One Less Worry For Investors

(NAPSA)—The investors' worry list is a mile long. Troubling geopolitical information, apprehension about rising interest rates and multi-decade high oil prices are overwhelming the encouraging economic, jobs, and earnings reports. Good and bad news is traveling faster and receiving maximum spin by both parties in this close presidential election year. Investors engage in unproductive worrying when they obsess on today's news and attempt to fit each new piece of economic and company specific information into a macro outlook.

The current post-speculative economic environment is unfamiliar to everyone and uncertain enough for a wide variety of macro outcomes to be plausible, especially when factoring in large potential "unknowables" like a setback in the war on terror. Investors would do well by their wallets to leave the big picture to the pundits and narrow their worry list to "worthy worries," those they can do something about. Investor surveys consistently reveal concerns about volatility and taxes and a desire to get help with both.

Duncan Richardson, Chief Equity Investment Officer and Portfolio Manager of Eaton Vance Tax-Managed Growth Fund 1.2, states: "Our investment approach of broad diversification, active risk management and tax management is particularly well suited for the continued volatility we anticipate in the equity markets. Volatility is here to stay. We believe our patient and valuation-sensitive approach is the way to counter the increasingly short-term focus of the market."

Standard & Poors, a provider of independent investment research, identified Eaton Vance Tax-Managed Growth 1.0 as one of the five mutual funds that have historically outperformed during a rising interest rate environment. The five funds mentioned in the study have outperformed their peers over the 10-year period through April 2004 and outpaced them in 1994 when interest rates also rose.

Are taxes worth worrying about? An April 14, 2004 Lipper 10-year research study, "Taxes in the Mutual Fund Industry—2004" concluded "taxable equity shareholders are losing up to 24% of their returns because of taxes, while taxable fixed-income fund investors are surrendering up to 45% of their returns to Uncle Sam's coffers." Investor surveys have shown that many are unaware of steps that can be taken to take advantage of provisions in the current tax code. With the passage of the Jobs and Growth Tax Relief Reconciliation Act of 2003, equity investors have even more incentive to find "tax friendly" investments. The 2003 Tax Act increased the advantage of seeking long-term gains (taxed at 15 percent) over short-term gains (taxed up to 35 percent). The Act also increased the attractiveness of equities for income-oriented investors by making qualified equity dividends eligible to be taxed at only a 15 percent rate.

Knowing the rules, locating and holding investments properly within taxable and non-taxable accounts can make investing much less taxing. Periodic loss harvesting and rebalancing can keep investors from being at the mercy of market volatility and the tax code. Taxes remain a certainty, but some planning can at least move them down the worry list of investors.

As of June 30, 2004, in the Large-Cap Core Classification, Eaton Vance Tax-Managed Growth 1.2 (Class A) is ranked by Lipper[1] in the second quintile for the three-month and one-year periods and in the first quintile for the three-year period.

[1] Source: Lipper Inc. Lipper rankings are based on total return with all distributions reinvested; Lipper Large-Cap Core Classification contains 1,022 funds YTD. Lipper data do not take sales charges into consideration. It is not possible to invest directly in a Lipper Classification.

Eaton Vance Corp. is a Boston-based investment management firm whose stock trades on the New York Stock Exchange under the symbol EV. Eaton Vance and its affiliates manage $88.1 billion in assets as of June 30, 2004, for more than 100 investment companies, as well as individual and institutional accounts, including those of corporations, hospitals, retirement plans, universities, foundations and trusts.

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