

# Parametric Emerging Markets Fund

PARAMETRIC SYSTEMATIC STRATEGIES TEAM

## Performance Review

In the quarter period ending December 31, 2025, the Fund's 1 shares returned 3.91% (net of fees)<sup>1</sup>, while the benchmark returned 4.73%

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 detracted from relative returns.

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

## A Word On The Markets

Emerging markets equities delivered positive returns during the fourth quarter, supported by a constructive global backdrop despite meaningful dispersion at the country level. Performance was led by North Asia ex-China, with Taiwan and South Korea benefiting from continued strength in the semiconductor and artificial intelligence-related technology cycle. Firm commodity prices and improving global liquidity conditions provided additional support, as expectations for monetary easing increased following further policy action by the U.S. Federal Reserve. Overall, the MSCI Emerging Markets Index rose +4.73% in U.S. dollar (USD) terms during the fourth quarter, with more than 60% of the Index by market capitalization advancing and six of 11 sectors posting gains.

During the quarter, Latin American equities rose around +8.2% USD, benefiting from firm commodity prices and improving domestic outlooks. Andean markets outperformed: Chile's market soared +25.3% USD, bolstered by a rally in copper and other metals. Colombia also posted a robust double-digit gain, rising +18.4% USD. In Brazil and Mexico, returns were positive but more modest: Brazil was up +7.0% USD and Mexico +5.4% USD in the quarter, trailing the region's average as those larger markets saw slower rebounds. Turning to Asia, returns were similarly solid, with an average gain of +7.0% USD across the region. North Asian tech-heavy markets drove the outperformance: South Korea surged +27.3% USD as semiconductor stocks rallied amid strong global chip demand, while Taiwan gained about +10.4% USD on continued technology sector momentum. In contrast, China gave back some of its previous quarter's gains — Chinese equities fell about -7.4% USD in the fourth quarter — as the early-2025 stimulus boost waned and export growth moderated. Finally, results across Europe, the Middle East and Africa were the weakest in the quarter, though performance was highly mixed across countries. South Africa jumped +14.1% USD, fueled by strength in mining and materials stocks amid surging precious metal prices. Poland's equity market climbed +14.6% USD, helped by easing inflation and the central bank's late-2025 rate cuts. However, several Middle Eastern markets declined — notably, Saudi Arabian stocks fell -7.6% USD for the quarter, as softer oil prices and profit-taking weighed on the Gulf region.

In general, frontier market countries outperformed emerging market countries during the quarter, with the MSCI Frontier Markets Index rising +6.56% USD on the back of solid gains in a handful of larger markets.

## Contributors

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

- Our underweight to China contributed to returns versus the Index. Aggregate results for the country were negatively impacted by faltering economic data.
- In addition, the sector allocation process in China helped Index-relative returns. This was partially the result of an overweight to the materials sector, which rallied significantly.
- Our overweight to Chile also supported relative performance. A solid gain in metal prices over the quarter boosted mining shares within the country.

<sup>1</sup> Source: Parametric. Data as of December 31, 2025.

<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.

## 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 a global rally in tech shares.
- In addition, an underweight to Taiwan harmed relative performance. Taiwan's market benefited from significant gains within its technology sector.
- 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 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	06/30/2006
Class A inception	06/30/2006
Benchmark	MSCI Emerging Markets Index
Class I expense ratio	<b>Gross 1.41 %</b>
	<b>Net 1.24 %</b>
Class A expense ratio	<b>Gross 1.66 %</b>
	<b>Net 1.49 %</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 December 31, 2025	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	1.83	3.91	27.49	27.49	13.89	6.54	6.95
Class A Shares at NAV	1.83	3.85	27.16	27.16	13.61	6.27	6.69
A Shares with Max. 5.25% Sales Charge	-3.53	-1.61	20.44	20.44	11.59	5.13	6.11
MSCI Emerging Markets Index	2.99	4.73	33.57	33.57	16.40	4.20	8.42

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.

Top 10 Holdings (% of Total Net Assets)^	FUND
Taiwan Semiconductor Manufacturing Co Ltd	1.90
Samsung Electronics Co Ltd	1.19
Tencent Holdings Ltd	1.19
Delta Electronics Thailand PCL	1.12
Vingroup JSC	0.98
America Movil SAB de CV	0.79
Naspers Ltd	0.73
SK hynix Inc	0.71
Southern Copper Corp	0.63
MTN Group Ltd	0.60

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

**INDEX INFORMATION:** The **MSCI Emerging Markets Net Index** is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance of emerging markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The MSCI Emerging Markets Net Index currently consists of 24 emerging market country indices. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends. 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. 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 affiliates (collectively "the Firm"), and may not be reflected in all the strategies and products that the Firm offers.

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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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