

# Parametric Tax-Managed Emerging Markets Fund

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PARAMETRIC SYSTEMATIC STRATEGIES TEAM

## Performance Review

In the quarter period ending March 31, 2026, the Portfolio's 1 shares returned 2.90% (net of fees)<sup>1</sup>, while the benchmark returned -0.17%

The Fund's emphasis on diversification<sup>2</sup> via a system of target country weights and systematic rebalancing back to these target weights contributed to performance relative to the benchmark, the MSCI Emerging Markets Index (the Index), during the quarter. The diversification targets consistently have the Fund underweight larger countries and overweight smaller countries.

The Fund's emphasis on diversification at the sector level within each country contributed to relative returns.

Finally, frontier countries included in the Fund, but not in the Index, contributed to relative performance, as our portfolio held larger positions in frontier market countries that outperformed the Index.

## A Word On The Markets

Emerging markets equities were broadly flat in the first quarter of 2026, with the MSCI Emerging Markets Index declining -0.17% in U.S. dollars (USD). The quarter was defined by heightened geopolitical tensions, most notably the war in Iran, which disrupted global oil markets and contributed to a surge in energy prices. This, combined with diverging domestic fundamentals and shifting expectations around global monetary policy, led to significant dispersion in country-level performance. While select markets delivered strong gains, others faced sharp corrections due to structural or policy-related headwinds.

During the quarter, Asian markets delivered a wide range of outcomes. Korea (+16.5% USD) and Taiwan (+9.1% USD) led the region, driven by a powerful rally in semiconductor and artificial intelligence (AI) related stocks. Korean giants Samsung and SK Hynix surged on booming demand for high-bandwidth memory, while Taiwan's TSMC posted robust earnings, reinforcing investor confidence in the global tech recovery. In contrast, India (-18.1% USD) suffered a steep correction amid valuation concerns, foreign investor outflows and earnings disappointments. Indonesia (-20.7% USD) was the weakest performer globally, given MSCI's investability warning and fears of a potential downgrade to frontier market status. China (-8.9% USD) also declined, as growth concerns, weak corporate earnings and renewed trade tensions weighed on sentiment. China set a 2026 gross domestic product (GDP) growth target range of 4.5%-5%, versus 5% last year, with official and major wire coverage emphasizing structural headwinds such as the property slump and weak domestic demand. In Latin America, markets were broadly higher during the quarter, supported by firm commodity prices and improving domestic fundamentals. Colombia (+21.1% USD) and Peru (+20.8% USD) led the region, driven by strength in financials and mining stocks amid rising copper and precious metals prices. Brazil (+19.1% USD) also rallied, buoyed by foreign capital inflows and optimism around monetary easing. Mexico (+7.7% USD) posted solid gains, while Chile (-2.0% USD) lagged despite favorable commodity trends. Finally, markets in Europe, the Middle East and Africa (EMEA) were mixed over the period. Turkey (+13.7% USD) and Hungary (+4.7% USD) advanced on improved policy credibility and supportive real interest rates. However, Egypt (-3.7% USD), Greece (-6.5% USD) and the Czech Republic (-10.1% USD) declined amid macroeconomic and geopolitical challenges. Additionally, Middle Eastern markets were broadly weaker, with Kuwait (-5.3% USD) and Qatar (-3.3% USD) underperforming despite elevated oil prices.

In general, frontier market countries trailed emerging market countries during the quarter, with the MSCI Frontier Markets Index falling -0.91% USD on the back of significant losses in a handful of larger markets.

## Contributors

Factors contributing to the Fund's performance relative to the MSCI Emerging Markets Index during the quarter:

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<sup>1</sup> Source: Parametric. Data as of March 31, 2026.

<sup>2</sup> Diversification neither assures a profit nor guarantees against loss in a declining market.

This document constitutes a commentary and does not constitute investment advice nor a recommendation to invest. The value of investments may rise as well as fall. Independent investment advice should be sought before any decision to invest.

- Our underweight to China contributed to returns versus the Index. Aggregate results for the country were negatively impacted by faltering economic data and a decline in the official GDP growth target.
- In addition, the sector allocation process in China helped relative returns. This was partially from an overweight to the energy sector, which rallied significantly.
- Our underweight to India also improved relative performance. Weakness among bank stocks weighed on headline results, as tighter domestic financial conditions and credit growth concerns hit sentiment.

## Detractors

Factors detracting from the Fund's performance relative to the MSCI Emerging Markets Index during the quarter:

- Our underweight to Korea detracted from returns versus the Index. Korean stocks were supported by an extraordinary rally in semiconductor manufacturers driven by relentless AI chip demand.
- In addition, an underweight to Taiwan harmed relative performance. Local market gains were driven by strength in TSMC and other semiconductor foundries benefiting from sustained AI chip demand.
- Our underweight to technology stocks within Korea was also detrimental to performance relative to the Index.

## Investment Outlook And Fund Positioning

Commentators have expressed a wide range of opinions regarding the emerging markets asset class. Regardless of the near-term forecast, many observers believe that persistent demographic and economic trends give emerging market economies a long-term advantage. While emerging markets equities may continue to demonstrate heightened volatility, they may do so against a backdrop of generally rising prices.

How does one invest in this space with so much short-term uncertainty? We believe that managing risk by broadly diversifying, avoiding concentrations, and portfolio rebalancing are all key aspects that help address thoughtful investment decisions. The Parametric Tax-Managed Emerging Markets investment strategy relies on a rules-based approach combined with a systematic rebalancing discipline to reduce concentrations, while emphasizing broad diversification in seeking its objective of long-term, after-tax returns.

## Fund Facts

Class I inception	06/30/1998
Benchmark	MSCI Emerging Markets Index
Class I expense ratio	<b>Gross 0.96 %</b>
	<b>Net 0.96 %</b>

Where the net expense ratio is lower than the gross expense ratio, certain fees have been waived and/or expenses reimbursed. These waivers and/or reimbursements will continue for at least one year from the date of the applicable fund's current prospectus (unless otherwise noted in the applicable prospectus) or until such time as the fund's Board of Trustees acts to discontinue all or a portion of such waivers and/or reimbursements. Absent such waivers and/or reimbursements, returns would have been lower. Expenses are based on the fund's current prospectus, in effect as of the date of this commentary. For information on the applicable fund's current fees and expenses, please see the fund's current prospectus. The minimum investment is \$1,000 for A Shares and \$1,000,000 for I Shares.

**Performance (%)**

As of March 31, 2026	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	-7.65	2.90	2.90	28.34	14.06	6.67	6.62
I Shares Return After Taxes on Dist	--	--	--	26.85	12.55	5.15	5.76
I Shares Return After Taxes on Dist & Sales of Fund Shares	--	--	--	17.62	10.63	5.03	5.33
MSCI Emerging Markets Index	-13.06	-0.17	-0.17	29.55	14.84	3.69	7.80

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the Fund's performance as of the most recent month-end, please refer to [eatonvance.com](http://eatonvance.com). Investment returns and principal value will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost.

Returns are net of fees and assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (not annualized). Performance of other share classes will vary.

After-tax returns are calculated using certain assumptions, including using the highest individual federal income tax rates in effect at the time of the distributions and do not reflect the impact of state/local taxes. Actual after-tax returns depend on a shareholder's tax situation and the actual characterization of distributions and may differ from those shown. After-tax returns are not relevant to shareholders who hold shares in tax-deferred accounts or shares held by nontaxable entities. Return After Taxes on Distributions may be the same as Return Before Taxes for the same period because no taxable distributions were made during that period. Return After Taxes on Distributions and Sale of Fund Shares may be greater than or equal to Return After Taxes on Distributions for the same period because of losses realized on the sale of Fund shares. Before-tax and after-tax returns for other classes of shares offered by the Fund are different.

Top 10 Holdings (% of Total Net Assets)^	FUND
Taiwan Semiconductor Manufacturing Co Ltd	2.58
Delta Electronics Thailand PCL	1.41
Samsung Electronics Co Ltd	1.14
Tencent Holdings Ltd	1.03
America Movil SAB de CV	0.89
MTN Group Ltd	0.83
Turkiye Petrol Rafinerileri AS	0.71
Naspers Ltd	0.67
Petroleo Brasileiro SA - Petrobras	0.66
SK hynix Inc	0.61

^ Top 10 Holdings excludes cash and equivalents. Portfolio profile subject to change due to active management.

**INDEX INFORMATION:** The **MSCI Emerging Markets Index (MSCI EM)** is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance of emerging markets. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index. Historical performance of the index illustrates market trends and does not represent the past or future performance of the fund.

The **MSCI Frontier Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of frontier markets. The MSCI Frontier Markets Index currently consists of 24 frontier market country indices.

The performance of the Index is calculated in U.S. dollars and assumes reinvestment of net dividends. "Net dividends" reflects a reduction in dividends after taking into account withholding of taxes by certain foreign countries represented in the Index.

The indexes are unmanaged and do not include any expenses, fees or sales charges. It is not possible to invest directly in an Index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on the index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto.

**RISK CONSIDERATIONS:** The value of investments held by the

Fund may increase or decrease in response to economic, and financial events (whether real, expected or perceived) in the U.S. and global markets. The value of equity securities is sensitive to stock market volatility. Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical, currency exchange rates or other conditions. In emerging countries, these risks may be more significant. China region economies are export-driven and can be affected by developments in the economies of their major trading partners. Governmental actions in China can have a significant affect on economic conditions in that region. Smaller companies are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk than larger, more established companies. Market conditions may limit the ability to generate tax losses or to generate dividend income taxed at favorable tax rates. The Fund's ability to utilize various tax-managed techniques may be curtailed or eliminated by tax legislation regulation or interpretation. The Fund is exposed to liquidity risk when trading volume, lack of a market maker or trading partner, large position size, market conditions, or legal restrictions impair its ability to sell particular investments or to sell them at advantageous market prices. The sub-adviser uses proprietary investment techniques and analyses in making investment decisions for the Fund. A systematic investment process is dependent on the sub-adviser's skill in developing and maintaining that process. The impact of the coronavirus on global markets could last for an extended period and could adversely affect the Fund's performance. No fund is a complete investment program and you may lose money investing in a fund. The Fund may engage in other investment practices that may involve additional risks and you should review the Fund prospectus for a complete description.

#### **IMPORTANT INFORMATION**

The views and opinions and/or analysis expressed are those of the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and

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**Please consider the investment objective, risks, charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the fund. To obtain a prospectus (which includes the applicable fund's current fees and expenses, if different from those in effect as of the date of this commentary), download one at <https://funds.eatonvance.com/all-mutual-funds.php> or contact your financial professional. Please read the prospectus carefully before investing.**

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