Eaton Vance

2016 Annual Report

"We believe that we are to play an imporant part in the evolution of the financial and economic life of our times. We must accept that responsibility and perform our task with enlightened purpose, vision, and imagination. We shall grow and prosper only as we make ourselves useful to others, and as we prove that we may be relied upon."

–Charles F. Eaton Jr.

To Shareholders and Friends of Eaton Vance:

Our fiscal 2016 was a period of continuing challenge for the global asset management industry, as investor flows and investment performance trends favored lower-cost passive strategies over active management in most asset classes. According to Strategic Insight, an industry data provider, actively managed long-term funds offered in the United States experienced net outflows of $301 billion over the 12 months ended October 31, 2016; for the same period, index mutual funds and exchange-traded funds (ETFs) saw net inflows of $415 billion. Competition also drove down average fee rates in both active and passive investment strategies over the course of the fiscal year.

In this difficult environment, Eaton Vance has done comparatively well. Our stock and business performance meaningfully exceeded that of most peer companies in fiscal 2016. Holders of our non-voting common stock realized a total return of 0.2 percent in the 12 months ended October 31, 2016. For comparison, the average total return of other U.S.-listed mid-cap and

large-cap asset manager stocks was -13.8 percent over the same period. While lagging the broad market, our stock returns have also exceeded the average of peer asset managers over periods of three, five and 10 years.

Eaton Vance earned $2.12 per diluted share in the fiscal year ended October 31, 2016, an increase of 10 percent from $1.92 per diluted share in fiscal 2015. On an adjusted basis,[1] the Company earned $2.13 per diluted share in fiscal 2016, a decrease of seven percent from $2.29 of adjusted earnings per diluted share in fiscal 2015. Adjusted earnings differed from earnings under generally accepted accounting principles to reflect the payment of $2.3 million of structuring fees in connection with the initial public offering of Eaton Vance High Income 2021 Target Term Trust in May 2016 and the January 2015 payment of $73.0 million to terminate service and additional compensation arrangements in place with a major distribution partner for certain previously offered Eaton Vance closed-end funds.

In this difficult environment, Eaton Vance has done comparatively well. Our stock and business performance meaningfully exceeded that of most peer companies in fiscal 2016.

In fiscal 2016, the Company's consolidated revenue decreased four percent to $1.3 billion, as lower average fee rates more than offset higher average managed assets. Adjusting to remove the payments described in the previous paragraph, operating expenses were down less than one percent and adjusted operating income was 12 percent lower.

Consolidated assets under management were $336.4 billion on October 31, 2016, an increase of eight percent from $311.4 billion at the end of fiscal 2015. Average consolidated managed assets were $320.9 billion in fiscal 2016, an increase of six percent. Excluding performance fees, annualized effective investment advisory and administrative fee rates on consolidated assets under management averaged 36 basis points in fiscal 2016 versus 39 basis points in fiscal 2015, a decline of nine percent. Changes in average fee rates reflect the ongoing shift in our business toward lower-fee offerings and fee rate compression in certain mandates.

The Company had consolidated net inflows of $19.3 billion in fiscal 2016, a six percent internal growth rate (consolidated net inflows divided by beginning-of-period consolidated assets under management) and our 21st consecutive year of positive net flows. For comparison, the Company had consolidated net inflows of $16.7 billion and six percent internal growth in fiscal 2015. Reflecting lower average fee rates on inflows versus outflows, internal growth in investment advisory and administrative fee revenue was one percent in fiscal 2016 and minus two percent in fiscal 2015. Most other public asset managers experienced net outflows and negative organic revenue growth over the period of our fiscal 2016.

[1]See footnote 1 on page 14.

Eaton Vance's fiscal 2016 consolidated net inflows were led by the portfolio implementation and exposure management businesses of Parametric Portfolio Associates (Parametric), with net inflows of $9.4 billion and $6.1 billion, respectively. Investment advisory and administrative fee rates for portfolio implementation and exposure management averaged 15 basis points and five basis points, respectively, down four percent and seven percent from fiscal 2015 category averages. Fixed-income net inflows in fiscal 2016 were $7.4 billion, driven by strong flows into laddered municipal and corporate bond separate accounts and high-yield bond strategies managed by Eaton Vance Management (EVM). Average management fee rates of the Company's fixed-income mandates were 40 basis points, down seven percent from fiscal 2015 due primarily to growth in lower-fee laddered bond separate accounts.

In the annual *Barron's*/Lipper rankings of Best Mutual Fund Families released in February, Eaton Vance Funds ranked 2nd overall among 67 fund families rated for one-year performance.

Floating-rate income mandates had net outflows of $3.8 billion, an improvement from $5.0 billion of net outflows in fiscal 2015. Flow trends also improved year-over-year in equities, where net outflows fell to $500 million from $4.9 billion in fiscal 2015, and alternatives, with fiscal 2016 net inflows of $700 million versus net outflows of $700 million in fiscal 2015. Average investment advisory and administrative fee rates across floating-rate income, equity and alternative mandates were little changed, down three percent, two percent and unchanged, respectively.

We continued to achieve strong investment performance in fiscal 2016. In the annual *Barron's*/Lipper rankings of Best Mutual Fund Families released in February, Eaton Vance Funds ranked 2nd overall among 67 fund families rated for one-year performance, 17th among 58 fund families based on five-year returns and 11th among 52 families for 10-year performance. At fiscal year-end, 57 of our U.S. mutual funds were rated four or five stars by Morningstar™ for at least one class of shares, including 24 five-star rated funds. As of that date, 74 percent of the net assets of Eaton Vance and Parametric mutual funds were in funds ranked in the top half of their Morningstar peer group for one-year total return, 78 percent for three-year total return, 72 percent for five-year total return and 71 percent for 10-year total return.

Our long history of prudent financial management continued in fiscal 2016, as reflected in our A-/A3 credit rating and strong balance sheet. At fiscal year-end, we held $510 million of cash, cash equivalents and short-term debt instruments, and $313 million of seed capital investments, against $574 million of debt obligations maturing in 2017 and 2023. To provide additional financial flexibility, we have a $300 million credit facility, which was unused over the course of the fiscal year.

During fiscal 2016, we used $253 million to repurchase and retire 7.3 million shares of our non-voting common stock and paid $119 million of dividends to shareholders. Dividends declared per share increased six percent to $1.075 in fiscal 2016, marking our 36th consecutive year of regular dividend increases.

A year ago, we identified four primary near-term priorities for addressing the ongoing difficult environment for asset management. These are: (1) capitalizing on our leading investment performance and distribution strengths to increase sales and gain market share in active strategies; (2) becoming a more global company by building the Company's investment and distribution capabilities outside the United States; (3) expanding our Custom Beta lineup of separately managed account offerings and the distribution of Custom Beta strategies; and (4) achieving commercial success of NextShares™ exchange-traded managed funds (NextShares).

Although actively managed investment strategies continue to lose ground to index investing, the market for active management remains enormous. Considering only U.S. mutual funds, assets invested in active strategies currently exceed $10 trillion and annual gross sales are approximately $2.5 trillion. Even with the strong growth of indexing, there remain numerous asset classes and market segments where active strategies continue to compete effectively against passive alternatives. With a current market share of less than one percent, we can grow our active business even if the overall market for active management remains in decline. In fiscal 2016, Eaton Vance had net outflows from active investment strategies of $1.2 billion, significantly improved from active-strategy net outflows of $6.0 billion in fiscal 2015. With strong investment performance across a range of actively managed Eaton Vance strategies and an improving trend of flows for our important floating-rate income franchise, we believe we can achieve positive organic growth in active strategies in fiscal 2017.

Although actively managed investment strategies continue to lose ground to index investing, the market for active management remains enormous.

Outside the United States, the Company is expanding our investment teams and committing greater distribution resources to support business growth. In fiscal 2016, EVM's international affiliates added six new equity investment professionals and six income professionals, increasing EVM's overseas investment staff from three at the end of fiscal 2014 to 25 at the end of fiscal 2016. In September, we hired Tjalling Halbertsma to head the London-based global sales organization that represents the Company's strategies across Europe, the Middle East, Asia, Australia and Latin America. Although Eaton Vance's business remains centered primarily on our home market in the United States, we are committed to growing aggressively

around the world. Through EVM's international operations, Parametric's expanding centralized portfolio management business in Australia and our 49 percent interest in Montreal-based global equity manager Hexavest, we now have a diverse range of investment offerings for international clients and the support of a growing distribution organization. In fiscal 2016, consolidated net inflows into investments managed for non-U.S. clients were $4.0 billion, compared to international net outflows of $2.3 billion in fiscal 2015. We believe we are positioned for further improvement in international net flows in fiscal 2017.

Our suite of Custom Beta separately managed account offerings for retail and high-net-worth investors contributed significantly to the Company's growth in fiscal 2016. Net inflows of $9.2 billion brought Custom Beta managed assets to $43.5 billion, equating to 28 percent organic growth. The Company's Custom Beta lineup includes Parametric tax-managed and non-tax-managed custom core equity and EVM-managed laddered municipal and corporate bond strategies. Our Custom Beta offerings combine the benefits of passive investing with the ability to customize portfolios to meet individual investor preferences and needs. Compared to index mutual funds and ETFs, Custom Beta separate accounts give clients the ability to tailor their exposures to achieve better tax outcomes and to reflect client-specified responsible investing criteria, factor tilts and portfolio exclusions. Unlike mutual funds and ETFs, Custom

Our suite of Custom Beta separately managed account offerings for retail and high-net-worth investors contributed significantly to the Company's growth in fiscal 2016.

Beta separate accounts can pass through harvested tax losses to offset client gains on other investments. In fiscal 2016, we increased the range of Custom Beta strategies available at major broker-dealers and made significant investments in technology to enhance the user experience of clients and advisors and to support the expanding scale of Custom Beta operations. We continue to view Custom Beta as a major growth opportunity going forward.

The Company's NextShares initiative achieved a series of milestones in fiscal 2016, including the launch of the first three Eaton Vance-sponsored NextShares funds in February and March, the July announcement that UBS Financial Services intends to begin offering NextShares through its U.S. financial advisors network in 2017 and the introduction by Ivy Funds of the first non-Eaton Vance NextShares funds in October. NextShares are a new type of fund combining proprietary active management with the conveniences and potential performance and tax advantages of exchange-traded products. Our NextShares Solutions subsidiary holds patents and other intellectual property rights related to NextShares, and is seeking to commercialize NextShares by entering into licensing and service agreements with fund companies. As the investment and trading advantages of NextShares are demonstrated over a broader range of funds and experienced by a growing number of investors, we expect to attract more broker-dealers and an ever-widening array of fund sponsors and fund strategies to the NextShares opportunity. We continue to be excited by the potential of NextShares, and expect significant progress toward commercial success in 2017.

Responding to the rapidly changing industry landscape, Eaton Vance committed to two strategic investments during fiscal 2016. In May, we announced the Company's participation as lead investor in a private equity financing by SigFig, an industry-leading provider of digital technology to financial institutions across the wealth management, banking and insurance industries. In October, we announced the signing of a definitive agreement to acquire the business assets of Calvert Investment Management, Inc. (Calvert), a recognized leader in responsible investing with $12.3 billion of assets under management as of September 30, 2016. The Calvert Funds are one of the largest and most diversified families of responsibly invested mutual funds, encompassing actively and passively managed equity, fixed-income and asset allocation strategies managed in accordance with the Calvert Principles for Responsible Investment. As part of Eaton Vance, we see tremendous potential for Calvert to extend its leadership position in responsible investing.

I believe Eaton Vance is exceptionally well-positioned to meet the challenges and opportunities that lie ahead.

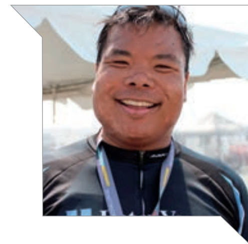
Since the purchase of controlling interests in Atlanta Capital Management in 2001, Parametric in 2003 and the Tax-Advantaged Bond Strategies business of M.D. Sass in 2008, acquisitions of complementary asset management businesses have been a key component of Eaton Vance's business growth strategy. In the SigFig and Calvert transactions, we again seek to enhance our competitive position and growth prospects through timely capital investments.

Looking ahead, the results of the November 2016 U.S. elections portend significant changes in geopolitics and the global business environment, with potentially major implications for financial markets and the asset management industry. While certain changes are likely to favor Eaton Vance, others could be detrimental to our business. As always, during periods of disruptive change we benefit from the diversity of our investment franchises, the strength of our business reputation and financial position, and a corporate culture that rewards nimbleness and innovation. I believe Eaton Vance is exceptionally well-positioned to meet the challenges and opportunities that lie ahead.

In closing, I wish to thank the 1,510 Eaton Vance employees whose names appear on the back of this report for a job well done. Investment management is ultimately a people business, and the people of Eaton Vance set us apart.

Sincerely,

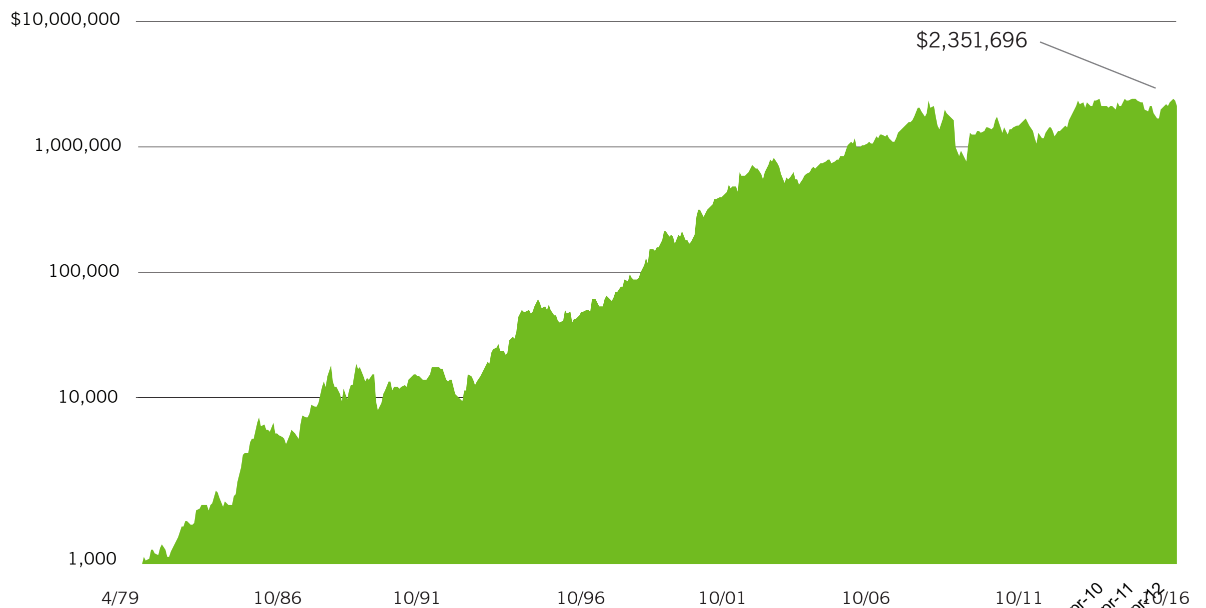
Thomas E. Faust Jr.
Chairman, Chief Executive Officer and President



Historical Stock Returns

Eaton Vance Corp. was formed by the merger on April 30, 1979 of two Boston-based investment managers: Eaton & Howard, Inc., founded in 1924, and Vance, Sanders & Company, organized in 1934.

Eaton Vance Corp.
Value of $1,000 invested April 30, 1979



Assumes reinvestment of all dividends and proceeds of 1995 spinoff of Investors Financial Services Corp.
Sources: FactSet, Eaton Vance.

Best-Performing Publicly Traded US Stocks

April 30, 1979 to October 31, 2016

Rank	Company	Annual Return
1	Eaton Vance Corp.	23.0%
2	Helen of Troy Limited	22.4
3	Hasbro, Inc.	22.2
4	TJX Companies, Inc.	22.1
5	Kansas City Southern	21.7
	Standard & Poor's 500 Index	11.5

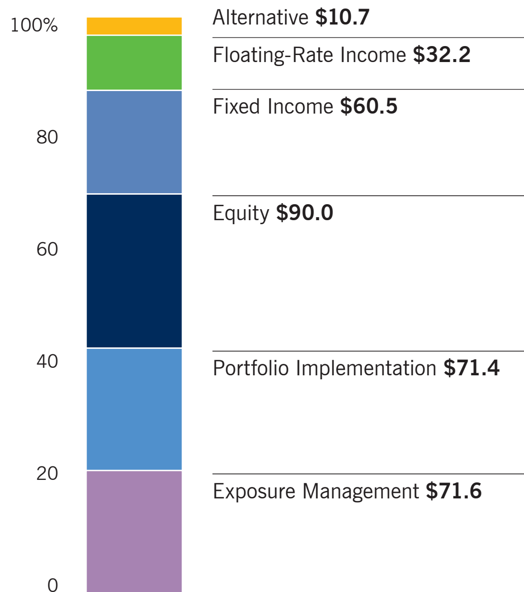
Total return with dividends reinvested. Source: FactSet.

Assets Under Management

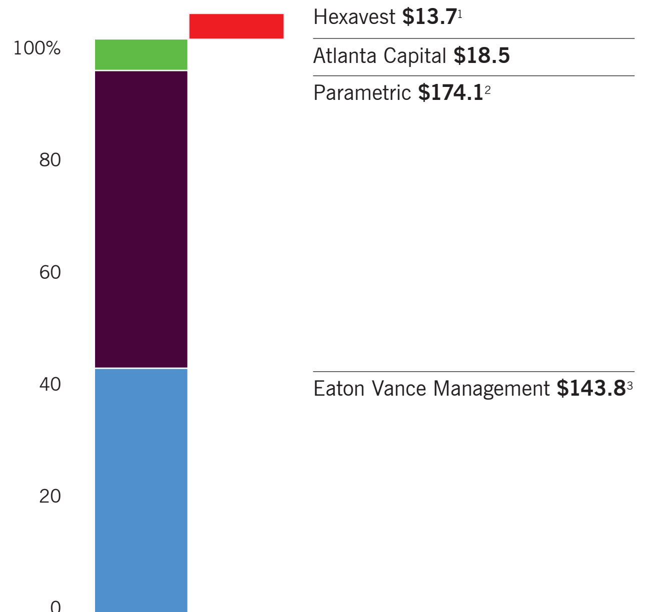
as of October 31, 2016

Consolidated Total: $336.4 billion

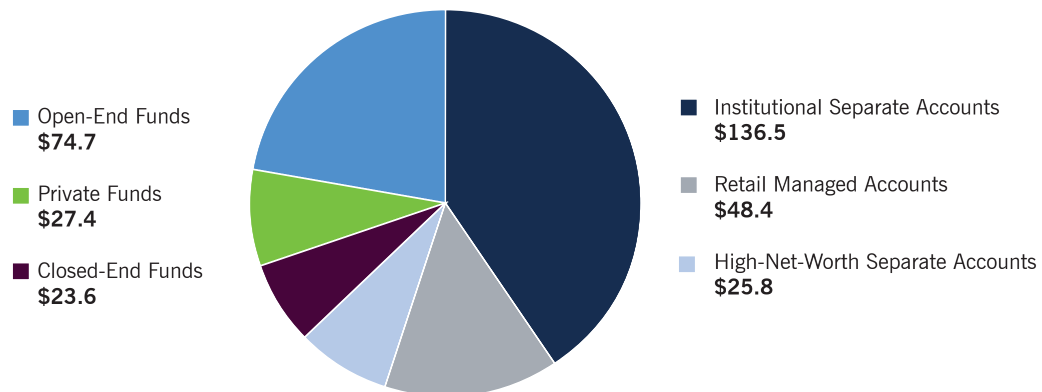
by Investment Mandate (in billions)



by Investment Affiliate (in billions)



by Investment Vehicle (in billions)



[1]Eaton Vance holds a 49% interest in Hexavest Inc., a Montreal-based investment adviser. Other than Eaton Vance-sponsored funds for which Hexavest is adviser or subadviser, the managed assets of Hexavest are not included in Eaton Vance's consolidated totals.

[2]Includes managed assets of Parametric Risk Advisors LLC.

[3]Includes managed assets of Eaton Vance Investment Counsel. Also includes approximately $1.8 billion of Eaton Vance-sponsored funds and accounts managed by third-party advisers under Eaton Vance supervision.

Eaton Vance Investment Affiliates

Our principal investment affiliates, Eaton Vance Management, Parametric, Atlanta Capital and Hexavest, offer a range of distinctive strategies. Investment approaches include bottom-up and top-down fundamental active management, rules-based systematic alpha investing and implementation of passive strategies. This broad diversification provides us the opportunity to address a wide range of investor needs and to offer products and services suited for various market environments.

History dating to 1924
AUM: $143.8 billion

Fundamental active managers: In-depth fundamental analysis is the primary basis for our investment decision-making across a broad range of equity, income and alternative strategies.

Equity
Dividend/Global Dividend
Emerging/Frontier Markets
Equity Option
Global Developed
Global Small-Cap
Global ex-U.S. Developed
Global ex-U.S. Small-Cap
Health Care
Large-Cap Core
Large-Cap Growth
Large-Cap Value
Multi-Cap Growth
Real Estate
Small-Cap
SMID-Cap
Tax-Managed

Multi-Asset
Asset Allocation
Balanced
Global Diversified Income

Alternative
Commodity
Currency
Global Macro
Hedged Equity
Multi-Strategy Absolute Return

Floating-Rate Income
Floating-Rate Loans

Taxable Fixed Income
Cash Management
Core Bond/Core Plus
Emerging-Markets Debt
High Yield
Inflation-Linked
Investment-Grade Corporate
Laddered Corporate
Mortgage-Backed Securities
Multisector
Preferred Securities
Short Duration
Taxable Municipal

Tax-Advantaged/Municipal Income
Laddered Municipal
Municipal Income
Floating Rate
High Yield
National
State-Specific
Opportunistic Municipal
Tax-Advantaged Bond

Founded in 1987
AUM: $174.1 billion

Leaders in engineered portfolio solutions: Rules-based alpha-seeking equity, alternative and options strategies, custom core equity and centralized portfolio management implementation, and customized exposure management services.

Equity
Dividend Income
Emerging Markets
Global
Global ex U.S.
Tax-Managed
U.S.

Options
Absolute Return
Covered Call
Defensive Equity
Hedged Equity

Alternative and Income
Commodity
Enhanced Income

Implementation
Centralized Portfolio Management
Custom Core

Exposure Management
Policy Overlay

ATLANTA CAPITAL

Founded in 1969
AUM: $18.5 billion

Specialists in high-quality investing: Actively managed high-quality U.S. stock and bond portfolios constructed using bottom-up fundamental analysis.

Equity
Large-Cap Growth
Mid-Large Cap
Small-Cap
SMID-Cap
Responsible

Fixed Income
Core Bond
Intermediate Duration
Short Duration

Founded in 2004
AUM: $13.7 billion

Top-down global managers: Global equity strategies combining fundamental research and proprietary quantitative models.

Equity
Canadian
Emerging Markets
Global – All Country
Global – Developed
Global ex U.S.

Eaton Vance also sponsors U.S. mutual funds managed by third-party subadvisers:

Subadviser	Fund
BMO Global Asset Management (Asia)	Greater China Growth
Goldman Sachs Asset Management International	Greater India
Richard Bernstein Advisors	All Asset Strategy
	Equity Strategy

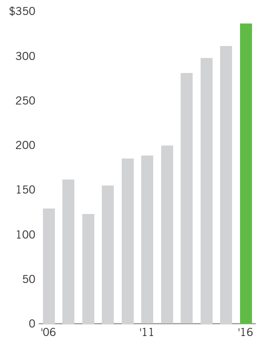
Key Statistics

Fiscal Year Ended October 31, (in $ millions, except per share and employee amounts)	2016	2015	% Change
Ending consolidated assets under management	336,380	311,354	8%
Average consolidated assets under management	320,860	303,770	6%
Gross inflows	125,057	124,773	0%
Net inflows	19,304	16,684	16%
Revenue	1,343	1,404	-4%
Operating income	414	400	4%
Operating income margin	*30.8%*	*28.5%*	8%
Net income attributable to Eaton Vance Corp. shareholders	241	230	5%
Adjusted net income attributable to Eaton Vance Corp. shareholders[1]	243	275	-12%
Earnings per diluted share	2.12	1.92	10%
Adjusted earnings per diluted share[1]	2.13	2.29	-7%
Dividends declared per share	1.075	1.015	6%
Cash and cash equivalents	424	466	-9%
Debt	574	574	0%
Employees	1,510	1,448	4%
Market capitalization	3,981	4,170	-5%

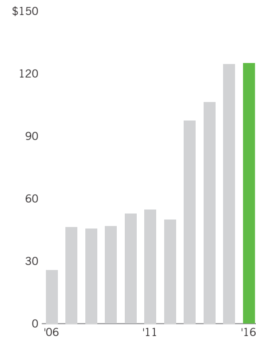
[1]Adjusted net income attributable to EVC shareholders differs from net income attributable to EVC shareholders as determined under U.S. generally accepted accounting principals (GAAP) due to adjustments in connection with changes in the estimated redemption value of noncontrolling interests in our affiliates redeemable at other than fair value, closed-end fund structuring fees, payments to end closed-end fund service and additional compensation arrangements, and other items management deems nonrecurring or nonoperating in nature, or otherwise outside the ordinary course (such as special dividends, costs associated with the extinguishment of debt and tax settlements). Adjusted earnings per diluted share applies the same adjustments to earnings per diluted share. The Company's use of these adjusted numbers, including reconciliations of net income attributable to EVC shareholders to adjusted net income attributable to EVC shareholders and earnings per diluted share to adjusted earnings per diluted share, is discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included within this Annual Report.

Performance Trends

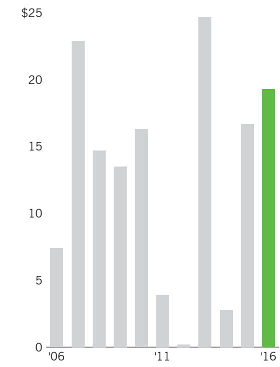
Assets Under Management
(in billions)



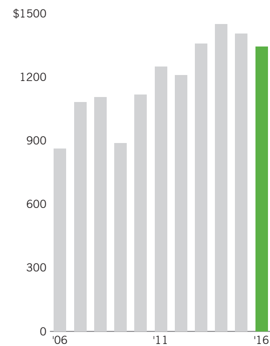
Gross Inflows
(in billions)



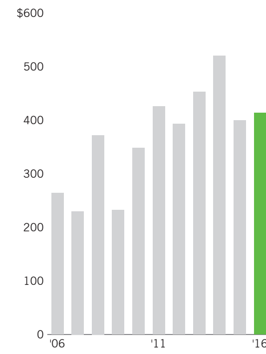
Net Inflows
(in billions)



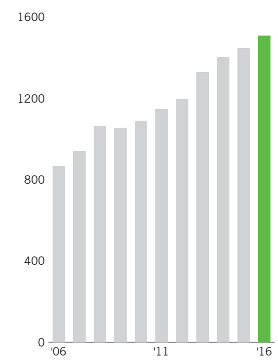
Revenue
(in millions)



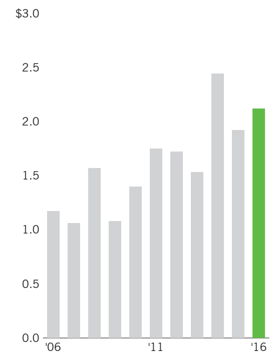
Operating Income
(in millions)



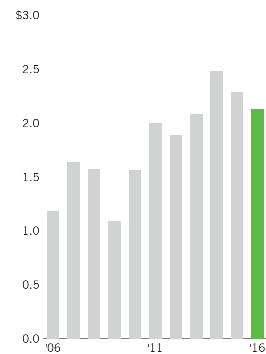
Employees



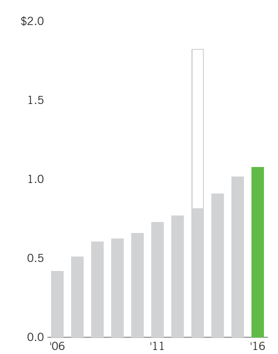
Earnings per Diluted Share



Adjusted Earnings per
Diluted Share[1]



Dividends per Share[2]



[1]See footnote on previous page.
[2]The Company declared and paid a special dividend of $1.00 per share in fiscal 2013.

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Five-Year Financial Summary

The following table contains selected financial data for the last five years. This data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Consolidated Financial Statements and Notes to Consolidated Financial Statements included elsewhere in this Annual Report.

Financial Highlights

	For the Years Ended October 31,				
(in thousands, except per share data)	**2016**	**2015**	**2014**	**2013**	**2012**
Income Statement Data:					
Total revenue	$ 1,342,860	$ 1,403,563	$ 1,450,294	$ 1,357,503	$ 1,209,036
Operating income[(1)]	414,268	400,447	519,857	453,007	392,992
Net income[(1)]	264,757	238,191	321,164	230,426	264,768
Net income attributable to non-controlling and other beneficial interests[(2)]	23,450	7,892	16,848	36,585	61,303
Net income attributable to Eaton Vance Corp. shareholders[(1)]	241,307	230,299	304,316	193,841	203,465
Adjusted net income attributable to Eaton Vance Corp. shareholders[(3)]	242,908	274,990	309,627	262,942	223,331
Balance Sheet Data:					
Total assets[(4)]	$ 1,732,576	$ 2,116,471	$ 1,860,086	$ 2,407,249	$ 1,979,491
Debt[(5)]	573,967	573,811	573,655	573,499	500,000
Redeemable non-controlling interests (temporary equity)	109,028	88,913	107,466	74,856	98,765
Total Eaton Vance Corp. shareholders' equity	703,789	620,231	655,176	669,784	612,072
Non-redeemable non-controlling interests	786	1,725	2,305	1,755	1,513
Total permanent equity	704,575	621,956	657,481	671,539	613,585
Per Share Data:					
Earnings per share:					
Basic	$ 2.20	$ 2.00	$ 2.55	$ 1.60	$ 1.76
Diluted	2.12	1.92	2.44	1.53	1.72
Adjusted diluted[(3)]	2.13	2.29	2.48	2.08	1.89
Cash dividends declared	1.075	1.015	0.91	1.82	0.77

[(1)] *Net income and net income attributable to Eaton Vance Corp. shareholders reflects a one-time payment of $73.0 million to terminate service and additional compensation arrangements in place with a major distribution partner for certain Eaton Vance closed-end funds in fiscal 2015.*

[(2)] *Net income attributable to non-controlling and other beneficial interests reflects an increase (decrease) of $0.2 million, $(0.2) million, $5.3 million, $24.3 million and $19.9 million in the estimated redemption value of redeemable non-controlling interests in our majority-owned subsidiaries in fiscal 2016, 2015, 2014, 2013 and 2012, respectively. Net income attributable to non-controlling and other beneficial interests also includes net income (loss) of $9.8 million, $(5.8) million, $(4.1) million, $(8.5) million and $22.6 million, respectively, in fiscal 2016, 2015, 2014, 2013 and 2012 substantially borne by other beneficial interest holders of consolidated collateralized loan obligation ("CLO") entities.*

[(3)] *Represents a non-U.S. GAAP financial measure. The Company defines adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share as net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share, respectively, adjusted to exclude changes in the estimated redemption value of non-controlling interests in our affiliates redeemable at other than fair value ("non-controlling interest value adjustments"), closed-end fund structuring fees, payments to end closed-end fund service and additional compensation arrangements and other items management deems non-recurring or non-operating in nature, or otherwise outside the ordinary course of business (such as special dividends, costs associated with the extinguishment of debt and tax settlements). Adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share should not be construed to be a substitute for, or superior to, net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share computed in accordance with accounting principles generally accepted in the United States of America. Our use of these adjusted numbers, including reconciliations of net income attributable to Eaton Vance Corp. shareholders to adjusted net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share to adjusted earnings per diluted share, is discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included within this Annual Report.*

[(4)] *Total assets on October 31, 2015, 2014, 2013 and 2012 include $467.1 million, $156.5 million, $728.1 million and $468.4 million of assets held by consolidated CLO entities, respectively. The Company did not have any consolidated CLO entities as of October 31, 2016.*

[(5)] *In fiscal 2013, the Company tendered $250 million of its 6.5 percent Senior Notes due 2017 and issued $325 million of 3.625 percent Senior Notes due 2023. The Company recognized a loss on extinguishment of debt totaling $53.0 million in conjunction with the tender in fiscal 2013.*

Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report for Eaton Vance Corp. ("Eaton Vance" or "the Company") includes statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding our expectations, intentions or strategies regarding the future. All statements, other than statements of historical facts, included in this Annual Report regarding our financial position, business strategy and other plans and objectives for future operations are forward-looking statements. The terms "may," "will," "could," "anticipate," "plan," "continue," "project," "intend," "estimate," "believe," "expect" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. Although we believe that the assumptions and expectations reflected in such forward-looking statements are reasonable, we can give no assurance that they will prove to have been correct or that we will take any actions that may now be planned. Certain important factors that could cause actual results to differ materially from our expectations are disclosed in Risk Factors of this Annual Report. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by such factors. We disclaim any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Overview

Our principal business is managing investment funds and providing investment management and advisory services to high-net-worth individuals and institutions. Our core strategy is to develop and sustain management expertise across a range of investment disciplines and to offer leading investment products and services through multiple distribution channels. In executing this strategy, we have developed broadly diversified investment management capabilities and a highly functional marketing, distribution and customer service organization. Although we manage and distribute a wide range of investment products and services, we operate in one business segment, namely as an investment adviser to funds and separate accounts.

Through our subsidiaries Eaton Vance Management and Atlanta Capital Management Company, LLC ("Atlanta Capital") and other affiliates, we manage active equity, income and alternative strategies across a range of investment styles and asset classes, including U.S. and global equities, floating-rate bank loans, municipal bonds, global income, high-yield and investment grade bonds. Through our subsidiary Parametric Portfolio Associates LLC ("Parametric"), we manage a range of engineered alpha strategies, including systematic equity, systematic alternatives and managed options strategies. Through Parametric, we also provide portfolio implementation and overlay services, including tax-managed and non-tax-managed custom core equity strategies, centralized portfolio management of multi-manager portfolios and customized exposure management services. We also oversee the management of, and distribute, investment funds sub-advised by unaffiliated third-party managers, including global and regional equity and asset allocation strategies. Our breadth of investment management capabilities supports a wide range of products and services offered to fund shareholders, retail managed account investors, institutional investors and high-net-worth clients. Our equity strategies encompass a diversity of investment objectives, risk profiles, income levels and geographic representation. Our income investment strategies cover a broad duration and credit quality range and encompass both taxable and tax-free investments. We also offer a range of alternative investment strategies, including commodity- and currency-based investments and a spectrum of absolute return strategies. As of October 31, 2016, we had $336.4 billion in consolidated assets under management.

We distribute our funds and retail managed accounts principally through financial intermediaries. We have broad market reach, with distribution partners including national and regional broker-dealers, independent broker-dealers, registered investment advisors, banks and insurance companies. We support these distribution partners with a team of approximately 120 sales professionals covering U.S. and international markets.

We also commit significant resources to serving institutional and high-net-worth clients who access investment management services on a direct basis and through investment consultants. Through our wholly owned affiliates and consolidated subsidiaries, we manage investments for a broad range of clients in the institutional and high-net-worth marketplace in the U.S. and internationally, including corporations, sovereign wealth funds, endowments, foundations, family offices and public and private employee retirement plans.

Our revenue is derived primarily from investment advisory, administrative, distribution and service fees received from Eaton Vance and Parametric funds and investment advisory fees received from separate accounts. Our fees are based primarily on the value of the investment portfolios we manage and fluctuate with changes in the total value and mix of assets under management. As a matter of course, investors in our sponsored open-end funds and separate accounts have the ability to redeem their investments at any time, without prior notice, and there are no material restrictions that would prevent them from doing so. Our major expenses are employee compensation, distribution-related expenses, facilities expense and information technology expense.

Our discussion and analysis of our financial condition, results of operations and cash flows is based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to goodwill and intangible assets, income taxes, investments and stock-based compensation. We base our estimates on historical experience and on various assumptions that we believe to be reasonable under current circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

Business Developments

In fiscal 2015, we identified four primary near-term priorities to support our long-term growth. Those priorities are: (1) capitalizing on our industry-leading investment performance to grow sales and gain market share in active investment strategies; (2) further developing our global investment capabilities and distribution to address identified market opportunities; (3) expanding our Custom Beta lineup of separate account offerings and the distribution of Custom Beta strategies; and (4) achieving commercial success of NextShares™ exchange-traded managed funds.

As of October 31, 2016, the Company offered 57 U.S. mutual funds rated 4 or 5 stars by Morningstar™ for at least one class of shares, including 24 five-star rated funds. Although actively managed strategies as a whole are losing share to passive investments, the Company believes that top-performing active strategies can continue to grow, particularly in asset classes where competition versus passive alternatives is less acute. In fiscal 2016, net flows into the Company's active strategies were modestly positive.

Outside the United States, the Company continues to expand investment staff and commit additional distribution resources to support business growth. EVMI has grown its equity and income teams from three

investment professionals at the end of fiscal 2014 to a current staff of 26. In fiscal 2016, the Company also hired Tjalling Halbertsma to head our London-based global sales organization.

In fiscal 2016, the Company achieved significant growth for our Custom Beta suite of separately managed account strategies, which include Parametric core equities and Eaton Vance Management-managed municipal bond and corporate bond ladders. Different from index mutual funds and exchange-traded funds (“ETFs”), our Custom Beta separate account products give clients the ability to tailor their market exposures to achieve better tax outcomes and to reflect client-specified responsible investing criteria, factor tilts and portfolio exclusions.

The Company’s NextShares initiative achieved a series of milestones in fiscal 2016, including the launch of the first three Eaton Vance-sponsored NextShares funds in February and March, the July announcement that UBS Financial Services intends to begin offering NextShares through its U.S. financial advisors network in 2017 and the introduction by Ivy Funds of the first non-Eaton Vance NextShares funds in October. The Company’s NextShares Solutions LLC (“NextShares Solutions”) subsidiary remains focused on the development and commercialization of NextShares, the only exchange-traded product structure compatible with proprietary active management to be approved by the SEC.

Consolidated Assets under Management

Prevailing equity and income market conditions and investor sentiment affect the sales and redemptions of our investment products, managed asset levels, operating results and the recoverability of our investments. During fiscal 2016, the S&P 500 Index, a broad measure of U.S. equity market performance, had total returns of 2.3 percent and the Barclays U.S. Aggregate Bond Index, a broad measure of U.S. bond market performance, had total returns of 4.4 percent. Over the same period, the MSCI Emerging Market Index, a broad measure of emerging market equity performance, had total returns of 6.8 percent.

Consolidated assets under management of $336.4 billion on October 31, 2016 increased $25.0 billion, or 8 percent, from the $311.4 billion of consolidated assets under management on October 31, 2015. Consolidated net inflows of $19.3 billion in fiscal 2016 represent a 6 percent annualized internal growth rate (consolidated net inflows divided by beginning of period consolidated assets under management). For comparison, the Company had consolidated net inflows of $16.7 billion and $2.8 billion in fiscal 2015 and 2014, respectively, representing a 6 percent and 1 percent annualized internal growth rate, respectively. Market price inclines in managed assets increased consolidated assets under management by $5.8 billion in fiscal 2016. Average consolidated assets under management of $320.9 billion for the year ended October 31, 2016 increased $17.1 billion, or 6 percent, from the $303.8 billion of average consolidated assets under management for the fiscal year ended October 31, 2015.

The following tables summarize our consolidated assets under management by investment mandate, investment vehicle and investment affiliate as of October 31, 2016, 2015 and 2014. Within the investment mandate table, the “Portfolio Implementation” category consists of Parametric’s custom core equity strategies and centralized portfolio management services, and the “Exposure Management” category consists of Parametric’s futures- and options-based customized exposure management services.

Consolidated Assets Under Management by Investment Mandate[1] [2]

(in millions)	October 31, 2016	% of Total	2015	% of Total	2014[5]	% of Total	2016 vs. 2015	2015 vs. 2014
Equity[3]	$ 89,990	27%	$ 90,013	29%	$ 96,379	33%	0%	-7%
Fixed income[4]	60,513	18%	52,373	17%	46,062	15%	16%	14%
Floating-rate income	32,192	10%	35,619	11%	42,009	14%	-10%	-15%
Alternative	10,687	3%	10,173	3%	11,241	4%	5%	-10%
Portfolio implementation	71,426	21%	59,487	19%	48,008	16%	20%	24%
Exposure management	71,572	21%	63,689	21%	54,036	18%	12%	18%
Total	$ 336,380	100%	$ 311,354	100%	$ 297,735	100%	8%	5%

[1] *Consolidated Eaton Vance Corp. See table on page 25 for managed assets and flows of 49 percent-owned Hexavest Inc., which are not included in the table above.*

[2] *Assets under management for which we estimate fair value using significant unobservable inputs are not material to the total value of the assets we manage.*

[3] *Includes assets in balanced and multi-asset mandates.*

[4] *Includes assets in cash management accounts.*

[5] *Portfolio implementation and exposure management categories were reported as a single category, implementation services, in fiscal 2014.*

Equity assets under management included $31.4 billion, $31.7 billion and $31.7 billion of assets managed for after-tax returns on October 31, 2016, 2015 and 2014, respectively. Portfolio implementation assets under management included $48.5 billion, $40.0 billion and $34.1 billion of assets managed for after-tax returns on October 31, 2016, 2015 and 2014, respectively. Fixed income assets included $36.1 billion, $30.3 billion and $27.4 billion of municipal income assets on October 31, 2016, 2015 and 2014, respectively.

Consolidated Assets Under Management by Investment Vehicle[(1)]

	October 31,						2016	2015
(in millions)	2016	% of Total	2015	% of Total	2014	% of Total	vs. 2015	vs. 2014
Open-end funds[(2)]	$ 74,721	22%	$ 74,838	24%	$ 83,176	28%	0%	-10%
Private funds[(3)]	27,430	8%	26,647	8%	25,969	9%	3%	3%
Closed-end funds[(4)]	23,571	7%	24,449	8%	25,419	8%	-4%	-4%
Institutional separate account assets	136,451	41%	119,987	39%	106,443	36%	14%	13%
High-net-worth separate account assets	25,806	8%	24,516	8%	22,235	7%	5%	10%
Retail managed separate account assets	48,401	14%	40,917	13%	34,493	12%	18%	19%
Total	$ 336,380	100%	$ 311,354	100%	$ 297,735	100%	8%	5%

[(1)] *Consolidated Eaton Vance Corp. See table on page 25 for managed assets and flows of 49 percent-owned Hexavest Inc., which are not included in the table above.*

[(2)] *Includes assets in NextShares funds.*

[(3)] *Includes privately offered equity, fixed income and floating-rate income funds and CLO entities.*

[(4)] *Includes unit investment trusts.*

The following table summarizes our assets under management by investment affiliate as of October 31, 2016, 2015 and 2014:

Consolidated Assets Under Management by Investment Affiliate[(1)]

	Years Ended October 31,			2016	2015
(in millions)	2016	2015	2014	vs. 2015	vs. 2014
Eaton Vance Management[(2)]	$ 143,809	$ 141,415	$ 143,100	2%	-1%
Parametric	174,084	152,506	136,176	14%	12%
Atlanta Capital	18,487	17,433	18,459	6%	-6%
Total	$ 336,380	$ 311,354	$ 297,735	8%	5%

[(1)] *Consolidated Eaton Vance Corp. See table on page 25 for managed assets and flows of 49 percent-owned Hexavest Inc., which are not included in the table above.*

[(2)] *Includes managed assets of wholly owned subsidiaries and Eaton Vance-sponsored funds and accounts managed by Hexavest and unaffiliated third-party advisers under Eaton Vance supervision.*

The following tables summarize our consolidated assets under management and asset flows by investment mandate and investment vehicle for the fiscal years ended October 31, 2016, 2015 and 2014:

Consolidated Net Flows by Investment Mandate[1]

(in millions)	Years Ended October 31, 2016	2015	2014 [5]	2016 vs. 2015	2015 vs. 2014
Equity assets - beginning of period[2]	$ 90,013	$ 96,379	$ 93,585	-7%	3%
Sales and other inflows	15,337	18,082	14,473	-15%	25%
Redemptions/outflows	(15,803)	(22,993)	(19,099)	-31%	20%
Net flows	(466)	(4,911)	(4,626)	-91%	6%
Exchanges	(32)	50	567	NM[3]	-91%
Market value change	475	(1,505)	6,853	NM	NM
Equity assets - end of period	**$ 89,990**	**$ 90,013**	**$ 96,379**	**0%**	**-7%**
Fixed income assets - beginning of period[4]	52,373	46,062	44,414	14%	4%
Sales and other inflows	20,429	18,516	12,024	10%	54%
Redemptions/outflows	(13,011)	(11,325)	(11,867)	15%	-5%
Net flows	7,418	7,191	157	3%	NM
Exchanges	23	52	96	-56%	-46%
Market value change	699	(932)	1,395	NM	NM
Fixed income assets - end of period	**$ 60,513**	**$ 52,373**	**$ 46,062**	**16%**	**14%**
Floating-rate income assets - beginning of period	35,619	42,009	41,821	-15%	0%
Sales and other inflows	7,237	9,336	15,669	-22%	-40%
Redemptions/outflows	(11,081)	(14,376)	(14,742)	-23%	-2%
Net flows	(3,844)	(5,040)	927	-24%	NM
Exchanges	(16)	(136)	(145)	-88%	-6%
Market value change	433	(1,214)	(594)	NM	104%
Floating-rate income assets - end of period	**$ 32,192**	**$ 35,619**	**$ 42,009**	**-10%**	**-15%**
Alternative assets - beginning of period	10,173	11,241	15,212	-10%	-26%
Sales and other inflows	4,184	3,219	3,339	30%	-4%
Redemptions/outflows	(3,474)	(3,892)	(7,237)	-11%	-46%
Net flows	710	(673)	(3,898)	NM	-83%
Exchanges	(2)	24	(89)	NM	NM
Market value change	(194)	(419)	16	-54%	NM
Alternative assets - end of period	**$ 10,687**	**$ 10,173**	**$ 11,241**	**5%**	**-10%**
Portfolio implementation assets - beginning of period	59,487	48,008	42,992	24%	12%
Sales and other inflows	19,882	18,034	8,331	10%	116%
Redemptions/outflows	(10,455)	(7,217)	(7,449)	45%	-3%
Net flows	9,427	10,817	882	-13%	NM
Exchanges	(3)	-	(461)	NM	NM
Market value change	2,515	662	4,595	280%	-86%
Portfolio implementation assets - end of period	**$ 71,426**	**$ 59,487**	**$ 48,008**	**20%**	**24%**
Exposure management assets - end of period	63,689	54,036	42,645	18%	27%
Sales and other inflows	57,988	57,586	52,914	1%	9%
Redemptions/outflows	(51,929)	(48,286)	(43,604)	8%	11%
Net flows	6,059	9,300	9,310	-35%	0%
Market value change	1,824	353	2,081	417%	-83%
Exposure management assets - end of period	**$ 71,572**	**$ 63,689**	**$ 54,036**	**12%**	**18%**
Total fund and separate account assets - beginning of period	311,354	297,735	280,669	5%	6%
Sales and other inflows	125,057	124,773	106,750	0%	17%
Redemptions/outflows	(105,753)	(108,089)	(103,998)	-2%	4%
Net flows	19,304	16,684	2,752	16%	506%
Exchanges	(30)	(10)	(32)	200%	-69%
Market value change	5,752	(3,055)	14,346	NM	NM
Total assets under management - end of period	**$ 336,380**	**$ 311,354**	**$ 297,735**	**8%**	**5%**

[1] *Consolidated Eaton Vance Corp. See table on page 25 for managed assets and flows of 49 percent-owned Hexavest Inc., which are not included in the table above.*

[2] *Includes assets in balanced accounts holding income securities.*

[3] *Not meaningful ("NM").*

[4] *Includes assets in cash management accounts.*

[5] *Portfolio implementation and exposure management categories were reported as a single category, implementation services, in fiscal 2014.*

Consolidated Net Flows by Investment Vehicle [(1)]

(in millions)	Years Ended October 31, 2016	2015	2014	2016 vs. 2015	2015 vs. 2014
Fund assets - beginning of period[(2)]	$ 125,934	$ 134,564	$ 133,401	-6%	1%
Sales and other inflows	29,890	32,029	35,408	-7%	-10%
Redemptions/outflows	(29,535)	(36,330)	(38,077)	-19%	-5%
Net flows	355	(4,301)	(2,669)	NM	61%
Exchanges	(94)	181	(32)	NM	NM
Market value change	(473)	(4,510)	3,864	-90%	NM
Fund assets - end of period	**$ 125,722**	**$ 125,934**	**$ 134,564**	**0%**	**-6%**
Institutional separate account assets - beginning of period	119,987	106,443	95,724	13%	11%
Sales and other inflows	74,476	75,568	59,938	-1%	26%
Redemptions/outflows	(62,945)	(61,569)	(54,957)	2%	12%
Net flows	11,531	13,999	4,981	-18%	181%
Exchanges	420	(208)	216	NM	NM
Market value change	4,513	(247)	5,522	NM	NM
Institutional separate account assets - end of period	**$ 136,451**	**$ 119,987**	**$ 106,443**	**14%**	**13%**
High-net-worth separate account assets - beginning of period	24,516	22,235	19,699	10%	13%
Sales and other inflows	5,832	4,816	3,532	21%	36%
Redemptions/outflows	(4,841)	(2,933)	(3,620)	65%	-19%
Net flows	991	1,883	(88)	-47%	NM
Exchanges	(309)	(99)	286	212%	NM
Market value change	608	497	2,338	22%	-79%
High-net-worth separate account assets - end of period	**$ 25,806**	**$ 24,516**	**$ 22,235**	**5%**	**10%**
Retail managed account assets - beginning of period	40,917	34,493	31,845	19%	8%
Sales and other inflows	14,859	12,360	7,872	20%	57%
Redemptions/outflows	(8,432)	(7,257)	(7,344)	16%	-1%
Net flows	6,427	5,103	528	26%	866%
Exchanges	(47)	116	(502)	NM	NM
Market value change	1,104	1,205	2,622	-8%	-54%
Retail managed account assets - end of period	**$ 48,401**	**$ 40,917**	**$ 34,493**	**18%**	**19%**
Total fund and separate account assets - beginning of period	311,354	297,735	280,669	5%	6%
Sales and other inflows	125,057	124,773	106,750	0%	17%
Redemptions/outflows	(105,753)	(108,089)	(103,998)	-2%	4%
Net flows	19,304	16,684	2,752	16%	506%
Exchanges	(30)	(10)	(32)	200%	-69%
Market value change	5,752	(3,055)	14,346	NM	NM
Total assets under management - end of period	**$ 336,380**	**$ 311,354**	**$ 297,735**	**8%**	**5%**

(1) *Consolidated Eaton Vance Corp. See table on page 25 for managed assets and flows of 49 percent-owned Hexavest Inc., which are not included in the table above.*

(2) *Includes assets in cash management funds.*

As of October 31, 2016, 49 percent-owned affiliate Hexavest Inc. (“Hexavest”) managed $13.7 billion of client assets, a decrease of 1 percent from $13.9 billion of managed assets on October 31, 2015. Other than Eaton Vance-sponsored funds for which Hexavest is adviser or sub-adviser, the managed assets of Hexavest are not included in Eaton Vance consolidated totals.

The following table summarizes assets under management and asset flow information for Hexavest for the fiscal years ended October 31, 2016, 2015 and 2014:

Hexavest Assets Under Management and Net Flows

(in millions)	Years Ended October 31, 2016	2015	2014	2016 vs. 2015	2015 vs. 2014
Eaton Vance distributed:					
Eaton Vance sponsored funds – beginning of period[1]	$ 229	$ 227	$ 211	1%	8%
Sales and other inflows	22	22	58	NM	-62%
Redemptions/outflows	(33)	(21)	(57)	57%	-63%
Net flows	(11)	1	1	NM	0%
Market value change	13	1	15	NM	-93%
Eaton Vance sponsored funds – end of period	$ 231	$ 229	$ 227	1%	1%
Eaton Vance distributed separate accounts – beginning of period[2]	$ 2,440	$ 2,367	$ 1,574	3%	50%
Sales and other inflows	131	535	531	-76%	1%
Redemptions/outflows	(236)	(488)	(260)	-52%	88%
Net flows	(105)	47	271	NM	-83%
Exchanges	-	-	389	NM	NM
Market value change	157	26	133	504%	-80%
Eaton Vance distributed separate accounts – end of period	$ 2,492	$ 2,440	$ 2,367	2%	3%
Total Eaton Vance distributed – beginning of period	$ 2,669	$ 2,594	$ 1,785	3%	45%
Sales and other inflows	153	557	589	-73%	-5%
Redemptions/outflows	(269)	(509)	(317)	-47%	61%
Net flows	(116)	48	272	NM	-82%
Exchanges	-	-	389	NM	NM
Market value change	170	27	148	530%	-82%
Total Eaton Vance distributed – end of period	**$ 2,723**	**$ 2,669**	**$ 2,594**	**2%**	**3%**
Hexavest directly distributed – beginning of period[3]	$ 11,279	$ 14,101	$ 15,136	-20%	-7%
Sales and other inflows	985	786	1,637	25%	-52%
Redemptions/outflows	(1,919)	(3,503)	(3,046)	-45%	15%
Net flows	(934)	(2,717)	(1,409)	-66%	93%
Exchanges	-	-	(389)	NM	NM
Market value change	676	(105)	763	NM	NM
Hexavest directly distributed – end of period	$ 11,021	$ 11,279	$ 14,101	-2%	-20%
Total Hexavest assets – beginning of period	$ 13,948	$ 16,695	$ 16,921	-16%	-1%
Sales and other inflows	1,138	1,343	2,226	-15%	-40%
Redemptions/outflows	(2,188)	(4,012)	(3,363)	-45%	19%
Net flows	(1,050)	(2,669)	(1,137)	-61%	135%
Exchanges	-	-	-	NM	NM
Market value change	846	(78)	911	NM	NM
Total Hexavest assets – end of period	**$ 13,744**	**$ 13,948**	**$ 16,695**	**-1%**	**-16%**

[1] *Managed assets and flows of Eaton Vance-sponsored pooled investment vehicles for which Hexavest is adviser or sub-adviser. Eaton Vance receives management and/or distribution revenue on these assets, which are included in the Eaton Vance consolidated results.*

[2] *Managed assets and flows of Eaton Vance-distributed separate accounts managed by Hexavest. Eaton Vance receives distribution revenue, but not investment advisory fees, on these assets, which are not included in the Eaton Vance consolidated results.*

[3] *Managed assets and flows of pre-transaction Hexavest clients and post-transaction Hexavest clients in Canada. Eaton Vance receives no investment advisory or distribution revenue on these assets, which are not included in the Eaton Vance consolidated results.*

Consolidated average assets under management presented in the following tables are derived by averaging the beginning and ending assets of each month over the period. These tables are intended to provide information useful in the analysis of our asset-based revenue and distribution expenses. Separate account investment advisory fees are generally calculated as a percentage of either beginning, average or ending quarterly assets. Fund investment advisory, administrative, distribution and service fees, as well as certain expenses, are generally calculated as a percentage of average daily assets.

Consolidated Average Assets Under Management by Investment Mandate

	October 31,			2016 vs.	2015 vs.
(in millions)	**2016**	**2015**	**2014**	**2015**	**2014**
Equity[1]	$ 88,753	$ 93,413	$ 94,822	-5%	-1%
Fixed income[2]	56,245	49,263	44,372	14%	11%
Floating-rate income	32,843	38,238	43,635	-14%	-12%
Alternative	10,072	10,584	12,555	-5%	-16%
Portfolio implementation	65,766	52,703	45,961	25%	15%
Exposure management	67,181	59,569	46,861	13%	27%
Total	$ 320,860	$ 303,770	$ 288,206	6%	5%

(1) *Includes assets in balanced and multi-asset mandates.*
(2) *Includes assets in cash management accounts.*

Consolidated Average Assets Under Management by Investment Vehicle

	Years Ended October 31,			2016 vs.	2015 vs.
(in millions)	**2016**	**2015**	**2014**	**2015**	**2014**
Open-end funds[1]	$ 72,910	$ 79,109	$ 85,905	-8%	-8%
Private funds[2]	26,832	26,141	23,617	3%	11%
Closed-end funds[3]	23,736	24,956	25,395	-5%	-2%
Institutional separate account assets	128,033	112,309	99,224	14%	13%
High-net-worth separate account assets	24,873	23,472	20,681	6%	13%
Retail managed separate account assets	44,476	37,783	33,384	18%	13%
Total	$ 320,860	$ 303,770	$ 288,206	6%	5%

(1) *Includes NextShares funds.*
(2) *Includes privately offered equity, fixed income and floating-rate income funds and CLO entities.*
(3) *Includes unit investment trusts.*

Results of Operations

In evaluating operating performance, we consider net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share, which are calculated on a basis consistent with U.S. GAAP, as well as adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share, both of which are internally derived non-U.S. GAAP performance measures.

We define adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share as net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share, respectively, adjusted to exclude changes in the estimated redemption value of non-controlling interests in our affiliates redeemable at other than fair value ("non-controlling interest value adjustments"), closed-end fund structuring fees, payments to end service and additional compensation arrangements in place for certain Eaton Vance closed-end funds and other items management deems non-recurring or non-operating in nature, or otherwise outside the ordinary course of business (such as the impact of special dividends, costs associated with the extinguishment of debt and tax settlements). Adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share should not be construed to be a substitute for, or superior to, net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share computed in accordance with U.S. GAAP. We provide disclosures of adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share to reflect the fact that our management and Board of Directors, as well as our investors, consider these adjusted numbers a measure of the Company's underlying operating performance. Management believes adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share are important indicators of our operations because they exclude items that may not be indicative of, or are unrelated to, our core operating results, and may provide a useful baseline for analyzing trends in our underlying business.

The following table provides a reconciliation of net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share to adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share, respectively, for the fiscal years ended October 31, 2016, 2015 and 2014:

	Years Ended October 31,			2016 vs.	2015 vs.
(in thousands, except per share data)	**2016**	**2015**	**2014**	**2015**	**2014**
Net income attributable to Eaton Vance Corp. shareholders	$ 241,307	$ 230,299	$ 304,316	5%	-24%
Non-controlling interest value adjustments[(1)]	200	(204)	5,311	NM	NM
Payments to end certain closed-end fund service and additional compensation arrangements, net of tax[(2)]	-	44,895	-	NM	NM
Closed-end fund structuring fees, net of tax[(3)]	1,401	-	-	NM	NM
Adjusted net income attributable to Eaton Vance Corp. shareholders	$ 242,908	$ 274,990	$ 309,627	-12%	-11%
Earnings per diluted share	$ 2.12	$ 1.92	$ 2.44	10%	-21%
Non-controlling interest value adjustments	-	-	0.04	NM	NM
Payments to end certain closed-end fund service and additional compensation arrangements, net of tax	-	0.37	-	NM	NM
Closed-end fund structuring fees, net of tax	0.01	-	-	NM	NM
Adjusted earnings per diluted share	$ 2.13	$ 2.29	$ 2.48	-7%	-8%

[(1)] *Please see page 36 "Net Income Attributable to Non-controlling and Other Beneficial Interests," for a further discussion of the non-controlling interest value adjustments referenced above.*

[(2)] *Reflects a $73.0 million payment to end certain fund services and additional compensation arrangements for certain Eaton Vance closed-end funds, net of the associated impact to taxes of $28.1 million calculated using the Company's effective tax rate. See page 33 for further discussion.*

[(3)] *Reflects structuring fees of $2.3 million paid in connection with the May 2016 initial public offering of Eaton Vance High Income 2021 Target Term Trust, net of the associated impact to taxes of $0.9 million calculated using the Company's effective tax rate.*

The 5 percent increase in net income attributable to Eaton Vance Corp. shareholders in fiscal 2016 compared to fiscal 2015 can be attributed primarily to the following:

- A decrease in revenue of $60.7 million, or 4 percent, primarily reflecting lower average managed assets in higher fee-rate floating-rate income, alternative and equity mandates, partially offset by growth in lower fee-rate exposure management, portfolio implementation and laddered bond mandates.
- A decrease in expenses of $74.5 million, or 7 percent, reflecting lower distribution fees and service fees, partially offset by increases in compensation, amortization of deferred sales commissions and other corporate expenses. The decrease in distribution expense relates principally to the payment of $73.0 million to terminate certain closed-end fund service and additional compensation arrangements in fiscal 2015.
- A $12.4 million increase in gains (losses) and other investment income, net, primarily reflecting increases in net gains and interest and other income recognized on our seed capital portfolio.
- A $12.5 million increase in income related to the Company's consolidated CLO entities.
- An increase in income taxes of $10.4 million, or 7 percent, reflecting an increase in the Company's income before taxes. Consolidated CLO entity income that is allocated to other beneficial interest holders is not subject to tax in the Company's provision.
- A decrease in equity in net income of affiliates, net of tax, of $1.7 million, reflecting a decrease in the Company's proportionate net interest in the earnings of Hexavest and sponsored funds accounted for under the equity method.
- An increase in net income attributable to non-controlling interests of $15.6 million, primarily reflecting an increase in net income of the Company's consolidated CLO entities that are borne by other beneficial interests and a decrease in net losses attributable to non-controlling interest holders in the Company's consolidated sponsored funds, partially offset by a decrease in net income attributable to non-controlling interest holders in the Company's majority-owned subsidiaries.

Weighted average diluted shares outstanding decreased by 4.2 million shares, or 4 percent, in fiscal 2016 compared to fiscal 2015. The change reflects the impact of shares repurchased over the course of the fiscal year and lower dilutive impact of unexercised options, partially offset by the impact of employee stock option exercises and the annual vesting of restricted stock.

The 24 percent decrease in net income attributable to Eaton Vance Corp. shareholders in fiscal 2015 compared to fiscal 2014 can be attributed primarily to the following:

- A decrease in revenue of $46.7 million, or 3 percent, primarily reflecting lower average managed assets in higher fee-rate floating-rate income, alternative and equity mandates, partially offset by growth in lower fee-rate exposure management, portfolio implementation and fixed income mandates.
- An increase in expenses of $72.7 million, or 8 percent, primarily reflecting the payment of $73.0 million to terminate certain closed-end fund service and additional compensation arrangements in the

first quarter of fiscal 2015. Year-over-year increases in compensation and other corporate expenses were largely offset by decreases in other distribution expenses, including the amortization of deferred sales commissions and service fee expenses.

- A $1.2 million decline in gains (losses) and other investment income, net, primarily reflecting increases in net losses recognized on our seed capital portfolio, offset by an increase in interest and other income recognized on our seed capital portfolio.
- A $1.7 million decline in income (expense) of the Company's consolidated CLO entities.
- A decrease in income taxes of $43.5 million, or 23 percent, reflecting an increase in the Company's income before taxes.
- A decrease in equity in net income of affiliates, net of tax, of $4.7 million, reflecting a decrease in the Company's net interest in the earnings of sponsored funds accounted for under the equity method.
- A decrease in net income attributable to non-controlling interests of $9.0 million, reflecting a decrease in the annual adjustments made to the estimated redemption value of non-controlling interests in the Company's majority-owned subsidiaries redeemable at other than fair value, an increase in net losses recognized by the Company's consolidated CLO entities that are borne by other beneficial interests and an increase in net losses attributable to non-controlling interest holders in the Company's majority-owned subsidiaries, offset by an increase in net income attributable to non-controlling interest holders in the Company's consolidated sponsored funds.

Weighted average diluted shares outstanding decreased by 3.4 million shares, or 3 percent, in fiscal 2015 compared to fiscal 2014. The change reflects the impact of shares repurchased over the course of the fiscal year, partially offset by the impact of employee stock option exercises and the annual vesting of restricted stock.

Revenue

Our revenue declined by 4 percent in fiscal 2016, reflecting lower investment advisory and administrative fees, distribution and underwriter fees, service fees and other revenue. Fee revenue declined despite a 6 percent increase in average consolidated assets under management, as the revenue impact of growth in lower fee-rate exposure management, portfolio implementation and fixed income mandates was more than offset by lower average managed assets in higher fee-rate floating-rate income, alternative and equity mandates.

The following table shows our investment advisory and administrative fees, distribution and underwriter fees, service fees and other revenue for the fiscal years ended October 31, 2016, 2015 and 2014:

	Years Ended October 31,			2016 vs.	2015 vs.
(in thousands)	**2016**	**2015**	**2014**	**2015**	**2014**
Investment advisory and administrative fees	$ 1,151,198	$ 1,196,866	$ 1,231,188	-4%	-3%
Distribution and underwriter fees	74,822	80,815	85,514	-7%	-5%
Service fees	107,684	116,448	125,713	-8%	-7%
Other revenue	9,156	9,434	7,879	-3%	20%
Total revenue	$ 1,342,860	$ 1,403,563	$ 1,450,294	-4%	-3%

Investment advisory and administrative fees
The decrease in investment advisory and administrative fees of 4 percent in fiscal 2016 and 3 percent in fiscal 2015 can be attributed primarily to the loss of assets in higher-fee investment mandates. Our average annualized effective investment advisory and administrative fee rate, excluding performance-based fees, declined to 35.8 basis points in fiscal 2016 from 39.3 basis points in fiscal 2015 and 42.4 basis points in fiscal 2014.

Average annualized effective investment advisory and administrative fee rates, excluding performance-based fees, for the fiscal years ended October 31, 2016, 2015 and 2014 by investment mandate were as follows:

	Years Ended October 31,			2016 vs.	2015 vs.
(in basis points on average managed assets)	**2016**	**2015**	**2014**	**2015**	**2014**
Equity	62.8	64.1	64.6	-2%	-1%
Fixed income	39.9	42.8	44.8	-7%	-4%
Floating-rate income	51.8	53.2	54.2	-3%	-2%
Alternatives	63.1	62.8	62.2	0%	1%
Portfolio implementation	14.9	15.5	15.7	-4%	-1%
Exposure management	5.1	5.4	5.3	-7%	2%
Average effective investment advisory and administrative fee rate	35.8	39.3	42.4	-9%	-7%

Average assets under management by investment mandate to which these fee rates apply can be found in the table "Consolidated Average Assets Under Management by Investment Mandate" on page 26.

Performance-based fees were $3.4 million, $3.7 million and $8.3 million in fiscal 2016, 2015 and 2014, respectively.

Distribution and underwriter fees
Distribution fees, which are earned under contractual agreements with certain sponsored funds, are calculated as a percentage of, and fluctuate with, average assets under management of the applicable funds and fund share classes. Underwriter fees and other distribution income includes underwriter commissions earned on sales of fund share classes subject to those fees, contingent deferred sales charges received on certain Class A redemptions, unit investment trust sales charges and fundraising and servicing fees associated with The U.S. Charitable Gift Trust.

Distribution fees, underwriter fees and other distribution income for the fiscal years ended October 31, 2016, 2015 and 2014 were as follows:

(in thousands)	Years Ended October 31, 2016	2015	2014	2016 vs. 2015	2015 vs. 2014
Distribution fees:					
Class A	$ 646	$ 876	$ 1,241	-26%	-29%
Class B	1,338	2,173	3,540	-38%	-39%
Class C	60,031	64,809	67,739	-7%	-4%
Class N	78	136	273	-43%	-50%
Class R	1,361	1,208	1,030	13%	17%
Private funds	4,382	4,267	3,874	3%	10%
Total distribution fees	$ 67,836	$ 73,469	$ 77,697	-8%	-5%
Underwriter fees	2,763	2,745	2,924	1%	-6%
Other distribution income	4,223	4,601	4,893	-8%	-6%
Total distribution and underwriter fees	$ 74,822	$ 80,815	$ 85,514	-7%	-5%

Service fees

Service fees, which are paid to EVD pursuant to distribution or service plans adopted by our sponsored mutual funds, are calculated as a percent of, and fluctuate with, average assets under management in specific mutual fund share classes (principally Classes A, B, C, N and R). Certain private funds also make service fee payments to EVD.

Service fee revenue decreased 8 percent and 7 percent in fiscal 2016 and 2015, respectively, primarily reflecting a decrease in average assets under management in certain classes of funds subject to service fees.

Other revenue

Other revenue, which consists primarily of sub-transfer agent fees, miscellaneous dealer income, custody fees, Hexavest-related distribution and service revenue and sub-lease income, decreased 3 percent in fiscal 2016, primarily reflecting lower sub-lease revenue. Other revenue increased 20 percent in fiscal 2015, primarily reflecting an increase in Hexavest-related distribution and service revenue.

Expenses

Operating expenses decreased 7 percent in fiscal 2016 from fiscal 2015, reflecting lower distribution expenses, partially offset by increases in compensation costs, amortization of deferred sales commissions and other expenses. Included in distribution expense for fiscal 2015 is a one-time payment of $73.0 million to terminate certain closed-end fund service and additional compensation arrangements with a distribution partner. Expenses in connection with the Company's NextShares initiative totaled approximately $8.0 million in fiscal 2016, an increase of 8 percent from $7.4 million in fiscal 2015.

The following table shows our operating expenses for the fiscal years ended October 31, 2016, 2015 and 2014:

(in thousands)	Years Ended October 31, 2016	2015	2014	2016 vs. 2015	2015 vs. 2014
Compensation and related costs:					
Cash compensation	$ 419,515	$ 414,307	$ 400,890	1%	3%
Stock-based compensation	71,600	69,520	60,548	3%	15%
Total compensation and related costs	491,115	483,827	461,438	2%	5%
Distribution expense	117,996	198,155	141,544	-40%	40%
Service fee expense	98,494	106,663	116,620	-8%	-9%
Amortization of deferred sales commissions	15,451	14,972	17,590	3%	-15%
Fund-related expenses	35,899	35,886	35,415	0%	1%
Other expenses	169,637	163,613	157,830	4%	4%
Total expenses	$ 928,592	$ 1,003,116	$ 930,437	-7%	8%

Compensation and related costs

The following table shows our compensation and related costs for the fiscal years ended October 31, 2016, 2015 and 2014:

(in thousands)	Years Ended October 31, 2016	2015	2014	2016 vs. 2015	2015 vs. 2014
Base salaries and employee benefits	$ 226,463	$ 217,289	$ 204,935	4%	6%
Operating income-based incentives	131,250	134,052	137,563	-2%	-3%
Sales incentives	55,550	57,716	54,989	-4%	5%
Other compensation expense	6,252	5,250	3,403	19%	54%
Total cash compensation	419,515	414,307	400,890	1%	3%
Stock-based compensation	71,600	69,520	60,548	3%	15%
Total	$ 491,115	$ 483,827	$ 461,438	2%	5%

The increase in base salaries and employee benefits in fiscal 2016 reflects a 4 percent increase in headcount, annual merit increases and a corresponding increase in employee benefits. The decrease in operating income-based incentives in fiscal 2016 reflects lower pre-bonus adjusted operating income. The decrease in sales incentives in fiscal 2016 reflects a decrease in compensation-eligible sales. Other compensation expense increased due to compensation expense associated with employee recruiting and terminations. The increase in stock-based compensation in fiscal 2016 primarily reflects the increase in annual stock-based compensation awards associated with the increase in headcount.

The increase in base salaries and employee benefits in fiscal 2015 primarily reflects a 4 percent increase in headcount and annual merit increases. The decrease in operating income-based incentives in fiscal 2015 reflects lower pre-bonus adjusted operating income. The increase in sales incentives in fiscal 2015 reflects an increase in compensation-eligible sales. Other compensation expense increased due to higher severance costs,

primarily associated with closing our New Jersey-based affiliate Fox Asset Management LLC ("Fox Asset Management"), as well as additional compensation expense associated with the expansion of our global investment teams in London. The increase in stock-based compensation in fiscal 2015 reflects the increase in annual stock-based compensation awards associated with the increase in headcount and the impact of certain employee retirements and terminations.

Distribution expense

Distribution expense consists primarily of commissions paid to broker-dealers on the sale of Class A shares at net asset value, ongoing asset-based payments made to distribution partners pursuant to third-party distribution arrangements for Class C shares and certain closed-end funds, marketing support arrangements to distribution partners and other discretionary marketing expenses.

The following table shows our distribution expense for the fiscal years ended October 31, 2016, 2015 and 2014:

	Years Ended October 31,			2016 vs.	2015 vs.
(in thousands)	**2016**	**2015**	**2014**	**2015**	**2014**
Class A share commissions	$ 2,064	$ 2,628	$ 4,264	-21%	-38%
Class C share distribution fees	50,324	53,462	54,423	-6%	-2%
Closed-end fund structuring fees	2,291	-	-	NM	NM
Payments to end certain fund service and additional compensation arrangements	-	73,000	-	NM	NM
Closed-end fund dealer compensation payments	3,836	6,575	18,833	-42%	-65%
Intermediary marketing support payments	40,308	41,901	46,950	-4%	-11%
NextShares distribution expenses	35	-	-	NM	NM
Discretionary marketing expenses	19,138	20,589	17,074	-7%	21%
Total	$ 117,996	$ 198,155	$ 141,544	-40%	40%

Class A share commissions decreased in fiscal 2016 and fiscal 2015, in both cases reflecting a decrease in Class A sales on which we pay commissions. Class C share distribution fees also decreased in fiscal 2016 and fiscal 2015, reflecting declines in Class C share assets held more than one year. Closed-end fund structuring fees in fiscal 2016 reflect payments made in conjunction with the May 2016 initial public offering of the Eaton Vance High Income 2021 Target Term Trust. Expenses for fiscal 2015 include a one-time payment of $73.0 million in fiscal 2015 to terminate certain closed-end fund service and additional compensation arrangements with a distribution partner pursuant to which we were obligated to make recurring payments over time based on the assets of the closed-end funds covered by the arrangements. Closed-end fund dealer compensation payments decreased in both fiscal 2016 and 2015, reflecting the above-described termination of fund service and additional compensation arrangements. The decrease in intermediary marketing support payments to distribution partners in both fiscal 2016 and 2015 reflects lower average assets subject to those arrangements. The decrease in discretionary marketing expenses in fiscal 2016 reflects lower spending on advertising and marketing communications; the increase in fiscal 2015 reflects an increase in the use of outside agencies in support of NextShares and other strategic initiatives.

Service fee expense

Service fees we receive from sponsored funds are generally retained in the first year and paid to broker-dealers thereafter pursuant to third-party selling agreements. These fees are calculated as a percent of average assets under management in certain share classes of our mutual funds (principally Classes A, B, C, N and R), as well as certain private funds. Service fee expense decreased by 8 percent in fiscal 2016 and 9 percent in fiscal 2015, reflecting lower average fund assets retained more than one year in funds and share classes that are subject to service fees.

Amortization of deferred sales commissions

Amortization expense is affected by ongoing sales and redemptions of mutual fund Class C shares and certain private funds and redemptions of Class B shares. Amortization expense increased 3 percent in fiscal 2016, reflecting an increase in deferred sales commissions related to privately offered equity funds, partially offset by a decrease in average Class B shares and Class C shares deferred sales commissions. Amortization expense decreased 15 percent in fiscal 2015, as lower average Class B shares and Class C shares deferred sales commissions more than offset an increase in deferred sales commissions related to privately offered equity funds. In fiscal 2016, 4 percent of total amortization expense related to Class B shares, 61 percent to Class C shares and 35 percent to privately offered equity funds. In fiscal 2015, 8 percent of total amortization expense related to Class B shares, 70 percent to Class C shares and 22 percent to privately offered equity funds.

Fund-related expenses

Fund-related expenses consist primarily of fees paid to sub-advisers, compliance costs and other fund-related expenses we incur. Fund-related expenses were substantially unchanged in fiscal 2016 and increased 1 percent in fiscal 2015, primarily reflecting an increase in other fund-related expenses borne by the Company on funds in which it earns an all-in fee, partially offset by decreases in sub-advisory expenses and fund subsidies.

Other expenses

The following table shows our other expense for the fiscal years ended October 31, 2016, 2015 and 2014:

	Years Ended October 31,			**2016 vs.**	**2015 vs.**
(in thousands)	**2016**	**2015**	**2014**	**2015**	**2014**
Information technology	$ 72,718	$ 67,834	$ 64,051	7%	6%
Facilities-related	40,806	40,771	38,761	0%	5%
Travel	16,663	16,360	16,480	2%	-1%
Professional services	13,331	13,854	12,065	-4%	15%
Communications	5,081	5,272	5,250	-4%	0%
Other corporate expense	21,038	19,522	21,223	8%	-8%
Total	$ 169,637	$ 163,613	$ 157,830	4%	4%

The increase in information technology expense in fiscal 2016 can be attributed primarily to increases in project-related consulting and software maintenance fees. The increase in travel expense relates to an increase in travel activity. The decrease in professional services expense can be attributed primarily to a decrease in corporate consulting engagements and external legal costs. The decrease in communications reflects a reduction in expenses primarily related to shareholder communications. The increase in other corporate expenses primarily reflects an increase in other corporate taxes.

The increase in information technology expense in fiscal 2015 can be attributed primarily to increases in software maintenance fees, market data costs and project-related consulting associated with budgeted technology projects. The increase in facilities-related expenses can be attributed primarily to an increase in rent and depreciation expense. The decrease in travel expense relates to a decrease in travel activity. The increase in professional services expense can be attributed primarily to an increase in corporate consulting engagements (including engagements related to our NextShares initiative) and external legal costs. The decrease in other corporate expenses reflects a decrease in other corporate taxes offset by increases in amortization of intangible assets related to closing Fox Asset Management, and higher corporate membership and professional development expenses.

Non-operating Income (Expense)

The main categories of non-operating income (expense) for the fiscal years ended October 31, 2016, 2015 and 2014 are as follows:

	Years Ended October 31,			2016 vs.	2015 vs.
(in thousands)	**2016**	**2015**	**2014**	**2015**	**2014**
Gains (losses) and other investment income, net	$ 12,411	$ (31)	$ 1,139	NM	NM
Interest expense	(29,410)	(29,357)	(29,892)	0%	-2%
Other income (expense) of consolidated CLO entities:					
Gains and other investment income, net	24,069	5,092	14,892	373%	-66%
Interest and other expense	(13,286)	(6,767)	(14,847)	96%	-54%
Total non-operating expense	$ (6,216)	$ (31,063)	$ (28,708)	-80%	8%

Gains (losses) and other investment income, net, improved by $12.4 million in fiscal 2016 compared to fiscal 2015, reflecting increases in net investment gains, interest income and foreign currency gains of $9.0 million, $2.2 million and $1.2 million, respectively. In fiscal 2016, we recognized $0.1 million of net losses related to our seed investments and associated hedges, compared to $9.2 million of net losses in fiscal 2015.

Gains (losses) and other investment income, net, declined by $1.2 million in fiscal 2015 compared to fiscal 2014, primarily reflecting increases in net investment and foreign currency losses of $2.2 million and $0.1 million, respectively, offset by an increase of $1.2 million in interest income earned. In fiscal 2015 we recognized $9.2 million of net losses related to our seed investments and associated hedges, compared to $6.9 million of net losses in fiscal 2014.

Interest expense was substantially unchanged in fiscal 2016 compared to fiscal 2015 and fiscal 2014.

Net gains (losses) of consolidated CLO entities were $10.6 million, $(1.7 million) and $(0.3 million) in fiscal 2016, 2015 and 2014, respectively. Approximately $9.8 million, $(5.8 million) and $(4.1 million) of consolidated CLO entities' gains (losses) were included in net income attributable to non-controlling and other beneficial interests during fiscal 2016, 2015 and 2014, respectively, reflecting third-party note holders' proportionate interests in the net income (loss) of each consolidated CLO entity. Net income attributable to Eaton Vance Corp. shareholders included $0.8 million, $4.1 million and $3.8 million of income associated with the consolidated CLO entities for fiscal 2016, 2015 and 2014, respectively, representing management fees earned

by the Company offset by the Company's proportionate interest in net gains (losses) of the consolidated CLO entities.

Income Taxes

Our effective tax rate, calculated as income taxes as a percentage of income before income taxes and equity in net income of affiliates, was 37.6 percent, 38.8 percent and 38.0 percent in fiscal 2016, 2015 and 2014, respectively.

Our policy for accounting for income taxes includes monitoring our business activities and tax policies for compliance with federal, state and foreign tax laws. In the ordinary course of business, various taxing authorities may not agree with certain tax positions we have taken, or applicable law may not be clear. We periodically review these tax positions and provide for and adjust as necessary estimated liabilities relating to such positions as part of our overall tax provision.

Equity in Net Income of Affiliates, Net of Tax

Equity in net income of affiliates, net of tax, primarily reflects our 49 percent equity interest in Hexavest, our seven percent minority equity interest in a private equity partnership managed by a third party and equity interests in certain funds we sponsor or manage.

The following table summarizes the components of equity in net income of affiliates, net of tax, for the fiscal years ended October 31, 2016, 2015 and 2014:

	Years Ended October 31,			2016 vs.	2015 vs.
(in thousands)	**2016**	**2015**	**2014**	**2015**	**2014**
Investment in Hexavest, net of tax and amortization	$ 9,979	$ 10,857	$ 10,963	-8%	-1%
Investment in private equity partnership, net of tax	356	849	517	-58%	64%
Investment in sponsored funds, net of tax	-	315	5,245	NM	-94%
Total	$ 10,335	$ 12,021	$ 16,725	-14%	-28%

Net Income Attributable to Non-controlling and Other Beneficial Interests

The following table summarizes the components of net income attributable to non-controlling and other beneficial interests for the fiscal years ended October 31, 2016, 2015 and 2014:

(in thousands)	Years Ended October 31, 2016	2015	2014	2016 vs. 2015	2015 vs. 2014
Consolidated sponsored funds	$ 43	$ 1,752	$ 318	-98%	451%
Majority-owned subsidiaries	(13,525)	(15,673)	(15,950)	-14%	-2%
Non-controlling interest value adjustments[1]	(200)	204	(5,311)	NM	NM
Consolidated CLO entities	(9,768)	5,825	4,095	NM	42%
Net income attributable to non-controlling and other beneficial interests	$ (23,450)	$ (7,892)	$ (16,848)	197%	-53%

[1] *Relates to non-controlling interests redeemable at other than fair value.*

Net income attributable to non-controlling and other beneficial interests is not adjusted for taxes due to the underlying tax status of our consolidated subsidiaries, which are treated as partnerships or other pass-through entities for tax purposes. Funds and the CLO entities we consolidate are registered investment companies or private funds that are treated as pass-through entities for tax purposes.

In fiscal 2016 and fiscal 2015, non-controlling interest value adjustments reflect changes in the estimated redemption value of non-controlling interests in Atlanta Capital.

In fiscal 2014, increases in the estimated redemption value of non-controlling interests in Parametric Risk Advisors and Atlanta Capital redeemable at other than fair value were $1.3 million and $4.0 million, respectively.

Changes in Financial Condition, Liquidity and Capital Resources

The assets and liabilities of our consolidated CLO entities do not affect our liquidity or capital resources. The collateral assets of our consolidated CLO entities are held solely to satisfy the obligations of these entities and we have no right to these assets beyond our direct investment in, and management fees generated from, these entities. The note holders of these entities have no recourse to the general credit of the Company. As a result, the assets and liabilities of our consolidated CLO entities are excluded from the discussion of liquidity and capital resources below.

The following table summarizes certain key financial data relating to our liquidity and capital resources on October 31, 2016, 2015 and 2014 and uses of cash for the years then ended:

Balance Sheet and Cash Flow Data

(in thousands)	As of October 31, 2016	2015	2014
Balance sheet data:			
Assets:			
Cash and cash equivalents	$ 424,174	$ 465,558	$ 385,215
Investment advisory fees and other receivables	186,172	187,753	186,344
Total liquid assets	$ 610,346	$ 653,311	$ 571,559
Investments	$ 589,773	$ 507,020	$ 624,605
Liabilities:			
Debt	$ 573,967	$ 573,811	$ 573,655

(in thousands)	Years Ended October 31, 2016	2015	2014
Cash flow data:			
Operating cash flows	$ 340,549	$ 219,867	$ 98,785
Investing cash flows	(108,278)	84,266	185,460
Financing cash flows	(270,199)	(221,446)	(359,378)

Liquidity and Capital Resources

Liquid assets consist of cash and cash equivalents and investment advisory fees and other receivables. Cash and cash equivalents consist of cash and short-term, highly liquid investments that are readily convertible to cash. Investment advisory fees and other receivables primarily represent receivables due from sponsored funds and separately managed accounts for investment advisory and distribution services provided. Liquid assets represented 35 percent and 40 percent of total assets on October 31, 2016 and 2015, respectively, excluding those assets identified as assets of consolidated CLO entities. Not included in the liquid asset amounts are $85.8 million and $77.4 million of highly liquid short-term debt securities with remaining maturities between three and 12 months held as of October 31, 2016 and 2015, respectively, which are included within investments on our Consolidated Balance Sheets. Our seed investments in consolidated funds and separate accounts are not treated as liquid assets because they may be longer term in nature.

The $43.0 million decrease in liquid assets in fiscal 2016 primarily reflects the repurchase of $253.0 million of Non-Voting Common Stock, the payment of $118.6 million of dividends to shareholders, $82.6 million from the investing and financing activities of consolidated CLO entities, the payment of $15.7 million to acquire additional interests in Atlanta Capital and Parametric, a $10.1 million contingent payment related to the Company's acquisition of the Tax Advantaged Bond Strategies ("TABS") business, the addition of $10.7 million in equipment and leasehold improvements and the issuance of a $5.0 million note receivable to our affiliate Hexavest, offset by net cash provided by operating activities of $340.6 million, proceeds from the issuance of Non-Voting Common Stock of $110.4 million in connection with the exercise of employee stock options and other employee stock purchases, and excess tax benefits of $2.9 million associated with stock option exercises.

The $81.8 million increase in liquid assets in fiscal 2015 primarily reflects net cash provided by operating activities of $219.9 million, net proceeds from sales and purchases of available-for-sale securities of $59.4 million, proceeds from the issuance of Non-Voting Common Stock of $89.7 million in connection with the exercise of employee stock options and other employee stock purchases, excess tax benefits of $10.0 million associated with stock option exercises and $149.2 million from the investing and financing activities of consolidated CLO entities, offset by the payment of $116.0 million of dividends to shareholders, the repurchase of $283.4 million of Non-Voting Common Stock, the payment of $20.0 million to acquire additional interests in Atlanta Capital and Parametric, a $9.1 million contingent payment related to the Company's acquisition of the TABS business and the addition of $11.5 million in equipment and leasehold improvements.

Our debt consists of $250 million in aggregate principal amount of 6.5 percent Senior Notes due in October 2017 and $325 million in aggregate principal amount of 3.625 percent Senior Notes due in June 2023. The Company currently intends to seek refinancing of the $250 million in senior notes due in October 2017 prior to maturity of those notes. In the event that the notes are not refinanced, it is the Company's intent to retire the notes using existing liquid assets.

We maintain a $300 million unsecured revolving credit facility with several banks that expires on October 21, 2019. The facility provides that we may borrow at LIBOR-based rates of interest that vary depending on the level of usage of the facility and our credit ratings. The agreement contains financial covenants with respect to leverage and interest coverage and requires us to pay an annual facility fee on any unused portion. We had no borrowings under our revolving credit facility at October 31, 2016 or at any point during the fiscal year. We were in compliance with all debt covenants as of October 31, 2016.

We continue to monitor our liquidity daily. We remain committed to growing our business and returning capital to shareholders. We expect that our main uses of cash will be paying dividends, acquiring shares of our Non-Voting Common Stock, making seed investments in new products and strategic acquisitions, enhancing our technology infrastructure and paying the operating expenses of our business, which are largely variable in nature and fluctuate with revenue and assets under management. We believe that our existing liquid assets, cash flows from operations and borrowing capacity under our existing credit facility are sufficient to meet our current and forecasted operating cash needs. The risk exists, however, that if we need to raise additional capital or refinance existing debt in the future, resources may not be available to us in sufficient amounts or on acceptable terms. Our ability to enter the capital markets in a timely manner depends on a number of factors, including the state of global credit and equity markets, interest rates, credit spreads and our credit ratings. If we are unable to access capital markets to issue new debt, refinance existing debt or sell shares of our Non-Voting Common Stock as needed, or if we are unable to obtain such financing on acceptable terms, our business could be adversely affected.

Recoverability of our Investments

Our $589.8 million of investments as of October 31, 2016 consisted of our 49 percent equity interest in Hexavest, positions in Company-sponsored funds and separate accounts entered into for investment and business development purposes, and certain other investments held directly by the Company. Investments in Company-sponsored funds and separate accounts and direct investments by the Company are generally in liquid debt or equity securities and are carried at fair market value. We test our investments, other than equity method investments, for impairment on a quarterly basis. We evaluate our investments in non-consolidated CLO entities and investments classified as available-for-sale for impairment using quantitative factors, including how long the investment has been in a net unrealized loss position, and qualitative factors, including the credit quality of the underlying issuer and our ability and intent to continue holding the

investment. If markets deteriorate in the quarters ahead, our assessment of impairment on a quantitative basis may lead us to impair investments in future quarters that were in an unrealized loss position at October 31, 2016.

We test our investments in equity method investees, goodwill and indefinite-lived intangible assets in the fourth quarter of each fiscal year, or as facts and circumstances indicate that additional analysis is warranted. There have been no significant changes in financial condition in fiscal 2016 that would indicate that an impairment loss exists at October 31, 2016.

We periodically review our deferred sales commissions and identifiable intangible assets for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. There have been no significant changes in financial condition in fiscal 2016 that would indicate that an impairment loss exists at October 31, 2016.

Operating Cash Flows

Our operating cash flows are calculated by adjusting net income to reflect other significant sources and uses of cash, certain significant non-cash items and timing differences in the cash settlement of other assets and liabilities. Significant sources and uses of cash that are not reflected in either revenue or expenses include net cash flows associated with our deferred sales commission assets (capitalized sales commissions paid net of contingent deferred sales charges received), as well as net cash flows associated with the purchase and sale of investments within the portfolios of our consolidated sponsored funds and separate accounts (proceeds received from the sale of trading investments net of cash outflows associated with the purchase of trading investments). Significant non-cash items include the amortization of deferred sales commissions and intangible assets, depreciation, stock-based compensation and net change in deferred income taxes.

Cash provided by operating activities totaled $340.5 million in fiscal 2016, an increase of $120.7 million from $219.9 million in fiscal 2015. The increase in net cash provided by operating activities primarily reflects an increase in the cash provided by the operating activities of our consolidated CLO entities and increases in the timing differences in the cash settlement of other assets and liabilities, offset by an increase in net purchases of trading securities.

Cash provided by operating activities totaled $219.9 million in fiscal 2015, an increase of $121.1 million from $98.8 million in fiscal 2014. The increase in net cash provided by operating activities primarily reflects an increase in the net sales of trading securities and an increase in the timing differences in the cash settlement of other assets and liabilities, offset by an increase in the net cash used in the operating activities of our consolidated CLO entities.

Investing Cash Flows

Cash flows from investing activities consist primarily of the purchase of equipment and leasehold improvements, cash paid in acquisitions and the purchase and sale of available-for-sale investments in sponsored funds that we do not consolidate.

Cash used for investing activities totaled $108.3 million in fiscal 2016 compared to cash provided by investing activities of $84.3 million in fiscal 2015. The change in cash provided by (used for) investing activities can be attributed primarily to a decrease of $128.1 million in the net proceeds from the sales of consolidated CLO entity investments, a decrease of $59.2 million in the net proceeds from the sales and purchases of available-

for-sale securities, the issuance of a $5.0 million note receivable to Hexavest and an increase of $1.0 million in payment to sellers of the TABS business in fiscal 2016.

Cash provided by investing activities totaled $84.3 million in fiscal 2015 compared to $185.5 million in fiscal 2014. The decrease in cash provided by investing activities can be attributed primarily to a $9.1 million payment to sellers of the TABS business in fiscal 2015, offset by a decrease of $8.6 million in the net proceeds from the sales and purchases of available-for-sale securities and a decrease of $79.6 million in the net proceeds from the sales of consolidated CLO entity investments.

Financing Cash Flows

Financing cash flows primarily reflect distributions to non-controlling interest holders of our majority-owned subsidiaries and consolidated funds, the purchase of additional non-controlling interests in our majority-owned subsidiaries, the issuance and repurchase of our Non-Voting Common Stock, excess tax benefits associated with stock option exercises, the payment of dividends to our shareholders and the proceeds and payments associated with the Company's debt. Financing cash flows also include proceeds from the issuance of capital stock by consolidated funds and cash paid to meet redemptions by non-controlling interest holders of these funds.

Cash used for financing activities totaled $270.2 million, $221.4 million and $359.4 million in fiscal 2016, 2015 and 2014, respectively. In fiscal 2016, we paid $15.7 million to acquire additional interests in Atlanta Capital and Parametric, repurchased and retired approximately 7.3 million shares of our Non-Voting Common Stock for $253.0 million under our authorized repurchase programs and issued 5.4 million shares of our Non-Voting Common Stock in connection with the grant of restricted share awards, the exercise of stock options and other employee stock purchases for total proceeds of $110.4 million. As of October 31, 2016, we have authorization to purchase an additional 2.9 million shares under our current share repurchase authorization and anticipate that future repurchases will continue to be an ongoing use of cash. Our dividends declared per share were $1.075 in fiscal 2016, $1.015 in fiscal 2015 and $0.91 in fiscal 2014. We currently expect to declare and pay quarterly dividends on our Voting and Non-Voting Common Stock comparable to the dividend declared in the fourth quarter of fiscal 2016.

In fiscal 2015, cash used for financing activities included $381.5 million in principal payments made on senior notes, lines of credit and redeemable preferred shares of consolidated CLO entities, as well as $485.2 million related to the proceeds from the line of credit and the issuance of new senior notes and redeemable preferred shares of those entities. In fiscal 2014, cash used for financing activities included $436.2 million in principal payments made on senior notes, lines of credit, and redeemable preferred shares of consolidated CLO entities, as well as $429.6 million related to the issuance of new senior notes and redeemable preferred shares of those entities.

Contractual Obligations

The following table details our contractual obligations as of October 31, 2016:

		Payments due by period			
(in millions)	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years
Operating leases – facilities and equipment[(1)]	$ 346	$ 22	$ 45	$ 43	$ 236
Senior notes	575	250	-	-	325
Interest payment on senior notes	99	27	24	24	24
Payments to non-controlling interest holders of majority-owned subsidiaries	3	3	-	-	-
Unrecognized tax benefits[(2)]	2	1	1	-	-
Total	$ 1,025	$ 303	$ 70	$ 67	$ 585

(1) *Minimum payments have not been reduced by minimum sublease rentals of $0.1 million to be received in the future under non-cancelable subleases.*

(2) *This amount includes unrecognized tax benefits along with accrued interest and penalties.*

Interests held by non-controlling interest holders of Atlanta Capital and Parametric are not subject to mandatory redemption. The purchase of non-controlling interests is predicated on the exercise of a series of puts held by non-controlling interest holders and calls held by us. The puts provide the non-controlling interest holders the right to require us to purchase these retained interests at specific intervals over time, while the calls provide us with the right to require the non-controlling interest holders to sell their retained equity interests to us at specified intervals over time, as well as upon the occurrence of certain events such as death or permanent disability. As a result, there is significant uncertainty as to the timing of any non-controlling interest purchase in the future. Non-controlling interests are redeemable at fair value or based on a multiple of earnings before interest and taxes of the subsidiary, which is a measure that is intended to represent fair value. As a result, there is significant uncertainty as to the amount of any non-controlling interest purchase in the future. Accordingly, future payments to be made to purchase non-controlling interests have been excluded from the above table, unless a put or call option has been exercised and a mandatory firm commitment exists for us to purchase such non-controlling interests. Although the timing and amounts of these purchases cannot be predicted with certainty, we anticipate that the purchase of non-controlling interests in our consolidated subsidiaries may be a significant use of cash in future years.

We have presented all redeemable non-controlling interests at redemption value on our Consolidated Balance Sheet as of October 31, 2016. We have recorded the current year change in the estimated redemption value of non-controlling interests redeemable at fair value as a component of additional paid-in capital and have recorded the current year change in the estimated redemption value of non-controlling interests redeemable at other than fair value (non-controlling interests redeemable based on a multiple of earnings before interest and taxes of the subsidiary) as a component of net income attributable to non-controlling and other beneficial interests. Based on our calculations, the estimated redemption value of our non-controlling interests, redeemable at either fair value or other than fair value, totaled $109.0 million on October 31, 2016 compared to $88.9 million on October 31, 2015.

Redeemable non-controlling interests as of October 31, 2016 consisted of third-party investors' ownership in consolidated investment funds of $24.5 million, non-controlling interests in Parametric issued in conjunction with the Clifton acquisition of $13.9 million, non-controlling interests in Parametric issued in conjunction with the Parametric Risk Advisors final put option of $12.1 million and profit interests granted under the long-term incentive plans of Parametric and Atlanta Capital of $36.4 million and $19.6 million, respectively, all of which are redeemable at fair value. Redeemable non-controlling interests as of October 31, 2016 also included non-controlling interests in Atlanta Capital redeemable at other than fair value of $2.6 million. Redeemable non-controlling interests as of October 31, 2015 consisted of third-party investors' ownership in consolidated investment funds of $11.9 million, non-controlling interests in Parametric issued in conjunction with the Clifton acquisition of $18.6 million, non-controlling interests in Parametric issued in conjunction with the Parametric Risk Advisors final put option of $10.8 million and profit interests granted under the long-term incentive plans of Parametric and Atlanta Capital of $28.5 million and $16.4 million, respectively, all of which are redeemable at fair value. Redeemable non-controlling interests as of October 31, 2015 also included non-controlling interests in Atlanta Capital redeemable at other than fair value of $2.7 million.

We have included in the table above $0.6 million and $1.9 million related to the execution of termination call options by the Company related to indirect profit interests granted under the long-term incentive plans of Parametric and Atlanta Capital, respectively, which were held by employees whose employment terminated in fiscal 2016. These transactions settled in November 2016.

We are obligated to make a contingent payment related to our acquisition of the TABS business based on a prescribed multiple of TABS's revenue for the twelve months ending December 31, 2016. Because there is no defined floor or ceiling, significant uncertainty exists as to the amount of payment. Accordingly, an estimate cannot be reasonably made and this future payment has been excluded from the above table.

We hold an option, exercisable in fiscal 2017, to acquire an additional 26 percent interest in Hexavest. Because there is no defined floor or ceiling, significant uncertainty exists as to the amount of payment. Accordingly, any payment to be made has been excluded from the above table. Although the amounts of this payment cannot be predicted with certainty, it may represent a significant use of cash in fiscal 2018.

In November 2010, we acquired patents and other intellectual property from Managed ETFs LLC, a developer of intellectual property in the field of exchange-traded funds. This intellectual property is the foundation of the Company's NextShares™ exchange-traded managed funds initiative. The terms of the acquisition of the patents and other intellectual property of Managed ETFs LLC include approximately $9.0 million in aggregate contingent milestone payments that are based on specific events representing key developments in the commercialization of NextShares. There is no defined timing on these payments, resulting in significant uncertainty as to when the amount of any payment is due in the future. Accordingly, future payments to be made have been excluded from the above table until such time as the uncertainty has been resolved. If and when the milestones are reached, Managed ETFs LLC is also entitled to revenue-sharing payments that are calculated as a percentage of licensing revenue that we receive for use of the acquired intellectual property.

Foreign Subsidiaries

We consider the undistributed earnings of certain of our foreign subsidiaries to be indefinitely reinvested in foreign operations as of October 31, 2016. Accordingly, no U.S. income taxes have been provided thereon. As of October 31, 2016, the Company had approximately $47.7 million of undistributed earnings in certain Canadian, UK and Australian foreign subsidiaries that is not available to fund domestic operations or to distribute to shareholders unless repatriated. Repatriation would require the Company to accrue and pay U.S.

corporate income taxes. The unrecognized deferred income tax liability on these un-repatriated funds, or temporary difference, is estimated to be $5.8 million. The Company does not intend to repatriate these funds, has not previously repatriated funds from these entities, and has the financial liquidity to permanently leave these funds offshore.

Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide financing, liquidity, market or credit risk support or engage in any leasing activities that expose us to any liability that is not reflected in our Consolidated Financial Statements.

Critical Accounting Policies

We believe the following critical accounting policies reflect our accounting policies that require significant judgments and estimates used in the preparation of our Consolidated Financial Statements. Actual results may differ from these estimates.

Consolidation of Variable Interest Entities
Accounting guidance provides a framework for determining whether an entity should be considered a variable interest entity ("VIE"), and, if so, whether our involvement with the entity results in a variable interest in the entity. If we determine that we do have a variable interest in the entity, we must then perform an analysis to determine whether we are the primary beneficiary of the VIE. If we determine that we are the primary beneficiary of the VIE, we are required to consolidate the assets, liabilities, results of operations and cash flows of the VIE into the Consolidated Financial Statements of the Company.

A company is the primary beneficiary of a VIE if it has a controlling financial interest in the VIE. A company is deemed to have a controlling financial interest in a VIE if it has both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb the losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our evaluation of whether we qualify as the primary beneficiary of a VIE is highly complex. In our analysis, we must make significant estimates and assumptions regarding future cash flows of the VIE. These estimates and assumptions relate primarily to market interest rates, credit default rates, pre-payment rates, discount rates, the marketability of certain securities and the probability of certain outcomes. There is also judgment involved in assessing whether we have the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the entity.

While we believe that our evaluation is appropriate, future changes in estimates, judgments, assumptions and/or in the ownership interests of the Company in a VIE may affect the determination of the primary beneficiary status and the resulting consolidation or de-consolidation of the assets, liabilities and results of operations of the VIE in our Consolidated Financial Statements.

Fair Value Measurements
Accounting standards define fair value as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy established in these standards

prioritizes the inputs to valuation techniques and gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories based on the nature of the inputs that are significant to the fair value measurements in their entirety. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value measurement hierarchy. In such cases, an investment's classification within the fair value measurement hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Level 1	Unadjusted quoted market prices in active markets for identical assets or liabilities at the reporting date.
Level 2	Observable inputs other than Level 1 unadjusted quoted market prices, such as quoted market prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities that are not active, and inputs other than quoted prices that are observable or corroborated by observable market data.
Level 3	Unobservable inputs that are supported by little or no market activity.

Goodwill

Goodwill represents the excess of the cost of our investment in the net assets of acquired companies over the fair value of the underlying identifiable net assets at the dates of acquisition. We attribute all goodwill associated with the acquisitions of Atlanta Capital, Parametric and its wholly owned subsidiaries, which share similar economic characteristics, to a single reporting unit. Management believes that the inclusion of these entities in a single reporting unit for the purposes of goodwill impairment testing most accurately reflects the synergies achieved in acquiring these entities, namely centralized distribution of similar products and services to similar clients. We attribute all goodwill associated with the acquisition of the TABS business and other acquisitions to a second reporting unit.

Goodwill is not amortized but is tested annually for impairment in the fourth quarter of each fiscal year by comparing the fair value of the reporting units to the carrying amounts, including goodwill. We establish fair value for the purpose of impairment testing by averaging fair value established using an income approach and fair value established using a market approach for each reporting unit.

The income approach employs a discounted cash flow model that takes into account (1) assumptions that marketplace participants would use in their estimates of fair value, (2) current period actual results, and (3) budget projections for future periods that have been vetted by senior management at the reporting unit level. Budget projections for future periods are most significantly impacted by assumptions made as to the growth in assets under management, future revenue run rates and future operating margins. The discounted cash flow model incorporates the same fundamental pricing concepts used to calculate fair value in the acquisition due diligence process and a discount rate that takes into consideration our estimated cost of capital adjusted for the uncertainty inherent in the acquisition.

The market approach employs market multiples for comparable transactions in the financial services industry obtained from industry sources, taking into consideration the nature, scope and size of the acquired reporting unit. Estimates of fair value are established using historical and forward multiples of both revenue and earnings before interest, tax, depreciation and amortization ("EBITDA") adjusted for size, growth rate and margin relative to peer companies.

To evaluate the sensitivity of the goodwill impairment testing to the calculation of fair value, we apply a hypothetical 10 percent and 20 percent decrease to the fair value of each reporting unit. If the carrying amount of the reporting unit exceeds its calculated fair value, the second step of the goodwill impairment test will be performed to measure the amount of the impairment loss, if any.

Intangible Assets
Amortized identifiable intangible assets generally represent the cost of client relationships and management contracts acquired. In valuing these assets, we make assumptions regarding useful lives and projected growth rates, and significant judgment is required. We periodically review identifiable intangibles for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amounts of the assets exceed their respective fair values, additional impairment tests are performed to measure the amount of the impairment loss, if any.

Non-amortizing intangible assets generally represent the cost of mutual fund management contracts acquired. Non-amortizing intangible assets are tested for impairment in the fourth quarter of each fiscal year by comparing the fair value of the management contracts acquired to their carrying values. The Company establishes fair value for purposes of impairment testing using the income approach. If the carrying value of a management contract acquired exceeds its fair value, an impairment loss is recognized equal to that excess.

Accounting for Income Taxes
Our effective tax rate reflects the statutory tax rates of the many jurisdictions in which we operate. Significant judgment is required in determining our effective tax rate and in evaluating our tax positions. In the ordinary course of business, many transactions occur for which the ultimate tax outcome is uncertain, and we adjust our income tax provision in the period in which we determine that actual outcomes will likely be different from our estimates. Accounting standards require that the tax effects of a position be recognized only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. Unrecognized tax benefits, as well as the related interest, are adjusted regularly to reflect changing facts and circumstances. While we have considered future taxable income and ongoing tax planning in assessing our taxes, changes in tax laws may result in a change to our tax position and effective tax rate. We classify any interest or penalties incurred as a component of income tax expense.

Management is required to estimate the timing of the recognition of deferred tax assets and liabilities and to make assumptions about the future deductibility of deferred tax assets. We assess whether a valuation allowance should be established against our deferred tax assets based on consideration of all available evidence, using a more-likely-than-not standard. This assessment takes into account our forecast of future profitability, the duration of statutory carryback and carry-forward periods, our experience with the tax attributes expiring unused, tax planning alternatives and other tax considerations.

Stock-Based Compensation
Stock-based compensation expense reflects the fair value of stock-based awards measured at grant date, is recognized on a straight-line basis over the relevant service period (generally five years), and is adjusted each period for anticipated forfeitures.

The fair value of option awards granted is estimated on the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates assumptions as to dividend yield, volatility, an appropriate risk-free interest rate and the expected life of the option. Many of these assumptions

require management's judgment but are not subject to significant variability. Management must also apply judgment in developing an expectation of awards that may be forfeited. If actual experience differs significantly from these estimates, stock-based compensation expense and our results of operations could be materially affected.

The fair value of profit interests granted under subsidiary long-term equity plans is estimated on the date of grant by averaging fair value established using an income approach and fair value established using a market approach for each subsidiary.

The income and fair value approaches used to establish fair value of subsidiary profit interests mirror those described in our significant accounting policy for Goodwill as described above.

Non-controlling interests
Certain interests in our majority-owned subsidiaries are puttable at established multiples of earnings before interest and taxes and, as such, are considered redeemable at other than fair value. The Company's non-controlling interests redeemable at other than fair value are recorded in temporary equity at estimated redemption value and changes in estimated redemption value are recorded in earnings. As a result, net income attributable to Eaton Vance Corp. shareholders and earnings per basic and diluted share are impacted by changes in the estimated redemption values of such redeemable non-controlling interests.

Accounting Developments

See Note 2, "New Accounting Standards Not Yet Adopted" in the Notes to Consolidated Financial Statements.

Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, our financial position is subject to different types of risk, including market risk. Market risk is the risk that we will incur losses due to adverse changes in equity and bond prices, interest rates, credit events or currency exchange rates. Management is responsible for identifying, assessing and managing market and other risks.

In evaluating market risk, it is important to note that most of our revenue is based on the market value of assets under management. As noted in "Risk Factors" in this Annual Report, declines of financial market values negatively impact our revenue and net income.

Our primary direct exposure to equity price risk arises from investments in equity securities made by consolidated sponsored funds, investments in equity securities held in separately managed accounts seeded for new product development purposes and our investments in sponsored equity funds that are not consolidated. Equity price risk as it relates to these investments represents the potential future loss of value that would result from a decline in the fair values of the fund shares or underlying equity securities.

The following is a summary of the effect that a 10 percent increase or decrease in equity prices would have on our investments subject to equity price fluctuations at October 31, 2016:

(in thousands)	Carrying Value	Carrying Value Assuming a 10% Increase	Carrying Value Assuming a 10% Decrease
Investment securities, trading:			
Consolidated sponsored funds and separately managed accounts	$ 136,031	$ 149,634	$ 122,428
Investment securities, available-for-sale:			
Sponsored funds	12,163	13,379	10,947
Total	$ 148,194	$ 163,013	$ 133,375

At October 31, 2016, we were exposed to interest rate risk and credit spread risk as a result of approximately $278.0 million in investments in fixed and floating-rate income funds sponsored or managed by us, debt securities held by sponsored funds we consolidate, debt securities held in separately managed accounts seeded for new product development purposes and short-term debt securities held directly by us. Management considered a hypothetical 100 basis point change in interest rates and determined that an increase of such magnitude would result in a decrease of approximately $2.8 million in the carrying amount of our debt investments and that a decrease of 100 basis points would increase the carrying amount of such investments by approximately $2.8 million.

Currently we have a corporate hedging program in place to hedge currency risk, interest rate risk and market price exposures on certain investments in consolidated sponsored funds and separately managed accounts seeded for new product development purposes. As part of this program, we enter into forwards, futures and swap contracts to hedge certain exposures held within the portfolios of these consolidated sponsored funds and separately managed accounts. The contracts negotiated are short term in nature. We do not enter into derivative instruments for speculative purposes.

At October 31, 2016, we had outstanding foreign currency forward contracts, stock index futures contracts and total return swap contracts with aggregate notional values of approximately $18.6 million, $125.4 million and $40 million, respectively. We estimate that a 10 percent adverse change in market prices would result in a decrease of approximately $8,000, $200,000 and $42,000, respectively, in the fair value of open currency, equity and swap derivative contracts held at October 31, 2016.

We are required to maintain cash collateral for margin accounts established to support certain derivative positions. Our initial margin requirements are currently equal to five percent of the initial underlying value of the stock index futures contracts. Additional margin requirements include daily posting of variation margin equal to the daily change in the position value. We do not have a collateral requirement related to foreign currency forward contracts or total return swap contracts. Cash collateral supporting margin requirements is classified as restricted cash and is included as a component of other assets on our Consolidated Balance Sheets. At October 31, 2016, cash collateral included in other assets on our Consolidated Balance Sheets totaled $8.1 million.

Direct exposure to credit risk arises from our interests in non-consolidated CLO entities that are included in investments in our Consolidated Balance Sheets, as well as our interests in consolidated CLO entities that are eliminated in consolidation. Our CLO entity investments entitle us only to a residual interest in the CLO entity, making these investments highly sensitive to the default and recovery experiences of the underlying instruments held by the CLO entity. Our CLO investments are subject to an impairment loss in the event that the cash flows

generated by the collateral securities are not sufficient to allow equity holders to recover their investments. If there is deterioration in the credit quality of collateral and reference securities and a corresponding increase in defaults, CLO entity cash flows may be adversely impacted and we may be unable to recover our investment. Our total investments in non-consolidated CLO entities was $3.8 million as of October 31, 2016, representing our total value at risk with respect to such entities as of October 31, 2016. The Company did not hold any interests in consolidated CLO entities as of October 31, 2016.

We are subject to foreign currency exchange risk through our international operations. While we operate primarily in the United States and, accordingly, most of our consolidated revenue and associated expenses are denominated in U.S. dollars, we also provide services and earn revenue outside of the United States. Revenue and expenses denominated in foreign currencies may be impacted by movements in foreign currency exchange rates. The exposure to foreign currency exchange risk in our Consolidated Balance Sheets relates primarily to an equity method investment and cash and cash equivalents that are denominated in foreign currencies, principally Canadian dollars. This risk will likely increase as our business outside of the United States grows. We generally do not use derivative financial instruments to manage the foreign currency exchange risk exposure we assume in connection with investments in international operations. As a result, both positive and negative currency fluctuations against the U.S. dollar may affect our results of operations and accumulated other comprehensive income (loss). We do not enter into foreign currency transactions for speculative purposes.

Risk Factors

We are subject to substantial competition in all aspects of our investment management business. Our funds and separate accounts compete against a large number of investment products and services sold to the public by investment management companies, investment dealers, banks, insurance companies and others. Many institutions we compete with have greater financial resources than us and there are few barriers to entry. We compete with these firms on the basis of investment performance, diversity of products, distribution capability, scope and quality of services, reputation and the ability to develop new investment strategies and products to meet the changing needs of investors. To the extent that current or potential customers decide to invest in products sponsored by our competitors, the sales of our products as well as our market share, revenue and net income could decline.

The investment management industry is highly competitive and investment management customers are increasingly fee sensitive. In the event that competitors charge lower fees for substantially similar products, we may be forced to compete on the basis of price in order to attract and retain customers. Rules and regulations applicable to registered investment companies provide, in substance, that each investment advisory agreement between a fund and its investment adviser continues in effect from year to year only if its continuation is approved at least annually by the fund's board of trustees. Periodic review of fund advisory agreements could result in a reduction in the Company's advisory fee revenues from funds. Fee reductions on existing or future business and/or the impact of evolving industry fee structures could have an adverse impact on our future revenue and profitability.

The inability to access clients through intermediaries could have a material adverse effect on our business. Our ability to market investment products is highly dependent on access to the various distribution systems of national and regional securities dealer firms, which generally offer competing products that could limit the distribution of our investment products. There can be no assurance that we will be able to retain access to these intermediaries. The inability to have such access could have a material adverse effect on our business. To the extent that existing or potential customers, including securities broker-dealers, decide to invest in or broaden distribution relationships with our competitors, the sales of our products as well as our market share,

revenue and net income could decline. Certain intermediaries with which we conduct business charge the Company fees to maintain access to their distribution networks. If we choose not to pay such fees, our ability to distribute through those intermediaries would be limited.

Our investment advisory agreements are subject to termination on short notice or non-renewal. We derive almost all of our revenue from investment advisory and administrative fees, distribution income and service fees received from managed funds and separate accounts. As a result, we are dependent upon management contracts, administrative contracts, distribution contracts, underwriting contracts or service contracts under which these fees are paid. Generally, these contracts are terminable upon 30 to 60 days' notice without penalty. If any of these contracts are terminated, not renewed, or amended to reduce fees, our financial results could be adversely affected.

Our assets under management, which impact revenue, are subject to significant fluctuations. Our major sources of revenue, including investment advisory, administrative, distribution and service fees, are generally calculated as percentages of assets under management. Fee rates for our investment products generally vary by investment mandate (e.g., equity, fixed income, floating-rate income, alternative, portfolio implementation or exposure management services) and vehicle (e.g., fund or separate account). An adverse change in asset mix by mandate or vehicle, independent of our level of assets under management, may result in a decrease in our overall average effective fee rate, thereby reducing our revenue and net income. Any decrease in the level of our assets under management generally would also reduce our revenue and net income. Assets under management could decrease due to, among other things, a decline in securities prices, a decline in the sales of our investment products, an increase in open-end fund redemptions or client withdrawals, repurchases of or other reductions in closed-end fund shares outstanding, or reductions in leverage used by investment vehicles. Adverse market conditions and/or lack of investor confidence in the financial markets could lead to a decrease in investor risk tolerance. A decrease in investor risk tolerance could result in investors withdrawing from markets or decreasing their rate of investment, thereby reducing our overall assets under management and adversely affecting our revenue, earnings and growth prospects. Changes in investor risk tolerance could also result in investor allocation away from higher-fee products to lower-fee products, which could adversely affect our revenue and earnings. Our overall assets under management may not change in tandem with overall market conditions, as changes in our total assets under management may lag improvements or declines in the market based upon product mix and investment performance.

Poor investment performance of our products could affect our sales or reduce the amount of assets under management, negatively impacting revenue and net income. Investment performance is critical to our success. Poor investment performance on an absolute basis or as compared to third-party benchmarks or competitor products could lead to a decrease in sales and stimulate higher redemptions, thereby lowering the amount of assets under management and reducing the investment advisory fees we earn. A decline in investment performance of any investment franchise could have a material adverse effect on the level of assets under management, revenue and net income of that franchise. Past or present performance in the investment products we manage is not indicative of future performance.

Our clients can withdraw the assets we manage on short notice, making our future client and revenue base unpredictable. Our open-end fund clients generally may redeem their investments in these funds each business day without prior notice. While not subject to daily redemption, closed-end funds that we manage may shrink in size due to repurchases of shares in open-market transactions or pursuant to tender offers, or in connection with distributions in excess of realized returns. Institutional and individual separate account clients can terminate their relationships with us generally at any time. In a declining stock market, the pace of open-end fund redemptions could accelerate. Poor performance relative to other asset management firms can

result in decreased purchases of open-end fund shares, increased redemptions of open-end fund shares, and the loss of institutional or individual separate accounts. The decrease in revenue that could result from any of these events could have a material adverse effect on our business.

We could be impacted by counterparty or client defaults. As we have seen in periods of significant market volatility, the deteriorating financial condition of one financial institution may materially and adversely impact the performance of others. We, and the funds and accounts we manage, have exposure to many different counterparties, and routinely execute transactions with counterparties across the financial industry. We, and the funds and accounts we manage, may be exposed to credit, operational or other risk in the event of a default by a counterparty or client, or in the event of other unrelated systemic market failures.

Our success depends on key personnel and our financial performance could be negatively affected by the loss of their services. Our success depends upon our ability to attract, retain and motivate qualified portfolio managers, analysts, investment counselors, sales and management personnel and other key professionals, including our executive officers. Our key employees generally do not have employment contracts and may voluntarily terminate their employment at any time. Certain senior executives and the non-employee members of our Board of Directors are subject to our mandatory retirement policy at age 65 and age 72, respectively. The loss of the services of key personnel or our failure to attract replacement or additional qualified personnel could negatively affect our financial performance. An increase in compensation to attract or retain personnel could result in a decrease in net income.

Our expenses are subject to fluctuations that could materially affect our operating results. Our results of operations are dependent on our level of expenses, which can vary significantly from period to period. Our expenses may fluctuate as a result of, among other things, variations in the level of compensation, expenses incurred to support distribution of our investment products, expenses incurred to develop new products and franchises, expenses incurred to enhance our infrastructure (including technology and compliance) and impairments of intangible assets or goodwill. Increases in our level of expenses, or our inability to reduce our level of expenses when necessary, could materially affect our operating results.

Our business is subject to operational risk. In the management and administration of funds and client accounts, we are subject to the risk that we commit errors that cause the Company to incur financial losses and damage our reputation. Because they involve large numbers of accounts and operate at generally low fee rates, our portfolio implementation and exposure management services businesses may be particularly susceptible to losses from operational or trading errors.

Our reputation could be damaged. We have built a reputation of high integrity, prudent investment management and superior client service. Our reputation is extremely important to our success. Any damage to our reputation could result in client withdrawals from funds or separate accounts that are advised by us and ultimately impede our ability to attract and retain key personnel. The loss of either client relationships or key personnel due to damage to our reputation could reduce the amount of assets under management and cause us to suffer a loss in revenue or a reduction in net income.

Success of our NextShares initiative is highly uncertain. In recent years, the Company has devoted substantial resources to the development of NextShares exchange-traded managed funds, a new type of actively managed fund designed to provide better performance for investors. The Company made progress advancing its NextShares initiative in fiscal 2016, and expects to continue the staged introduction of NextShares funds in fiscal 2017. Broad market adoption and commercial success requires the development of expanded

distribution, the launch of NextShares by other fund sponsors and acceptance by market participants, which cannot be assured.

Support provided to new products may reduce fee income, increase expenses and expose us to potential loss on invested capital. We may support the development of new investment products by waiving all or a portion of the fees we receive for managing such products, by subsidizing expenses or by making seed capital investments. Seed investments in new products utilize Company capital that would otherwise be available for general corporate purposes and expose us to capital losses to the extent that realized investment losses are not offset by hedging gains. The risk of loss may be greater for seed capital investments that are not hedged, or if an intended hedge does not perform as expected. Failure to have or devote sufficient capital to support new products could have an adverse impact on our future growth.

We may need to raise additional capital or refinance existing debt in the future, and resources may not be available to us in sufficient amounts or on acceptable terms. Significant future demands on our capital include contractual obligations to service our debt, satisfy the terms of non-cancelable operating leases and purchase non-controlling interests in our majority-owned subsidiaries as described more fully in Contractual Obligations in Management's Discussion and Analysis of Financial Condition and Results of Operations in this Annual Report and in Note 10 in this Annual Report. Although we believe our existing liquid assets, cash flows from operations and borrowing capacity under our credit facility are sufficient to meet our current and forecasted operating cash needs, our ability to satisfy our long-term contractual obligations may be dependent on our ability to access capital markets. Our ability to access capital markets efficiently depends on a number of factors, including the state of global credit and equity markets, interest rates, credit spreads and our credit ratings. If we are unable to access capital markets to issue new debt, refinance existing debt or sell shares of our Non-Voting Common Stock as needed, or if we are unable to obtain such financing on acceptable terms, our business could be adversely impacted.

We could be subject to losses and reputational harm if we, or our agents, fail to properly safeguard sensitive and confidential information or as a result of cyber attacks. We are dependent on the effectiveness of our information and cyber security policies, procedures and capabilities to protect our computer and telecommunications systems and the data that resides in or is transmitted through such systems. As part of our normal operations, we maintain and transmit confidential information about our clients and employees as well as proprietary information relating to our business operations. We maintain a system of internal controls designed to provide reasonable assurance that fraudulent activity, including misappropriation of assets, fraudulent financial reporting and unauthorized access to sensitive or confidential data, is either prevented or detected on a timely basis. Nevertheless, all technology systems remain vulnerable to unauthorized access and may be corrupted by cyber attacks, computer viruses or other malicious software code, the nature of which threats are constantly evolving and becoming increasingly sophisticated. In addition, authorized persons could inadvertently or intentionally release confidential or proprietary information. Although we take precautions to password protect and encrypt our mobile electronic hardware, if such hardware is stolen, misplaced or left unattended, it may become vulnerable to hacking or other unauthorized use, creating a possible security risk and resulting in potentially costly actions by us. Breach or other failure of our technology systems, including those of third parties with which we do business, or failure to timely and effectively identify and respond to any such breach or failure, could result in the loss of valuable information, liability for stolen assets or information, remediation costs to repair damage caused by the incident, additional security costs to mitigate against future incidents and litigation costs resulting from the incident. Moreover, loss of confidential customer identification information could harm our reputation, result in the termination of contracts by our existing customers and subject us to liability under laws that protect confidential personal data, resulting in increased costs or loss of revenues. Recent well-publicized security breaches at other companies have led to enhanced government and regulatory scrutiny of the measures taken by companies to protect against cyber

attacks, and may in the future result in heightened cyber security requirements, including additional regulatory expectations for oversight of vendors and service providers.

Failure to maintain adequate infrastructure could impede our productivity and ability to support business growth. Our infrastructure, including our technological capacity, data centers and office space, is vital to the operations and competitiveness of our business. The failure to maintain an infrastructure commensurate with the size and scope of our business, including any expansion, could impede our productivity and growth, which could result in a decline in our earnings.

Failure to maintain adequate business continuity plans could have a material adverse impact on us and our products. Significant portions of our business operations and those of our critical third-party service providers are concentrated in a few geographic areas, including Boston, Massachusetts and Seattle, Washington. Critical operations that are geographically concentrated in Boston and/or Seattle include trading operations, information technology, fund administration, and custody and portfolio accounting services for the Company's products. Should we, or any of our critical service providers, experience a significant local or regional disaster or other business continuity problem, our continued success will depend in part on the safety and availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other related systems and operations. The failure by us, or any of our critical service providers, to maintain updated adequate business continuity plans, including backup facilities, could impede our ability to operate in the event of a disruption, which could cause our earnings to decline. We have developed various backup systems and contingency plans but we cannot be assured that they will be adequate in all circumstances that could arise or that material interruptions and disruptions will not occur. In addition, we rely to varying degrees on outside vendors for disaster contingency support, and we cannot be assured that these vendors will be able to perform in an adequate and timely manner. If we, or any of our critical service providers, are unable to respond adequately to such an event in a timely manner, we may be unable to continue our business operations, which could lead to a damaged reputation and loss of customers that results in a decrease in assets under management, lower revenues and reduced net income.

We pursue growth in the United States and abroad in part through acquisitions, which exposes us to risks inherent in assimilating new operations, expanding into new jurisdictions and executing on new development opportunities. Our growth strategy is based in part on the selective development or acquisition of asset management or related businesses that we believe will add value to our business and generate positive net returns. This strategy may not be effective, and failure to successfully develop and implement such a strategy may decrease earnings and harm the Company's competitive position in the investment management industry. We cannot guarantee that we will identify and consummate any such transactions on acceptable terms or have sufficient resources to accomplish such a strategy. In addition, any strategic transaction, such as our pending acquisition of the business assets of Calvert, can involve a number of risks, including additional demands on our staff; unanticipated problems regarding integration of operating facilities, technologies and new employees; and the existence of liabilities or contingencies not disclosed to or otherwise known by us prior to closing a transaction. As a result, the Company may not be able to realize all of the benefits that it hoped to achieve from such transactions. In addition, we may be required to spend additional time or money on integration that would otherwise be spent on the development and expansion of our business and services.

Expansion into international markets and the introduction of new products and/or services increases our operational, regulatory and other risks. We continue to increase our product offerings and international business activities. As a result of such expansion, we face increased operational, regulatory, compliance and reputational risks. The failure of our compliance and internal control systems to properly mitigate such additional risks, or of our operating infrastructure to support such expansion, could result in operational failures and regulatory fines or sanctions. Our operations in the United Kingdom, the European Economic Area,

Australia and Singapore are subject to significant compliance, disclosure and other obligations. We incur additional costs to satisfy the requirements of the European Union Directive on Undertakings for Collective Investments in Transferable Securities, the Alternative Investment Fund Managers Directive and the Markets in Financial Instruments Directive (together, the "Directives"). The Directives may also limit our operating flexibility and impact our ability to expand in European markets. Activity in international markets also exposes us to fluctuations in currency exchange rates, which may adversely affect the U.S. dollar value of revenues, expenses and assets associated with our business activities outside the United States. Actual and anticipated changes in current exchange rates may also adversely affect international demand for our investment products and services, most of which represent investments primarily in U.S. dollar-based assets. Because certain of our costs to support international business activities are based in local currencies, the profitability of such activities in U.S. dollar terms may be adversely affected by a weakening of the U.S. dollar versus other currencies in which we derive significant revenues.

Legal and regulatory developments affecting the investment industry could increase our regulatory costs and/or reduce our revenues. Our business is subject to complex and extensive regulation by various regulatory authorities in jurisdictions around the world. This regulatory environment may be altered without notice by new laws or regulations, revisions to existing regulations or new interpretations or guidance. Global financial regulatory reform initiatives may result in more stringent regulation, and changes in laws or regulations and their application to us could have a material adverse impact on our business, our profitability and mode of operations. In recent years, regulators in both the United States and abroad have increased oversight of the financial sector of the economy. Some of the newly adopted and proposed regulations are focused directly on the investment management industry, while others are more broadly focused, but impact our industry. It is uncertain how regulatory trends will be affected by the administration of the next U.S. President.

Under a final rule and interpretive guidance issued by FSOC in April 2012, certain non-bank financial institutions have been designated for the Federal Reserve's supervision as SIFIs. Additional non-bank financial companies, which may include large asset management companies such as us, may be designated as SIFIs in the future. If we are designated a SIFI, we would be subject to enhanced prudential measures, which could include capital and liquidity requirements, leverage limits, enhanced public disclosures and risk management requirements, annual stress testing by the Federal Reserve, credit exposure and concentration limits, supervisory and other requirements. These heightened regulatory obligations could, individually or in the aggregate, adversely impact our business and operations.

Eaton Vance Management, BMR and Parametric are registered with the Commodity Futures Trading Commission ("CFTC") and the National Futures Association ("NFA") as Commodity Pool Operators and Commodity Trading Advisors; other subsidiaries of the Company claim exemptions from registration. In August 2013, the CFTC adopted rules for operators of registered mutual funds that are subject to registration as Commodity Pool Operators generally allowing such commodity pools to comply with SEC disclosure, reporting and recordkeeping rules as the means of complying with CFTC's similar requirements. These CFTC rules do not, however, relieve registered Commodity Pool Operators from compliance with applicable anti-fraud provisions as well as certain performance reporting and recordkeeping requirements. The Company may incur ongoing costs associated with monitoring compliance with these requirements, including, but not limited to, CFTC and NFA registration and exemption obligations and the periodic reporting requirements of Commodity Pool Operators and Commodity Trading Advisors.

Recent regulations promulgated under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") require many types of derivatives that have been traded over-the-counter to be executed in regulated markets and submitted for clearing to regulated clearinghouses. Complying with the new regulations may significantly increase the costs of derivatives trading on behalf of our clients. The Dodd-Frank

Act also expanded the CFTC's authority to limit the maximum long or short position that any person may take in futures contracts, options on futures contracts and certain swaps. Final rules implementing this authority may be adopted by the CFTC that could require all accounts owned or managed by Commodity Trading Advisors like Eaton Vance Management or BMR to be aggregated towards such "speculative position limits." Complying with these rules may adversely affect the Company's financial condition or performance by requiring changes to existing strategies or preventing an investment strategy from being fully implemented.

Certain of our subsidiaries are required to file quarterly reports on Form PF for private funds they manage, pursuant to systemic risk reporting requirements adopted by the SEC. These filings require significant investments in people and systems to ensure timely and accurate reporting. Further investment will be necessary in the coming years as we implement rules adopted by the SEC in 2016 that amended Form ADV and established Form N-PORT to require additional reporting for the separate accounts and Registered Funds we manage, respectively.

Effective December 24, 2016, all securitization transactions will be subject to risk retention rules, requiring the Company to hold interests equal to at least 5 percent of the credit risk of the assets of any new CLO entities that we manage (unless the CLO entity invests only in certain qualifying loans) and limiting the Company's ability to sell or hedge those interests. The new mandatory risk retention requirement for CLO entities may result in the Company having to invest money to launch new CLO entities that would otherwise be available for other uses. Such investments would also subject the Company to exposure to the underlying performance of the assets of the CLO entities and could have an adverse impact on our results of operations or financial condition.

In 2016, the U.S. Department of Labor finalized changes to definitions and rules related to fiduciaries. These changes may materially impact how advice can be provided to retirement account holders in 401(k) plans, individual retirement accounts and other qualified retirement programs. We may need to modify our interactions or limit distribution to retirement plans, which could negatively affect our results of operations. Our revenues and expenses may also be adversely affected by the new rule adopted in 2016 by the SEC to address liquidity risk management by registered open-end funds and the new rule proposed in 2015 to address use of derivatives by registered open-end and closed-end funds. These rules could limit investment opportunities for certain funds we manage and increase our management and administration costs.

All of these new and developing laws and regulations will likely result in greater compliance and administrative burdens on us, increasing our expenses.

Our business is subject to risk from regulatory investigation, potential securities laws, liability and litigation. We are subject to federal securities laws, state laws regarding securities fraud, other federal and state laws and rules, and regulations of certain regulatory, self-regulatory and other organizations, including, among others, the SEC, FINRA, the CFTC, the NFA, the FCA and the New York Stock Exchange. While we have focused significant attention and resources on the development and implementation of compliance policies, procedures and practices, non-compliance with applicable laws, rules or regulations, either in the United States or abroad, or our inability to adapt to a complex and ever-changing regulatory environment could result in sanctions against us, which could adversely affect our reputation, business, revenue and earnings. From time to time, various claims or potential claims against us arise in the ordinary course of business, including employment related claims. We carry insurance in amounts and under terms that we believe are appropriate. We cannot guarantee that our insurance will cover most liabilities and losses to which we may be exposed, or that our insurance policies will continue to be available at acceptable terms and fees. Certain insurance coverage may not be available or may be prohibitively expensive in future periods. As our insurance policies

come up for renewal, we may need to assume higher deductibles or pay higher premiums, which would increase our expenses and reduce our net income.

Changes in corporate tax laws or exposure to additional income tax liabilities could have a material impact on our financial condition, results of operations and/or liquidity. Tax authorities may disagree with certain positions we have taken and assess additional taxes. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. However, there can be no assurance that we will accurately predict the outcomes of these audits, and the actual outcomes of these audits could have a material impact on our financial statements. We are subject to ongoing tax audits in various jurisdictions, including several states. Changes in tax laws or tax rulings could materially impact our effective tax rate.

We could be impacted by changes in tax policy. Changes in U.S. tax policy may affect us to a greater degree than many of our competitors because we manage significant assets in funds and separate accounts with an after-tax return objective. A decrease in income tax rates could have an adverse impact on our municipal income and tax-managed equity businesses. Changes in tax policy could also adversely affect our privately offered equity funds.

Our Non-Voting Common Stock lacks voting rights. Our Non-Voting Common Stock has no voting rights under any circumstances. All voting power resides with our Voting Common Stock, all shares of which are held by officers of the Company and our subsidiaries and deposited in a voting trust (the "Voting Trust") in exchange for Voting Trust Receipts. As of October 31, 2016, there were 23 holders of Voting Trust Receipts representing Voting Common Stock, each holder of which is a Voting Trustee of the Voting Trust. Holders of Non-Voting Common Stock should understand that such ownership interests have no ability to vote in the election of the Company's Board of Directors or otherwise to influence the Company's management and strategic direction.

Evaluation of Disclosure Controls and Procedures

We evaluated the effectiveness of our disclosure controls and procedures as of October 31, 2016. Disclosure controls and procedures are designed to ensure that the information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC's rule and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosure. Our CEO and CFO participated in this evaluation and concluded that, as of October 31, 2016, our disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting that occurred during the fourth quarter of our fiscal year ended October 31, 2016 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Consolidated Statements of Income

(in thousands, except per share data)	Years Ended October 31, 2016	2015	2014
Revenue:			
Investment advisory and administrative fees	$ 1,151,198	$ 1,196,866	$ 1,231,188
Distribution and underwriter fees	74,822	80,815	85,514
Service fees	107,684	116,448	125,713
Other revenue	9,156	9,434	7,879
Total revenue	1,342,860	1,403,563	1,450,294
Expenses:			
Compensation and related costs	491,115	483,827	461,438
Distribution expense	117,996	198,155	141,544
Service fee expense	98,494	106,663	116,620
Amortization of deferred sales commissions	15,451	14,972	17,590
Fund-related expenses	35,899	35,886	35,415
Other expenses	169,637	163,613	157,830
Total expenses	928,592	1,003,116	930,437
Operating income	414,268	400,447	519,857
Non-operating income (expense):			
Gains (losses) and other investment income, net	12,411	(31)	1,139
Interest expense	(29,410)	(29,357)	(29,892)
Other income (expense) of consolidated collateralized loan obligation (“CLO”) entities:			
Gains and other investment income, net	24,069	5,092	14,892
Interest and other expense	(13,286)	(6,767)	(14,847)
Total non-operating expense	(6,216)	(31,063)	(28,708)
Income before income taxes and equity in net income of affiliates	408,052	369,384	491,149
Income taxes	(153,630)	(143,214)	(186,710)
Equity in net income of affiliates, net of tax	10,335	12,021	16,725
Net income	264,757	238,191	321,164
Net income attributable to non-controlling and other beneficial interests	(23,450)	(7,892)	(16,848)
Net income attributable to Eaton Vance Corp. shareholders	$ 241,307	$ 230,299	$ 304,316
Earnings per share:			
Basic	$ 2.20	$ 2.00	$ 2.55
Diluted	$ 2.12	$ 1.92	$ 2.44
Weighted average shares outstanding:			
Basic	109,914	113,318	116,440
Diluted	113,982	118,155	121,595
Dividends declared per share	$ 1.075	$ 1.015	$ 0.910

See notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(in thousands)	Years Ended October 31, 2016	2015	2014
Net income	$ 264,757	$ 238,191	$ 321,164
Other comprehensive income (loss):			
Amortization of net gains (losses) on derivatives, net of tax	13	13	13
Unrealized holding gains (losses) on available-for-sale investments and reclassification adjustments, net of tax	(790)	(1,895)	1,124
Foreign currency translation adjustments, net of tax	(8,220)	(28,708)	(18,956)
Other comprehensive loss, net of tax	(8,997)	(30,590)	(17,819)
Total comprehensive income	255,760	207,601	303,345
Comprehensive income attributable to non-controlling and other beneficial interests	(23,450)	(7,892)	(16,848)
Total comprehensive income attributable to Eaton Vance Corp. shareholders	$ 232,310	$ 199,709	$ 286,497

See notes to Consolidated Financial Statements.

Consolidated Balance Sheets

(in thousands, except share data)	October 31, 2016	October 31, 2015
Assets		
Cash and cash equivalents	$ 424,174	$ 465,558
Investment advisory fees and other receivables	186,172	187,753
Investments	589,773	507,020
Assets of consolidated CLO entity:		
Cash and cash equivalents	-	162,704
Bank loan investments	-	304,250
Other assets	-	128
Deferred sales commissions	27,076	25,161
Deferred income taxes	73,295	42,164
Equipment and leasehold improvements, net	44,427	44,943
Intangible assets, net	46,809	55,433
Goodwill	248,091	237,961
Loan to affiliate	5,000	-
Other assets	87,759	83,396
Total assets	$ 1,732,576	$ 2,116,471
Liabilities, Temporary Equity and Permanent Equity		
Liabilities:		
Accrued compensation	$ 173,485	$ 178,875
Accounts payable and accrued expenses	59,927	65,249
Dividend payable	36,525	32,923
Debt	573,967	573,811
Liabilities of consolidated CLO entity:		
Senior and subordinated note obligations	-	397,039
Other liabilities	-	70,814
Other liabilities	75,069	86,891
Total liabilities	918,973	1,405,602
Commitments and contingencies (Note 20)		
Temporary Equity:		
Redeemable non-controlling interests	109,028	88,913
Permanent Equity:		
Voting Common Stock, par value $0.00390625 per share:		
Authorized, 1,280,000 shares		
Issued and outstanding, 442,932 and 415,078 shares, respectively	2	2
Non-Voting Common Stock, par value $0.00390625 per share:		
Authorized, 190,720,000 shares		
Issued and outstanding, 113,545,008 and 115,470,485 shares, respectively	444	451
Additional paid-in capital	-	-
Notes receivable from stock option exercises	(12,074)	(11,143)
Accumulated other comprehensive loss	(57,583)	(48,586)
Appropriated deficit	-	(5,338)
Retained earnings	773,000	684,845
Total Eaton Vance Corp. shareholders' equity	703,789	620,231
Non-redeemable non-controlling interests	786	1,725
Total permanent equity	704,575	621,956
Total liabilities, temporary equity and permanent equity	$ 1,732,576	$ 2,116,471

See notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

(in thousands)	Permanent Equity										Temporary Equity
	Voting and Non-Voting Common Shares	Voting Common Stock	Non-Voting Common Stock	Additional Paid-In Capital	Notes Receivable from Stock Option Exercises	Accumulated Other Comprehensive Loss	Appropriated Retained Earnings	Retained Earnings	Non-Redeemable Non-Controlling Interests	Total Permanent Equity	Redeemable Non-Controlling Interests
Balance, November 1, 2013	121,632	$ 2	$ 474	$ 124,837	$ (7,122)	$ (177)	$ 10,249	$ 541,521	$ 1,755	$ 671,539	$ 74,856
Net income	-	-	-	-	-	-	(4,095)	304,316	6,228	306,449	14,715
Other comprehensive loss	-	-	-	-	-	(17,819)	-	-	-	(17,819)	-
Dividends declared ($0.910 per share)	-	-	-	-	-	-	-	(109,020)	-	(109,020)	-
Issuance of Voting Common Stock	30	-	-	162	-	-	-	-	-	162	-
Issuance of Non-Voting Common Stock:											
On exercise of stock options	3,732	-	14	84,704	(3,549)	-	-	-	-	81,169	-
Under employee stock purchase plans	110	-	-	3,709	-	-	-	-	-	3,709	-
Under employee stock purchase incentive plans	99	-	-	3,353	-	-	-	-	-	3,353	-
Under restricted stock plans, net of forfeitures	1,176	-	5	-	-	-	-	-	-	5	-
Stock-based compensation	-	-	-	60,281	-	-	-	-	-	60,281	-
Tax benefit of stock option exercises	-	-	-	18,570	-	-	-	-	-	18,570	-
Repurchase of Voting Common Stock	(14)	-	-	(77)	-	-	-	-	-	(77)	-
Repurchase of Non-Voting Common Stock	(8,504)	-	(33)	(266,561)	-	-	-	(55,426)	-	(322,020)	-
Principal repayments on notes receivable											
from stock option exercises	-	-	-	-	1,853	-	-	-	-	1,853	-
Net subscriptions (redemptions/distributions) of											
non-controlling interest holders	-	-	-	-	-	-	-	-	(5,326)	(5,326)	(376)
Net consolidations (deconsolidations) of											
sponsored investment funds and CLO entities	-	-	-	-	-	-	(3,687)	-	-	(3,687)	(4,111)
Reclass to temporary equity	-	-	-	-	-	-	-	-	(352)	(352)	352
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(19,213)
Issuance of subsidiary equity	-	-	-	-	-	-	-	-	-	-	9,935
Other changes in non-controlling interests	-	-	-	(28,978)	-	-	-	(2,330)	-	(31,308)	31,308
Balance, October 31, 2014	118,261	$ 2	$ 460	$ -	$ (8,818)	$ (17,996)	$ 2,467	$ 679,061	$ 2,305	$ 657,481	$ 107,466

See notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity (continued)

	Permanent Equity										Temporary Equity
(in thousands)	Voting and Non-Voting Common Shares	Voting Common Stock	Non-Voting Common Stock	Additional Paid-In Capital	Notes Receivable from Stock Option Exercises	Accumulated Other Comprehensive Loss	Appropriated (Deficit) Retained Earnings	Retained Earnings	Non-Redeemable Non-Controlling Interests	Total Permanent Equity	Redeemable Non-Controlling Interests
Balance, November 1, 2014	118,261	$ 2	$ 460	$ -	$ (8,818)	$ (17,996)	$ 2,467	$ 679,061	$ 2,305	$ 657,481	$ 107,466
Net income	-	-	-	-	-	-	(5,825)	230,299	4,049	228,523	9,668
Other comprehensive loss	-	-	-	-	-	(30,590)	-	-	-	(30,590)	-
Dividends declared ($1.015 per share)	-	-	-	-	-	-	-	(118,719)	-	(118,719)	-
Issuance of Voting Common Stock	14	-	-	77	-	-	-	-	-	77	-
Issuance of Non-Voting Common Stock:											
On exercise of stock options	3,500	-	14	87,625	(4,752)	-	-	-	-	82,887	-
Under employee stock purchase plans	101	-	-	3,324	-	-	-	-	-	3,324	-
Under employee stock purchase incentive plan	94	-	-	3,483	-	-	-	-	-	3,483	-
Under restricted stock plan, net of forfeitures	1,304	-	5	-	-	-	-	-	-	5	-
Stock-based compensation	-	-	-	69,279	-	-	-	-	-	69,279	-
Tax benefit of stock option exercises	-	-	-	9,979	-	-	-	-	-	9,979	-
Repurchase of Voting Common Stock	(14)	-	-	(77)	-	-	-	-	-	(77)	-
Repurchase of Non-Voting Common Stock	(7,374)	-	(28)	(177,548)	-	-	-	(105,796)	-	(283,372)	-
Principal repayments on notes receivable											
from stock option exercises	-	-	-	-	2,427	-	-	-	-	2,427	-
Net subscriptions (redemptions/distributions) of											
non-controlling interest holders	-	-	-	-	-	-	-	-	(4,032)	(4,032)	(3,863)
Net consolidations (deconsolidations) of											
sponsored investment funds and CLO entities	-	-	-	-	-	-	(1,980)	-	-	(1,980)	(2,623)
Reclass to temporary equity	-	-	-	-	-	-	-	-	(597)	(597)	597
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(18,474)
Other changes in non-controlling interests	-	-	-	3,858	-	-	-	-	-	3,858	(3,858)
Balance, October 31, 2015	115,886	$ 2	$ 451	$ -	$ (11,143)	$ (48,586)	$ (5,338)	$ 684,845	$ 1,725	$ 621,956	$ 88,913

See notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity (continued)

(in thousands)	Permanent Equity										Temporary Equity
	Voting and Non-Voting Common Shares	Voting Common Stock	Non-Voting Common Stock	Additional Paid-In Capital	Notes Receivable from Stock Option Exercises	Accumulated Other Comprehensive Loss	Appropriated Deficit	Retained Earnings	Non-Redeemable Non-Controlling Interests	Total Permanent Equity	Redeemable Non-Controlling Interests
Balance, November 1, 2015	115,886	$ 2	$ 451	$ -	$ (11,143)	$ (48,586)	$ (5,338)	$ 684,845	$ 1,725	$ 621,956	$ 88,913
Net income	-	-	-	-	-	-	9,768	241,307	4,066	255,141	9,616
Other comprehensive loss	-	-	-	-	-	(8,997)	-	-	-	(8,997)	-
Dividends declared ($1.075 per share)	-	-	-	-	-	-	-	(122,154)	-	(122,154)	-
Issuance of Voting Common Stock	56	-	-	232	-	-	-	-	-	232	-
Issuance of Non-Voting Common Stock:											
On exercise of stock options	3,805	-	15	107,851	(4,188)	-	-	-	-	103,678	-
Under employee stock purchase plans	98	-	-	3,145	-	-	-	-	-	3,145	-
Under employee stock purchase incentive plan	134	-	1	3,596	-	-	-	-	-	3,597	-
Under restricted stock plan, net of forfeitures	1,366	-	5	-	-	-	-	-	-	5	-
Stock-based compensation	-	-	-	71,337	-	-	-	-	-	71,337	-
Tax benefit of stock option exercises	-	-	-	2,240	-	-	-	-	-	2,240	-
Tax benefit of non-controlling interest repurchases (See Note 16)	-	-	-	52,657	-	-	-	-	-	52,657	-
Repurchase of Voting Common Stock	(28)	-	-	(77)	-	-	-	-	-	(77)	-
Repurchase of Non-Voting Common Stock	(7,329)	-	(28)	(221,949)	-	-	-	(30,998)	-	(252,975)	-
Principal repayments on notes receivable from stock option exercises	-	-	-	-	3,257	-	-	-	-	3,257	-
Net subscriptions (redemptions/distributions) of non-controlling interest holders	-	-	-	-	-	-	-	-	(4,886)	(4,886)	1,736
Net consolidations (deconsolidations) of sponsored investment funds and CLO entities	-	-	-	-	-	-	(4,430)	-	-	(4,430)	(1,567)
Reclass to temporary equity	-	-	-	-	-	-	-	-	(119)	(119)	119
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,821)
Other changes in non-controlling interests	-	-	-	(19,032)	-	-	-	-	-	(19,032)	19,032
Balance, October 31, 2016	113,988	$ 2	$ 444	$ -	$ (12,074)	$ (57,583)	$ -	$ 773,000	$ 786	$ 704,575	$ 109,028

See notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended October 31, 2016	2015	2014
Cash Flows From Operating Activities:			
Net income	$ 264,757	$ 238,191	$ 321,164
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	20,798	21,749	21,398
Amortization of deferred sales commissions	15,458	14,976	17,664
Stock-based compensation	71,337	69,279	60,281
Deferred income taxes	22,089	4,784	11,382
Net (gains) losses on investments and derivatives	(534)	9,151	6,946
Impairment loss on investments	650	-	-
Equity in net income of affiliates, net of amortization	(10,552)	(12,734)	(20,274)
Dividends received from affiliates	11,460	15,908	16,079
Consolidated CLO entities' operating activities:			
Net (gains) losses on bank loans, other investments and note obligations	(6,094)	(1,625)	1,282
Amortization	(624)	3	(754)
Net increase (decrease) in other assets and liabilities, including cash and cash equivalents	80,468	(141,450)	(114,974)
Changes in operating assets and liabilities:			
Investment advisory fees and other receivables	1,334	(1,151)	(16,206)
Investments in trading securities	(93,420)	639	(187,295)
Deferred sales commissions	(17,380)	(22,294)	(17,580)
Other assets	(4,051)	3,466	(8,092)
Accrued compensation	(4,845)	(2,078)	11,140
Accounts payable and accrued expenses	(5,482)	1,308	5,911
Other liabilities	(4,820)	21,745	(9,287)
Net cash provided by operating activities	340,549	219,867	98,785
Cash Flows From Investing Activities:			
Additions to equipment and leasehold improvements	(10,682)	(11,480)	(7,580)
Net cash paid in acquisition	(10,130)	(9,085)	-
Cash paid for intangible assets	(25)	-	-
Issuance of loan to affiliate	(5,000)	-	-
Proceeds from sale of investments	17,375	69,946	95,788
Purchase of investments	(17,177)	(10,583)	(27,846)
Consolidated CLO entities' investing activities:			
Proceeds from sales and maturities of bank loans and other investments	166,460	147,766	378,100
Purchase of bank loans and other investments	(249,099)	(102,298)	(253,002)
Net cash (used for) provided by investing activities	(108,278)	84,266	185,460

See notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows (continued)

(in thousands)	Years Ended October 31, 2016	2015	2014
Cash Flows From Financing Activities:			
Purchase of additional non-controlling interest	(15,673)	(19,964)	(26,872)
Line of credit issuance costs	-	-	(1,111)
Proceeds from issuance of Voting Common Stock	232	77	162
Proceeds from issuance of Non-Voting Common Stock	110,425	89,699	88,236
Repurchase of Voting Common Stock	(77)	(77)	(77)
Repurchase of Non-Voting Common Stock	(252,975)	(283,372)	(322,020)
Principal repayments on notes receivable from stock option exercises	3,257	2,427	1,853
Excess tax benefit of stock option exercises	2,931	9,979	18,570
Dividends paid	(118,621)	(116,016)	(105,848)
Net subscriptions received from (redemptions/distributions paid to) non-controlling interest holders	302	(7,895)	(5,702)
Consolidated CLO entities' financing activities:			
Proceeds from line of credit	-	83,612	-
Repayment of line of credit	-	(202,357)	(247,789)
Repayment of redeemable preferred shares	-	-	(60,000)
Issuance of senior and subordinated notes and preferred shares	-	401,607	429,582
Principal repayments of senior and subordinated note obligations	-	(179,166)	(128,362)
Net cash used for financing activities	(270,199)	(221,446)	(359,378)
Effect of currency rate changes on cash and cash equivalents	(3,456)	(2,344)	(1,558)
Net increase (decrease) in cash and cash equivalents	(41,384)	80,343	(76,691)
Cash and cash equivalents, beginning of year	465,558	385,215	461,906
Cash and cash equivalents, end of year	$ 424,174	$ 465,558	$ 385,215
Supplemental Cash Flow Information:			
Cash paid for interest	$ 28,413	$ 28,390	$ 29,298
Cash paid for interest by consolidated CLO entities	11,024	2,388	7,103
Cash paid for income taxes, net of refunds	128,845	120,496	172,119
Supplemental Disclosure of Non-Cash Information:			
Increase in equipment and leasehold improvements due to non-cash additions	$ 453	$ 389	$ 154
Exercise of stock options through issuance of notes receivable	4,188	4,752	3,549
Acquisition of non-controlling interests through issuance of subsidiary equity	-	-	9,935
Non-controlling interest call option exercises recorded in other liabilities	2,510	10,105	11,594
Initial Consolidation of CLO Entity:			
Increase in other assets, net of other liabilities	$ -	$ (54,578)	$ -
Increase in investments	-	207,371	-
Increase in borrowings	-	153,745	-
Deconsolidation of CLO Entity:			
Decrease in other assets, net of other liabilities	$ (12,118)	$ (3,566)	$ (19,210)
Decrease in investments	(389,856)	(1,559)	(411,897)
Decrease in borrowings	(397,544)	(4,097)	(427,418)
Net Consolidations (Deconsolidations) of Sponsored Investment Funds:			
Decrease in investments	$ (2,737)	$ (21,029)	$ (4,122)
Increase (decrease) in other assets, net of other liabilities	(222)	18,992	-
Decrease in non-controlling interests	(1,567)	(2,623)	(4,111)

See notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Business and organization

Eaton Vance Corp. and its subsidiaries (the "Company") manage investment funds and provide investment management and advisory services to high-net-worth individuals and institutions in the United States, Europe and certain other international markets. The Company distributes its funds and retail managed accounts principally through financial intermediaries. The Company also commits significant resources to serving institutional and high-net-worth clients who access investment management services on a direct basis.

Revenue is largely dependent on the total value and composition of assets under management, which include sponsored funds and separate accounts. Accordingly, fluctuations in financial markets and changes in the composition of assets under management impact revenue and the results of operations.

Basis of presentation

The preparation of the Company's Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make judgments, estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and related notes to the Consolidated Financial Statements. However, due to the inherent uncertainties in making estimates, actual results could differ from those estimates.

During the first quarter of fiscal 2015, the Company made a one-time payment of $73.0 million to terminate certain closed-end fund service and additional compensation arrangements with a distribution partner. The payment was included as a component of distribution expense in the Company's Consolidated Statement of Income for the fiscal year ended October 31, 2015.

Principles of consolidation

The Consolidated Financial Statements include the accounts of the Company and its controlled affiliates. The Company consolidates any voting interest entity in which the Company's voting ownership exceeds 50 percent or where the Company has control. In addition, the Company consolidates any variable interest entity ("VIE") for which the Company is considered the primary beneficiary. The Company recognizes non-controlling and other beneficial interests in consolidated affiliates in which the Company's ownership is less than 100 percent. All intercompany accounts and transactions have been eliminated in consolidation.

The Company may be considered the primary beneficiary of certain collateralized loan obligation ("CLO") entities for which it acts as collateral manager. In these instances, the Company consolidates the assets, liabilities, results of operations and cash flows of such entities in the Company's Consolidated Financial Statements. The assets of consolidated CLO entities cannot be used by the Company, and senior and subordinated interest holders of the CLO entities have no recourse to the general credit or assets of the Company.

The Company may maintain a controlling interest in an open-end registered investment company that it sponsors (a "sponsored fund"). Under the accounting guidance for investment companies, underlying investments held by consolidated sponsored funds are carried at fair value, with corresponding changes in

fair value reflected in gains (losses) and other investment income, net, in the Company's Consolidated Statements of Income. Upon consolidation, the Company retains the specialized accounting treatment of the sponsored fund.

With limited exceptions, each of the Company's sponsored mutual funds is organized as a separately managed component (or "series") of a series trust. The trusts qualify for the deferral of accounting guidance that requires separate evaluation for investment company VIEs and other VIEs (see "Consolidation of VIEs" below). All assets of a series irrevocably belong to that series and are subject to the liabilities of that series; under no circumstances are the liabilities of one series payable by another series. Series trusts themselves have no equity investment at risk, but decisions regarding the trustees of the trust and certain key activities of each sponsored fund within the trust, such as appointment of each sponsored fund's investment adviser, typically reside at the trust level. As a result, shareholders of a sponsored fund that is organized as a series of a series trust lack the ability to control the key decision-making processes that most directly affect the performance of the sponsored fund. Accordingly, the Company believes that each trust is a VIE and each sponsored fund is a silo of a VIE that also meets the definition of a VIE. Having concluded that each silo is a VIE, the primary beneficiary evaluation is focused on an analysis of economic interest. The Company may hold the majority of the shares of a sponsored fund corresponding to a majority economic interest during the seed investment stage when the sponsored fund's investment track record is being established or when the fund is in the early stages of soliciting outside investors. The Company consolidates the fund as primary beneficiary during this period. Fee revenue earned on sponsored funds is eliminated in consolidation.

The Company regularly seeds new sponsored funds and therefore may consolidate a variety of sponsored funds during a given reporting period. Due to the similarity of risks related to the Company's involvement with each sponsored fund, disclosures required under the VIE model are aggregated, such as those disclosures regarding the carrying amount and classification of assets of the sponsored funds and the gains and losses that the Company recognizes from the sponsored funds.

When the Company is no longer deemed to hold a controlling financial interest in a sponsored fund, which occurs when either the Company redeems its shares or shares held by third parties exceed the number of shares held by the Company, the Company deconsolidates the sponsored fund and removes the related assets, liabilities and non-controlling interests from its balance sheet and classifies the Company's remaining investment as either an equity method investment or as available-for-sale, as applicable. Because consolidated sponsored funds utilize fair value measurements, there is no incremental gain or loss recognized upon de-consolidation.

The extent of the Company's exposure to loss with respect to a consolidated sponsored fund is the amount of the Company's investment in the sponsored fund. The Company is not obligated to provide financial support to sponsored funds. Only the assets of a sponsored fund are available to settle its obligations. Beneficial interest holders of sponsored funds do not have recourse to the general credit of the Company.

Consolidation of VIEs

Accounting guidance provides a framework for determining whether an entity should be considered a VIE and, if so, whether a company's involvement with the entity results in a variable interest in the entity. If the Company determines that it does have a variable interest in an entity, it must perform an analysis to determine whether it is the primary beneficiary of the VIE. If the Company determines it is the primary

beneficiary of the VIE, it is required to consolidate the assets, liabilities, results of operations and cash flows of the VIE into the Consolidated Financial Statements of the Company.

The Company's evaluation of whether it qualifies as the primary beneficiary of a VIE is highly complex. With the exception of entities described in the next paragraph, the Company is the primary beneficiary of a VIE if it has a controlling financial interest in the VIE. A company is deemed to have a controlling financial interest in a VIE if it has both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (ii) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

For investments in VIEs that qualify for the deferral of accounting guidance that requires separate evaluation for investment company VIEs and other VIEs (the "Investment Company deferral"), the Company must make significant estimates and assumptions regarding future cash flows of each VIE to determine whether it has the majority of the risks and rewards of ownership and thus is the primary beneficiary of these VIEs.

For CLO entities, the Company has concluded that it does not qualify for the Investment Company deferral and therefore the Company must evaluate estimates and assumptions relating primarily to market interest rates, credit default rates, pre-payment rates, discount rates, the marketability of certain securities and the probability of certain outcomes. There is also judgment involved in assessing whether the Company has the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of or the right to receive benefits from the VIE that could potentially be significant to the entity.

While the Company believes its overall evaluation of VIEs is appropriate, future changes in estimates, judgments and assumptions, changes in the ownership interests of the Company in a VIE, and/or future accounting pronouncements may affect the resulting consolidation, or de-consolidation, of the assets, liabilities, results of operations and cash flows of a VIE.

Segment information

Management has determined that the Company operates in one segment, namely as an investment adviser managing funds and separate accounts. The Company's determination that it operates in one business segment is based on the fact that the Company's Chief Executive Officer reviews the Company's financial performance at an aggregate level. All of the products and services provided by the Company relate to investment management and are subject to similar regulatory frameworks. Investment management teams at the Company are generally not aligned with specific product lines or distribution channels; in many instances, the investment professionals who manage the Company's sponsored funds are the same investment professionals who manage the Company's separately managed accounts.

Cash and cash equivalents

Cash and cash equivalents consist principally of cash and short-term, highly liquid investments in money market funds, commercial paper, certificates of deposit and holdings of Treasury and government agency securities, which are readily convertible to cash. Cash equivalents have maturities of less than three months on the date of acquisition and are stated at fair value or cost, which approximates fair value due to the short-term maturities of the underlying investments.

Restricted cash

Restricted cash consists principally of cash collateral required for margin accounts established to support derivative positions, and is included as a component of other assets on the Company's Consolidated Balance Sheets. Such derivatives are used to hedge certain investments in consolidated sponsored funds and separately managed accounts seeded for product development purposes ("consolidated seed investments"). Because the accounts are used to support trading activities, changes in restricted cash balances are reflected as operating cash flows in the Company's Consolidated Statements of Cash Flows.

Investments

Investment securities, trading
Marketable securities classified as trading securities consist of investments in debt and equity securities held in the portfolios of consolidated seed investments, bank obligations, certificates of deposit, commercial paper and corporate debt securities with remaining maturities (upon purchase by the Company) ranging from three months to 12 months.

Investment securities held in the portfolios of consolidated seed investments and/or held directly by the Company are carried at fair value based on quoted market prices. Net realized and unrealized gains or losses are reflected as a component of gains (losses) and other investment income. The specific identified cost method is used to determine the realized gains or losses on all trading securities sold.

Investment securities, available-for-sale
Marketable securities classified as available-for-sale consist primarily of investments in shares of sponsored funds and are carried at fair value based on quoted market prices. Unrealized holding gains or losses (to the extent such losses are considered temporary) are reported net of deferred tax as a separate component of accumulated other comprehensive income (loss) until realized. Realized gains or losses are reflected as a component of gains (losses) and other investment income. The specific identified cost method is used to determine the realized gains or losses on the sale of shares of sponsored funds.

The Company evaluates the carrying value of marketable securities classified as available-for-sale for impairment on a quarterly basis. In its impairment analysis, the Company takes into consideration numerous criteria, including the duration and extent of any decline in fair value and the Company's intent with respect to a given security. If the decline in value is determined to be other-than-temporary, the carrying value of the security is written down to fair value through earnings.

Investments in non-consolidated CLO entities
Investments in non-consolidated CLO entities are carried at amortized cost unless impaired. The excess of actual and anticipated future cash flows over the initial investment at the date of purchase is recognized in gains (losses) and other investment income, net, over the life of the investment using the effective yield method. The Company reviews cash flow estimates throughout the life of each non-consolidated CLO entity. If the updated estimate of future cash flows (taking into account both timing and amounts) is less than the last revised estimate, an impairment loss is recognized to the extent the carrying amount of the investment exceeds its fair value.

Investments in equity method investees
Investments in non-controlled affiliates in which the Company's ownership ranges from 20 to 50 percent, or in instances in which the Company is able to exercise significant influence but not control, are accounted for under the equity method of accounting. Under the equity method of accounting, the Company's share of the investee's underlying net income or loss is recorded as equity in net income of affiliates, net of tax. Distributions received from investees reduce the Company's investment balance. Investments in equity method investees are evaluated for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amounts of the assets exceed their respective fair values, additional impairment tests are performed to measure the amounts of the impairment losses, if any.

Investments, other
Certain investments are carried at cost. The fair values of cost-method investments are not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair values of the investments.

Fair value measurements

The accounting standards for fair value measurement provide a framework for measuring fair value and require expanded disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The accounting standards establish a fair value measurement hierarchy, which requires an entity to maximize the use of observable inputs where available. This fair value measurement hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The Company utilizes third-party pricing services to value investments in various asset classes, including interests in senior floating-rate loans and other debt obligations, derivatives and certain foreign equity securities, as further discussed below. Valuations provided by the pricing services are subject to exception reporting that identifies securities with significant movements in valuation, as well as investments with no movements in valuation. These exceptions are reviewed by the Company on a daily basis. The Company compares the price of trades executed by the Company to the valuations provided by the third-party pricing services to identify and research significant variances. The Company periodically compares the pricing service valuations to valuations provided by a secondary independent source when available. Market data provided by the pricing services and other market participants, such as the Loan Syndication and Trading Association ("LSTA") trade study, is reviewed by the Company to assess the reliability of the provided data. The Company's Valuation Committee reviews the general assumptions underlying the methodologies used by the pricing services to value various asset classes at least annually. Throughout the year, members of the Company's Valuation Committee or its designees meet with the service providers to discuss any significant changes to the service providers' valuation methodologies or operational processes.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories based on the nature of the inputs that are significant to the fair value measurements in their entirety. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value measurement hierarchy. In such cases, an investment's classification within the fair value measurement hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Observable inputs other than Level 1 unadjusted quoted market prices, such as quoted market prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities that are not active, and inputs other than quoted prices that are observable or corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity.

The Company recognizes any transfers between levels at the end of each quarter.

Derivative financial instruments

The Company may utilize derivative financial instruments to hedge market, commodity and currency risks associated with its investments in separate accounts and certain consolidated sponsored funds seeded for new product development purposes, exposures to fluctuations in foreign currency exchange rates associated with investments denominated in foreign currencies and interest rate risk inherent in debt offerings. These derivative financial instruments may or may not qualify as hedges for accounting purposes. In addition, certain consolidated seed investments may enter into derivative financial instruments within their portfolios to achieve stated investment objectives. The Company does not use derivative financial instruments for speculative purposes.

The Company records all derivative financial instruments as either assets or liabilities on its Consolidated Balance Sheets and measures these instruments at fair value. Derivative transactions are presented on a gross basis in the Company's Consolidated Balance Sheets. For a derivative financial instrument that is designated as a cash flow hedging instrument, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income (loss) and subsequently reclassified into earnings over the life of the hedge. The ineffective portion of the gain or loss is reported in earnings immediately. Changes in the fair value of the Company's other derivative financial instruments are recognized in earnings in the current period.

Deferred sales commissions

Sales commissions paid to broker-dealers in connection with the sale of certain classes of shares of sponsored open-end and private funds are generally deferred and amortized over the period during which redemptions by the purchasing shareholder are subject to a contingent deferred sales charge, which does not exceed six years from purchase. Distribution plan payments received from these funds are recorded in revenue as earned. Contingent deferred sales charges and early withdrawal charges received from redeeming shareholders of these sponsored funds are generally applied to reduce the Company's unamortized deferred sales commission assets. Should the Company lose its ability to recover such sales commissions through distribution plan payments and contingent deferred sales charges, the value of its deferred sales commission asset would immediately decline, as would related future cash flows.

The Company evaluates the carrying value of its deferred sales commission asset for impairment on a quarterly basis. In its impairment analysis, the Company compares the carrying value of the deferred sales commission asset to the undiscounted cash flows expected to be generated by the asset in the form of

distribution fees over its remaining useful life to determine whether impairment has occurred. If the carrying value of the asset exceeds the undiscounted cash flows, the asset is written down to fair value based on discounted cash flows. Impairment adjustments are recognized in operating income as a component of amortization of deferred sales commissions.

Income taxes

Deferred income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts and tax bases of the Company's assets and liabilities measured using rates expected to be in effect when such differences reverse. To the extent that deferred tax assets are considered more likely than not to be unrealizable, valuation allowances are provided.

The Company's effective tax rate reflects the statutory tax rates of the many jurisdictions in which it operates. Significant judgment is required in evaluating its tax positions. In the ordinary course of business, many transactions occur for which the ultimate tax outcome is uncertain. Accounting standards governing the accounting for uncertainty in income taxes for a tax position taken or expected to be taken in a tax return require that the tax effects of a position be recognized only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold must be met in each reporting period to support continued recognition of the benefit. The difference between the tax benefit recognized in the financial statements for a tax position and the tax benefit claimed in the income tax return is referred to as an unrecognized tax benefit. Unrecognized tax benefits, as well as the related interest and penalties, are adjusted regularly to reflect changing facts and circumstances. The Company classifies any interest or penalties incurred as a component of income tax expense.

Equipment and leasehold improvements

Equipment and other fixed assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, which range from three to five years. Accelerated methods are used for income tax purposes. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the terms of the leases. Expenditures for repairs and maintenance are charged to expense when incurred. Equipment and leasehold improvements are tested for impairment whenever changes in facts or circumstances indicate that the carrying amount of an asset may not be recoverable.

Certain internal and external costs incurred in connection with developing or obtaining software for internal use are capitalized and amortized on a straight-line basis over the shorter of the estimated useful life of the software or three years, beginning when the software project is complete and the application is put into production. These costs are included in equipment and leasehold improvements on the Company's Consolidated Balance Sheets.

Goodwill

Goodwill represents the excess of the cost of the Company's investment in the net assets of acquired companies over the fair value of the underlying identifiable net assets at the dates of acquisition. The Company attributes all goodwill associated with its acquisitions of Atlanta Capital Management Company, LLC ("Atlanta Capital"), Parametric Portfolio Associates LLC ("Parametric") and The Clifton Group Investment Management Company ("Clifton"), which share similar economic characteristics, to one reporting unit. The Company attributes all goodwill associated with its acquisition of the Tax Advantaged

Bond Strategies ("TABS") business of M.D. Sass Investor Services and other acquisitions to a second reporting unit.

Goodwill is not amortized but is tested annually for impairment in the fourth quarter of each fiscal year by comparing the fair values of identified reporting units to their respective carrying amounts, including goodwill. The Company establishes fair value for the purpose of impairment testing for each reporting unit by using an income approach and a market approach.

The income approach employs a discounted cash flow model that takes into account (1) assumptions that market participants would use in their estimates of fair value, (2) current period actual results and (3) budget projections for future periods that have been vetted by senior management. The discounted cash flow model incorporates the same fundamental pricing concepts used to calculate fair value in the acquisition due diligence process and a discount rate that takes into consideration the Company's estimated cost of capital adjusted for the uncertainty inherent in the forecasted information.

The market approach employs market multiples based on comparable publicly traded companies in the financial services industry, calculated with data from industry sources. Estimates of fair value are established using current and forward multiples of both revenue and earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted for size and performance of the reporting unit relative to peer companies.

If the carrying amount of the reporting unit exceeds its calculated fair value, the second step of the goodwill impairment test will be performed to measure the amount of the impairment loss, if any.

Intangible assets

Amortizing identifiable intangible assets generally represent the cost of client relationships, intellectual property and management contracts acquired. In valuing these assets, the Company makes assumptions regarding useful lives and projected growth rates, and significant judgment is required. The Company periodically reviews its identifiable intangible assets for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amounts of those assets exceed their respective fair values, additional impairment tests are performed to measure the amounts of the impairment losses, if any.

Non-amortizing intangible assets generally represent the cost of mutual fund management contracts acquired. Non-amortizing intangible assets are tested for impairment in the fourth quarter of each fiscal year by comparing the fair values of the management contracts acquired to their carrying values. The Company establishes fair value for purposes of impairment testing using the income approach. If the carrying value of a management contract acquired exceeds its fair value, an impairment loss is recognized equal to that excess.

Debt issuance costs

Deferred debt issuance costs are amortized using the effective interest method over the related debt term and are included in other assets. The amortization of deferred debt issuance costs is included in interest expense.

Appropriated retained earnings (deficit)

The Company records appropriated retained earnings (deficit) equal to the difference between the fair value of consolidated CLO entity assets and the fair value of consolidated CLO entity liabilities that can be attributed to external investors. The amount is recorded as appropriated retained earnings (deficit) since the other holders of the CLO entity's beneficial interests, not the Company, will receive the benefits or absorb the losses associated with their proportionate share of the CLO entity's assets and liabilities. For all periods presented, the net changes in the fair value of consolidated CLO entity assets and liabilities that can be attributed to the CLO entity's other beneficial interest holders have been recorded as net income attributable to non-controlling and other beneficial interests and as an adjustment to appropriated retained earnings (deficit).

Revenue recognition

Investment advisory and administrative fees
Investment advisory and administrative fees for the funds and investment advisory fees for separate accounts managed by the Company are recorded in revenue as the services are performed. Such fees are based primarily on predetermined percentages of the market values of the assets under management. The Company's fund investment advisory and administrative fees are calculated principally as a percentage of average daily net assets. The Company's separate account investment advisory fees are calculated as a percentage of either beginning, average or ending monthly or quarterly net assets. Investment advisory and administrative fees for the funds are earned daily and paid monthly; investment advisory fees for separate accounts are earned daily and paid either monthly or quarterly. The Company may waive certain fees for investment and administrative services at its discretion.

Performance fees are generated on certain fund and separate account management contracts when specific performance hurdles are met. Such fees are recorded in investment advisory and administrative fees as of the performance measurement date, when the outcome can be reasonably assured and measured reliably.

The Company has contractual arrangements with third parties to provide certain fund-related services, including sub-advisory and distribution-related services. Management's determination of whether revenue should be reported gross based on the amount paid by the funds or net of payments to third-party service providers is based on management's assessment of whether the Company is acting as the principal service provider or is acting as an agent. The primary factors considered in assessing the nature of the Company's role include (1) whether the Company is responsible for the fulfillment of the obligation, including the acceptability of the services provided; (2) whether the Company has reasonable latitude to establish the price of the service provided; (3) whether the Company has the discretion to select the service provider; and (4) whether the Company assumes credit risk in the arrangement.

Pursuant to management's assessment of the criteria described above, investment advisory and administrative fees are recorded gross of any sub-advisory payments, with the corresponding fees paid to any sub-adviser based on the terms of those arrangements included in fund-related expenses in the Company's Consolidated Statements of Income.

Distribution, underwriter and service fees
Distribution and service fees for all share classes subject to these fees are calculated as a percentage of average daily net assets and recorded in revenue as earned, gross of any third-party distribution and

service fee payments made. Distribution and service fees are earned daily and paid monthly. The expenses associated with third-party distribution and service fee arrangements are recorded in distribution and service fee expense, respectively, as the services are provided by the third party. These expenses are also paid monthly.

Underwriter commissions are earned on sales of shares of sponsored mutual funds on which investors pay a sales charge at the time of purchase. Sales charges and underwriter commissions are waived or reduced on shareholder purchases that exceed specified minimum amounts and on purchases by certain categories of investors.

Advertising and promotion

The Company expenses all advertising and promotional costs as incurred. Advertising costs incurred were not material to the Company's Consolidated Financial Statements in the fiscal years ended October 31, 2016, 2015 or 2014.

Leases

The Company leases office space under various leasing arrangements. As leases expire, they are normally renewed or replaced in the ordinary course of business. Most lease agreements contain renewal options, rent escalation clauses and/or other inducements provided by the landlord. Rent expense is recorded on a straight-line basis, including escalations and inducements, over the lease term.

Earnings per share

Earnings per basic and diluted share are calculated under the two-class method. Pursuant to the two-class method, the Company's unvested restricted stock awards with non-forfeitable rights to dividends, which relate exclusively to restricted stock awards granted on or before November 1, 2012, are considered participating securities and net income attributable to Eaton Vance Corp. shareholders is adjusted for the allocation of earnings to these participating securities. Earnings per diluted share is then computed on the basis of the weighted-average number of common shares outstanding during the period plus the dilutive effect of any potential common shares outstanding during the period using the more dilutive of the treasury method or two-class method.

Stock-based compensation

The Company accounts for stock-based compensation expense at fair value. Under the fair value method, stock-based compensation expense, which reflects the fair value of stock-based awards measured at grant date, is recognized on a straight-line basis over the relevant service period (generally five years) and is adjusted each period for anticipated forfeitures.

The fair value of each option award granted is estimated using the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates assumptions as to dividend yield, expected volatility, an appropriate risk-free interest rate and the expected life of the option.

The fair value of profit interests granted under subsidiary long-term equity plans is estimated on the grant date by averaging fair value established using an income approach and fair value established using a

market approach for each subsidiary. The income and fair value approaches used in the determination of grant date fair value of profit interests are consistent with those described in Goodwill above.

Tax benefits realized upon the exercise of stock options that are in excess of the expense previously recognized for financial reporting purposes are recorded in shareholders' equity and reflected as a financing activity in the Company's Consolidated Statements of Cash Flows. If the tax benefit realized is less than the expense previously recorded, the shortfall is recorded in shareholders' equity. To the extent the expense exceeds available windfall tax benefits, it is recorded in the Company's Consolidated Statements of Income and reflected as an operating activity on the Company's Consolidated Statements of Cash Flows.

Foreign currency translation

Substantially all of the Company's foreign subsidiaries have a functional currency that is something other than the U.S. dollar. Assets and liabilities of these subsidiaries are translated into U.S. dollars at current exchange rates as of the end of each accounting period. Related revenue and expenses are translated at average exchange rates in effect during the accounting period. Net translation exchange gains and losses are excluded from income and recorded in accumulated other comprehensive income (loss). Foreign currency transaction gains and losses are reflected in gains (losses) and other investment income, net, as they occur.

Comprehensive income

The Company reports all changes in comprehensive income in its Consolidated Statements of Comprehensive Income. Comprehensive income includes net income, the change in unrealized gains on certain derivatives, the amortization of net gains and losses on certain derivatives, unrealized holding gains and losses on investment securities classified as available-for-sale and foreign currency translation adjustments, in each case net of tax. When the Company has established an indefinite reinvestment assertion for a foreign subsidiary, deferred income taxes are not provided on the related foreign currency translation.

Non-controlling interests

Non-redeemable non-controlling interests consist entirely of unvested interests granted to employees of the Company's majority-owned subsidiaries under subsidiary-specific long-term equity plans. These grants become subject to holder put rights upon vesting and are reclassified to temporary equity as vesting occurs.

Non-controlling interests redeemable at fair value consist of interests in the Company's consolidated sponsored funds and certain vested interests held by employees of our majority-owned subsidiaries that were granted under the subsidiaries' long-term equity plans. The Company's non-controlling interests redeemable at fair value are recorded in temporary equity at estimated redemption value and changes in the estimated redemption value of these interests are recognized as increases or decreases to additional paid-in capital.

Non-controlling interests redeemable at other than fair value consist of certain other interests in the Company's majority-owned subsidiaries. These interests are subject to holder put rights and Company call rights at established multiples of earnings before interest and taxes and, as such, are considered

redeemable at other than fair value. The put and call rights are not legally detachable or separately exercisable and are deemed to be embedded in the related non-controlling interests. Non-controlling interests redeemable at other than fair value are recorded on the Company's Consolidated Balance Sheets in temporary equity at estimated redemption value, and changes in estimated redemption value of these interests are recorded in the Company's Consolidated Statements of Income as increases or decreases to net income attributable to non-controlling and other beneficial interests.

Loss contingencies

The Company continuously reviews any investor, employee or vendor complaints and pending or threatened litigation. The Company evaluates the likelihood that a loss contingency exists under the criteria of applicable accounting standards through consultation with legal counsel and records a loss contingency, inclusive of legal costs, if the contingency is probable and reasonably estimable at the date of the financial statements. There are no losses of this nature that are currently deemed probable and reasonably estimable, and, thus, none have been recorded in the accompanying Consolidated Financial Statements.

2. New Accounting Standards Not Yet Adopted

Consolidation

In February 2015, the Financial Accounting Standards Board ("FASB") issued an amendment to existing consolidation guidance. The amendment modifies the consolidation framework for certain investment entities and all limited partnerships and eliminates the deferral of accounting guidance that requires separate evaluation for investment company VIEs and other VIEs. The new guidance is effective for annual periods, and interim periods within those annual periods, for the Company's fiscal year that begins on November 1, 2016 and allows for either a full retrospective or a modified retrospective adoption approach. The Company intends to adopt the guidance on a modified retrospective basis and further anticipates that certain of its sponsored investment vehicles will be subject to consolidation at an ownership percentage that is lower than the currently employed threshold of 50 percent.

Financial Instruments

In January 2016, FASB issued an amendment to its financial instruments guidance. The amendment requires substantially all equity investments in non-consolidated entities to be measured at fair value with changes in fair value recognized in net income, except for those investments accounted for using the equity method of accounting. There will no longer be an available-for-sale classification for equity securities with readily determinable fair values. The new guidance is effective for the Company's fiscal year that begins on November 1, 2018 and requires a modified retrospective approach to adoption. The Company is currently evaluating the potential impact on its Consolidated Financial Statements and related disclosures. As indicated, changes in the fair value of the Company's investment securities classified as available-for-sale will no longer be reported through other comprehensive income, but rather through earnings.

In June 2016, the FASB issued new guidance for the accounting for credit losses, which changes the impairment model for most financial assets. The new guidance requires the use of an "expected loss" model for instruments measured at amortized cost and an allowance for credit loss model for available-for-sale debt securities. The new guidance is effective for the Company's fiscal year that begins on

November 1, 2020 and requires a modified retrospective approach to adoption. Early adoption is permitted for the fiscal year beginning November 1, 2019. The Company is currently evaluating the potential impact on its Consolidated Financial Statements and related disclosures.

Debt issuance costs

In April 2015, the FASB issued new guidance requiring debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with the presentation of debt discounts and premiums. The new guidance is effective for the Company's fiscal year that begins on November 1, 2016 and requires retrospective application for each prior period presented. At October 31, 2016, the Company had $2.9 million of debt issuance costs in other assets on its Consolidated Balance Sheet that meet the criteria of this amendment.

Leases

In February 2016, the FASB issued new guidance for the accounting for leases, which requires a lessee to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with a lease term of more than twelve months. Leases will continue to be classified as either financing or operating, with classification affecting the recognition, measurement and presentation of expenses and cash flows arising from a lease. The new guidance is effective for the Company's fiscal year that begins on November 1, 2019 and requires a modified retrospective approach to adoption. Early adoption is permitted. The Company is currently evaluating the potential impact on its Consolidated Financial Statements and related disclosures.

Stock-based compensation

In March 2016, the FASB issued new guidance for the accounting for stock-based compensation. The new guidance requires all income tax effects of stock-based compensation to be recognized as income tax expense when the awards vest or settle, provides an election to account for forfeitures as they occur and clarifies the classification of these transactions in the statement of cash flows. The new guidance is effective for the Company's fiscal year that begins on November 1, 2017 with early adoption permitted. The Company is currently evaluating the potential impact on its Consolidated Financial Statements and related disclosures.

Revenue recognition

In May 2014, the FASB issued new guidance for revenue recognition. The new guidance seeks to improve comparability by removing inconsistencies in revenue recognition practices. The core principle of the guidance requires companies to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the expected consideration to be received for the goods or services. This guidance was further updated in March 2016 to clarify how companies should evaluate the principal versus agent aspects of the previously issued revenue guidance. The new guidance is effective for the Company's fiscal year that begins on November 1, 2018 and requires a modified retrospective approach to adoption. The Company is currently evaluating the potential impact on its Consolidated Financial Statements and related disclosures.

Statement of Cash Flows

In August 2016, the FASB issued new guidance that addresses eight specific cash flow issues to reduce diversity in practice in how certain cash receipts and cash payments are presented on the Statements of Cash Flows. The new guidance is effective for the Company's fiscal year that begins November 1, 2018 and requires a retrospective transition method. The Company is evaluating the impact on its Consolidated Financial Statements and related disclosures.

3. Consolidated Sponsored Funds

Underlying investments held by consolidated sponsored funds were included in investments on the Company's Consolidated Balance Sheets and classified as trading securities at October 31, 2016 and 2015. Net investment income or (loss) related to consolidated sponsored funds was included in gains (losses) and other investment income, net, on the Company's Consolidated Statements of Income for all periods presented. The impact of consolidated sponsored funds' net income or (loss) on net income attributable to Eaton Vance Corp. shareholders was reduced by amounts attributable to non-controlling interest holders, which are recorded in net income attributable to non-controlling and other beneficial interests on the Company's Consolidated Statements of Income for all periods presented. The Company's risk with respect to each investment in a consolidated sponsored fund is limited to its equity ownership and any uncollected management and performance fees.

The following table sets forth the balances related to consolidated sponsored funds at October 31, 2016 and 2015, as well as the Company's net interest in these funds:

(in thousands)	**2016**	**2015**
Investments	$ 248,036	$ 196,395
Other assets	10,984	6,011
Other liabilities	(23,947)	(25,729)
Redeemable non-controlling interests	(24,474)	(11,939)
Net interest in consolidated sponsored funds[(1)]	$ 210,599	$ 164,738

[(1)] *Excludes the Company's investment in its consolidated CLO entity, which is discussed in Note 8.*

4. Investments

The following is a summary of investments at October 31, 2016 and 2015:

(in thousands)		2016		2015
Investment securities, trading:				
Short-term debt securities	$	85,822	$	77,395
Consolidated sponsored funds		248,036		196,395
Separately managed accounts		79,683		56,859
Total investment securities, trading		413,541		330,649
Investment securities, available-for-sale		13,312		25,720
Investments in non-consolidated CLO entities		3,837		4,363
Investments in equity method investees		139,929		144,137
Investments, other		19,154		2,151
Total investments[(1)]	$	589,773	$	507,020

[(1)] *Excludes the Company's investment in its consolidated CLO entity, which is discussed in Note 8.*

Investment securities, trading

The following is a summary of the fair value of investments classified as trading at October 31, 2016 and 2015:

(in thousands)		2016		2015
Short-term debt securities	$	85,822	$	77,395
Other debt securities		191,688		136,959
Equity securities		136,031		116,295
Total investment securities, trading	$	413,541	$	330,649

The Company recognized gains (losses) related to trading securities still held at the reporting date of $11.3 million, $(14.7) million and $(6.9) million for the years ended October 31, 2016, 2015 and 2014, respectively, within gains (losses) and other investment income, net, in the Company's Consolidated Statements of Income.

Investment securities, available-for-sale

The following is a summary of the gross unrealized gains (losses) included in accumulated other comprehensive loss related to securities classified as available-for-sale at October 31, 2016 and 2015:

October 31, 2016			Gross Unrealized					
(in thousands)		Cost		Gains		Losses		Fair Value
Investment securities, available-for-sale	$	8,528	$	4,798	$	(14)	$	13,312

October 31, 2015		**Gross Unrealized**		
(in thousands)	**Cost**	**Gains**	**Losses**	**Fair Value**
Investment securities, available-for-sale	$ 19,586	$ 6,450	$ (316)	$ 25,720

Net unrealized holding gains (losses) on investment securities classified as available-for-sale included in other comprehensive income (loss) on the Company's Consolidated Statements of Comprehensive Income were $0.7 million, $(8,000) and $1.9 million for the years ended October 31, 2016, 2015 and 2014, respectively.

The Company recognized $0.3 million of other-than-temporary impairment losses related to investment securities classified as available-for-sale, which amount is included in gains (losses) and other investment income, net, on the Company's Consolidated Statement of Income for the year ended October 31, 2016. The Company did not recognize any impairment losses on investment securities classified as available-for-sale for the years ended October 31, 2015 or 2014.

The aggregate fair value of investments with unrealized losses at October 31, 2016 was $0.3 million; unrealized losses related to these investments totaled $14,000. No investment with a gross unrealized loss has been in a loss position for greater than one year.

The following is a summary of the Company's realized gains and losses recognized upon disposition of investments classified as available-for-sale for the years ended October 31, 2016, 2015 and 2014:

(in thousands)	**2016**	**2015**	**2014**
Gains	$ 2,191	$ 7,828	$ 823
Losses	(37)	(3,885)	(904)
Net realized gains (losses)	$ 2,154	$ 3,943	$ (81)

Investments in non-consolidated CLO entities

The Company provides investment management services for, and has made investments in, a number of CLO entities that it does not consolidate on its Consolidated Financial Statements. The Company's ownership interests in non-consolidated CLO entities are carried at amortized cost unless impaired. The Company earns investment management fees, including subordinated management fees, for managing the collateral of these CLO entities. At October 31, 2016 and 2015, combined assets under management in the pools of non-consolidated CLO entities were $2.0 billion and $2.1 billion, respectively. The Company's maximum exposure to loss as a result of its investments in the equity of non-consolidated CLO entities is the carrying value of such investments, which was $3.8 million and $4.4 million at October 31, 2016 and 2015, respectively. Investors in these CLO entities have no recourse against the Company for any losses sustained in the CLO structures.

The Company recognized a $0.3 million impairment loss related to the Company's investment in one of its non-consolidated CLO entities in fiscal 2016. The Company did not recognize any impairment losses on investments in non-consolidated CLO entities for the years ended October 31, 2015 or 2014.

Investments in equity method investees

The Company has a 49 percent interest in Hexavest Inc. ("Hexavest"), a Montreal, Canada-based investment adviser. The carrying value of this investment was $137.3 million and $142.1 million at October 31, 2016 and 2015, respectively. At October 31, 2016, the Company's investment in Hexavest consisted of $5.3 million of equity in the net assets of Hexavest, definite-lived intangible assets of $24.5 million and goodwill of $114.1 million, net of a deferred tax liability of $6.6 million. At October 31, 2015, the Company's investment in Hexavest consisted of $5.5 million of equity in the net assets of Hexavest, definite-lived intangible assets of $27.0 million and goodwill of $116.9 million, net of a deferred tax liability of $7.3 million. The investment is denominated in Canadian dollars and is subject to foreign currency translation adjustments, which are recorded in accumulated other comprehensive income (loss).

The Company has an option, exercisable in fiscal 2017, to purchase an additional 26 percent interest in Hexavest. As part of the purchase price allocation, a value of $8.3 million was assigned to this option. The option is included in other assets in the Company's Consolidated Balance Sheets at October 31, 2016 and 2015.

The Company also has a seven percent equity interest in a private equity partnership managed by a third party that invests in companies in the financial services industry. The Company's investment in the partnership was $2.6 million and $2.0 million at October 31, 2016 and 2015, respectively.

Summarized financial information on a stand-alone basis for the Company's equity method investees at October 31, 2016 and 2015 and for the years ended October 31, 2016, 2015 and 2014 is as follows:

(in thousands)	**2016**	**2015**
Assets	$ 78,214	$ 62,180
Liabilities	16,224	11,979
Outside equity interests	54,087	42,670

(in thousands)	**2016**	**2015**	**2014**
Revenue	$ 50,506	$ 52,899	$ 58,281
Net income	36,575	51,013	67,966

The Company did not recognize any impairment losses related to its investments in equity method investees during the years ended October 31, 2016, 2015 or 2014.

During the years ended October 31, 2016, 2015 and 2014, the Company received dividends of $11.5 million, $15.9 million and $16.1 million, respectively, from its investments in equity method investees.

Investments, other

Investments, other, consist of certain investments carried at cost totaling $19.2 million and $2.2 million as of October 31, 2016 and 2015.

During the fiscal year ended October 31, 2016, the Company participated as lead investor in an equity financing in SigFig, an independent San Francisco-based wealth management technology firm. The Company's investment in SigFig was $17.0 million at October 31, 2016.

Management believes that the carrying value of the Company's other investments, including its investment in SigFig, approximates fair value.

5. Derivative Financial Instruments

Derivative financial instruments designated as cash flow hedges

In fiscal 2013, the Company entered into a forward-starting interest rate swap in connection with the offering of its 3.625 percent unsecured senior notes due June 15, 2023 ("2023 Senior Notes") and recorded the unamortized gain on the swap in other comprehensive income (loss). The Company reclassified $0.2 million of the deferred gain into interest expense in each of the fiscal years ended October 31, 2016, 2015 and 2014 and will reclassify the remaining $1.3 million of unamortized gain at October 31, 2016 to earnings as a component of interest expense over the remaining term of the debt. During the next twelve months, the Company expects to reclassify approximately $0.2 million of the gain into interest expense.

In fiscal 2007, the Company entered into a Treasury lock transaction in connection with the offering of its 6.5 percent unsecured senior notes due October 2, 2017 ("2017 Senior Notes") and recorded the unamortized loss on the lock in other comprehensive income (loss). The Company reclassified $0.2 million of the deferred loss into interest expense in each of the fiscal years ended October 31, 2016, 2015 and 2014 and will reclassify the remaining $0.2 million of unamortized loss at October 31, 2016 to earnings as a component of interest expense over the next twelve months, which represents the remaining term of the debt.

Other derivative financial instruments not designated for hedge accounting

The Company utilizes stock index futures contracts, total return swap contracts, foreign exchange contracts, commodity futures contracts, interest rate futures contracts and interest rate swap contracts to hedge the market, commodity and currency risks associated with its investments in certain consolidated sponsored funds and separately managed accounts seeded for new product development purposes ("consolidated seed investments").

Excluding consolidated seed investments, the Company was a party to the following derivative financial instruments at October 31, 2016 and 2015:

	2016			2015		
	Number of contracts		Notional value (*in millions*)	Number of contracts		Notional value (*in millions*)
Stock index futures contracts	1,721	$	125.4	1,366	$	97.2
Total return swap contracts	1	$	40.0	2	$	49.5
Foreign exchange contracts	32	$	18.7	28	$	27.2
Commodity futures contracts	-	$	-	56	$	3.1

The Company has not designated any of these derivative contracts as hedging instruments for accounting purposes. The derivative contracts outstanding and the notional values they represent at October 31, 2016 and 2015 are representative of derivative balances throughout each respective year. The weighted-average remaining contract term for derivative contracts outstanding at October 31, 2016 was 2.2 months.

The Company has not elected to offset fair value amounts related to derivative instruments executed with the same counterparty under master netting arrangements; as a result, the Company records all derivative financial instruments as either other assets or other liabilities, gross, on its Consolidated Balance Sheets and measures them at fair value (see Note 1). The following tables present the fair value of derivative financial instruments, excluding consolidated seed investments, not designated for hedge accounting, and how they are reflected in the Company's Consolidated Financial Statements as of October 31, 2016 and 2015:

	2016		2015	
(in thousands)	**Other assets**	**Other liabilities**	**Other assets**	**Other liabilities**
Stock index futures contracts	$ 1,722	$ 130	$ 53	$ 4,712
Foreign exchange contracts	350	267	133	540
Total return swap contracts	-	418	-	128
Commodity futures contracts	-	-	112	43
Total	$ 2,072	$ 815	$ 298	$ 5,423

Changes in the fair value of derivative contracts are recognized in gains (losses) and other investment income, net (see Note 15). The Company recognized the following net gains (losses) on derivative financial instruments for the years ended October 31, 2016, 2015 and 2014:

(in thousands)	**2016**	**2015**	**2014**
Stock index futures contracts	$ (2,931)	$ 640	$ (12,902)
Total return swap contracts	(2,935)	157	-
Foreign exchange contracts	(590)	1,948	15
Commodity futures contracts	-	3,396	720
Interest rate futures contracts	-	(181)	(75)
Interest rate swap contracts	-	(21)	-
Net gains (losses) on total derivative financial instruments	$ (6,456)	$ 5,939	$ (12,242)

In addition to the derivative contracts described above, certain consolidated sponsored funds and separately managed accounts may utilize derivative financial instruments within their portfolios in pursuit of their stated investment objectives. See Note 3 for discussion of consolidated sponsored funds.

6. VIEs

In the normal course of business, the Company maintains investments in sponsored products that are considered VIEs. These variable interests generally represent seed investments made by the Company, as collateral manager or investment adviser, to launch or market these vehicles. The Company receives management fees for the services it provides as collateral manager or investment adviser to these entities. These fees may also be considered variable interests.

Investments in VIEs that are consolidated

Consolidated sponsored funds
The Company invests in investment companies that meet the definition of a VIE. Disclosure regarding such consolidated sponsored funds is included in Note 3.

Consolidated CLO entities
As of October 31, 2016, the Company was not deemed to be the primary beneficiary of any non-recourse CLO entities.

The assets of previously consolidated CLO entities were held solely as collateral to satisfy the obligations of the entity. The Company had no right to the benefits from, nor did the Company bear the risks associated with, the assets held by consolidated CLO entities beyond the Company's beneficial interest therein and management fees generated from the entity. The note holders and other creditors of consolidated CLO entities had no recourse to the Company's general assets. The Company was not a party to any explicit arrangements nor did it hold any implicit variable interests that would require it to provide any ongoing financial support to these entities.

Interest income and expense were recorded on an accrual basis and reported as gains (losses) and other investment income, net, and as interest expense in interest and other expense, respectively, of the consolidated CLO entities in the Company's Consolidated Statements of Income for the fiscal years ended October 31, 2016, 2015 and 2014. Substantially all ongoing gains (losses) related to the consolidated CLO entities' bank loans, other investments and note obligations and redeemable preferred shares recorded in earnings for the periods presented are attributable to changes in instrument-specific credit considerations.

Eaton Vance CLO 2015-1
Eaton Vance CLO 2015-1 began as a warehouse-stage CLO in February 2015. The pricing of Eaton Vance CLO 2015-1 occurred on October 6, 2015, at which time the Company assumed the power to direct the activities that most significantly affect the financial performance of the entity. At pricing, the Company entered into a trade commitment to acquire approximately 16.1 percent of the subordinated interests to be issued at closing on October 29, 2015, representing a controlling financial interest in the entity. As a result, the Company began consolidating Eaton Vance CLO 2015-1 from October 6, 2015. On September 21, 2016, the Company sold its 16.1 percent subordinated interest in Eaton Vance CLO 2015-1 to an unrelated third party, recognizing a gain on disposal of $0.1 million. Although the Company continues to serve as collateral manager of the entity and therefore has the power to direct the activities that most significantly impact the economic performance of the entity, the Company concluded that it was no longer the primary beneficiary of the entity upon disposition of its 16.1 percent residual interest. As a result, the Company deconsolidated Eaton Vance CLO 2015-1 effective September 21, 2016.

The Company irrevocably elected the fair value option for measurement of substantially all financial assets of Eaton Vance CLO 2015-1 at pricing. The Company irrevocably elected the fair value option for the senior and subordinated note obligations of Eaton Vance CLO 2015-1 upon their issuance to mitigate any accounting mismatches between the carrying value of the note obligations and the carrying value of the assets held to provide the cash flows for those note obligations. Unrealized gains and losses on assets and liabilities for which the fair value option was elected are reported in gains and other investment income, net, of consolidated CLO entities in the Consolidated Statements of Income.

The following table presents, as of October 31, 2015, the fair value of Eaton Vance CLO 2015-1's assets and liabilities that were subject to fair value accounting:

October 31, 2015

	CLO Bank Loan Investments		
(in thousands)	Total CLO bank loan investments	90 days or more past due	Senior and subordinated note obligations
Unpaid principal balance	$ 306,483	$ -	$ 397,039
Unpaid principal balance over fair value	(2,233)	-	-
Fair value	$ 304,250	$ -	$ 397,039

During the fiscal year ended October 31, 2015, the Company recorded approximately $2.4 million of organizational and structuring costs and other expenses associated with the closing of Eaton Vance CLO 2015-1 in interest and other expense of consolidated CLO entities in the Company's Consolidated Statement of Income.

Changes in the fair values of Eaton Vance CLO 2015-1's bank loans and other investments resulted in net gains (losses) of $2.4 million and $(28,550) for the fiscal years ended October 31, 2016 and 2015, respectively, while changes in the fair value of Eaton Vance CLO 2015-1's note obligations resulted in net gains (losses) of $3.7 million for the fiscal year ended October 31, 2016. The combined net gains (losses) of $6.1 million and $(28,550), respectively, for the fiscal years ended October 31, 2016 and 2015 were recorded in gains and other investment income, net, of consolidated CLO entities in the Company's Consolidated Statements of Income for these periods.

For the fiscal years ended October 31, 2016 and 2015, the Company recorded net gains (losses) of $10.6 million (including a gain on disposal of its subordinated interest of $0.1 million during the fiscal year ended October 31, 2016) and $(4.2) million, respectively, related to Eaton Vance CLO 2015-1. The Company recorded net gains (losses) attributable to other beneficial interests of $9.8 million and $(4.4) million for the fiscal years ended October 31, 2016 and 2015, respectively. Net income attributable to Eaton Vance Corp. shareholders was $0.8 million and $0.2 million for the fiscal years ended October 31, 2016 and 2015, respectively.

The carrying amounts of assets and liabilities related to Eaton Vance CLO 2015-1 are separately identified on the Company's Consolidated Balance Sheet at October 31, 2015. The Company's subordinated interest in Eaton Vance CLO 2015-1 of $4.6 million at October 31, 2015 was eliminated in consolidation.

Eaton Vance CLO IX

The Company irrevocably elected the fair value option for all financial assets and liabilities of Eaton Vance CLO IX upon its initial consolidation on November 1, 2010. Unrealized gains and losses on assets and liabilities carried at fair value were reported in gains and other investment income, net, of consolidated CLO entities in the Company's Consolidated Statements of Income. On November 13, 2014, the Company sold its 8 percent residual interest in Eaton Vance CLO IX to an unrelated third party and recognized a loss on disposal of $0.3 million. During the third quarter of fiscal 2015, a majority of the holders of the subordinated notes elected to liquidate Eaton Vance CLO IX, with redemption occurring nearly in full on the scheduled July 20, 2015 payment date. The Company will remain the collateral manager of Eaton Vance CLO IX through resolution of the disposal of all remaining collateral assets. The Company made the decision to deconsolidate Eaton Vance CLO IX in the fourth quarter of fiscal 2015, as the remaining net assets of Eaton Vance CLO IX of $4.9 million were not material to the Company's financial position.

Changes in the fair values of Eaton Vance CLO IX's bank loans and other investments resulted in net losses of $3.2 million and $2.4 million for the fiscal years ended October 31, 2015 and 2014, respectively, while changes in the fair value of Eaton Vance CLO IX's note obligations resulted in net gains (losses) of $5.1 million and $(1.2) million, respectively, for the fiscal years ended October 31, 2015 and 2014. The combined net gains (losses) of $1.9 million and $(3.6) million, respectively, for the fiscal years ended October 31, 2015 and 2014 were recorded in gains and other investment income, net, of consolidated CLO entities on the Company's Consolidated Statements of Income for these periods.

During the fiscal years ended October 31, 2015 and 2014, $144.2 million and $128.4 million, respectively, of prepayments were used to pay down the entity's note obligations. The entity's senior notes were paid down in full as a result of a majority of the holders of the subordinated notes electing to liquidate Eaton Vance CLO IX during the third quarter of fiscal 2015.

For the fiscal years ended October 31, 2015 and 2014, the Company recorded net gains (losses) of $2.0 million (including the loss on disposal of its subordinated interest of $(0.3) million) and $(2.2) million, respectively, related to Eaton Vance CLO IX. The Company recorded net losses attributable to other beneficial interests of $1.4 million and $5.1 million for the fiscal years ended October 31, 2015 and 2014, respectively. Net income attributable to Eaton Vance Corp. shareholders was $3.4 million and $2.9 million for the fiscal years ended October 31, 2015 and 2014, respectively.

Eaton Vance CLO 2013-1

The Company irrevocably elected the fair value option for measurement of substantially all financial assets of Eaton Vance CLO 2013-1 upon its initial consolidation on October 11, 2013, when the senior note obligations and redeemable preferred shares of the CLO were priced. At pricing, the Company entered into a trade commitment to acquire 20 percent of the redeemable preferred shares of the entity to be issued at closing on November 13, 2013, representing a variable, although not beneficial, interest in the entity. The Company irrevocably elected the fair value option for the senior note obligations and redeemable preferred shares of Eaton Vance CLO 2013-1 upon their issuance. On May 1, 2014, the Company sold its 20 percent residual interest in Eaton Vance CLO 2013-1. Although the Company continues to serve as collateral manager of the entity and therefore has the power to direct the activities that most significantly impact the economic performance of the entity, the Company concluded that it was no longer the primary beneficiary of the entity upon disposition of its 20 percent residual interest, at which time the Company deconsolidated the entity. The Company continues to hold a $1.4 million beneficial interest in the form of note obligations issued by Eaton Vance CLO 2013-1, which is carried at amortized cost.

Unrealized gains and losses on assets and liabilities for which the fair value option was elected are reported in gains and other investment income, net, of the consolidated CLO entities in the Company's Consolidated Statement of Income.

During the fiscal year ended October 31, 2014, approximately $4.8 million of organizational and structuring costs associated with the closing of Eaton Vance CLO 2013-1 were recorded in interest and other expense of consolidated CLO entities in the Company's Consolidated Statement of Income.

Changes in the fair values of Eaton Vance CLO 2013-1's bank loans and other investments resulted in a net loss of $39,000 during the fiscal year ended October 31, 2014, while changes in the fair value of Eaton Vance CLO 2013-1's note obligations resulted in a net gain of $2.4 million during the fiscal year ended October 31, 2014. The combined net gain of $2.4 million for the fiscal year ended October 31, 2014 was recorded in gains and other investment income, net, of consolidated CLO entities on the Company's Consolidated Statement of Income for that period.

For the fiscal year ended October 31, 2014 the Company recorded net income of $2.0 million related to Eaton Vance CLO 2013-1. The Company recorded net income attributable to other beneficial interests of $1.1 million for the fiscal year ended October 31, 2014. Net income attributable to Eaton Vance Corp. shareholders was $0.9 million during the fiscal year ended October 31, 2014.

Investments in VIEs that are not consolidated

Sponsored funds

The Company classifies its investments in certain sponsored funds that are considered VIEs as either equity method investments (generally when the Company owns more than 20 percent but less than 50 percent of the fund) or as available-for-sale investments (generally when the Company owns less than 20 percent of the fund) when it is not considered the primary beneficiary of these VIEs. The Company provides aggregated disclosures with respect to these non-consolidated sponsored fund VIEs in Note 4.

Non-consolidated CLO entities

The Company is not deemed the primary beneficiary of several CLO entities in which it holds variable interests. In its role as collateral manager, the Company often has the power to direct the activities of the CLO entities that most significantly impact the economic performance of these entities. In developing its conclusion that it is not the primary beneficiary of these entities, the Company determined that, for certain of these entities, although it has variable interests in each by virtue of its residual interests therein and the collateral management fees it receives, its variable interests neither individually nor in the aggregate represent an obligation to absorb losses of, or a right to receive benefits from, any such entity that could potentially be significant to that entity. Quantitative factors supporting the Company's qualitative conclusion in each case included the relative size of the Company's residual interest and the overall magnitude and design of the collateral management fees within each structure.

Non-consolidated CLO entities had total assets of $2.0 billion and $2.1 billion as of October 31, 2016 and 2015, respectively. The Company's variable interests in these entities consist of the Company's direct ownership in these entities and any subordinated management fees earned but uncollected. The Company's investment in these entities totaled $3.8 million and $4.4 million as of October 31, 2016 and 2015, respectively. Collateral management fees receivable for these entities totaled $1.4 million and $1.8 million on October 31, 2016 and 2015, respectively. The Company did not provide any financial or other support to these entities that it was not previously contractually required to provide in any of the fiscal

years presented. The Company’s risk of loss with respect to these managed CLO entities is limited to the carrying value of its investments in, and collateral management fees receivable from, these entities as of October 31, 2016.

The Company’s investment in non-consolidated CLO entities is carried at amortized cost and is disclosed as a component of investments in Note 4. Income from these entities is recorded as a component of gains and other investment income, net, in the Company’s Consolidated Statements of Income, based upon projected investment yields.

Other entities
The Company holds variable interests in, but is not deemed to be the primary beneficiary of, certain sponsored privately offered equity funds with total assets of $13.5 billion and $12.7 billion as of October 31, 2016 and 2015, respectively. The Company has determined that these entities qualify for the deferral of accounting guidance that requires separate evaluation for investment company VIEs and other VIEs, and thus assesses whether it is the primary beneficiary of these entities based on the Company’s exposure to the expected losses and expected residual returns of the entity. The Company’s variable interests in these entities consist of the Company’s direct ownership therein, which in each case is insignificant relative to the total ownership of the fund, and any investment advisory fees earned but uncollected. The Company held investments in these entities totaling $2.2 million on both October 31, 2016 and 2015, and investment advisory fees receivable totaling $0.8 million and $0.7 million on October 31, 2016 and 2015, respectively. The Company did not provide any financial or other support to these entities that it was not contractually required to provide in any of the fiscal years presented. The Company’s risk of loss with respect to these managed entities is limited to the carrying value of its investments in, and investment advisory fees receivable from, the entities as of October 31, 2016. The Company does not consolidate these VIEs because it does not hold the majority of the risks and rewards of ownership.

The Company’s investments in privately offered equity funds are carried at fair value and included in investment securities, available-for-sale, which are disclosed as a component of investments in Note 4. The Company records any change in fair value, net of income tax, in other comprehensive income (loss).

7. Fair Value of Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables summarize financial assets and liabilities measured at fair value on a recurring basis and their assigned levels within the valuation hierarchy at October 31, 2016 and 2015:

October 31, 2016

(in thousands)	Level 1	Level 2	Level 3	Other Assets Not Held at Fair Value	Total
Financial assets:					
Cash equivalents	$ 21,875	$ 35,913	$ -	$ -	$ 57,788
Investments:					
Investment securities, trading:					
Short-term debt securities	-	85,822	-	-	85,822
Other debt securities	18,757	172,931	-	-	191,688
Equity securities	93,491	42,540	-	-	136,031
Investment securities, available-for-sale	11,051	2,261	-	-	13,312
Investments in non-consolidated CLO entities[(1)]	-	-	-	3,837	3,837
Investments in equity method investees[(2)]	-	-	-	139,929	139,929
Investments, other[(3)]	-	120	-	19,034	19,154
Derivative instruments	-	2,072	-	-	2,072
Total financial assets	$ 145,174	$ 341,659	$ -	$ 162,800	$ 649,633
Financial liabilities:					
Derivative instruments	$ -	$ 815	$ -	$ -	$ 815
Total financial liabilities	$ -	$ 815	$ -	$ -	$ 815

October 31, 2015

(in thousands)	Level 1	Level 2	Level 3	Other Assets Not Held at Fair Value	Total
Financial assets:					
Cash equivalents	$ 14,599	$ 39,447	$ -	$ -	$ 54,046
Investments:					
Investment securities, trading:					
Short-term debt securities	-	77,395	-	-	77,395
Other debt securities	20,822	116,137	-	-	136,959
Equity securities	71,535	44,760	-	-	116,295
Investment securities, available-for-sale	23,544	2,176	-	-	25,720
Investments in non-consolidated CLO entities[(1)]	-	-	-	4,363	4,363
Investments in equity method investees[(2)]	-	-	-	144,137	144,137
Investments, other[(3)]	-	103	-	2,048	2,151
Derivative instruments	-	298	-	-	298
Assets of consolidated CLO entity:					
Bank loan investments	-	304,250	-	-	304,250
Total financial assets	$ 130,500	$ 584,566	$ -	$ 150,548	$ 865,614
Financial liabilities:					
Derivative instruments	$ -	$ 5,423	$ -	$ -	$ 5,423
Securities sold, not yet purchased	-	3,034	-	-	3,034
Liabilities of consolidated CLO entity:					
Senior and subordinated note obligations	-	397,039	-	-	397,039
Total financial liabilities	$ -	$ 405,496	$ -	$ -	$ 405,496

(1) *The Company's investments in these CLO entities are measured at fair value on a non-recurring basis using Level 3 inputs. The investments are carried at amortized cost unless facts and circumstances indicate that the investments have been impaired, at which time the investments are written down to fair value. During fiscal 2016, the Company recognized $0.3 million of other-than-temporary impairment losses related to its investment in one non-consolidated CLO entity. The Company did not recognize any impairment losses on investments in CLO entities during fiscal 2015 or 2014.*

(2) *Investments in equity method investees are not measured at fair value in accordance with GAAP.*

(3) *Investments, other, include investments carried at cost that are not measured at fair value in accordance with GAAP.*

Valuation methodologies

Cash equivalents

Cash equivalents include investments in money market funds, government agency securities, certificates of deposit and commercial paper with original maturities of less than three months. Cash investments in actively traded money market funds are valued using published net asset values and are classified as Level 1 within the fair value measurement hierarchy. Government agency securities are valued based upon quoted market prices for similar assets in active markets, quoted prices for identical or similar assets that

are not active and inputs other than quoted prices that are observable or corroborated by observable market data. The carrying amounts of certificates of deposit and commercial paper are measured at amortized cost, which approximates fair value due to the short time between the purchase and expected maturity of the investments. Depending on the nature of the inputs, these assets are generally classified as Level 1 or 2 within the fair value measurement hierarchy.

Investment securities, trading – short-term debt
Short-term debt securities include certificates of deposit, commercial paper and corporate debt obligations with remaining maturities from three months to 12 months. Short-term debt securities held are generally valued on the basis of valuations provided by third-party pricing services, as derived from such services' pricing models. Inputs to the models may include, but are not limited to, reported trades, executable bid and ask prices, broker-dealer quotations, prices or yields of securities with similar characteristics, benchmark curves or information pertaining to the issuer, as well as industry and economic events. The pricing services may use a matrix approach, which considers information regarding securities with similar characteristics to determine the valuation for a security. Depending on the nature of the inputs, these assets are generally classified as Level 1 or 2 within the fair value measurement hierarchy.

Investment securities, trading – other debt
Other debt securities classified as trading include debt obligations held in the portfolios of consolidated sponsored funds and separately managed accounts. Other debt securities held are generally valued on the basis of valuations provided by third-party pricing services as described above for investment securities, trading – short-term debt. Other debt securities purchased with a remaining maturity of 60 days or less (excluding those that are non-U.S. denominated, which typically are valued by a third-party pricing service or dealer quotes) are generally valued at amortized cost, which approximates fair value. Depending upon the nature of the inputs, these assets are generally classified as Level 1 or 2 within the fair value measurement hierarchy.

Investment securities, trading – equity
Equity securities classified as trading include foreign and domestic equity securities held in the portfolios of consolidated sponsored funds and separately managed accounts. Equity securities are valued at the last sale, official close or, if there are no reported sales on the valuation date, at the mean between the latest available bid and ask prices on the primary exchange on which they are traded. When valuing foreign equity securities that meet certain criteria, the portfolios use a fair value service that values such securities to reflect market trading that occurs after the close of the applicable foreign markets of comparable securities or other instruments that have a strong correlation to the fair-valued securities. In addition, the Company performs its own independent back test review of fair values versus the subsequent local market opening prices when available. Depending upon the nature of the inputs, these assets generally are classified as Level 1 or 2 within the fair value measurement hierarchy.

Investment securities, available-for-sale
Investment securities classified as available-for-sale include investments in sponsored mutual funds and privately offered equity funds. Sponsored mutual funds are valued using published net asset values and are classified as Level 1 within the fair value measurement hierarchy. Investments in sponsored privately offered equity funds that are not listed on an active exchange but have net asset values that are comparable to mutual funds and have no redemption restrictions are classified as Level 2 within the fair value measurement hierarchy.

Derivative instruments
Derivative instruments, which include stock index futures contracts, foreign exchange contracts, total return swap contracts and commodity futures contracts, are recorded as either other assets or other liabilities on the Company's Consolidated Balance Sheets. Stock index futures contracts, total return swap contracts and commodity futures contracts are valued using a third-party pricing service that determines fair value based on bid and ask prices. Foreign exchange contracts are valued by interpolating a value using the spot foreign exchange rate and forward points, which are based on spot rate and currency interest rate differentials. Derivative instruments generally are classified as Level 2 within the fair value measurement hierarchy.

Assets of consolidated CLO entity
Consolidated CLO entity assets include investments in bank loans. Fair value is determined utilizing unadjusted quoted market prices when available. Interests in senior floating-rate loans for which reliable market quotations are readily available are valued generally at the average mid-point of bid and ask quotations obtained from a third-party pricing service. Fair value may also be based upon valuations obtained from independent third-party brokers or dealers utilizing matrix pricing models that consider information regarding securities with similar characteristics. In certain instances, fair value has been determined utilizing discounted cash flow analyses or single broker non-binding quotes. Depending on the nature of the inputs, these assets are classified as Level 2 or 3 within the fair value measurement hierarchy.

Securities sold, not yet purchased
Securities sold, not yet purchased, are recorded as other liabilities on the Company's Consolidated Balance Sheets and are valued by a third-party pricing service that determines fair value based on bid and ask prices. Securities sold, not yet purchased, generally are classified as Level 2 within the fair value measurement hierarchy.

Liabilities of consolidated CLO entity
Consolidated CLO entity liabilities include senior and subordinated note obligations. Senior and subordinated notes generally are valued utilizing an income-approach model in which one or more significant inputs are unobservable in the market. Depending on the nature of the inputs, these liabilities are classified as Level 2 or 3 within the fair value measurement hierarchy.

Transfers in and out of Levels

The following table summarizes fair value transfers between Level 1 and Level 2 of the fair value measurement hierarchy for the years ended October 31, 2016 and 2015:

(in thousands)	**2016**	**2015**
Transfers from Level 1 into Level 2[(1)]	$ 87	$ 314
Transfers from Level 2 into Level 1[(2)]	15	29

(1) *Transfers from Level 1 into Level 2 primarily represent debt and equity securities for which unadjusted quoted market prices in active markets became unavailable in the current period.*

(2) *Transfers from Level 2 into Level 1 primarily represent debt and equity securities for which unadjusted quoted market prices in active markets became available in the current period.*

Level 3 assets and liabilities

The following table shows a reconciliation of the beginning and ending fair value measurements of assets and liabilities valued on a recurring basis and classified as Level 3 within the fair value measurement hierarchy for the years ended October 31, 2016 and 2015:

	2016		**2015**	
(in thousands)	**Bank loans and other investments of Eaton Vance CLO 2015-1**	**Senior and subordinated note obligations of Eaton Vance CLO 2015-1**	**Bank loans and other investments of Eaton Vance CLO IX**	**Senior and subordinated note obligations of Eaton Vance CLO IX**
Beginning balance	$ -	$ -	$ 801	$ 149,310
Net gains (losses) on investments and note obligations included in net income[1]	56	2,846	(281)	(2,426)
Additions[2]	-	-	-	1,379
Purchases	72	-	-	-
Sales	(756)	-	(137)	-
Amortization of original issue discount	-	457	-	-
Principal paydown	-	-	-	(144,166)
Transfers into Level 3[3]	700	390,654	-	-
Transfers out of Level 3[4]	-	-	(383)	-
Deconsolidation of CLO entity	(72)	(393,957)	-	(4,097)
Ending balance	$ -	$ -	$ -	$ -
Change in unrealized gains (losses) included in net income relating to assets and liabilities held	$ -	$ -	$ -	$ -

[1] Substantially all net gains (losses) on investments and note obligations attributable to the assets and borrowings of the Company's consolidated CLO entities are allocated to non-controlling and other beneficial interests on the Company's Consolidated Statements of Income.

[2] Represents the Company's subordinated interest, which was previously eliminated in consolidation. The Company sold its interest in the first quarter of fiscal 2015. Refer to Note 6.

[3] Transfers into Level 3 were the result of a reduction in the availability of significant observable inputs used in determining the fair value of certain instruments.

[4] Transfers out of Level 3 were due to an increase in the observability of the inputs used in determining the fair value of certain instruments.

As discussed more fully in Note 6, the Company deconsolidated Eaton Vance CLO 2015-1 and Eaton Vance CLO IX on September 21, 2016 and August 1, 2015, respectively.

8. Fair Value Measurements of Other Financial Instruments

Certain financial instruments are not carried at fair value, but their fair value is required to be disclosed. The following is a summary of the carrying amounts and estimated fair values of these financial instruments at October 31, 2016 and 2015:

(in thousands)	2016 Carrying Value	2016 Fair Value	2016 Fair Value Level	2015 Carrying Value	2015 Fair Value	2015 Fair Value Level
Loan to affiliate	$ 5,000	$ 5,000	3	$ -	$ -	3
Investments, other	$ 19,034	$ 19,034	3	$ 2,048	$ 2,048	3
Other assets	$ 6,194	$ 4,328	3	$ 6,345	$ 6,345	3
Debt	$ 573,967	$ 603,625	2	$ 573,811	$ 600,930	2

As discussed in Note 21, on December 23, 2015, Eaton Vance Management Canada Ltd. ("EVMC"), a wholly owned subsidiary of the Company, loaned $5.0 million to Hexavest under a term loan agreement to seed a new investment strategy. The carrying value of the loan approximates fair value. The fair value is determined annually using a cash flow model that projects future cash flows based upon contractual obligations, to which the Company then applies an appropriate discount rate.

Included in investments, other, is a non-controlling capital interest in SigFig carried at $17 million at October 31, 2016 (see Note 4). The carrying value of this investment approximates fair value.

Included in other assets at October 31, 2016 and 2015 is an option exercisable in fiscal 2017 to acquire an additional 26 percent interest in Hexavest carried at $6.2 million and $6.3 million, respectively. The fair value of this option is determined using a Monte Carlo model, which simulates potential future market multiples of earnings before interest and taxes ("EBIT") and compares this to the contractually fixed multiple of Hexavest's EBIT at which the option can be exercised. The Monte Carlo model uses this array of simulated multiples and their difference from the contractual multiple times the projected EBIT for Hexavest to estimate the future exercise value of the option, which is then adjusted to present value.

The fair value of the Company's debt has been determined based on quoted prices in inactive markets.

9. Equipment and Leasehold Improvements

The following is a summary of equipment and leasehold improvements at October 31, 2016 and 2015:

(in thousands)	2016	2015
Equipment	$ 78,460	$ 75,492
Leasehold improvements	54,884	56,364
Subtotal	133,344	131,856
Less: Accumulated depreciation and amortization	(88,917)	(86,913)
Equipment and leasehold improvements, net	$ 44,427	$ 44,943

Depreciation and amortization expense was $10.9 million, $11.4 million and $10.9 million for the years ended October 31, 2016, 2015 and 2014, respectively.

10. Acquisitions, Goodwill and Intangible Assets

Atlanta Capital Management Company, LLC ("Atlanta Capital")

In fiscal 2016 and 2015, the Company purchased an additional 0.9 percent and 0.4 percent profit interest in Atlanta Capital for $1.9 million and $0.5 million, respectively, pursuant to the put and call provisions of the Atlanta Capital Plan. Please see Note 12 for additional information related to the Atlanta Capital Plan.

In fiscal 2016 and 2015, the Company purchased an additional 0.02 percent and 1.4 percent profit interest in Atlanta Capital for $0.1 million and $6.8 million, respectively, pursuant to the terms of the original acquisition agreement, as amended. The purchase price in each instance was based on a multiple of Atlanta Capital's earnings before taxes for the relevant fiscal period.

As of October 31, 2016, non-controlling interest holders of Atlanta Capital retained a 0.5 percent profit interest in Atlanta Capital associated with the original acquisition. Pursuant to the terms of the original acquisition agreement, as amended, the non-controlling interest holders of Atlanta Capital have the right to sell an additional 0.1 percent profit interest in Atlanta Capital to the Company at a multiple of Atlanta Capital's earnings before taxes for the fiscal year ended October 31, 2017. To the extent that the put is not fully exercised based on fiscal 2017 results, non-controlling interest holders have the opportunity to sell the 0.1 percent profit interest, less any portion sold in prior years, based on the financial results of Atlanta Capital for each fiscal year thereafter. Also pursuant to the terms of the original acquisition agreement, as amended, the Company has the right to purchase 100 percent of the profit interests related to the original acquisition retained by non-controlling interest holders as of October 31, 2017 and annually thereafter, at prices based on the financial results of Atlanta Capital for those fiscal years. Neither the exercise of the puts nor the exercise of the calls is contingent upon the non-controlling interest holders of Atlanta Capital remaining employees.

Total profit interests in Atlanta Capital held by non-controlling interest holders, including direct profit interests related to the original acquisition as well as indirect profit interests issued pursuant to the Atlanta Capital Plan, decreased to 13.0 percent on October 31, 2016 from 13.1 percent on October 31, 2015, reflecting the exercise of puts and calls as described above, as well as the grant of an additional 1.4 percent profit interest to employees of Atlanta Capital pursuant to the terms of the Atlanta Capital Plan in fiscal 2016. Non-controlling interest holders did not hold any capital interests in Atlanta Capital as of October 31, 2016 and 2015.

Parametric Portfolio Associates LLC ("Parametric")

In November 2013, the non-controlling interest holders of Parametric Risk Advisors entered into a Unit Acquisition Agreement with Parametric to exchange their remaining ownership interests in Parametric Risk Advisors (representing a 20 percent ownership interest in the entity) for additional ownership interests in Parametric Portfolio LP ("Parametric LP"), whose sole asset is ownership interests in Parametric. The Parametric LP ownership interests issued in the exchange, representing a 0.8 percent profit interest and a 0.8 percent capital interest, contain put and call features that become exercisable over a four-year period starting in fiscal 2018. As a result of this exchange, Parametric Risk Advisors became a wholly owned subsidiary of Parametric.

In December 2012, Parametric acquired Clifton. As part of the transaction, the Company issued indirect ownership interests in Parametric LP to certain former Clifton employees. These indirect interests,

representing a 1.9 percent profit interest and a 1.9 percent capital interest, are subject to certain put and call features that are exercisable over a four-year period that began at closing. In fiscal 2015, the associated holders exercised a put option and the Company exercised a call option with respect to the Parametric LP ownership interests issued in conjunction with the Clifton acquisition, resulting in the Company's acquisition of an indirect 0.5 percent profit interest and a 0.5 percent capital interest in Parametric for a total of $6.7 million. In fiscal 2016, the associated holders exercised a put option and the Company exercised a call option with respect to the Parametric LP ownership interests issued in conjunction with the Clifton acquisition, resulting in the Company's acquisition of an indirect 0.5 percent profit interest and a 0.5 percent capital interest in Parametric for a total of $6.2 million.

In fiscal 2016 and 2015, the Company purchased additional 0.1 percent and 0.5 percent profit interests in Parametric for $0.6 million and $4.2 million, respectively, pursuant to the put and call provisions of the Parametric Plan. Please see Note 12 for additional information related to the Parametric Plan.

Total profit interests in Parametric held by non-controlling interest holders, including indirect profit interests issued pursuant to the Parametric Plan, decreased to 7.0 percent as of October 31, 2016 from 7.4 percent as of October 31, 2015, reflecting the transactions described above, as well as the grant of 0.5 percent profit interest to employees of Parametric pursuant to the terms of the Parametric Plan in fiscal 2016. Total capital interests in Parametric held by non-controlling interest holders decreased to 1.8 percent as of October 31, 2016 from 2.2 percent as of October 31, 2015.

Tax Advantaged Bond Strategies ("TABS")

In fiscal 2009, the Company acquired the TABS business of M.D. Sass Investors Services, a privately held investment manager based in New York, New York for cash and future consideration. Subsequent to closing, the TABS business was reorganized as the Tax-Advantaged Bond Strategies division of Eaton Vance Management. The acquisition was completed prior to the change in accounting for contingent purchase price consideration. Accordingly, all contingent purchase price payments related to this acquisition are treated as adjustments to the purchase price allocation.

During fiscal 2016, the Company made a contingent payment of $10.1 million to the selling group based upon prescribed multiples of TABS's revenue for the twelve months ended December 31, 2015, increasing goodwill by the payment amount, as the acquisition was completed prior to the change in accounting for contingent purchase price consideration.

The Company is obligated to make one additional annual contingent payment to the selling group based on prescribed multiples of TABS's revenue for the twelve months ending December 31, 2016. This future payment will be in cash and will result in an addition to goodwill. An estimate of this payment cannot be reasonably made. This payment is not contingent upon any member of the selling group remaining an employee of the Company.

Goodwill

The changes in the carrying amount of goodwill for the years ended October 31, 2016 and 2015 are as follows:

(in thousands)	October 31, 2016	2015
Balance, beginning of period	$ 237,961	$ 228,876
Goodwill acquired	10,130	9,085
Balance, end of period	$ 248,091	$ 237,961

All acquired goodwill is deductible for tax purposes.

The Company completed its most recent goodwill impairment testing in the fourth quarter of fiscal 2016 and determined that there was no impairment in the carrying value of this asset as of September 30, 2016. To evaluate the sensitivity of the goodwill impairment testing to the calculation of fair value, the Company applied a hypothetical 10 percent and 20 percent decrease to the fair value of each reporting unit. Based on such hypothetical scenarios, the results of the Company's impairment testing would not change, as the reporting units still had an excess of fair value over the carrying value under both hypothetical scenarios.

No impairment in the value of goodwill was recognized during the years ended October 31, 2016, 2015 or 2014.

Intangible assets

The following is a summary of intangible assets at October 31, 2016 and 2015:

October 31, 2016

(dollars in thousands)	**Weighted-average remaining amortization period (in years)**	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**
Amortizing intangible assets:				
Client relationships acquired	8.5	$ 133,927	$ (94,873)	$ 39,054
Intellectual property acquired	9.6	1,025	(385)	640
Trademark acquired	3.2	900	(493)	407
Non-amortizing intangible assets:				
Mutual fund management contracts acquired		6,708	-	6,708
Total		$ 142,560	$ (95,751)	$ 46,809

October 31, 2015

(dollars in thousands)	Weighted-average remaining amortization period (in years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortizing intangible assets:				
Client relationships acquired	8.8	$ 133,927	$ (86,419)	$ 47,508
Intellectual property acquired	10.6	1,000	(319)	681
Trademark acquired	4.2	900	(364)	536
Non-amortizing intangible assets:				
Mutual fund management contracts acquired		6,708	-	6,708
Total		$ 142,535	$ (87,102)	$ 55,433

No impairment in the value of amortizing or non-amortizing intangible assets was recognized during the years ended October 31, 2016, 2015 or 2014.

Amortization expense was $8.6 million, $9.7 million and $9.4 million for the years ended October 31, 2016, 2015 and 2014, respectively. Estimated amortization expense to be recognized by the Company over the next five years is as follows:

Year Ending October 31, *(in thousands)*	**Estimated amortization expense**
2017	$ 8,537
2018	8,508
2019	4,531
2020	3,510
2021	2,021

11. Debt

Senior notes due 2017

During fiscal 2007, the Company issued $500 million in aggregate principal amount of 6.5 percent unsecured senior notes due October 2, 2017. Interest is payable semi-annually in arrears on April 2nd and October 2nd of each year. There are no covenants associated with the 2017 Senior Notes.

During fiscal 2013, the Company purchased $250 million in aggregate principal amount of the outstanding 2017 Senior Notes through a tender offer. At October 31, 2016 and 2015, the aggregate principal amount due was $250 million.

Senior notes due 2023

During fiscal 2013, the Company issued $325 million in aggregate principal amount of 3.625 percent ten-year senior notes due June 15, 2023. Interest is payable semi-annually in arrears on June 15th and December 15th of each year. At October 31, 2016 and 2015, the carrying value of the 2023 Senior Notes was $324.0 million and $323.8 million, respectively. The 2023 Senior Notes are unsecured and unsubordinated obligations of the Company. There are no covenants associated with the 2023 Senior Notes.

Corporate credit facility

The Company entered into a $300 million senior unsecured revolving credit facility on October 21, 2014. The credit facility has a five-year term, expiring on October 21, 2019. Under the facility, the Company may borrow up to $300 million at LIBOR-based rates of interest that vary depending on the level of usage of the facility and credit ratings of the Company. The credit facility is unsecured, contains financial covenants with respect to leverage and interest coverage, and requires the Company to pay an annual commitment fee on any unused portion. As of October 31, 2016, the Company had no borrowings under its unsecured revolving credit facility.

12. Stock-Based Compensation Plans

The Company recognized compensation cost related to its stock-based compensation plans for the years ended October 31, 2016, 2015 and 2014 as follows:

(in thousands)	**2016**	**2015**	**2014**
Omnibus Incentive Plans:			
Stock options	$ 18,870	$ 17,606	$ 16,291
Restricted shares	43,199	41,789	35,672
Phantom stock units	263	241	267
Employee Stock Purchase Plans	389	624	607
Employee Stock Purchase Incentive Plans	601	512	393
Atlanta Capital Plan	2,905	2,534	2,360
Parametric Plan	5,373	6,214	4,958
Total stock-based compensation expense	$ 71,600	$ 69,520	$ 60,548

The total income tax benefit recognized for stock-based compensation arrangements was $24.8 million, $23.3 million and $20.5 million for the years ended October 31, 2016, 2015 and 2014, respectively.

Omnibus Incentive Plans

The 2013 Omnibus Incentive Plan (the “2013 Plan”), which is administered by the Compensation Committee of the Board, allows for awards of stock options, restricted shares and phantom stock units to eligible employees and non-employee Directors. Options to purchase Non-Voting Common Stock granted under the 2013 Plan expire ten years from the date of grant, vest over five years and may not be granted with an exercise price that is less than the fair market value of the stock as of the close of business on the date of grant. Restricted shares of Non-Voting Common Stock granted under the 2013 Plan vest over five years and may be subject to performance goals. These performance goals generally relate to the achievement of specified levels of adjusted operating income. Phantom stock units granted under the

2013 Plan vest over two years. The 2013 Plan contains change in control provisions that may accelerate the vesting of awards. A total of 18.5 million shares of Non-Voting Common Stock have been reserved for issuance under the 2013 Plan. Through October 31, 2016, 4.0 million restricted shares and options to purchase 7.9 million shares have been issued pursuant to the 2013 Plan.

Stock options

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates assumptions as to dividend yield, volatility, an appropriate risk-free interest rate and the expected life of the option. Many of these assumptions require management's judgment. The dividend yield assumption represents the Company's expected dividend yield based on its historical dividend payouts and the stock price at the date of grant. The Company's stock volatility assumption is based upon its historical stock price fluctuations. The Company uses historical data to estimate option forfeiture rates and the expected life of options granted. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve at the time of grant.

The weighted-average fair values per share of stock options granted during the years ended October 31, 2016, 2015 and 2014 using the Black-Scholes option valuation model were as follows:

	2016	2015	2014
Weighted-average grant date fair value of options granted	$ 7.39	$ 10.13	$ 13.25
Assumptions:			
Dividend yield	2.9% to 3.8%	2.3% to 2.7%	2.1% to 2.4%
Expected volatility	25% to 27%	27% to 34%	36% to 37%
Risk-free interest rate	1.3% to 2.0%	1.7% to 2.1%	2.1% to 2.4%
Expected life of options	6.9 years	6.7 years	6.9 years

Stock option transactions under the 2013 Plan and predecessor omnibus incentive plans for the year ended October 31, 2016 are summarized as follows:

(share and intrinsic value figures in thousands)	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Options outstanding, beginning of period	21,076	$ 32.23		
Granted	3,348	36.06		
Exercised	(3,805)	28.35		
Forfeited/expired	(308)	36.64		
Options outstanding, end of period	20,311	$ 33.52	5.3	$ 87,568
Options exercisable, end of period	11,391	$ 32.31	3.4	$ 69,301
Vested or expected to vest at October 31, 2016	20,272	$ 33.51	5.3	$ 87,543

The Company received $103.7 million, $82.9 million and $81.2 million related to the exercise of options for the fiscal years ended October 31, 2016, 2015 and 2014, respectively. Shares issued upon exercise of options represent newly issued shares. The total intrinsic value of options exercised during the years ended October 31, 2016, 2015 and 2014 was $32.2 million, $46.2 million and $59.9 million, respectively. The total fair value of options that vested during the year ended October 31, 2016 was $20.7 million.

As of October 31, 2016, there was $47.9 million of compensation cost related to unvested stock options granted under the Omnibus Incentive Plans not yet recognized. That cost is expected to be recognized over a weighted-average period of 2.6 years.

In November 2016, the Company granted options to purchase 2.8 million shares of the Company's Non-Voting Common Stock under the 2013 Plan at a price of $34.84 per share, the then current trading price of the underlying securities.

Restricted shares

The Company's restricted share awards are generally subject to graduated vesting schedules. Compensation expense is adjusted for estimated forfeitures and is recognized on a straight-line basis over the service periods underlying the awards. As of October 31, 2016, there was $89.0 million of compensation cost related to unvested awards granted under the 2013 Plan and predecessor plans not yet recognized. That cost is expected to be recognized over a weighted-average period of 2.7 years.

A summary of the Company's restricted share activity for the year ended October 31, 2016 under the 2013 Plan and predecessor plans is presented below:

(share figures in thousands)	**Shares**	**Weighted-Average Grant Date Fair Value**
Unvested, beginning of period	3,988	$ 34.43
Granted	1,546	35.23
Vested	(1,197)	31.87
Forfeited	(180)	35.14
Unvested, end of period	4,157	$ 35.43

The total fair value of restricted stock vested for the years ended October 31, 2016, 2015 and 2014 was $38.1 million, $33.3 million and $35.9 million, respectively. In November 2016, the Company awarded a total of 1.5 million shares of restricted shares under the 2013 Plan at a grant date fair value of $34.84 per share.

Phantom stock units

During fiscal 2016, 7,965 phantom stock units were issued to non-employee Directors pursuant to the 2013 Plan. Because these units are contingently forfeitable, compensation expense is recorded over the forfeiture period. The total liability paid out associated with phantom stock during the fiscal years ended October 31, 2016, 2015 and 2014 was $0.3 million, $0.3 million and $0.5 million, respectively. As of October 31, 2016, there was $0.1 million of compensation cost related to unvested awards granted under the 2013 Plan not yet recognized. That cost is expected to be recognized over a weighted-average period of one year.

Employee Stock Purchase Plans

The 2013 Employee Stock Purchase Plan (the "Qualified ESPP") and the 2013 Nonqualified Employee Stock Purchase Plan (the "Nonqualified ESPP") (together, the "Employee Stock Purchase Plans"), which are administered by the Compensation Committee of the Board, permit eligible employees to direct up to a maximum of $12,500 per six-month offering period toward the purchase of Non-Voting Common Stock at the lower of 90 percent of the market price of the Non-Voting Common Stock at the beginning or at the end of each offering period. The Qualified ESPP qualifies under Section 423 of the U.S. Internal Revenue Code of 1986, as amended ("Internal Revenue Code"). A total of 0.4 million and 0.1 million shares of the Company's Non-Voting Common Stock have been reserved for issuance under the Qualified ESPP and Nonqualified ESPP, respectively. Through October 31, 2016, 0.3 million shares have been issued pursuant to the Employee Stock Purchase Plans.

The Company received $3.1 million, $3.3 million and $3.7 million related to shares issued under the Employee Stock Purchase Plans for the years ended October 31, 2016, 2015 and 2014, respectively.

Employee Stock Purchase Incentive Plan

The 2013 Incentive Compensation Nonqualified Employee Stock Purchase Plan (the "Employee Stock Purchase Incentive Plan"), which is administered by the Compensation Committee of the Board, permits employees to direct up to half of their incentive bonuses and commissions toward the purchase of the Company's Non-Voting Common Stock at the lower of 90 percent of the market price of the Non-Voting Common Stock at the beginning or at the end of each quarterly offering period. A total of 0.6 million shares of the Company's Non-Voting Common Stock have been reserved for issuance under the Employee Stock Purchase Incentive Plan. Through October 31, 2016, 0.3 million shares have been issued pursuant to the plan.

The Company received $3.6 million, $3.5 million and $3.3 million related to shares issued under the Employee Stock Purchase Incentive Plan for the years ended October 31, 2016, 2015 and 2014, respectively.

Atlanta Capital and Parametric Incentive Plans

The Atlanta Capital Management Company, LLC Long-term Equity Incentive Plan (the "Atlanta Capital Plan") and the Parametric Portfolio Associates LLC Long-term Equity Incentive Plan (the "Parametric Plan") allow for awards of profit units of Atlanta Capital and Parametric, respectively, to key employees. Profit units granted under the Atlanta Capital and Parametric Plans vest over five years and entitle the holders to quarterly distributions of available cash flow. Fair value of the awards is determined on the grant date utilizing an annual appraisal of each entity. The annual appraisal is developed using two models, an income approach and a market approach, as described in Note 1. These models utilize appropriate discount rates as well as relevant investment management industry market multiples. Vested profit units are redeemable upon the exercise of limited in-service put rights held by the employee or call rights held by the Company. The call rights held by the Company entitle the Company to repurchase the profit units at the end of a ten-year call period and each year thereafter, and upon termination of employment. Execution of the puts and calls takes place upon availability of the annual appraisal to ensure the transactions take place at fair value. Profit units are not reserved for issuance; the number of profit units authorized for awards is determined annually by the Company on the first calendar day of the fiscal year. The awards under the Atlanta Capital and Parametric Plans are accounted for as equity awards.

During the fiscal year ended October 31, 2016, 30,690 profit units of Atlanta Capital were issued to certain employees of that entity pursuant to the Atlanta Capital Plan at a weighted-average per unit price of $135.59. Because the units are contingently forfeitable, compensation expense is recorded on a straight-line basis over the forfeiture period of five years. As of October 31, 2016, there was $7.1 million of compensation cost related to unvested awards granted under the plan not yet recognized. That cost is expected to be recognized over a weighted-average period of 3.1 years. Through October 31, 2016, 297,355 profit units have been issued pursuant to the Atlanta Capital Plan.

During the fiscal year ended October 31, 2016, 3,358 profit units of Parametric were issued to certain employees of that entity pursuant to the Parametric Plan at a weighted-average per unit price of $2,035.91. Because these units are contingently forfeitable, compensation expense is recorded on a straight-line basis over the forfeiture period of five years. As of October 31, 2016, there was $10.8 million of compensation cost related to unvested awards granted under the plan not yet recognized. That cost is expected to be recognized over a weighted-average period of 3.3 years. Through October 31, 2016, 39,423 profit units have been issued pursuant to the Parametric Plan.

In November 2016, the Company granted a total of 25,661 profit units at a grant date fair value of $153.85 per unit pursuant to the Atlanta Capital Plan. The Company did not grant any profit units under the Parametric Plan during November 2016.

Parametric Phantom Incentive Plan

On October 26, 2016, the Compensation Committee of the Board recommended, and the Company's Board approved, the 2016 Parametric Phantom Incentive Plan (the "Parametric Phantom Incentive Plan"). The Parametric Incentive Plan is a long-term equity incentive plan that provides for the award of phantom incentive units to eligible employees of Parametric. The initial value of the phantom incentive units is tied to the enterprise value of Parametric on the date of grant, and the units vest over five years. At each vesting date, the vested portion of the award is adjusted to reflect the then enterprise value of Parametric and the adjusted value of the vested award is settled in Eaton Vance Non-Voting Common Stock under the 2013 Plan. The enterprise values of the awards are determined utilizing an annual appraisal of Parametric. The annual appraisal is developed using two models, an income approach and a market approach, as described in Note 1. These models utilize appropriate discount rates as well as relevant investment management industry market multiples. Phantom incentive units are not reserved for issuance; the number of phantom incentive units authorized for awards is determined annually by the Company on the first calendar day of the fiscal year. However, since the awards are settled under the 2013 Plan, the awards are subject to the Non-Voting Common Stock reserves defined under the 2013 Plan. As described above, a total of 18.5 million shares of Non-Voting Common Stock have been reserved for issuance under the 2013 Plan. The awards under the Parametric Phantom Incentive Plan will be accounted for as equity awards.

There were no grants made under the Parametric Phantom Incentive Plan during fiscal 2016. However, in November 2016, the Company granted a total of 3,212 phantom incentive units at a grant date fair value of $2,352.63 per unit pursuant the Parametric Phantom Incentive Plan.

Stock Option Income Deferral Plan

The Company has established an unfunded, non-qualified Stock Option Income Deferral Plan to permit key employees to defer recognition of income upon exercise of non-qualified stock options previously granted by the Company. As of October 31, 2016, options to purchase 0.2 million shares have been exercised and placed in trust with the Company.

13. Employee Benefit Plans

Profit Sharing and Savings Plan

The Company has a Profit Sharing and Savings Plan for the benefit of employees. The Profit Sharing and Savings Plan is a defined contribution profit sharing plan with a 401(k) deferral component. All full-time employees who have met certain age and length of service requirements are eligible to participate in the plan. The plan allows participating employees to make elective deferrals of compensation up to the plan's annual limits. The Company then matches each participant's contribution on a dollar-for-dollar basis to a maximum of $1,040 per annum. In addition, the Company may, at its discretion, contribute up to 15 percent of eligible employee compensation to the plan, up to a maximum of $39,750, $39,000 and $38,250 per employee for the years ended October 31, 2016, 2015 and 2014, respectively. The Company's expense under the plan was $23.9 million, $22.7 million and $21.8 million for the years ended October 31, 2016, 2015 and 2014, respectively.

Supplemental Profit Sharing Retirement Plan

The Company has an unfunded, non-qualified Supplemental Profit Sharing Retirement Plan whereby certain key employees of the Company may receive profit sharing contributions in excess of the amounts allowed under the Profit Sharing and Savings Plan. Participation in the Supplemental Profit Sharing Retirement Plan has been frozen and is restricted to employees who qualified as participants on November 1, 2002. The Company did not make any contributions to the plan in fiscal 2016. Participants in the Supplemental Profit Sharing Retirement Plan continue to earn investment returns on their balances commensurate with those earned in the employer-directed portion of the Profit Sharing and Savings Plan. The Company's expense under the Supplemental Profit Sharing Retirement Plan for the years ended October 31, 2016, 2015 and 2014 was $12,320, $1,486 and $21,576, respectively.

14. Common Stock

All outstanding shares of the Company's Voting Common Stock are deposited in a voting trust, the trustees of which have unrestricted voting rights with respect to the Voting Common Stock. The trustees of the voting trust are all officers of the Company. Non-Voting Common shares do not have voting rights under any circumstances. In fiscal 2016, the Company issued 55,708 shares and repurchased 27,854 shares of its Voting Common Stock.

The Company's current Non-Voting Common Stock share repurchase program was announced on January 13, 2016. The Board authorized management to repurchase and retire up to 8.0 million shares of its Non-Voting Common Stock on the open market and in private transactions in accordance with applicable securities laws. The timing and amount of share purchases are subject to management's discretion. The Company's share repurchase program is not subject to an expiration date.

In fiscal 2016, the Company purchased and retired approximately 5.1 million shares of its Non-Voting Common Stock under the current repurchase authorization and approximately 2.2 million shares under a previous repurchase authorization. Approximately 2.9 million additional shares may be repurchased under the current authorization as of October 31, 2016.

15. Non-operating Income (Expense)

The components of non-operating income (expense) for the years ended October 31, 2016, 2015 and 2014 were as follows:

(in thousands)	**2016**	**2015**	**2014**
Non-operating income (expense):			
Interest and other income	$ 11,515	$ 9,346	$ 8,182
Net losses on investments and derivatives	(116)	(9,151)	(6,946)
Net foreign currency gains (losses)	1,012	(226)	(97)
Gains (losses) and other investment income, net	12,411	(31)	1,139
Interest expense	(29,410)	(29,357)	(29,892)
Other income (expense) of consolidated CLO entities:			
Interest income	17,975	3,467	16,174
Net gains (losses) on bank loans, other investments, note obligations and preferred shares	6,094	1,625	(1,282)
Gains and other investment income, net	24,069	5,092	14,892
Structuring and closing fees	-	(2,359)	(4,847)
Interest expense	(13,286)	(4,408)	(10,000)
Interest and other expense	(13,286)	(6,767)	(14,847)
Total non-operating expense	$ (6,216)	$ (31,063)	$ (28,708)

16. Income Taxes

The provision for income taxes for the years ended October 31, 2016, 2015 and 2014 consists of the following:

(in thousands)	**2016**	**2015**	**2014**
Current:			
Federal	$ 114,350	$ 117,682	$ 149,999
State	17,305	20,837	25,329
Deferred:			
Federal	18,391	4,614	10,653
State	3,584	81	729
Total	$ 153,630	$ 143,214	$ 186,710

Deferred income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts and tax bases of the Company's assets and liabilities. The significant components of deferred income taxes are as follows:

(in thousands)	**2016**	**2015**
Deferred tax assets:		
Stock-based compensation	$ 66,221	$ 69,133
Deferred rent	12,575	12,776
Investment basis in partnerships	7,478	-
Compensation and benefit expense	4,193	5,190
Differences between book and tax bases of investments	3,233	9,268
Federal benefit of unrecognized state tax benefits	716	883
Other	409	460
Total deferred tax asset	$ 94,825	$ 97,710
Deferred tax liabilities:		
Deferred sales commissions	$ (10,407)	$ (9,760)
Differences between book and tax bases of property	(7,537)	(6,117)
Unrealized net holding gains on investments	(1,821)	(2,380)
Differences between book and tax bases of goodwill and intangibles	(1,322)	(36,855)
Unrealized gains on derivative instruments	(443)	(434)
Total deferred tax liability	$ (21,530)	$ (55,546)
Net deferred tax asset	$ 73,295	$ 42,164

The Company records a valuation allowance when necessary to reduce deferred tax assets to an amount that is more likely than not to be realized. No valuation allowance has been recorded for deferred tax assets, reflecting management's belief that all deferred tax assets will be utilized.

The following table reconciles the Company's effective tax rate from the U.S. federal statutory tax rate to such amount for each of the years ended October 31, 2016, 2015 and 2014:

	2016	**2015**	**2014**
Federal statutory rate	35.0 %	35.0 %	35.0 %
State and local income tax, net of federal income tax benefit	3.5	3.8	3.5
Non-controlling interest	(2.0)	(0.8)	(0.8)
Stock-based compensation	0.6	0.8	0.4
Other	0.6	-	(0.1)
Effective income tax rate	37.7 %	38.8 %	38.0 %

The exercise of non-qualified stock options resulted in a reduction of taxes payable of approximately $2.2 million, $10.0 million and $18.6 million for the years ended October 31, 2016, 2015 and 2014, respectively. Such benefit has been reflected as a component of shareholders' equity.

The changes in gross unrecognized tax benefits, excluding interest and penalties, for the years ended October 31, 2016, 2015 and 2014 are as follows:

(in thousands)	**2016**	**2015**	**2014**
Beginning Balance	$ 2,100	$ 1,798	$ 857
Additions for tax positions of prior years	6	437	1,117
Additions based on tax positions related to current year	57	62	-
Reductions for tax positions of prior years	-	(130)	(176)
Lapse of statute of limitations	(304)	(67)	-
Ending Balance	$ 1,859	$ 2,100	$ 1,798

The total amount of unrecognized tax benefits as of October 31, 2016, 2015 and 2014 that, if recognized, would impact the effective tax rate is $1.9 million, $2.1 million and $1.8 million, respectively.

In the years ended October 31, 2016, 2015 and 2014, the Company recognized $(0.2) million, $0.1 million and $0.2 million, respectively, in interest and penalties in its income tax provision. Accrued interest and penalties, which are included as a component of unrecognized tax benefits, totaled $0.6 million, $0.8 million and $0.7 million at October 31, 2016, 2015 and 2014, respectively.

The Company believes that it is reasonably possible that approximately $1.0 million of its currently remaining unrecognized tax benefits, each of which are individually insignificant, may be recognized within the next 12 months as a result of a lapse of the statute of limitations and settlements with state taxing authorities.

The Company considers the undistributed earnings of certain of its foreign subsidiaries to be indefinitely reinvested in foreign operations as of October 31, 2016. Accordingly, no U.S. income taxes have been provided thereon. As of October 31, 2016, the Company had approximately $47.7 million of undistributed earnings in certain Canadian, United Kingdom and Australian foreign subsidiaries that are not available to fund domestic operations or to distribute to shareholders unless repatriated. Repatriation would require the Company to accrue and pay U.S. corporate income taxes. The unrecognized deferred income tax liability on these un-repatriated funds, or temporary difference, is estimated to be $5.8 million at October 31, 2016. The Company does not intend to repatriate these funds, has not previously repatriated funds from these entities and has the financial liquidity to permanently leave these funds offshore.

The Company is generally no longer subject to income tax examinations by U.S. federal, state, local or non-U.S. taxing authorities for fiscal years prior to fiscal 2012.

The Consolidated Balance Sheet as of October 31, 2016 has been adjusted to reflect a correction of an immaterial error related to basis adjustments of certain partnership interests arising from Company repurchases of non-controlling interests in majority owned subsidiaries. The cumulative error resulted in an understatement of both the Company's deferred income tax asset and additional paid-in-capital in the amount of $50.5 million as of October 31, 2015. The error was not considered material to the Company's Consolidated Balance Sheet or Consolidated Statement of Equity as of October 31, 2015, and had no effect

on the Consolidated Statements of Income, Comprehensive Income, or Cash Flows as of and for the years ended October 31, 2016, 2015 and 2014. The current year basis adjustment of $2.2 million is reflected within the Company's deferred income tax asset and additional paid-in-capital in the accompanying Consolidated Balance Sheets.

17. Non-controlling and Other Beneficial Interests

Non-controlling and other beneficial interests are as follows:

Non-redeemable non-controlling interests

Non-redeemable non-controlling interests consist entirely of unvested profit interests granted to employees of the Company's majority-owned subsidiaries under subsidiary-specific long-term equity plans. These grants become subject to put rights upon vesting and will be reclassified to temporary equity as vesting occurs.

Redeemable non-controlling interests at other than fair value

As of October 31, 2016, redeemable non-controlling interests at other than fair value consist of interests in Atlanta Capital retained by selling shareholders at the time of acquisition. The Company's purchase of these remaining non-controlling interests, which are not subject to mandatory redemption, is predicated on the exercise of a series of puts held by non-controlling interest holders and calls held by the Company. These put and call rights are not legally detachable or separately exercisable and are deemed to be embedded in the related non-controlling interests. The puts provide non-controlling interest holders the right to require the Company to purchase these retained interests at specific intervals over time, while the calls provide the Company the right to require the non-controlling interest holders to sell their retained equity interests to the Company at specific intervals over time, as well as upon the occurrence of certain events such as death or permanent disability. As a result, there is significant uncertainty as to the timing of any non-controlling interest purchases in the future. The value assigned to the purchase of a non-controlling interest is based, in each case, on a multiple of earnings before interest and taxes of Atlanta Capital at specified points in the future. As a result, these interests are considered redeemable at other than fair value and changes in the redemption value of these interests are recognized in net income attributable to non-controlling and other beneficial interests.

Net income attributable to non-controlling and other beneficial interests in fiscal 2016 and 2015 reflects an increase of $0.2 million and a decrease of $0.2 million, respectively, in the estimated redemption value of redeemable non-controlling interests in Atlanta Capital. Net income attributable to non-controlling and other beneficial interests in fiscal 2014 reflects an increase of $5.3 million in the estimated redemption value of redeemable non-controlling interests in Atlanta Capital and Parametric Risk Advisors. Non-controlling interests in Parametric Risk Advisors redeemable at other than fair value were fully redeemed in fiscal 2014. Any future payments made to the non-controlling interest holders of Atlanta Capital upon execution of the puts and calls described above will reduce temporary equity.

Redeemable non-controlling interests at fair value

Interests in the Company's consolidated funds and vested interests granted to employees of the Company's majority-owned subsidiaries under subsidiary-specific long-term equity plans are considered redeemable at fair value. Future changes in the redemption value of these interests will be recognized as

increases or decreases to additional paid-in capital. Any future payments made to these non-controlling interest holders will reduce temporary equity.

The components of net income attributable to non-controlling and other beneficial interests for the years ended October 31, 2016, 2015 and 2014 were as follows:

(in thousands)	**2016**	**2015**	**2014**
Consolidated sponsored funds	$ 43	$ 1,752	$ 318
Majority-owned subsidiaries	(13,525)	(15,673)	(15,950)
Non-controlling interest value adjustments[1]	(200)	204	(5,311)
Consolidated CLO entities	(9,768)	5,825	4,095
Net income attributable to non-controlling and other beneficial interests	$ (23,450)	$ (7,892)	$ (16,848)

[1] *Relates to non-controlling interests redeemable at other than fair value.*

18. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), net of tax, for the years ended October 31, 2016, 2015 and 2014 are as follows:

(in thousands)	Unamortized net gains (losses) on derivatives[1]	Net unrealized holding gains (losses) on available-for-sale investments[2]	Foreign currency translation adjustments[3]	Total
Balance at October 31, 2013	$ 648	$ 4,504	$ (5,329)	$ (177)
Other comprehensive income (loss), before reclassifications and tax	-	1,735	(15,984)	(14,249)
Tax impact	-	(690)	(2,972)	(3,662)
Reclassification adjustments, before tax	22	131	-	153
Tax impact	(9)	(52)	-	(61)
Net current period other comprehensive income (loss)	13	1,124	(18,956)	(17,819)
Balance at October 31, 2014	$ 661	$ 5,628	$ (24,285)	$ (17,996)
Other comprehensive loss, before reclassifications and tax	-	(8)	(28,877)	(28,885)
Tax impact	-	3	(115)	(112)
Reclassification adjustments, before tax	22	(2,992)	463	(2,507)
Tax impact	(9)	1,102	(179)	914
Net current period other comprehensive income (loss)	13	(1,895)	(28,708)	(30,590)
Balance at October 31, 2015	$ 674	$ 3,733	$ (52,993)	$ (48,586)
Other comprehensive income (loss), before reclassifications and tax	-	732	(8,220)	(7,488)
Tax impact	-	(303)	-	(303)
Reclassification adjustments, before tax	22	(2,082)	-	(2,060)
Tax impact	(9)	863	-	854
Net current period other comprehensive income (loss)	13	(790)	(8,220)	(8,997)
Balance at October 31, 2016	$ 687	$ 2,943	$ (61,213)	$ (57,583)

(1) Amounts reclassified from accumulated other comprehensive income (loss), net of tax, represent the amortization of net gains (losses) on interest rate swaps over the life of the Company's Senior Notes into interest expense on the Consolidated Statements of Income.

(2) Amounts reclassified from accumulated other comprehensive income (loss), net of tax, represent gains (losses) on disposal of available-for-sale securities that were recorded in gains (losses) and other investment income, net, on the Consolidated Statements of Income.

(3) Amounts reclassified from accumulated other comprehensive income (loss), net of tax, represent the realization of foreign currency translation losses on a consolidated sponsored fund denominated in Euros that was deconsolidated during fiscal 2015. These amounts were recorded in gains (losses) and other investment income, net, on the Consolidated Statements of Income.

19. Earnings per Share

The following table sets forth the calculation of earnings per basic and diluted share for the years ended October 31, 2016, 2015 and 2014:

(in thousands, except per share data)	**2016**	**2015**	**2014**
Net income attributable to Eaton Vance Corp. shareholders	$ 241,307	$ 230,299	$ 304,316
Less: Allocation of earnings to participating restricted shares	-	3,885	7,611
Net income available to common shareholders	$ 241,307	$ 226,414	$ 296,705
Weighted-average shares outstanding – basic	109,914	113,318	116,440
Incremental common shares	4,068	4,837	5,155
Weighted-average shares outstanding – diluted	113,982	118,155	121,595
Earnings per share:			
Basic	$ 2.20	$ 2.00	$ 2.55
Diluted	$ 2.12	$ 1.92	$ 2.44

Antidilutive common shares related to stock options and unvested restricted stock excluded from the computation of earnings per diluted share were approximately 11.9 million, 7.8 million and 5.1 million for the years ended October 31, 2016, 2015 and 2014, respectively.

20. Commitments and Contingencies

In the normal course of business, the Company enters into agreements that include indemnities in favor of third parties, such as engagement letters with advisors and consultants, information technology agreements, distribution agreements and service agreements. In certain circumstances, these indemnities in favor of third parties relate to service agreements entered into by investment funds managed and/or advised by Eaton Vance Management or Boston Management and Research, both wholly owned subsidiaries of the Company. The Company has also agreed to indemnify its directors, officers and employees in accordance with the Company's Articles of Incorporation, as amended. Certain agreements do not contain any limits on the Company's liability and, therefore, it is not possible to estimate the Company's potential liability under these indemnities. In certain cases, the Company has recourse against third parties with respect to these indemnities. Further, the Company maintains insurance policies that may provide coverage against certain claims under these indemnities.

The Company and its subsidiaries are subject to various legal proceedings. In the opinion of management, after discussions with legal counsel, the ultimate resolution of these matters will not have a material effect on the consolidated financial condition, results of operations or cash flows of the Company.

In November 2010, the Company acquired patents and other intellectual property from Managed ETFs LLC, a developer of intellectual property in the field of exchange-traded funds. This intellectual property is the foundation of the Company's NextShares™ exchange-traded managed funds initiative. The terms of the acquisition of the patents and other intellectual property of Managed ETFs LLC include approximately $9.0 million in aggregate contingent milestone payments that are based on specific events representing key developments in the commercialization of NextShares. There is no defined timing on these payments,

resulting in significant uncertainty as to when the amount of any payment is due in the future. If and when the milestones have been accomplished, Managed ETFs LLC is also entitled to revenue-sharing payments that are calculated based on a percentage of licensing revenue that the Company receives for use of the acquired intellectual property.

The Company has entered into transactions in financial instruments in which it has sold securities, not yet purchased, as part of its corporate hedging program. As of October 31, 2015, the Company had $3.0 million included within other liabilities on its Consolidated Balance Sheet related to securities sold, not yet purchased. The Company did not hold any positions related to securities sold, not yet purchased on its Consolidated Balance Sheet as of October 31, 2016.

The Company leases certain office space and equipment under non-cancelable operating leases. The office space leases expire over various terms that extend through 2034. Certain of the leases contain renewal options. The lease payments are recognized on a straight-line basis over the non-cancelable term of each lease plus any anticipated extensions. Rent expense under these leases in fiscal 2016, 2015 and 2014 totaled $21.2 million, $21.5 million and $20.7 million, respectively. Future minimum lease commitments are as follows:

Year Ending October 31, *(in thousands)*		**Amount**[(1)]
2017	$	21,887
2018		22,554
2019		22,821
2020		22,396
2021		20,149
2022 – thereafter		236,476
Total	$	346,283

[(1)] *Future minimum lease payments have not been reduced by minimum sublease rentals of $0.1 million due in the future.*

The Company subleases to unaffiliated third parties office space under operating leases that expire over various terms. The sublease payments are recognized on a straight-line basis over the non-cancelable terms of the subleases. Rental income under these subleases totaled $0.3 million, $1.3 million and $1.2 million for the fiscal years ended October 31, 2016, 2015 and 2014, respectively. Future minimum rental payments to be received under subleases are as follows:

Year Ending October 31, *(in thousands)*		**Amount**
2017		53
2018		53
2019[(1)]		30
Total	$	136

[(1)] *There are no future minimum lease payments due to the Company in periods after fiscal 2019.*

Other commitments and contingencies include future payments to be made upon the exercise of puts and calls of non-controlling interests in Atlanta Capital; puts and calls related to indirect profit interests issued

pursuant to the Atlanta Capital Plan and the Parametric Plan; and the contingent payment to be made to the selling shareholders of TABS, as more fully described in Note 10.

21. Related Party Transactions

Sponsored Funds

The Company is an investment adviser to, and has administrative agreements with, certain sponsored mutual funds, privately offered funds and closed-end funds for which certain employees are officers and/or directors. Substantially all of the services to these entities for which the Company earns a fee, including investment advisory, distribution, shareholder and administrative services, are provided under contracts that set forth the services to be provided and the fees to be charged. Certain of these contracts are subject to annual review and approval by the funds' boards of directors or trustees. Revenues for services provided or related to these funds for the years ended October 31, 2016, 2015 and 2014 are as follows:

(in thousands)	**2016**	**2015**	**2014**
Investment advisory and administrative fees	$ 809,102	$ 865,792	$ 900,478
Distribution fees	71,784	73,468	77,697
Service fees	107,684	116,448	125,713
Shareholder service fees	2,433	2,641	2,315
Other revenue	2,133	2,384	2,093
Total	$ 993,136	$ 1,060,733	$ 1,108,296

For the years ended October 31, 2016, 2015 and 2014, the Company had investment advisory agreements with certain sponsored funds pursuant to which the Company contractually waived $15.1 million, $13.0 million and $12.3 million, respectively, of investment advisory fees it was otherwise entitled to receive.

Sales proceeds and net realized gains (losses) for the years ended October 31, 2016, 2015 and 2014 from investments in sponsored funds classified as available-for-sale, including sponsored funds accounted for under the equity method, are as follows:

(in thousands)	**2016**	**2015**	**2014**
Proceeds from sales	$ 10,895	$ 44,736	$ 79,829
Net realized gains (losses)	2,154	3,943	(81)

The Company bears the non-advisory expenses of certain sponsored funds for which it earns an all-in management fee and provides subsidies to startup and other smaller sponsored funds to enhance their competitiveness. For the years ended October 31, 2016, 2015 and 2014, expenses of $24.4 million, $22.5 million and $21.7million, respectively, were incurred by the Company pursuant to these arrangements.

Included in investment advisory and other receivables at October 31, 2016 and 2015 are receivables due from sponsored funds of $88.7 million and $89.2 million, respectively and payables to sponsored funds of $1.6 million and $0.6 million, respectively.

Loan to Affiliate

On December 23, 2015, EVMC, a wholly owned subsidiary of the Company, loaned $5.0 million to Hexavest under a term loan agreement to seed a new investment strategy. The loan renews automatically for an additional one-year period on each anniversary date unless written termination notice is provided by EVMC. The loan earns interest equal to the one-year Canadian Dollar Offered Rate plus 200 basis points, which is payable quarterly in arrears. Hexavest may prepay the loan in whole or in part at any time without penalty. During fiscal 2016, the Company recorded $128,000 of interest income related to the loan in gains (losses) and other investment income, net, on the Company's Consolidated Statement of Income. As of October 31, 2016, the Company has included $13,000 of interest receivable on the loan within other assets on its Consolidated Balance Sheet.

Hexavest Agreements

The Company has an agreement with Hexavest whereby the Company compensates Hexavest for sub-advisory services and Hexavest reimburses the Company for a portion of fund subsidies related to certain investment companies for which the Company is the investment adviser. The Company paid Hexavest $0.3 million, $0.3 million and $0.2 million in sub-advisory fees in fiscal 2016, 2015 and 2014, respectively, and the Company received $0.2 million and $1.2 million in fiscal 2016 and 2015, respectively, from Hexavest for reimbursement of fund subsidies. The reimbursement of fund subsidies the Company received from Hexavest in fiscal 2014 were negligible. The net amount due to Hexavest under this arrangement and included in other liabilities at both October 31, 2016 and 2015 was $0.1 million. In addition, the Company has an agreement with Hexavest whereby the Company is reimbursed for costs related to the sale of certain institutional separately managed accounts. During fiscal 2016, 2015 and 2014, the Company earned $2.4 million, $2.4 million and $2.1 million under this arrangement. The net amount due from Hexavest under this arrangement and included in other assets was $0.3 million and $0.2 million at October 31, 2016 and 2015, respectively.

Employee Loan Program

The Company has established an Employee Loan Program under which a maximum of $20.0 million is available for loans to officers (other than executive officers) and other key employees of the Company for purposes of financing the exercise of employee stock options. Loans are written for a seven-year period, at varying fixed interest rates (currently ranging from 0.9 percent to 2.9 percent), are payable in annual installments commencing with the third year in which the loan is outstanding, and are collateralized by the stock issued upon exercise of the option. All loans under the program must be made on or before October 31, 2018. Loans outstanding under this program, which are full recourse in nature, are reflected as notes receivable from stock option exercises in shareholders' equity, and totaled $12.1 million and $11.1 million at October 31, 2016 and 2015, respectively.

22. Regulatory Requirements

The Company is required to maintain net capital in certain regulated subsidiaries within a number of jurisdictions. Such requirements may limit the Company's ability to make withdrawals of capital from these subsidiaries.

Eaton Vance Distributors, Inc. ("EVD"), a wholly owned subsidiary of the Company and principal underwriter of the Eaton Vance and Parametric funds, is subject to the U.S Securities and Exchange Commission's

uniform net capital rule, which requires the maintenance of minimum net capital. For purposes of this rule, EVD had net capital of $67.1 million, which exceeds its minimum net capital requirement of $3.6 million at October 31, 2016. The ratio of aggregate indebtedness to net capital at October 31, 2016 was 0.80-to-1.

At October 31, 2016, the Company was required to maintain net capital in certain other regulated subsidiaries. The Company was in compliance with all applicable regulatory minimum net capital requirements.

23. Concentrations of Credit Risk and Significant Relationships

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents held. The Company maintains cash and cash equivalents with various financial institutions. Cash deposits maintained at a financial institution may exceed the federally insured limit.

During the fiscal years ended October 31, 2016, 2015 and 2014, there were no managed portfolios, related funds or other clients that provided over 10 percent of the total revenue for the Company.

24. Geographic Information

Revenues and long-lived assets by principal geographic areas for the years ended and as of October 31, 2016, 2015 and 2014 are as follows:

(in thousands)	2016	2015	2014
Revenue:			
U.S.	$ 1,289,830	$ 1,340,760	$ 1,376,107
International	53,030	62,803	74,187
Total	$ 1,342,860	$ 1,403,563	$ 1,450,294

(in thousands)	2016	2015	2014
Long-lived Assets:			
U.S.	$ 42,153	$ 43,596	$ 44,279
International	2,274	1,347	1,372
Total	$ 44,427	$ 44,943	$ 45,651

International revenues and long-lived assets are attributed to countries based on the location in which revenues are earned.

25. Comparative Quarterly Financial Information (Unaudited)

	2016				
(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Total revenue	$ 331,556	$ 323,290	$ 341,168	$ 346,846	$ 1,342,860
Operating income	$ 100,625	$ 95,768	$ 106,725	$ 111,150	$ 414,268
Net income	$ 63,232	$ 69,455	$ 65,774	$ 66,296	$ 264,757
Net income attributable to Eaton Vance Corp. shareholders	$ 58,386	$ 54,967	$ 62,899	$ 65,055	$ 241,307
Earnings per Share:					
Basic	$ 0.52	$ 0.50	$ 0.57	$ 0.59	$ 2.20
Diluted	$ 0.50	$ 0.48	$ 0.55	$ 0.57	$ 2.12

	2015				
(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Total revenue	$ 354,930	$ 351,664	$ 355,511	$ 341,458	$ 1,403,563
Operating income	$ 50,560	$ 122,221	$ 116,733	$ 110,933	$ 400,447
Net income	$ 32,509	$ 75,893	$ 68,974	$ 60,815	$ 238,191
Net income attributable to Eaton Vance Corp. shareholders	$ 29,003	$ 70,384	$ 68,709	$ 62,203	$ 230,299
Earnings per Share:					
Basic	$ 0.25	$ 0.61	$ 0.60	$ 0.55	$ 2.00
Diluted	$ 0.24	$ 0.58	$ 0.57	$ 0.53	$ 1.92

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Eaton Vance Corp.:

We have audited the accompanying consolidated balance sheets of Eaton Vance Corp. and subsidiaries (the "Company") as of October 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended October 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Eaton Vance Corp. and subsidiaries as of October 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended October 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
December 21, 2016

Investor Information

Eaton Vance Corp. has filed an Annual Report on Form 10-K with the Securities and Exchange Commission for the 2016 fiscal year. For a copy of the Company's Form 10-K, which is available free of charge to shareholders upon request, or other information regarding the Company, please contact:

Laurie G. Hylton
Chief Financial Officer
Eaton Vance Corp.
Two International Place
Boston MA 02110
(617) 482-8260

The Company's Form 10-K and other information about Eaton Vance Corp. are also available on the Company's website: eatonvance.com. The Company has submitted to the New York Stock Exchange a certificate of the chief executive officer representing that he is not aware of any violation by the Company of New York Stock Exchange corporate governance listing standards.

Transfer Agent and Registrar

Computershare Investor Services
P.O. Box 30170
College Station, TX 77842-3170
(877) 282-1168
computershare.com/investor

The Transfer Agent maintains shareholder account records and should be contacted regarding changes in address, name or ownership, lost certificates and consolidation of accounts. When corresponding with the Transfer Agent, shareholders should state the exact name(s) in which their stock is registered and the certificate number, as well as other pertinent account information.

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
200 Berkeley Street
Boston, MA 02116
(617) 437-2000
deloitte.com

Directors and Officers

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Thomas E. Faust Jr.

Leo I. Higdon Jr.*[2]

Brian D. Langstraat

Dorothy E. Puhy [1,3]

Winthrop H. Smith Jr. [1,2,3]

Richard A. Spillane Jr. [2,3]

*Lead Independent Director. Board Committees: 1. Audit, 2. Compensation, 3. Nominating and Governance

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Vice President and
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Laurie G. Hylton
Vice President, Chief Financial Officer
and Chief Accounting Officer

Frederick S. Marius
Vice President, Secretary and
Chief Legal Officer

Our mission and core values

Eaton Vance strives to be the premier investment management organization.

- We seek to provide clients with superior performance, top-quality service and value-added products across a range of investment disciplines and distribution channels.
- We seek to provide an attractive work environment and fulfilling careers for our dedicated employees.
- Through the success of clients and associates, we thereby seek to build long-term shareholder value.

Integrity

Is honest in word and deed.

Adheres to the company's code of ethics, industry standards of business conduct and applicable law.

Deals fairly and forthrightly with clients, colleagues and business partners.

Professionalism

Demonstrates maturity, dedication and a strong work ethic.

Behaves appropriately; is respectful of clients, colleagues and business partners.

Uses the company's resources wisely.

Teamwork

Works collaboratively with others to achieve shared goals.

Communicates openly and follows through on commitments.

Enhances the work experience of colleagues.

Client Focus

Meets or exceeds client performance expectations.

Places the interests of clients first.

Creativity/Adaptability

Develops business opportunities and process improvements.

Is open and adaptable to change.

Works to achieve personal development.

Excellence

Achieves outstanding results for clients and shareholders.

Advances the record and reputation of Eaton Vance as an industry leader.

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“Managing other people’s money carries with it, of course, great responsibility. No one can lightly undertake the burden of advising others as to the handling of their investments. We have chosen to assume that responsibility and so we have a profound obligation to those who have placed their confidence in us. That obligation is to put forth our best efforts, with the full realization that others look to us for leadership in an undertaking which, at its best, requires to the highest degree, integrity, intelligence, and hard work.”

–Charles F. Eaton Jr.

continued from back cover

Erin Canon Holly Bragdon Christopher Brown Robert Zaccardi David Glen William Reardon Ashley Peterson Michael Askew Diogenes Balsam Nagabhushan Beeram Tracy Potorski
Jesse Tobiason Macki Anderson Amy Arslain Ryan Balko Matthew Cullen Michael Hebert Qiwen Liu Laura Sanders Punit Shetty Yi Sun Robert Cruice Craig McHaffie
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Sheila Pechacek Bradford Thomas Andrew Spero Darrell Thompson Joseph Cinar Glenn Fitzsimmons Alexandra Monaco Christopher Arthur James Allen Madeline Anderson
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Alfred Walterscheit Keith Schweitzer Emi Yajima Katherine Campbell Erin Nygard Lynn Parker Maya Calabrese Alfred Bonfantini Lindsay Dahlstrom Carlos Del Valle-Ortiz
Jeffrey Feccia David Grean Jonathan Lahey Desmond Gallacher Kimberly Matisoff Branden Tanga Roy Belen Karen Long Onix Marrero Nicolette Mills Clinton Talmo Cory Gately
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Peter Graham Gina Hutter Scott Kudlacik Kyle Lunde Esther Tam Vivek Vinayak Meaghan Buckley Michael Esposito Michael Broughton Nicole Haberer Erin Mellen Lawrence Gingrow
Scott Lindsay Chris Morahan Joseph Brody Natividad Lozada Cheryl Swanberg David Dodson Robel Ghebremichael Leah Lam Alex Meyer Lisa Weiler Marc Fiore Scott Habeeb
Katherine Walsh Andrew Grennon Ainsley Haughton Michael Hill Ryan Martin Kittisak Toyparn Alec Macmillan Kimberly McGinn Agneta Sheire Terry Stebner Matthew Groth
Samuel Juliano Tin Mai Wei Mei Alexander Arnold Ashley Beckham Nicholas Bertonazzi Jesse Cauble Benjamin Cheung Taryn Donohue Marston Fries Gray Gibson Sam Hodgson
Lindsay Hydorn Joshua Latimer Michael LaVita Michael Maddahi Carly McCarthy Dylan McGuire Jason Michonski Patrick Mullin Kellen Smith Daniel Sullivan Sarah Wood
Ryan Richard Digajara Degaga Brenda Anguiano Aaron Benedict Carolina Concannon Michael Dietrich Erik Dunn Adam Gardner Christopher Stadtler Daniel Streppa Justin Ward
Alexandros Apostolidis Jie Yuan Taylor Jenkins Brian Smith Andrew Furney Walter Lindsay Jay Schwartz Francis Coughlin Matthew Morse Erik Saarinen John Spence
Hari Thirumalai Zachary Gears Andrew Goodale Anthony Mitrano Abigail Torrisi Moran Zhang John Gordon Nicholas Scalia Ash Islam Thomas Deang Richard Perrins
Alex Woolbert Julie Brezen Stephen Antanavige David Bloom Robert Blood Emily Casey Jennette Erickson John Hemingway John Perna Razzie Smith Jeffrey Leighton Connor O’Leary
Tjalling Halbertsma Timothy Mamis Fan Bu Laurie Halulakos William Heffernan Billy Savanh Nicole Vicino Galina Warner Ryan Cox Brian Hertzog Lynne Milinganyo
Ryan Spengler Christopher Reed Tyler Anderl Arthur Driscoll Cristy O’Neil Paula Shea Kriti Khanna

Dallas Lundy Linda Hanson Nora Bernazzani Wayne Saulnier Deborah Bishop William Austin Daniel Cataldo Jenilde Mastrangelo Jane Nussbaum Linda Doherty Thomas Faust
Cynthia Clemson Lauren Mannone Donna D'Addario Marlo-Jean Tulis Anne Marie Gallagher Stephanie Brady Mary Maestranzi James Foley Veth Huorn William Gillen Mary Little
Kelley Creedon Douglas McMahon Diane Brissette Rosemary Leavitt Scott Page Lynn Ostberg Brian Langstraat James Thebado Lynne Hetu Mary Byrom Payson Swaffield
Michael Weilheimer Amy Ursillo Perry Hooker John Gibson Gregory Parker Hadi Mezher Delores Wood Julie Andrade Jeffrey Beale John Murphy Deanna Berry Jane Rudnick
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Craig Russ Michelle Green Roseann Sulano Yana Barton Michael Botthof Deborah Trachtenberg John Redding Paul O'Neil Kristin Anagnost Duke Laflamme Tiffany Cayarga
Sotiria Kourtelidis Joanne Mey Jeffrey DuVall William Delahunty Gillian Moore Linda Carter John Crowley Michael McGurn Michael Kinahan Daniel Ethier John Ullman
Richard Wilson Maria Cappellano Suzanne Marger Steven O'Brien Noah Coons Daniel Puopolo Adam Weigold Shannon Price Lee Thacker Craig Brandon Kirsten Ulich
Charles Reed Stephen Jones Thomas Seto Far Salimian Scott Firth Catherine Gagnon David Zimmerman Eric Caplinger Andrew Sveen Simone Santiago Robert Breshock
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