664	0.18	12.03	11.77
2015	-11.57	-12.10	-14.92	≤ 5	NA	NA	223,955	156,199,594	0.14	10.42	10.35
2016	13.73	13.06	9.94	≤ 5	NA	NA	274,098	166,832,375	0.16	11.86	11.97
2017	17.54	16.85	15.21	≤ 5	NA	NA	653,003	193,976,437	0.34	10.68	10.87
2018	-7.30	-7.86	-6.21	≤ 5	NA	NA	736,501	192,823,274	0.38	10.78	11.09
2019	24.13	23.44	13.47	≤ 5	NA	NA	1,266,825	214,941,744	0.59	8.96	9.20
2020	5.93	5.33	2.69	≤ 5	NA	NA	1,487,576	177,164,831	0.84	13.77	12.33

Inception Date: 7/1/2007

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Please see Notes to Schedule accompanying these returns

Notes to Schedule: Firm

Organization – Eaton Vance Management (EVM or the Company) is an SEC registered investment adviser with its headquarters located in Boston, Massachusetts. Since 1924, the Company has provided a full range of investment products to corporations, public agencies, labor unions, hospitals, charitable and educational organizations, individuals and various qualified investment plans. It supplies investment advisory services through several SEC registered investment advisers and a trust company – EVM, Boston Management and Research (BMR), Eaton Vance WaterOak Advisors (WaterOak), Eaton Vance Trust Company (EVTC), Eaton Vance Management International Limited (EVMI), Eaton Vance Advisers International Ltd (EVAI) and Eaton Vance Global Advisors Limited (EVGA). The Company is defined as all seven entities operating under the Eaton Vance brand. Effective May 1, 2011, EVM's Real Estate Investment Group, a constituent of EVM, is operating as a separate division of EVM, and its assets are no longer represented in EVM's total assets under management. On March 1, 2021, Eaton Vance Management and its affiliates became a wholly-owned, independently managed subsidiary of Morgan Stanley. The firm continues to operate as Eaton Vance Management.

Performance Returns – Unless otherwise stated, composite returns and market values are reported in U.S. dollars. All performance returns are presented as total returns, which include the reinvestment of all income and distributions. Returns for periods less than one year are not annualized.

Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Composite Dispersion – Annual internal return dispersion is represented by the highest and lowest gross returns of all portfolios within a composite or pure gross returns in the case of SMA composites. Internal dispersion is shown only for composites that held at least six accounts for the full year. Internal dispersion is shown as not applicable, "N/A", for composites that held five or fewer accounts for the full year. External composite and benchmark dispersion are shown to demonstrate the variability of returns over time, and is represented by the three-year ex-post standard deviation of gross monthly returns or pure gross returns in the case of SMA composites. External dispersion is not shown for composite inception through December 2010, as it is not required for periods prior to 2011.

Other Matters – A complete list of all composites and limited distributed pooled funds (LPPF) maintained by EVM with descriptions and related performance results for each is available upon request. To receive a complete list and description of the Company's composites and/or a GIPS Report that adheres to the GIPS®, contact the Performance Department at (800) 225-6265 ext. 26733 or write to Eaton Vance Management, Two International Place, Boston, MA 02110, Attention GIPS Performance Department, 3rd floor. A list of the firm's broad distribution pooled funds is available on the firm's website.

Notes to Schedule: Composite

Composite Definition – The investment objective of this style is to seek total return by investing at least 80% of total net assets in (1) securities denominated in currencies of emerging market countries, (2) fixed-income instruments issued by emerging-market entities or sovereigns, and/or (3) derivative instruments denominated in, or based on, the currencies, interest rates of issues of emerging-market countries. Derivatives, such as currency forwards, sovereign-credit default swaps, other swaps, options and futures contracts may be used to, among other things, enhance returns, as a substitute for purchasing or selling securities or to protect against price decline. Assets may also be invested in U.S. Government securities.

An account is included in the composite at the beginning of the first full month that the portfolio manager deems it fully invested, and a closed account is included through the last full month under management. No selective periods of performance have been used.

Benchmark – The composite's benchmark is the J.P. Morgan Government Bond Index - Emerging Markets Global Diversified. It is an unmanaged index of local-currency bonds with maturities of more than one year issued by governments in emerging markets.

Gross and Net Returns – Composite gross returns are after transaction costs, any foreign withholding taxes and other direct expenses, but before management fees, custody charges and other indirect expenses.

Composite net returns are calculated by deducting from the gross performance returns the highest management fee, 0.65%, paid by any account in the composite. The complete fee schedule is as follows: 0.55% on the first \$250 Million; 0.50% on the next \$250 Million; 0.45% on the balance.

Notes to Composite – The creation date of this composite is August 2007, and the inception date is July 2007. Effective December 2018, the composites maximum management fee changed from 0.60%. Effective December 2020, the composites maximum management fee changed from 0.57%. Performance during certain periods reflects the strong bond market performance and/or the strong performance of bonds held during those periods. Clients or prospective clients should not assume that they will have an investment experience similar to that indicated by past performance results, as shown on the Schedule.

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**Important Additional Information and Disclosure:**

Source of all data: Eaton Vance, J.P. Morgan, 03/31/2021, unless otherwise stated.

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The impact of the coronavirus on global markets could last for an extended period and could adversely affect the Strategy's performance.

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Where possible the Strategy seeks to take into account ESG factors into its research and decision making, however, the Strategy noted herein is classified as an Article 6 fund of the EU Council Disclosure Regulation (2019/2088).



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