

Eaton Vance Short Duration Strategic Income Fund

Market Update as of 06/30/2019

Global financial markets delivered a strong performance in the second quarter, adding to gains from earlier in the year. Key themes influencing asset prices included U.S.-China trade talks, slowing global growth and increasingly dovish central banks.

As the quarter began, reports coming out of the U.S. and China suggested that a trade deal might be imminent. Those hopes were dashed in May, however, when failure to reach an agreement prompted the U.S. to raise tariffs on \$200 billion of Chinese goods and threaten new tariffs on \$300 billion of Chinese imports. While China quickly retaliated with its own tariff increase, President Trump and President Xi met at the late-June G20 summit and agreed to resume negotiations. In other geopolitical news, the U.S. contemplated military action against Iran for shooting down an American drone.

The Federal Reserve (Fed) held policy steady throughout the quarter but signaled that it would cut interest rates should trade tensions and weak global growth raise the risk of a more pronounced U.S. slowdown. In response, markets priced in several rate cuts over the next year — expectations that sparked a strong rally in financial assets. Overseas, the European Central Bank (ECB) not only pushed out its timetable for possible rate increases but hinted that fresh stimulus might be forthcoming.

Global bond yields fell significantly during the quarter, with the 10-year U.S. Treasury trading below 2% for the first time since 2016. The decline in yields contributed to widespread gains across developed and emerging markets debt. Global equities were volatile but finished the period firmly in positive territory. The U.S. dollar weakened modestly, as did the broad commodity market.

Performance as of 06/30/2019

Average Annual Total Returns (%)

As of 06/30/2019

	3 Mos.	YTD	1 Yr.	3 Yrs.	5 Yrs.	10 yrs.
Short Duration Strategic Income Fund – Class I	2.41	5.65	3.27	4.68	2.91	4.68
Bloomberg Barclays U.S. Aggregate Bond Index ¹	3.08	6.11	7.87	2.31	2.95	3.89
Morningstar™ Nontraditional Bond Category Average ²	1.56	4.46	3.58	3.65	2.14	4.34

Monthly Returns (%) — Past 12 Months

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Short Duration Strategic Income Fund – Class I	0.61	-0.21	-0.08	-0.35	-0.63	-1.60	2.39	0.80	-0.05	1.08	-0.04	1.36
Bloomberg Barclays U.S. Aggregate Bond Index	0.02	0.64	-0.64	-0.79	0.60	1.84	1.06	-0.06	1.92	0.03	1.78	1.26
Morningstar™ Nontraditional Bond Category Average	0.71	-0.27	0.42	-0.59	-0.41	-0.68	1.79	0.67	0.34	0.78	-0.24	1.01

Class I Inception date: 04/03/2009. Performance inception date: 11/26/1990.

Class I expense ratio³: 0.87% (Gross).

Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Performance is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than quoted. For the Fund's performance as of the most recent month-end, please refer to eatonvance.com. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) with all distributions reinvested. Returns for other classes of shares offered by the Fund are different. Performance less than or equal to one year is cumulative. Total return prior to the commencement of I Shares reflects returns of another Fund class. Prior returns are adjusted to reflect applicable sales charge (but were not adjusted for other expenses). If adjusted for other expenses, returns would be lower. The minimum investment is \$250,000 for I Shares. Minimums may be waived in certain situations. Please see the prospectus for additional information. I Shares are offered without sales charge.

¹Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of domestic investment-grade bonds, including corporate, government and mortgage-backed securities. 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. ²The Morningstar™ Nontraditional Bond Category includes funds that pursue strategies divergent in one or more ways from conventional practice in the broader bond-fund universe. This includes funds that invest in bonds with an absolute return focus, which seek to avoid losses and produce returns uncorrelated to the overall bond market, and funds with unconstrained mandates. Typically these strategies tactically manage allocations and often utilize derivatives. ³Source: Fund prospectus.



Performance Review and Outlook as of 06/30/2019

- We believe the Fed will maintain its dovish policy shift over the near term given our view that the U.S. economy will continue to slow from elevated levels of 2018 towards its structural potential which is likely closer to 2%. We also think other major central banks are likely to continue to follow suit. In particular, European economies are struggling amid structural issues and political risks — risks that do not appear to be fully reflected in asset prices — and the ECB is likely to find additional ways to ease. In the absence of global recession, this should continue to provide a positive backdrop for risk markets.
- As a result, we continue to view U.S. floating-rate loans and high-yield bonds as attractive and maintain notable allocations — skewed towards loans although we did trim exposure here based on strong performance year-to-date. Also within the U.S., select areas of the agency mortgage-

backed securities market possess attractive characteristics — particularly those with short duration — and to which we maintain notable exposures. And despite strong performance year-to-date, we continue to view emerging markets debt as being very attractive and maintain notable exposures there with a preference for the locally-denominated segment. While U.S. interest rates may remain range-bound in the short term, we do not believe investors are being compensated to take that risk and our U.S. duration remains near zero. On the currency side, we remain broadly constructive on foreign currencies and have a net long position consisting of economies that we believe are implementing policies supportive of growth. Overall, we continue to have the Fund positioned to benefit from stability in the U.S. credit markets, to avoid U.S. interest rate risk, and to include select long and short idiosyncratic country exposures around the world where we perceive value.

Thoughts and Strategies as of 06/30/2019

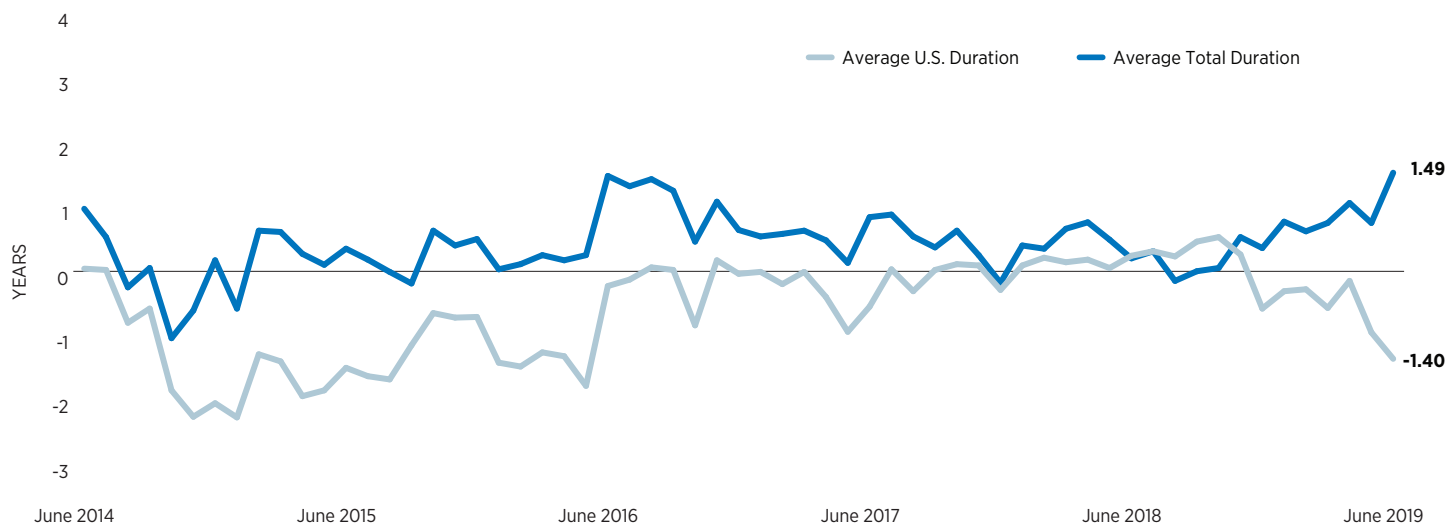
Strategy	% Allocation ⁴	Duration Contribution (yrs.)	% Return Contribution Q2 2019	% Return Contribution 1 Year	Rationale
Absolute Return	14.74	0.31	0.43	-0.18	
Global Macro	14.74	0.31	0.43	-0.18	"Core" Fund holding; cash-plus strategy.
U.S. Corporate Credit	14.73	0.17	0.61	1.57	
Floating-Rate Loans	11.90	0.00	0.27	0.81	U.S. economy continues to improve gradually; current spreads appear reasonable.
High Yield Corporate Bonds	2.83	0.17	0.33	0.76	
Currency	5.93	0.24	0.39	0.47	
Currency Instruments	5.93	0.24	0.39	0.47	Select long positions in emerging and frontier markets vs. USD and EUR.
Non-U.S. Bond	28.28	2.71	1.38	2.45	
Emerging Markets Bonds	15.40	1.93	1.03	1.80	Select EM remain attractive.
Inflation-Linked Bonds	12.88	0.78	0.34	0.65	Select opportunities in sovereign inflation-linked bonds where inflation expectations have overshot to downside.
Mortgage-Backed Securities	23.35	-2.24	-0.13	0.59	
U.S. Agency MBS	22.04	-2.31	-0.19	0.37	Focus on MBS that may benefit from higher interest rates and slowing prepayments.
Commercial MBS	1.31	0.06	0.06	0.22	Spreads on CMBS remain wide relative to other areas of credit markets.
Other	4.25	0.30	0.15	-0.30	
U.S. Inflation-Linked Bonds	0.04	0.01	-0.06	-0.08	Market underpricing forward-looking U.S. inflation.
Other Net Assets	4.21	0.29	0.21	-0.22	Primarily short U.S. Treasury futures to manage duration.
Cash & Cash Equivalents	8.73	0.00	0.00	0.00	
Total	100.00	1.49	2.41	3.27	

Past performance is no guarantee of future results.

⁴Percent of total net assets. Portfolio profile subject to change due to active management. Percentages may not total 100% due to rounding. Fund primarily invests in one or more affiliated investment companies (Portfolios) and may also invest directly. Unless otherwise noted, references to investments are to the aggregate holdings of the Fund, including its pro rata share of each Portfolio or Fund in which it invests. Other net assets represent other assets less liabilities and includes any investment type that represents less than 1% of net assets. Any securities sold short will be subtracted from that corresponding asset. This information presents a summary of Eaton Vance's general views on a subset of sectors the Fund managers consider during the investment process as of the date shown. The views and opinions herein are provided for informational purposes only, are as of the date stated above and are subject to change at any time without notice based on market, political, general economic and other conditions. It should not be relied upon as the basis for your investment decisions. There is no guarantee that any of these investment strategies have been or will be profitable.



Duration Management Over Time



U.S. duration measures the Fund's average exposure to changes in yields only within the United States. Total duration measures the Fund's average exposure to changes in yields across all countries it is invested in, including the U.S.

The views expressed in this report are those of portfolio manager(s) and are current only through the date stated at the top of this page. These views are subject to change at any time based upon market or other conditions, and Eaton Vance disclaims any responsibility to update such views. These views may not be relied upon as investment advice and, because investment decisions are based on many factors, may not be relied upon as an indication of trading intent on behalf of any Eaton Vance fund. This commentary may contain statements that are not historical facts, referred to as "forward looking statements". The Fund's actual future results may differ significantly from those stated in any forward-looking statement, depending on factors such as changes in securities or financial markets or general economic conditions, the volume of sales and purchases of Fund shares, the continuation of investment advisory, administrative and service contracts, and other risks discussed from time to time in the Fund's filings with the Securities and Exchange Commission.

About Risk: 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 Fund invests in other underlying funds in a fund-of-funds structure. The Fund's performance is dependent upon the performance of the underlying funds and the Fund is subject to all of the risks of the underlying funds. Investments in debt instruments may be affected by changes in the creditworthiness of the issuer and are subject to the risk of non-payment of principal and interest. The value of income securities also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments. Investments rated below investment grade (sometimes referred to as "junk") are typically subject to greater price volatility and illiquidity than higher rated investments. Loans are traded in a private, unregulated inter-dealer or inter-bank resale market and are generally subject to contractual restrictions that must be satisfied before a loan can be bought or sold. These restrictions may impede the Fund's ability to buy or sell loans (thus affecting their liquidity) and may negatively impact the transaction price. It may take longer than seven days for transactions in loans to settle. Due to the possibility of an extended loan settlement process, the Fund may hold cash, sell investments or temporarily borrow from banks or other lenders to meet short-term liquidity needs. Loans may be structured such that they are not securities under securities law, and in the event of fraud or misrepresentation by a borrower, lenders may not have the protection of the anti-fraud provisions of the federal securities laws. Loans are also subject to risks associated with other types of income investments. As interest rates rise, the value of certain income investments is likely to decline. Mortgage- and asset-backed securities are subject to credit, interest rate, prepayment and extension risk. 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. The Fund's exposure to derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other investments. Derivatives instruments can be highly volatile, result in leverage (which can increase both the risk and return potential of the Fund), and involve risks in addition to the risks of the underlying instrument on which the derivative is based, such as counterparty, correlation and liquidity risk. If a counterparty is unable to honor its commitments, the value of Fund shares may decline and/or the Fund could experience delays in the return of collateral or other assets held by the counterparty. The value of commodities investments will generally be affected by overall market movements and factors specific to a particular industry or commodity, including weather, embargoes, tariffs, or health, political, international and regulatory developments. Because the Fund may invest significantly in a particular geographic region or country, value of Fund shares may fluctuate more than a fund with less exposure to such areas. A nondiversified fund may be subject to greater risk by investing in a smaller number of investments than a diversified fund. 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. 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.

Before investing, investors should consider carefully the investment objective, risks, charges and expenses of a mutual fund. This and other important information is contained in the prospectus and summary prospectus, which can be obtained from a financial advisor. Prospective investors should read the prospectus carefully before investing.

