

[< Back to overview](#)

Eaton Vance Tax Education Center > Incentive Compensation

LEARN | Investment Concentration: 3 Questions to Ask

Investors who have accumulated significant wealth by owning large concentrations of a single stock may benefit from a diversified approach.

Did You Know?

Sometimes it can be difficult for investors to move away from a stock that has been so good to them. Asking the right questions can help start a conversation about diversification.

Prefer to save for later?

[📄 DOWNLOAD THE PDF](#)[✉️ SHARE BY EMAIL](#)

Key Takeaway

A heavy concentration of a single stock can pose an outsized risk to portfolio performance if the stock's value goes down. Diversifying concentrated stock can help your clients reduce overall portfolio risk.

Questions to Ask Clients and Prospects

Use these conversation starters to help gauge their level of understanding, meet them where they are and present the appropriate options.

Question

Do you believe your primary investment goals may be at risk given your current exposure to [XYZ] stock?

Question

If your concentrated position were replaced by cash overnight, would you buy back all of the concentrated position you had before?

Question

Can you share your equity awards statement with me?

Next Step

One step you can take is to explore how the tax code might make it more attractive to your client to keep some shares and sell others.

KEEP LEARNING

Restricted Stock Units: Incentive Compensation

[LEARN MORE](#)

Disclosure

The Firm does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. Tax laws are complex and subject to change. Investors should always consult their own legal or tax professional for information concerning their individual situation.

Diversification does not eliminate the risk of loss.



HEADQUARTERS

Two International Place
Boston, MA 02110

Investments

[Eaton Vance Funds](#)

[Parametric Funds](#)

[Calvert Funds](#)

[Separately Managed
Accounts](#)

[Closed-End Funds and Term
Trusts](#)

Insights

[Advisory Blog](#)

[Monthly Market Monitor](#)

[Market Update Events](#) 

[The Advisor Institute](#)

Taxes & Tools

[Investment Tax Center](#)

[Tax Information](#)

[Investment Tax Calculator](#)

[Laddered Investing Interest
Rate Scenario Tool](#)

[Concentrated Stock Position
Calculator](#)

[Tax-Equivalent Yield
Calculator](#)

Resources

[Forms & E-Delivery](#)

[Mutual Funds & Abandoned
Property](#)

[DST Vision](#)

[AdvisorCentral](#)

[Corporate Filings](#)

[Annual Reports](#)

[Press Releases](#)

[Diversity and Inclusion](#)

Eaton Vance is part of Morgan Stanley Investment Management, the asset management division of Morgan Stanley.

For USA PATRIOT Act Disclosure Notice please click [here](#).

 This image indicates content designed specifically for Financial Advisors / Investment Professionals. This material is not to be used with the public.

Before investing in any Eaton Vance, Calvert or Morgan Stanley Investment Management Inc.-advised fund, prospective investors should consider carefully the investment objective(s), risks, and charges and expenses. Read the prospectus carefully before you invest or send money. For **open-end mutual funds**, the current prospectus contains this and other information. To obtain an **open-end mutual fund** prospectus or summary prospectus and the most recent annual and semiannual shareholder reports, contact your financial advisor or [download a copy here](#). For **closed-end funds**, you should contact your financial advisor. To obtain the most recent annual and semi-annual shareholder report for a closed-end fund contact your financial advisor or [download a copy here](#). To obtain an **exchange-traded fund**, ("ETF") prospectus or summary prospectus, contact your financial advisor or [download a copy here](#).

Before purchasing any **variable product**, consider the objectives, risks, charges, and expenses associated with the underlying investment option(s) and those of the product itself. For a prospectus containing this and other information, contact your investment or insurance professional. Read the prospectus carefully before investing.

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT

Eaton Vance does not provide tax or legal advice. Prospective investors should consult with a tax or legal advisor before making any investment decision. The information on this Web page is for U.S. residents only and does not constitute an offer to sell, or a solicitation of an offer to purchase, securities in any jurisdiction to any person to whom it is not lawful to make such an offer.

© Eaton Vance Management. All rights reserved.

Eaton Vance open-end mutual funds are offered through Eaton Vance Distributors, Inc. Two International Place, Boston, MA 02110. Member [FINRA](#) / [SIPC](#). Calvert exchange-traded funds are distributed by Foreside Fund Services, LLC.

Publication details: Thursday, May 18, 2023 12:04 PM

Page ID: 43226 - <https://www.eatonvance.com/investment-concentration.php>