Eaton Vance

Advisory Blog

Timely insights on the issues that matter most to advisors and their clients

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Elections | Taxes

Treasury Wants Lion's Share of High-Income Taxpayers' Retirement Savings

By: Eaton Vance on Washington | March 26, 2024

High-income taxpayers are again feeling the squeeze as the U.S. Treasury Department seeks to modify rules relating to retirement plans by preventing "excessive accumulations" in tax-favored retirement accounts and slamming backdoor Roth contributions in an effort to raise $23.6 billion between 2025 and 2034. These provisions were originally proposed to help fund the Build Back Better Act, which sought to invest $390 billion in childcare and universal preschool initiatives.

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Eaton Vance on Washington

Responsible Investing

Where's the Trickle Down? Gender Diversity in Corporate Pipeline Lags the Boardroom

By: Yijia Chen, CFA | March 15, 2024

As March is Women's History Month, it's timely that we review women's headway moving up the corporate ranks and the progress of gender diversity initiatives worldwide.

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Yijia Chen, CFA
Portfolio Manager
Calvert Research and Management

Elections | Taxes

What Biden's Tax Proposal Means for the Wealthiest Taxpayers

By: Eaton Vance on Washington | March 14, 2024

Proposed tax increases in President Biden's budget proposal for fiscal year 2025, which includes $4.9 trillion in higher revenue over ten years through costly tax increases on wealthy individuals and businesses, would hike U.S. tax rates and increase revenues to 20.3% of gross domestic product (GDP) by 2034, the highest rate in the nation's history. The proposed tax code includes new and higher taxes on wealthy individuals, higher-income families, and employers, including complicated tax credits, exemptions and deductions.

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Eaton Vance on Washington

Emerging Markets | Global Investing

The India Opportunity

By: Kristian Heugh | & Anil Agarwal | March 11, 2024

KEY POINTS

1. We see strong tailwinds for growth over the next decade, including India's young population and ongoing policy reforms that support a strong infrastructure.

2. While underrepresented in equity indexes, India has consistently demonstrated stand-out performance, outperforming the S&P 500 Index over 1-, 5-, 10-, and 20-year periods.[1]

3. India offers a broad opportunity set for bottom-up stock picking and long-term investors.

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Managing Director
Head of Global Opportunity



Anil Agarwal
Managing Director
Director of Research Global Opportunity

Emerging Markets

Indonesia's Economic Achievements and Strategic Position Are Likely to Draw Global Investors

By: Steven Quattry | March 7, 2024

KEY POINTS

1. Indonesia is the second-fastest-growing, trillion-dollar economy in the world, with estimated average growth of 5% annually for the next five years.

2. Under former President Jokowi, Indonesia's inflation fell from 7.2% to 2.6% as infrastructure investments halved logistics costs and enhanced efficiency.[1]

3. Indonesia just crossed the $5,000 GDP per capita threshold typically associated with accelerating growth in key consumption categories.

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Steven Quattry
Portfolio Manager
Next Gen Emerging Markets Strategy

Markets and Economy

The BEAT - March 2024

March 5, 2024

In-depth review of asset class and economic activity via impactful charts and analysis.

READ ARTICLE

Dividends | Equities

Not Your Parents' Dividends

By: Charles Gaffney | February 28, 2024

KEY POINTS

1. 56 companies in the S&P 500 have already announced dividend increases in 2024, by a median of 6%.[1]
2. For decades, large, global-branded companies were among the headline performers for dividend-paying companies.
3. A new wave of companies has begun distributing dividends and rewarding shareholders. We think it's about time.

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Charles Gaffney
Core/Growth Portfolio Manager
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Income | Navigating the Curve

Making a Compelling Case for Core and Core Plus Strategies

By: Vishal Khanduja, CFA | & Brian S. Ellis, CFA | February 20, 2024

A decade of extremely low interest rates followed by the Federal Reserve's aggressive policy normalization created a challenging environment for bond investors over the last two years. We see the environment for fixed income improving greatly from here for these reasons:

KEY POINTS

1. **Income**: Starting yields are near post-financial crisis highs and have been a reliable indicator of future returns.
2. **Total Return**: The Fed has signaled a pivot from its restrictive stance, which has historically been a compelling time to increase duration in fixed income allocations.
3. **Diversification**: Correlations between bonds and risk assets should normalize as the Fed cuts interest rates.

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Co-Head of Broad Markets Fixed Income


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Portfolio Manager
Broad Markets Fixed Income

Equities

Election Cycle is Very Likely to Impact Stocks

By: Aaron Dunn, CFA | & Bradley Galko, CFA | February 14, 2024

KEY POINTS

1. During presidential election years over most of the last century, on average both U.S. large- and small-cap value have outperformed their growth peers.
2. Value vs. Growth's dominance in election years also correlates with U.S. gross domestic product (GDP) growth and detraction.
3. Incumbent candidates and parties keen to win reelection seek to make voters feel financially secure when heading to the polls.

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Charitable Giving | Legislation | Taxes

Three Ways High Earners Can Take Advantage of the Tax Cut and Jobs Act (TCJA) Before It Sunsets

By: Eileen Tam | February 12, 2024

While we do not anticipate any meaningful changes in U.S. tax laws this year, high earners should consider three ways to prepare for the Tax Cut and Jobs Act (TCJA) to sunset in 2025. The TCJA enacted in 2018 benefited many affluent taxpayers by more than doubling the gift and lifetime exemptions, slashing tax rates for the highest bracket from 39.6% to 37%, and significantly reducing the impact of the alternative minimum tax (AMT).[1] Acting now may lead to potential significant savings.

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Eileen Tam
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Legislation | Taxes

How Bracket Creep, Capital Gains and the Election May Impact what Taxpayers Owe the Government

By: Jeremy Milleson | February 8, 2024

The brackets of March Madness can consume both diehard fans and casual followers of college basketball. Old rivalries are stoked, and

friendly wagers are made among friends, neighbors and coworkers. This annual rite of spring seems perfectly timed to set a cheerful tone—it may even be therapeutic. Just a few weeks after the tournament concludes, a different set of brackets takes center stage in the lives of U.S. taxpayers.

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Jeremy Milleson
Director
Investment Strategy
Parametric

Emerging Markets | Equities | High Conviction Active

Brazilian Economy Boosted by Reasonable Government Legislations and Tight Monetary Policy

By: Paul Psaila | February 5, 2024

KEY POINTS

1. A year into President Lula's term, the political and economic situation in Brazil is better than many had expected.
2. The economy will likely grow more than expected as interest rates continue to fall.
3. We believe Brazil remains cheap compared to other emerging markets with lower inflation and rates acting as a tailwind for growth.

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Equities | International/Global

Postcard from Ghana: The Cocoa Supply Chain Risk for Multinational Chocolate Producers

By: Jennifer Byron, CFA | & Christopher M. Dyer, CFA | February 2, 2024

KEY POINTS

1. We believe cocoa farmers must earn a living income to end child labor and deforestation.
2. Cocoa farmers are up against formidable forces along the supply chain and have little or no bargaining power on price.
3. Profit margins could be impacted if the price of cocoa soars, as farmers out opt out for other sources of income.

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Emerging Markets Debt | International/Global

Improved Rate Outlook Lifts Emerging Markets Debt

By: Emerging Markets Debt | January 31, 2024

KEY POINTS

1. We expect emerging markets debt to continue benefitting from global disinflation and prospects for rate cuts, which already supported stronger performance in late 2023.
2. As ever, country selection remains key in emerging markets to capture the most attractive idiosyncratic risk and opportunity in this broad and diverse investment universe.
3. We foresee stronger appetite for EM debt in 2024, with net flows returning to positive territory as investors come back to the asset class.

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Emerging Markets Debt

Outlook

2024 Outlook: Private Real Estate

By: Morgan Stanley Real Estate Investing (MSREI) | *January 4, 2024*

Real Estate Investors Eye Opportunity Amid Strong Fundamentals Fueling Growth for High Quality Assets

KEY POINTS

1. Real estate has re-priced meaningfully over the last two years; returns following periods of re-pricing have typically exceeded historical averages.
2. Strength in real estate fundamentals should support rent growth for high quality assets in sectors backed by long-term demand drivers.
3. We believe debt maturities and the higher-for-longer interest rate environment will lead to idiosyncratic seller distress and attractive recapitalization/credit investment opportunities.

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Morgan Stanley Real Estate Investing (MSREI)

Inflation | International/Global | Volatility

Market dislocation creates buying opportunities for bottom-up stock pickers

By: Global Opportunity | *January 2, 2024*

Thoughts from the Global Opportunity Team on the impact of rates on equities

KEY POINTS

1. The impact of higher real interest rates impacts the intrinsic value of all equities nearly evenly.
2. Inflation can benefit companies with competitive advantages and pricing power.
3. Market dislocation creates buying opportunities for bottom-up stock pickers.

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Global Opportunity
Morgan Stanley Investment Management

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Exchange-traded funds are distributed by Foreside Fund Services, LLC.

Publication details: Tuesday, March 5, 2024 10:49 AM

Page ID: 22944 - https://www.eatonvance.com/advisory-blog.php