

BOSTON, Sept. 12, 2013 /PRNewswire/ -- Eaton Vance Management (Eaton Vance), a subsidiary of Eaton Vance Corp. (NYSE: [EV](#)), today announced that it has filed an amended application with the U.S. Securities and Exchange Commission (SEC) seeking exemptive relief to permit the offering of exchange-traded managed funds (ETMFs). The amended application amends and supplements the ETMF exemptive application filed on March 27, 2013.

ETMFs are a proposed new type of open-end fund designed to bring the cost and tax efficiencies and shareholder protections of the exchange-traded fund (ETF) structure to active investment strategies, while maintaining the confidentiality of current portfolio trading information. ETMFs would trade on an exchange at prices directly linked to the fund's next-determined daily net asset value (NAV), using what is referred to as "NAV-based trading." In NAV-based trading, prices would vary from NAV by a market-determined premium or discount, which may be zero. Because ETMFs would provide market makers with opportunities to earn reliable arbitrage profits without intraday hedging of their inventory positions, they can be expected to trade at consistently tight spreads to NAV in the absence of full holdings disclosure.

Active fund managers have to date largely avoided introducing their leading strategies as transparent ETFs because the required daily holdings disclosures can facilitate front-running of portfolio trades and enable copycat investors to replicate a fund's portfolio positioning. By removing the requirement for daily portfolio transparency, ETMFs can potentially enable investors to access a broad range of proven active strategies through a vehicle that provides the investor benefits of an exchange-traded fund.

Eaton Vance seeks to launch a family of ETMFs that mirror existing Eaton Vance mutual funds and to license the underlying technology to other fund groups through its subsidiary Navigate Fund Solutions LLC (Navigate). Aspects of ETMFs and NAV-based trading are protected intellectual property subject to issued and pending U.S. patents.

Eaton Vance Files Amended Exemptive Application for Exchange-Traded Managed Funds

Written by Australian Business

"The filing of an amended exemptive application is an important milestone in advancing ETMFs toward regulatory approval," said Stephen W. Clarke, President of Navigate. "We continue to be pleased with both our regulatory progress and the reception to the ETMF concept we are receiving from fund sponsors, fund distributors and the market making community."

Navigate Fund Solutions LLC is a wholly owned subsidiary of Eaton Vance Corp. Navigate's business purpose is to develop and commercialize ETMFs and NAV-based trading. For more information about Navigate, contact Stephen W. Clarke, President, at 617-672-8660 or sclarke@navigatefundsolutions.com

Eaton Vance Corp. is one of the oldest investment management firms in the United States, with a history dating to 1924. Eaton Vance and its affiliates managed \$268.8 billion

in assets as of July 31, 2013

, offering individuals and institutions a broad array of investment strategies and wealth management solutions. Eaton Vance's long record of providing exemplary service, timely innovation and attractive returns through a variety of market conditions has made it the investment manager of choice for many of today's most discerning investors. For more information, visit eatonvance.com.

The U.S. launch of ETMFs is conditional upon regulatory approval, the likelihood and timing of which cannot be predicted. Commercial success also requires completion of enabling implementation technology and acceptance by market participants, which cannot be assured. Like mutual funds, ETMFs will not offer investors the opportunity to buy and sell intraday based on current (versus end-of-day) determinations of fund value. ETMF trade execution prices will fluctuate based on changes in NAV and may vary significantly from anticipated levels during periods of market volatility. Although limit orders may be used to control differences in trade price versus NAV, they cannot be used to control or limit trade execution prices. There can be no guarantee that an active trading market for an ETMF's shares will develop or be maintained, or that their listing will continue unchanged. Buying and selling ETMF shares may require payment of brokerage commissions and expose transacting shareholders to other trading costs. Market trading prices of ETMF shares may be above, at or below NAV, will fluctuate in relation to NAV based on supply and demand in the market for shares and other factors, and may vary significantly from NAV. The return on a shareholder's ETMF investment will be reduced if the shareholder sell shares at a greater discount or narrower premium to NAV than he or she acquired shares. Because ETMFs will be actively managed, their performance will depend on

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the portfolio managers' successful application of analytical skill and investment judgment. An ETMF is not a complete investment program and there is no guarantee that it will achieve its investment objective. It is possible to lose money on an investment in an ETMF. ETMF shareholders should have a long-term investment perspective and be able to tolerate potentially sharp declines in value. An investment in an ETMF is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, entity or person.

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