

ADV Form 112

**Parametric Portfolio
Associates LLC
ADV Part II, Privacy and Proxy
Policies
As of 01/31/2011**

Item 1 – Cover Page

Parametric Portfolio Associates
1918 Eighth Avenue, Suite 3100
Seattle, WA 98101
206-694-5575
www.parametricportfolio.com
January 31, 2011

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 provides 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

On July 28, 2010, the United States Securities and Exchange Commission (the “SEC”) published “Amendments to Form ADV” which amends the disclosure document that Parametric provides to clients as required by SEC rules. This brochure dated January 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that Parametric’s previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. Parametric will also reference the date of its last annual update of this brochure. In the past Parametric has offered or delivered information about its qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, Parametric will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of Parametric’s fiscal year. Parametric may further provide other ongoing disclosure information about material changes as necessary.

Parametric may provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, Parametric’s brochure may be requested by contacting Joel Marcus, CCO at 206-694-5527 or jmarcus@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

Parametric Portfolio Associates LLC (“Parametric”) is a Seattle, Washington based Registered Investment Adviser offering a variety of structured portfolio solutions for over 20 years. Parametric is 92% owned by Eaton Vance Corp. (“EVC”), a Boston-based investment management firm, and 8% owned by Parametric current and former employees

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. The registered mutual funds that Parametric sub-advises, including those for the Eaton Vance Funds, are included in the descriptions provided below.

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

- Creation and management of customized, and structured portfolios based upon the client’s investment objectives and restrictions;
- Periodic re-balancing of accounts managed by Parametric consistent with the account’s 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 different styles of structured account management services. These include the types of accounts described below:

1. **Tax-Managed Core:** A fully invested index-based portfolio managed 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.
2. **Emerging Markets:** A fully invested non-U.S. stock portfolio invested in "emerging markets" countries. Emerging market countries are generally countries not considered to be developed market countries, and therefore not included in the Morgan Stanley Capital International (MSCI) World Index. The objective is to buy and hold strong companies, which are representative of the major industries within each market, in

order to participate in the potential growth of these small markets.

3. **Pure Passive:** A fully invested index-based portfolio managed for tax-exempt investors. The investment objective is to provide performance that closely tracks the assigned benchmark index. The portfolio is constructed using either a multi-factor risk model to statistically sample from the constituents of the benchmark or a full replication of the benchmark.
4. **Quantitative Active Strategy:** This strategy offers a separate account investment product which consists of a portfolio of closed-end funds called the Parametric Enhanced Income strategy. The strategy seeks to provide current income, with capital appreciation as a secondary objective. This strategy employs a rules-based process that uses proprietary computer software designed to create optimized, factor-driven portfolio construction. Parametric defines the strategy universe from the approximately 650 closed-end funds that trade on U.S. exchanges. The calculation includes all funds in the closed-end fund market in this quantitative investment process, without favoring one manager, or mutual fund company, over another, and may include closed-end funds managed by an affiliate; except that Parametric excludes from the strategy any closed-end funds that it directly sub-advises.
5. **Structured Commodity Strategy:** A portfolio comprised of commodity futures contracts which are fully backed by cash collateral invested in US 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. This is accomplished via a quantitative, rules-based investment process which seeks to avoid excessive risk from aggressive collateral investments and concentration.
6. **Implemented Programs:** Parametric provides two types of implemented investment advisory programs: wrap fee and overlay portfolio management.

Wrap-fee accounts are sub-advisory relationships where Parametric is introduced by unaffiliated broker-dealers ("sponsors"). Accounts are serviced and administered by the sponsors. From time to time and in their sole discretion, sponsors present Parametric to prospective clients as a possible candidate for providing investment management services with or without making any recommendation concerning Parametric's services. When a client chooses Parametric to act as investment manager and enters into an agreement with Parametric, Parametric provides continuous investment management services for assets in the client's account according to a predetermined investment objective.

Parametric also provides overlay portfolio management services under the name of OverlayOne™. An OverlayOne portfolio is a customized investment portfolio that coordinates multiple asset managers within one separate account. Parametric's objective with an OverlayOne 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.

Similar to wrap programs (described above) OverlayOne accounts are serviced and administered by unaffiliated sponsors. The implemented program account minimum is generally \$250,000.

7. Registered Investment Companies: Parametric serves as investment sub-adviser (generally utilizing the above-described strategies) to the following registered investment companies:

- a) **SEI Tax-Managed Large Cap Fund:** The SEI Tax-Managed Large Cap Fund seeks to achieve an annualized pre-tax return, on a rolling three-year basis, of the Russell 1000 Index®. The Fund's secondary objective is to achieve an annualized after-tax return in excess of the returns generated by the Russell 1000 Index. Details regarding the Fund and the fees paid can be found in the SEI Fund prospectus.
- b) **SEI Tax-Managed Small Cap Fund:** The investment seeks high long-term, after-tax returns. The Fund normally invests at least 80% of net assets in equity securities of small companies, including ETFs. It invests primarily in common stocks of U.S. companies with market capitalizations in the range of companies in the Russell 2500 Index®. Details regarding the Fund and the fees paid can be found in the SEI Fund prospectus.
- c) **SEI Tax-Managed Volatility Fund:** The Fund seeks to maximize after-tax returns with a lower level of volatility than the broad U.S. equity markets. The Fund typically invests in U.S. securities of all capitalization ranges, including common stocks, preferred stocks, warrants, ETFs, depositary receipts, equity options and related equity-based derivative instruments. Details regarding the Fund and the fees paid can be found in the SEI Fund prospectus.
- d) **Eaton Vance Parametric Emerging Markets Funds:** The Eaton Vance Tax-Managed Emerging Markets Fund and Structured Emerging Market Fund seek long-term growth of capital. The Funds invest primarily in equity securities of companies whose business relates to emerging markets. Each Fund seeks to maintain investment exposure to roughly 45 countries and hold in excess of 1000 securities. Details regarding the Funds and the fees paid can be found in the Eaton Vance Fund prospectus.
- e) **Eaton Vance Parametric Structured International Equity Fund:** The Fund's primary investment objective is to seek long-term capital appreciation. The Fund invests in a diversified portfolio of equity securities primarily in companies domiciled in developed markets outside of the United States. The Fund may also invest in equity securities of companies located in emerging market countries. Details regarding the Fund and the fees paid can be found in the Eaton Vance Fund prospectus.

- f) **Eaton Vance Parametric Tax-Managed Buy-Write Income Fund:** The Fund's primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation. In pursuing its investment objectives, the Fund will evaluate returns on an after-tax basis, seeking to minimize and defer shareholder federal income taxes. Generally, the Fund's investments will consist primarily of owning a diversified portfolio of common stocks that seeks to outperform the total return performance of the S&P 500 Index®. Details regarding the Fund and the fees paid can be found in the Eaton Vance Fund prospectus.
- g) **Eaton Vance Parametric Tax-Managed Buy-Write Opportunity Fund:** The Fund's primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation. In pursuing its investment objectives, the Fund will evaluate returns on an after-tax basis, seeking to minimize and defer shareholder federal income taxes. Generally, the Fund's investments will consist primarily of owning a diversified portfolio of common stocks that seeks to outperform the total return performance of a combination of the S&P 500 and the NASDAQ 100 indices. Details regarding the Fund and the fees paid can be found in the Eaton Vance Fund prospectus.
- h) **Eaton Vance Parametric Tax-Managed Global Buy-Write Opportunity Fund:** The Fund's primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation. In pursuing its investment objectives, the Fund will evaluate returns on an after-tax basis, seeking to minimize and defer shareholder federal income taxes. Details regarding the Fund and the fees paid can be found in the Eaton Vance Fund prospectus.
- i) **Clearwater International Fund:** The Fund's primary investment objective is long-term capital growth. At least 80% of the value of the Fund's net assets are in equity securities that trade in markets outside the United States. Such securities are generally issued by companies domiciled outside of the United States or companies that derive more than half of their revenues or pre-tax income from activities occurring outside of the United States. Details regarding the Fund and the fees paid can be found in the Clearwater Fund prospectus.
- j) **Clearwater Growth Fund:** The Fund's primary investment objective is long-term capital growth. As a secondary objective, the Fund seeks current investment income. Details regarding the Fund and the fees paid can be found in the Clearwater Fund prospectus.
- k) **Wilmington Multi-Manager International Fund:** The Fund's primary objective is to achieve superior long-term capital appreciation. The Fund invests at least 85% of its assets in a diversified portfolio of equity (or equity-related) securities of foreign issuers. Details regarding the Fund and the fees paid can be found in the Wilmington Fund prospectus.
- l) **Russell Tax-Managed U.S. Mid & Small Cap Fund:** The Fund's primary objective

is to provide long-term capital growth on an after-tax basis. Details regarding the Fund and the fees paid can be found in the Russell Fund prospectus.

As of December 31, 2010, Parametric manages \$34.6 billion in client assets, all on a discretionary basis.

Education and business background for the preceding five (5) years of Parametric senior management:

BRIAN DEAN LANGSTRAAT Year of Birth: 1967

Education: University of Washington (Bachelor of Arts in Economics and Sociology, 1990). Business Background: Managing Director (01/98 – 06/01), Chief Executive Officer (06/01 – Present), Parametric Portfolio Associates.

DAVID MORRIS STEIN Year of Birth: 1951

Education: University of Witwatersrand (Bachelor of Science and Master of Science Applied Mathematics, 1974); Harvard University, (Ph.D., 1977). Business Background: Managing Director (06/96 – 06/01), Chief Investment Officer (06/01 – Present), Parametric Portfolio Associates.

THOMAS CHAN-LIN SETO Year of Birth: 1962

Education: University of Washington (Bachelor of Science in Electrical Engineering, 1985); University of Chicago (M.B.A. in Finance, 1991). Business Background: Managing Director of Portfolio Management (10/98 – Present), Parametric Portfolio Associates.

AARON WILLIAM SINGLETON Year of Birth: 1971

Education: University of Washington (Bachelor of Arts in Business Administration with a concentration in Accounting, 1995). Business Background: Chief Financial Officer (12/03 – Present), Parametric Portfolio Associates.

ANDREW DAVID ABRAMSKY Year of Birth: 1963

Education: St. Johns University (Bachelor of Science in Finance, 1985). Business Background: Director of Operations (10/97 – 06/01), Chief Operating Officer (06/01 – Present), Parametric Portfolio Associates.

ROBERT JOSEPH BRESHOCK Year of Birth: 1957

Education: Wabash College (A.B. in Economics 1979); Valparaiso University (J.D. 1982).

1982). Business Background: Vice President, Director of Strategic Business Development (03/03 – 01/10), Managing Director (01/10 – Present), Parametric Portfolio Associates.

JOEL CASSEL MARCUS

Year of Birth: 1963

Education: Brown University (A.B. in Economics 1985); University of Pittsburgh (M.A. 1991) (M.B.A. 1993). Business Background: Compliance Analyst (06/05 – 01/07), Chief Compliance Officer (01/07 – Present), Parametric Portfolio Associates.

Item 5 – Fees and Compensation

Fee schedules for its offerings are negotiated and will vary by product type and account size. The standard fee schedules are as follows:

Parametric's annual fee schedule for a Tax Managed Core portfolio is:

First \$1,000,000 .45% of assets under management

Next \$9,000,000 .35%

Over \$10,000,000 .25%

Parametric's annual fee schedule for an Emerging Markets portfolio is:

First \$100,000,000 .80% of assets under management

Over \$100,000,000 .75%

Parametric's annual fee schedule for the Enhanced Income Strategy is:

0.45% of assets under management

Parametric's annual fee schedule for a Pure Passive Portfolio is:

0.45% of assets under management

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

Some custody relationships require a minimum account size, or annual fee. Wrap-fee and OverlayOne clients receive a brochure from the introducing sponsor detailing all aspects of the wrap-fee or OverlayOne 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 OverlayOne clients should consult the introducing sponsor's brochure for the specific fees and features applicable to their program. For wrap-fee or OverlayOne 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.

The fees charged by Parametric are established in a client's written agreement with Parametric. 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 have the right to cancel Parametric's services upon 30 days written notice. During the 30-day period, Parametric's ordinary fees are earned and payable. Parametric has the right to terminate an investment advisory contract at the end of any month 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 implemented programs, but adjustments may be made based on the size and complexity of the accounts.

Parametric's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. 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.

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 percent of the fees earned by Parametric. Parametric's 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 Investment Advisers Act of 1940 ("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 also 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.

Item 7 – Types of Clients

Parametric provides portfolio management services to high net worth individuals, corporate pension and profit-sharing plans, banking or thrift institutions, charitable institutions, foundations, endowments, state or municipal government entities, registered mutual funds, private investment funds, trust programs, sovereign funds, foreign funds such as UCITS, and other U.S. and international institutions. 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 equity manager, incorporating active tax-management techniques. Every name in a selected 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) a majority 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 investment management and derivatives investment advisory services, and is based in Westport, Connecticut.

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 fee paid for such accounts.

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 the 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.

In the first quarter of 2011, Parametric intends to register as a Commodity Trading Adviser ("CTA") with the Commodities Futures Trading Commission to support the sales and promotion of its structured commodities strategy.

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, a prohibition on spreading rumors, restrictions on the acceptance of significant gifts and the reporting of 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 annually, or as amended.

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, which 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.

Transactions on United States stock exchanges and other agency transactions involve the payment by the client of negotiated brokerage commissions. Such commissions may vary among different broker-dealers according to such factors as the difficulty and size of the transaction and the volume of business done with a particular broker-dealer. Transactions in foreign securities often involve payment of brokerage commissions 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.

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.

Parametric's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Joel Marcus, CCO.

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 account.

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.

Parametric, when selecting securities and determining amounts, 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 once made.

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.

In the absence of any client direction to utilize a particular broker or dealer for the execution of transactions in any client accounts, 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.

In placing orders for the purchase and sale of securities for its clients, Parametric seeks quality execution at favorable prices through responsible broker-dealers. In selecting broker-dealers to execute transactions, Parametric considers such factors as the broker's reliability, the quality of its execution services, its financial condition, its commission rates on agency transactions, and the general brokerage and research services that it may provide. 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 be benefited 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.

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.

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.

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.

Item 13 – Review of Accounts

In addition to ongoing management of accounts, all investment advisory accounts of Parametric are reviewed each month by Parametric's Portfolio Management Committee. The individuals performing the review include Parametric's Chief Investment Officer, Managing Director of Portfolio Management, Director of Research, Senior Research Analysts, 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 direct 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 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.

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

Parametric does not take custody or possession of any 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 once made.

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.

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.

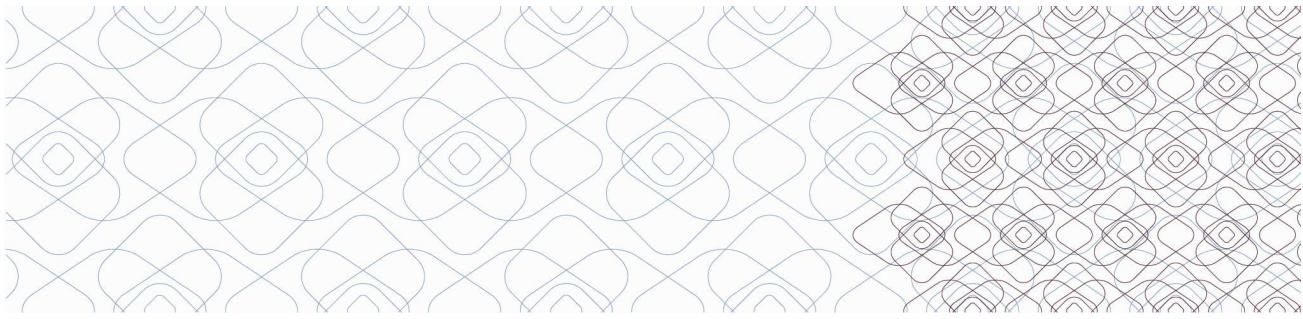
Toll-free phone number: 1-866-694-4101

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.



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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.



Proxy Disclosure Notice

In accordance with the SEC's new rule effective August 6, 2003, "Disclosure of Proxy Voting Policies and Proxy Voting Records by Registered Management Investment Companies," Parametric Portfolio Associates' Proxy Voting policy is available in our Part 2 of Form ADV. Requests for the policy or voting records may be made free of charge via the following:

Toll-free: 1-866-694-4101.

Email: proxyinfo@paraport.com

Due to our confidentiality policy, voting records will not be provided to third parties without written consent from the client.

Copies of Form ADV Part II available upon request.

Pursuant to the Investment Advisors Act of 1940, please note that Parametric Portfolio Associates' most current update of form ADV Part II is available by written request.