

Advisor Top-of-Mind Index Survey

Spring 2019 Report

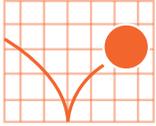


Tap into the real-time perspectives of financial advisors. Our "ATOMIX" survey explores the importance of four key issues — income, volatility, taxes and growth — and tracks trends over time.



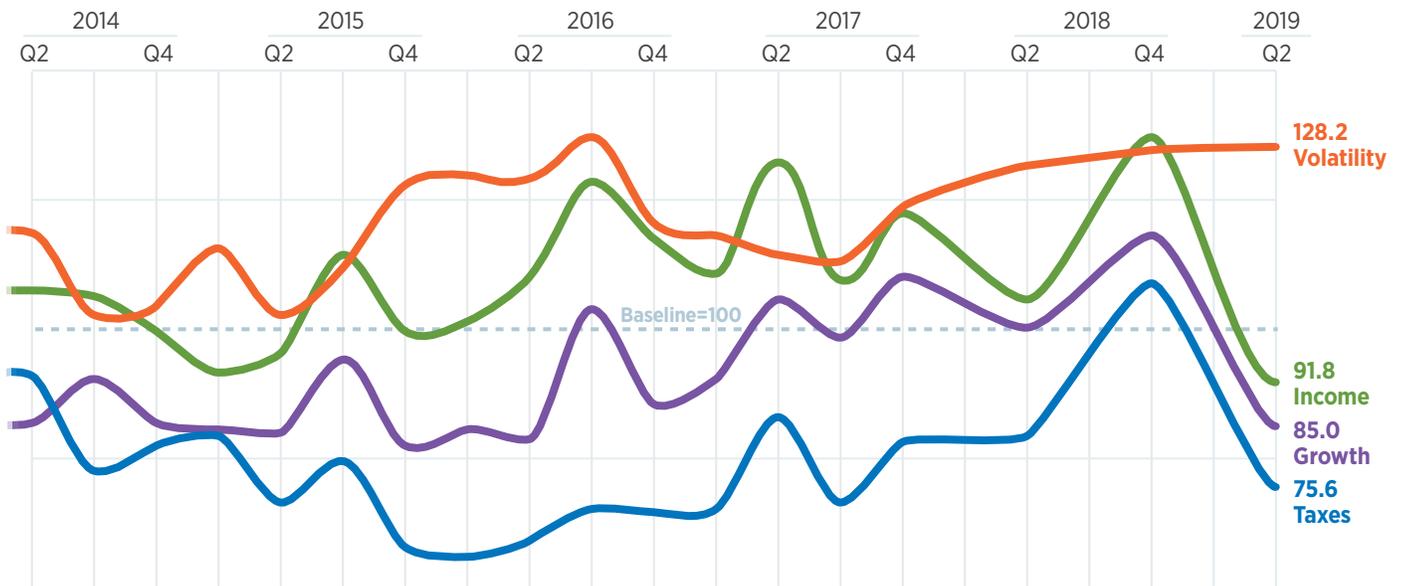
ATOMIX trends

Spring 2019



Stocks bounce back

U.S. stocks staged a dramatic V-shaped recovery after the late-2018 sell-off, as the S&P 500 Index rallied 13.7% in the first quarter of 2019, its best quarterly showing since 2009. Improved sentiment was driven mainly by the Federal Reserve in its January meeting saying it would pause interest-rate hikes with a patient approach as it assesses the economic reaction to Brexit and trade tensions. Still, investors and advisors expect volatility to remain a primary concern in financial markets, based on the results of our latest ATOMIX survey.



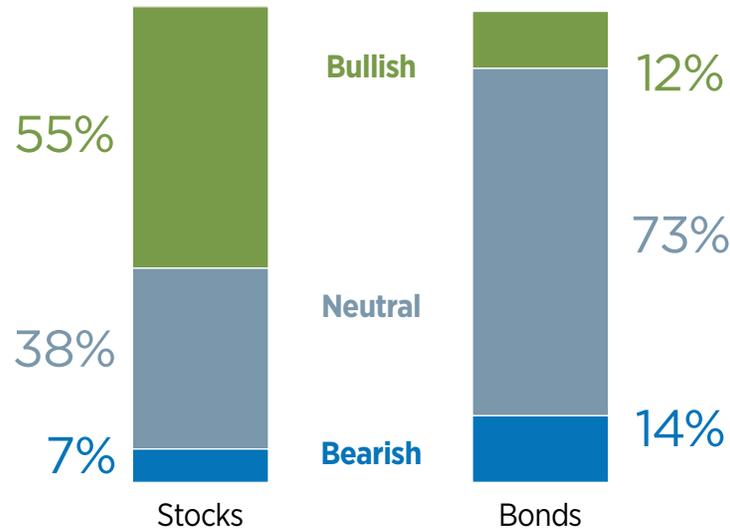
- Managing volatility is the leading concern for advisors, ranking **128.2** on the ATOMIX, virtually unchanged from fall 2018.
- Generating income is the next-highest concern for advisors, ranking **91.8** on the ATOMIX, down **29%** from fall 2018.
- Growing capital is the third-highest concern for advisors, ranking **85.0** on the ATOMIX, down **26%** from fall 2018.
- Managing taxes is the fourth-highest concern for advisors, ranking **75.6** on the ATOMIX, down **26%** from fall 2018.



Market outlook

Advisors are far more bullish on equities and still see volatility on the rise.

“What’s your outlook for the US stock and bond markets next quarter?”



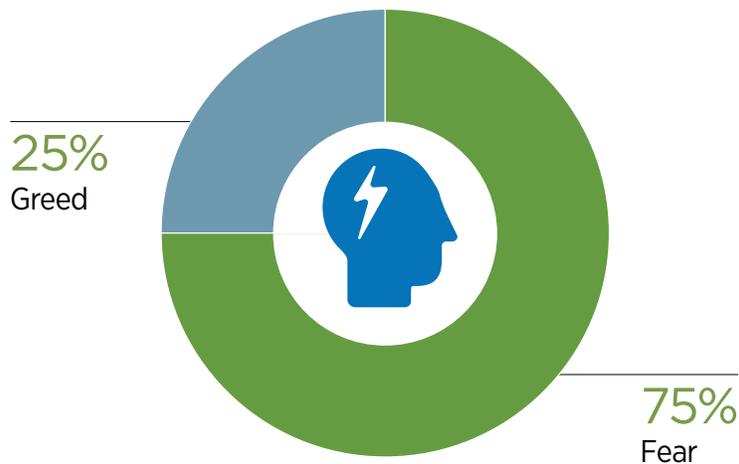
- **58%** of advisors say volatility will increase in the U.S. stock market over the next six months
- **57%** believe the U.S. political environment and geopolitical issues and/or conflicts will be the top drivers of volatility
- **88%** state politics now factor into client conversations about the market
- **94%** note clients are interested in reallocating their portfolios based on volatility
- **55%** prefer high-quality equity and short-duration bond strategies to help clients manage volatility in this environment
- **45%** report managing volatility for clients is now extremely important



Market sentiment

Advisors are mostly optimistic, and describe clients as more wary and anxious.

“What’s the primary investment motivation of your clients right now?”



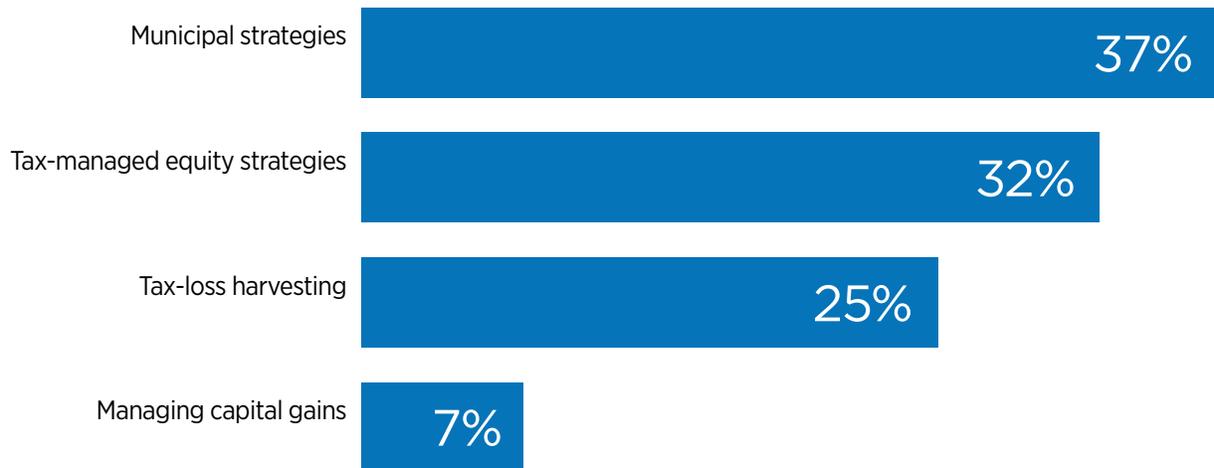
- **52%** of advisors say growing capital for clients is extremely important
- **47%** cite political and market uncertainty as the top reason for clients becoming more fearful
- **79%** say they have no concern about a possible recession in 2019
- **75%** believe there will be one or more Fed rate hikes this year
- **40%** state generating income for clients is extremely important
- **49%** prefer multisector bond and municipal bond strategies to help clients generate income in this environment



Tax management

Advisors are increasingly focused on helping clients reduce tax exposure.

“Which strategy do you employ most to minimize the impact of taxes on client portfolios?”



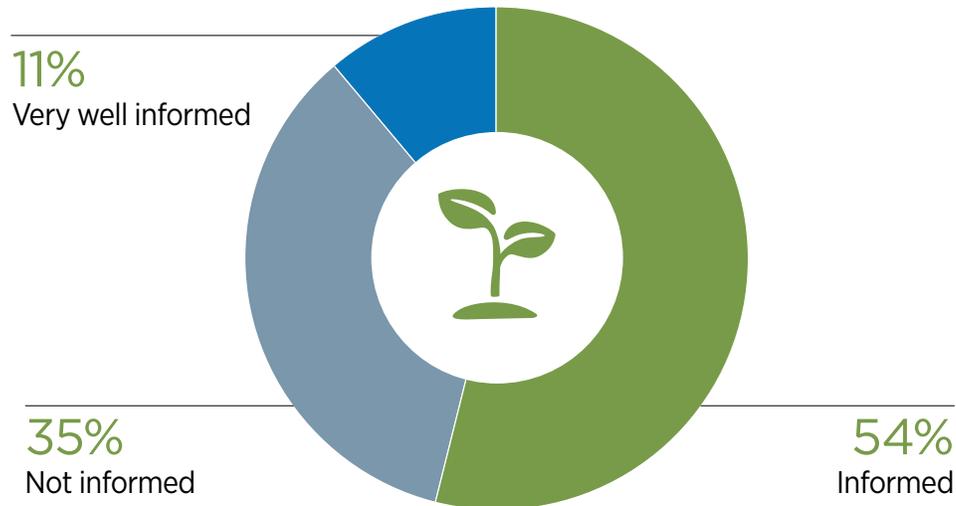
- **41%** of advisors report reducing investment taxes for clients is extremely important
- **42%** prefer municipal bonds for generating tax-exempt income for their clients
- **35%** recommend using tax-managed equity strategies
- **61%** have clients with concentrated stock positions that could trigger capital gains taxes if/when sold
- **39%** advise using diversification/asset allocation models to optimize tax efficiency



Responsible investing (“RI”)

Advisors want to help clients better understand RI, and seek the knowledge to do so.

“How informed are you about ESG and RI strategies?”



- **43%** of advisors report aligning investments with values for clients is extremely important
- **94%** say client interest in RI has increased or been consistent over the past six months
- **73%** note having at least some clients who have expressed interest in RI
- **46%** educate themselves to overcome barriers to incorporating RI into client portfolios
- **40%** cite showing performance potential is the top challenge when advising clients on RI
- **58%** state that RI is at least a small part of their overall advisory practice



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ATOMIX Methodology

The Advisor Top-of-Mind Index (ATOMIX) was calculated based on the findings of a survey of 600 financial advisors from a diverse group of companies. Eaton Vance contracted with a third party to conduct the online survey from February 25, 2019 – March 8, 2019. ATOMIX uses a similar methodology as the U.S. Consumer Confidence Index* (which has no affiliation with Eaton Vance) in that it calculates a weighted average of current perceptions (40% of the Index) and what advisors think about the trends (60% of the Index). The Index set a baseline average of 100 for April 2014. Each component measured is tracked quarterly to illustrate changes in advisor perceptions and changes in trends over time. Future surveys will sample different financial advisors and may produce different results.

The monthly Consumer Confidence Survey, based on a probability-design random sample, is conducted for The Conference Board by Nielsen, a leading global provider of information and analytics around what consumers buy and watch. The Consumer Confidence Index was started in 1967 and is benchmarked to 1985=100. The Index is calculated each month on the basis of a household survey of consumers' opinions on current conditions and future expectations of the economy. Opinions on current conditions make up 40% of the Index, with expectations of future conditions comprising the remaining 60%.

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