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FILER

HIGH INCOME PORTFOLIO

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-1A

REGISTRATION STATEMENT
UNDER
THE INVESTMENT COMPANY ACT OF 1940 [X]

AMENDMENT NO. 1 [X]

HIGH INCOME PORTFOLIO

(Exact Name of Registrant as Specified in Charter)

The Bank of Nova Scotia Building
P.O. Box 501, George Town, Grand Cayman
Cayman Islands, British West Indies
(Address of Principal Executive Offices)

Registrant's Telephone Number, including Area Code: (809) 949-2001

H. Day Brigham, Jr.
24 Federal Street, Boston, Massachusetts 02110

(Name and Address of Agent for Service)

EXPLANATORY NOTE

This Registration Statement, as amended, has been filed by the Registrant pursuant to Section 8(b) of the Investment Company Act of 1940, as amended. However, interests in the Registrant have not been registered under the Securities Act of 1933, as amended (the "1933 Act"), because such interests will be issued solely in private placement transactions that do not involve any "public offering" within the meaning of Section 4(2) of the 1933 Act. Investments in the Registrant may be made only by U.S. and foreign investment companies, common or commingled trust funds, organizations or trusts described in Sections 401(a) or 501(a) of the Internal Revenue Code of 1986, as amended, or similar organizations or entities that are "accredited investors" within the meaning of Regulation D under the 1933 Act. This Registration Statement, as amended, does not constitute an offer to sell, or the solicitation of an offer to buy, any interest in the Registrant.

PART A

Responses to Items 1 through 3 and 5A have been omitted pursuant to Paragraph 4 of Instruction F of the General Instructions to Form N-1A.

Item 4. General Description of Registrant

High Income Portfolio (the "Portfolio") is a diversified, open-end management investment company which was organized as a trust under the laws of the State of New York on May 1, 1992. Interests in the Portfolio are issued solely in private placement transactions that do not involve any "public offering" within the meaning of Section 4(2) of the Securities Act of 1933, as amended (the "1933 Act"). Investments in the Portfolio may be made only by U.S. and foreign investment companies, common or commingled trust funds, organizations or trusts described in Sections 401(a) or 501(a) of the Internal Revenue Code of 1986, as amended

(the "Code"), or similar organizations or entities that are "accredited investors" within the meaning of Regulation D under the 1933 Act. This Registration Statement, as amended, does not constitute an offer to sell, or the solicitation of an offer to buy, any "security" within the meaning of the 1933 Act.

The Portfolio's investment objective is to provide a high level of current income. The Portfolio seeks to achieve its investment objective by investing primarily in a diversified portfolio of high-yielding, high risk, fixed-income securities (commonly referred to as "junk bonds").

Additional information about the investment policies of the Portfolio appears in Part B. The Portfolio is not intended to be a complete investment program, and a prospective investor should take into account its objectives and other investments when considering the purchase of interests in the Portfolio. The Portfolio cannot assure achievement of its investment objective.

How the Portfolio Invests its Assets

The Portfolio normally invests at least 80% of its net assets in fixed-income securities, including convertible securities, and up to 20% of its net assets in common stocks and other equity securities when consistent with its objective or acquired as part of a unit combining fixed-income and equity securities. The foregoing policy is a nonfundamental policy of the Portfolio and may be changed when authorized by a vote of the Trustees of the Portfolio without obtaining the approval of the investors in the Portfolio.

The fixed-income securities in which the Portfolio may invest include preferred and preference stocks and all types of debt obligations of both domestic and foreign issuers, such as bonds, debentures, notes, equipment lease certificates, equipment trust certificates, conditional sales contracts, commercial paper, and obligations issued or guaranteed by the U.S. Government, any state or territory of the United States, any

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foreign government or any of their respective political subdivisions, agencies or instrumentalities. Debt securities may bear fixed, fixed and contingent, variable or floating rates of interest.

The Portfolio invests a substantial portion of its assets in high

yield, high risk securities issued in connection with mergers, acquisitions, leveraged buy-outs, recapitalizations and other highly leveraged transactions. These securities are subject to substantially greater credit risks than some of the other fixed-income securities in which the Portfolio may invest. These credit risks include the possibility of default or bankruptcy of the issuer. The value of such securities may also be subject to a greater degree of volatility in response to interest rate fluctuations, economic downturns and changes in the financial condition of the issuer. These securities are less liquid than other fixed-income securities. During periods of deteriorating economic conditions and contraction in the credit markets, the ability of issuers of such securities to service their debt, meet projected goals, or obtain additional financing may be impaired.

The Portfolio will normally invest at least 65% of its assets in the lowest investment grade and lower rated obligations (rated Baa or lower by Moody's Investors Service, Inc. ("Moody's") or BBB or lower by Standard & Poor's Ratings Group ("S&P")) and unrated obligations. Fixed-income securities that are in the lowest investment grade and lower rating categories or that are unrated generally offer a higher yield than is offered by obligations in the higher rating categories but also are subject to greater credit risks as indicated elsewhere in this registration statement. Because available yields and the yield differential between higher and lower rated obligations vary over time, no specific level of income or yield differential can ever be assured. For a description of Moody's and S&P's ratings of fixed-income securities, see Appendix A to this Part A. Unrated bonds are generally regarded as being speculative and expose the investor to risks with respect to the issuer's capacity to pay interest and repay principal, which risks are similar to the risks of lower rated bonds. At March 31, 1995, the Portfolio had approximately 96.8% of its assets invested in high yield, high risk bonds that were rated lower than investment grade or unrated. See Appendix B to this Part A for the Portfolio's asset composition on March 31, 1995.

The Portfolio may also invest a portion of its assets in debt securities that are not paying current income in anticipation of possible future income or capital appreciation. Interest and/or principal payments thereon could be in arrears when such securities are acquired, and the issuer may be in bankruptcy or undergoing a debt restructuring or reorganization. Such securities may be unrated or the lowest rated obligations (rated C by Moody's or D by S&P). Bonds rated C by Moody's are regarded as having extremely poor prospects of ever attaining any real investment standing. Bonds rated D by S&P are in payment default or a bankruptcy petition has been filed and debt service payments are jeopardized.

Credit ratings are based largely on the issuer's historical financial condition and the rating agency's investment analysis at the time of rating, and the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition. Credit quality in the high yield, high risk bond market can change from time to time, and recently issued credit ratings may not fully reflect the actual risks posed by a particular high yield security. Although Boston Management and Research (the "Investment Adviser") considers security ratings when making investment decisions, it performs its own credit and investment analysis and does not rely primarily on the ratings assigned by the rating services. In evaluating the quality of a particular issue, whether rated or unrated, the Investment Adviser will normally take into consideration, among other things, the issuer's financial resources and operating history, its sensitivity to economic conditions and trends, the ability of its management, its debt maturity schedules and borrowing requirements, and relative values based on anticipated cash flow, interest and asset coverages, and earnings prospects. Because of the greater number of investment considerations involved in investing in high yield, high risk bonds, the achievement of the Portfolio's objective depends more on the Investment Adviser's judgment and analytical abilities than would be the case if the Portfolio were investing primarily in securities in the higher rating categories.

The Portfolio may also invest a portion of its assets in loan interests, which are interests in amounts owed by a corporate, governmental or other borrower to lenders or lending syndicates. Loan interests purchased by the Portfolio may have a maturity of any number of days or years, may be secured or unsecured, and may be of any credit quality. Loan interests, which may take the form of participation interests in, assignments of or novations of a loan, may be acquired from U.S. and foreign banks, insurance companies, finance companies or other financial institutions that have made loans or are members of a lending syndicate or from the holders of loan interests. Loan interests involve the risk of loss in the case of default or bankruptcy of the borrower and, in the case of participation interests, involve a risk of insolvency of the agent lending bank or other financial intermediary. Loan interests are not rated by any nationally recognized rating service and are, at present, not readily marketable and may be subject to contractual restrictions on resale. The Portfolio may also invest in restricted securities and securities eligible for resale pursuant to Rule 144A of the Securities Act of 1933. An investment in restricted securities may involve relatively greater risk and cost to the Portfolio because of their illiquidity.

Fixed-income securities in which the Portfolio may invest also include zero coupon bonds, deferred interest bonds and bonds on which the

interest is payable in kind ("PIK bonds"). Zero coupon and deferred interest bonds are debt obligations that are issued at a significant discount from face value. The discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest

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bonds provide for a period of delay before the regular payment of interest begins. PIK bonds are debt obligations that provide that the issuer thereof may, at its option, pay interest on such bonds in cash or in the form of additional debt obligations. Such investments benefit the issuer by mitigating its need for cash to meet debt service, but also require a higher rate of return to attract investors who are willing to defer receipt of such cash. Such investments may experience greater volatility in market value due to changes in interest rates than debt obligations that make regular payments of interest. The Portfolio will accrue income on such investments for tax and accounting purposes, in accordance with applicable law, which income is distributable to shareholders. Because no cash is received at the time such income is accrued, the Portfolio may be required to liquidate other portfolio securities to satisfy its distribution obligations.

The Portfolio may invest up to 25% of its total assets in foreign securities, including securities issued or guaranteed by foreign governments or their agencies or instrumentalities. Investing in foreign securities may represent a greater degree of risk than investing in domestic securities, because of the possibility of exchange rate fluctuations, less publicly-available financial and other information, more volatile and less liquid markets, less securities regulation, higher brokerage costs, imposition of foreign withholding and other taxes, war, expropriation or other adverse governmental actions.

When the Investment Adviser believes that it is appropriate to do so, for defensive purposes, more than 35% of the Portfolio's assets may be temporarily invested in securities rated A or better by Moody's or S&P. A portion of the Portfolio's assets may be invested temporarily in cash or short-term obligations including, but not limited to, certificates of deposit, commercial paper, short-term notes, obligations issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, and repurchase agreements.

The Portfolio may invest up to 25% of its assets in securities of issuers in each of the electric, gas and telephone utility industries if, in the opinion of the Investment Adviser, the relative return available from such securities and the relative risk, marketability, quality or availability of securities of issuers in such industry justifies such an investment. The value of such investments may be affected to a greater degree by adverse developments in such industries. Industry-wide problems include the effects of fluctuating economic conditions, energy conservation practices, environmental regulations, high capital expenditures, construction delays due to pollution control and environmental considerations, uncertainties as to fuel availability and costs, increased competition in deregulated sectors of such industries and difficulties in obtaining timely and adequate rate relief from regulatory commissions. If applications for rate increases are not granted or are not acted upon promptly, the market prices of and interest or dividend payments on utility securities may be adversely affected.

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Fixed-Income Obligations. Fixed-income obligations offering the high current income sought by the Portfolio ordinarily are rated in lower rating categories of recognized rating agencies or are unrated. Such obligations are subject to substantially greater credit risks (including, without limitation, the possibility of default by or bankruptcy of the issuers of such securities and subordination of such obligations to the prior claims of banks and other senior creditors) than securities in higher rating categories. The probability of default for the lower quality and unrated corporate debt in which the Portfolio invests has increased during recent years. In recent years a number of overly leveraged companies have defaulted on their long-term debt, and some have filed for bankruptcy protection. Others have sought to restructure their debt through security exchanges with bondholders. The takeover activity of the past decade has resulted in exchanges of debt for equity and a decline in the credit quality of many U.S. companies.

The lower quality and unrated securities in which the Portfolio will invest will have speculative characteristics in varying degrees. The value of such obligations may be more susceptible to real and perceived adverse economic or industry conditions than is the case of higher quality bonds. While the Investment Adviser will attempt to reduce the risks of investing in lower rated or unrated securities through active portfolio

management, diversification, credit analysis and attention to current developments and trends in the economy and the financial markets, there can be no assurance that a broadly diversified portfolio of such securities would substantially lessen the risks of defaults brought about by an economic downturn or recession. The Portfolio will also take such action as it considers appropriate in the event of anticipated financial difficulties, default or bankruptcy of the issuer of any such obligation. The Portfolio will incur additional expenditures in taking protective action with respect to portfolio obligations in default and assets securing such obligations. As at March 31, 1995, none of the obligations of the Portfolio's net assets were in default. The Portfolio may retain defaulted obligations in its portfolio when such retention is considered desirable by the Investment Adviser. The Portfolio may also acquire other securities issued in exchange for such obligations or issued in connection with the debt restructuring or reorganization of the issuers, or where such acquisition, in the judgment of the Investment Adviser, may enhance the value of such obligations or would otherwise be consistent with the Portfolio's investment policies.

Net Asset Value Fluctuation. The net asset value of the Portfolio will change in response to fluctuations in prevailing interest rates and changes in the value of the securities held by the Portfolio. When interest rates decline, the value of securities already held by the Portfolio can be expected to rise. Conversely, when interest rates rise, the value of existing portfolio security holdings can be expected to decline. Although the lower rated and unrated obligations in the Portfolio's portfolio may provide higher yields, they may also be subject to a greater degree of market fluctuation and are subject to greater

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investment risks than high quality obligations. Furthermore, the net investment income provided by the Portfolio will fluctuate over time. In addition and as indicated above, the Portfolio invests in high yield, high risk bonds structured as zero coupon, deferred interest or pay-in-kind securities; these bonds tend to be more speculative and may be subject to substantially greater fluctuations in value due to changes in interest rates than other income bearing obligations. Therefore, an investment in interests in the Portfolio will not constitute a complete investment program and is not appropriate for investors who cannot assume the substantially greater risk of capital depreciation inherent in seeking higher yields from high risk bonds.

High yield, high risk corporate bonds are frequently traded in markets where the number of potential purchasers and sellers is limited. There is no established resale market for certain of these bonds in which the Portfolio invests. These considerations may make it difficult for the Portfolio to value its securities, may affect the choice of securities sold to meet redemption requests and may have the effect of limiting the ability of the Portfolio to sell or dispose of such bonds on favorable terms. The secondary market for high yield, high risk corporate obligations is relatively new, is volatile and may be disrupted by war, inflation or economic downturns, and is less liquid than the market for high quality bonds. In the event of an illiquid market or in the absence of readily available market quotations for certain of these bonds held by the Portfolio, judgment will play a greater role in the valuation of such bonds because there is less reliable, objective data available. Adverse market or economic conditions could make it difficult at times for the Portfolio to sell or dispose of certain high yield, high risk bonds. The Portfolio may also be forced to sell these bonds at a significant loss to meet shareholder redemptions.

Short-Term Trading. Securities may be sold in anticipation of a market decline (a rise in interest rates) or purchased in anticipation of a market rise (a decline in interest rates) and later sold. In addition, a security may be sold and another purchased at approximately the same time to take advantage of what the Portfolio believes to be a temporary disparity in the normal yield relationship between the two securities. Yield disparities may occur for reasons not directly related to the investment quality of particular issues or the general movement of interest rates, such as changes in the overall demand for or supply of various types of fixed-income securities or changes in the investment objectives of investors. Such trading may be expected to increase the Portfolio's portfolio turnover rate and the expenses incurred in connection with such trading. The Portfolio anticipates that its annual portfolio turnover rate will generally not exceed 100% (excluding turnover of securities having a maturity of one year or less).

Lending of Securities. The Portfolio may seek to increase its income by lending portfolio securities to broker-dealers or other institutional borrowers. Under present regulatory policies of the Securities and Exchange Commission (the "Commission"), such loans would be

required to be secured continuously by collateral in cash, cash

equivalents or U.S. Government securities held by the Portfolio's custodian and maintained on a current basis at an amount at least equal to the market value of the securities loaned, which will be marked to market daily. Cash equivalents include short-term municipal obligations as well as taxable certificates of deposit, commercial paper and other short-term money market instruments. The Portfolio would have the right to call a loan and obtain the securities loaned at any time on up to five business days' notice. During the existence of a loan, the Portfolio will continue to receive the equivalent of the interest paid by the issuer on the securities loaned and will also receive a fee, or all or a portion of the interest on investment of the collateral, if any. However, the Portfolio may pay lending fees to such borrowers. The Portfolio would not have the right to vote any securities having voting rights during the existence of the loan, but would call the loan in anticipation of an important vote to be taken among holders of the securities or the giving or withholding of their consent on a material matter affecting the investment. As with other extensions of credit there are risks of delay in recovery or even loss of rights in the securities loaned if the borrower of the securities fails financially. However, the loans will be made only to organizations deemed by the Portfolio's management to be of good standing and when, in the judgment of the Portfolio's management, the consideration which can be earned from securities loans of this type justifies the attendant risk. If the management of the Portfolio decides to make securities loans, it is intended that the value of the securities loaned would not exceed 30% of the Portfolio's total assets.

Forward Foreign Currency Exchange Contracts. The Portfolio may enter into forward foreign currency exchange contracts. A forward foreign currency exchange contract is a contract individually negotiated and privately traded by currency traders and their customers. A forward contract involves an obligation to purchase or sell a specific currency for an agreed price at a future date, which may be any fixed number of days from the date of the contract. The purpose of entering into these contracts is to minimize the risk to the Portfolio from adverse changes in the relationship between the U.S. dollar and foreign currencies. At the same time, such contracts may limit potential gain from a positive change in the relationship between the U.S. dollar and foreign currencies. Unanticipated changes in currency prices may result in poorer overall performance for the Portfolio than if it had not entered into forward foreign currency exchange contracts.

Writing and Purchasing Call and Put Options. The Portfolio may write (sell) covered call and put options with respect to up to 25% of its net assets. All call options written by the Portfolio are covered, which means that the Portfolio will own the securities subject to the option or an offsetting call option so long as the option is outstanding. All put options written by the Portfolio would be covered, which means that the Portfolio would own offsetting put options or would have deposited with its custodian cash, U.S. Government securities, or other liquid, high-grade debt securities with a value at least equal to the exercise

price of the put option. The Portfolio may purchase put and call options on any securities in which the Portfolio may invest or options on any securities index based on securities in which the Portfolio may invest.

Risks Associated With Options Transactions. There is no assurance that a liquid secondary market on an options exchange will exist for any particular option, or at any particular time. If the Portfolio is unable to effect a closing purchase transaction with respect to covered options it has written, the Portfolio will not be able to sell the underlying securities or dispose of assets held in a segregated account until the options expire or are exercised. Similarly, if the Portfolio is unable to effect a closing sale transaction with respect to options it has purchased, it would have to exercise the options in order to realize any profit and will incur transaction costs upon the purchase or sale of underlying securities. The Portfolio expects to purchase and write only exchange-traded options until such time as the Portfolio's management determines that the over-the-counter market in options is sufficiently developed and the Portfolio has amended its registration statement so that appropriate disclosure is furnished to prospective and existing shareholders.

The writing and purchase of options is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. In the event of unanticipated changes in securities prices, the Portfolio may recognize losses on call and put options written by the Portfolio to the extent it is required to sell or purchase the underlying securities or to terminate the option at a loss. The Portfolio may recognize a loss of the premium on an option it has purchased to the extent that the option cannot be profitably exercised before its expiration. The successful use of put options for hedging purposes depends in part on the Investment Adviser's ability to predict future price fluctuations and the degree of correlation between the options and securities markets. The Portfolio pays brokerage commissions or spreads in connection with its options transactions, as well as for purchases and sales of underlying securities. The writing of options could result in significant increases in the Portfolio's portfolio turnover rate.

Futures and Options Transactions. To hedge against changes in interest rates or securities prices, the Portfolio has the authority to purchase and sell various kinds of futures contracts, and purchase and

write call and put options on any of such futures contracts; it may also enter into closing purchase and sale transactions with respect to any of such contracts and options. The futures contracts may be based on various securities (such as U.S. Government securities), securities indices and other financial instruments and indices. The Portfolio would engage in futures and related options transactions only for bona fide hedging or non-hedging purposes as defined in or permitted by regulations of the Commodity Futures Trading Commission. The Portfolio did not engage in such transactions during the period from June 1, 1994 (commencement of operations) to June 30, 1995, and there is no assurance that it will engage in such transactions in the future.

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The Portfolio may not purchase or sell futures contracts or purchase or sell related options, except for closing purchase or sale transactions, if immediately thereafter the sum of the amount of initial margin deposits on the Portfolio's outstanding positions in futures and related options and the amount of premiums paid for outstanding positions in options on futures would exceed 5% of the market value of the Portfolio's net assets. These transactions involve brokerage costs, require margin deposits and, in the case of contracts and options obligating the Portfolio to purchase securities, require the Portfolio to segregate liquid high-grade debt securities in an amount equal to the underlying value of such contracts and options.

In addition, while transactions in futures contracts and options on futures may reduce certain risks, such transactions themselves involve (1) liquidity risk that contractual positions cannot be easily closed out in the event of market changes, (2) correlation risk that changes in the value of hedging positions may not match the market fluctuations intended to be hedged (especially given that the only futures contracts currently available to hedge corporate fixed income securities are futures on various U.S. Government securities, stock index futures and on municipal securities indices), (3) market risk that an incorrect prediction by the Investment Adviser of interest rates may cause the Portfolio to perform less well than if such positions had not been entered into, and (4) skills different from those needed to select portfolio securities. Thus, while the Portfolio may benefit from the use of futures and options on futures, unanticipated changes in interest rates or securities prices may result in a poorer overall performance for the Portfolio than if it had not entered

into any futures contracts or options transactions. The loss incurred by the Portfolio in writing options on futures is potentially unlimited and may exceed the amount of the premium received. The Portfolio's activities in options and futures contracts may be limited by the requirements of the Internal Revenue Code for maintaining the qualification of each of the Portfolio's investment company investors as a regulated investment company for Federal tax purposes.

Diversified Status

The classification of the Portfolio under the Investment Company Act of 1940, as amended (the "1940 Act"), as a "diversified" investment company means that with respect to 75% of its total assets, the Portfolio may not invest more than 5% of its total assets in the securities of any one issuer or purchase more than 10% of the outstanding voting securities of any one issuer (except obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and except securities of other investment companies).

Investment Restrictions

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The Portfolio has adopted certain fundamental investment restrictions which are enumerated in detail in Part B and which may not be changed unless authorized by an investor vote. Except for such enumerated restrictions and as otherwise indicated in this Part A, the investment objective and policies of the Portfolio are not fundamental policies and accordingly may be changed by the Trustees without obtaining the approval of the investors in the Portfolio. The Portfolio's investors will receive written notice thirty days prior to any change in the investment objective of the Portfolio. If any changes were made, the Portfolio might have investment objectives different from the objectives which an investor considered appropriate at the time of its initial investment.

In seeking to provide as much current income as possible, the Portfolio invests a significant portion of its assets in high yield, high risk corporate bonds. These obligations carry substantially greater investment risk than higher quality bonds. Achievement of the Portfolio's investment objective, which cannot be assured, is therefore much more dependent upon the Investment Adviser's own credit analysis than is the

case for higher quality bonds. Investors are urged to consider carefully the substantially greater risks of investing in a portfolio of high yield, high risk corporate bonds before purchasing interests in the Portfolio.

Item 5. Management of the Portfolio

The Portfolio is organized as a trust under the laws of the State of New York. The Portfolio intends to comply with all applicable Federal and state securities laws.

Investment Adviser. The Portfolio engages Boston Management and Research ("BMR" or the "Investment Adviser"), a wholly-owned subsidiary of Eaton Vance Management ("Eaton Vance"), as its investment adviser. Eaton Vance, its affiliates and its predecessor companies have been managing assets of individuals and institutions since 1924 and managing investment companies since 1931.

Acting under the general supervision of the Board of Trustees, BMR manages the Portfolio's investments and affairs. Under its investment advisory agreement with the Portfolio, BMR receives a monthly advisory fee equal to the aggregate of:

- (a) a daily asset-based fee computed by applying the annual asset rate applicable to that portion of the total daily net assets in each Category as indicated below, plus
- (b) a daily income-based fee computed by applying the daily income rate applicable to that portion of the total daily gross income (which portion shall bear the same relationship to the total daily gross income on such day as that portion of the total daily net assets in the same Category bears to the total daily net assets on such day) in each Category as indicated below:

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Category	Daily Net Assets	Annual Asset Rate	Daily Income Rate
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1	Up to \$500 million	0.300%	3.00%
2	\$500 million but less than \$1 billion	0.275%	2.75%

3	\$1 billion but less than \$1.5 billion	0.250%	2.50%
4	\$1.5 billion but less than \$2 billion	0.225%	2.25%
5	\$2 billion but less than \$3 billion	0.200%	2.00%
6	\$3 billion and over	0.175%	1.75%

As of March 31, 1995, the Portfolio had net assets of \$442,551,815. For the period from the start of business, June 1, 1994, to March 31, 1995, the Portfolio paid BMR advisory fees equivalent to 0.64% (annualized) of the Portfolio's average daily net assets for such period.

BMR also furnishes for the use of the Portfolio office space and all necessary office facilities, equipment and personnel for servicing the investments of the Portfolio. The Portfolio is responsible for the payment of all expenses other than those expressly stated to be payable by BMR under the investment advisory agreement.

BMR places the portfolio security transactions of the Portfolio for execution with many broker-dealers firms. Fixed-income securities are normally traded on a net basis (without commission) through broker-dealers and banks acting for their own account. Such firms attempt to profit from such transactions by buying at the bid price and selling at the higher asked price of the market, and the difference is customarily referred to as the spread. In selecting firms to execute portfolio transactions, BMR judges their professional ability and quality of service and uses its best efforts to obtain execution at prices which are advantageous to the Portfolio and at reasonably competitive spreads. Subject to the foregoing, BMR may consider sales of shares of other investment companies sponsored by BMR or Eaton Vance as a factor in the selection of firms to execute portfolio transactions.

Hooker Talcott, Jr. has acted as the portfolio manager of the Portfolio since it commenced operations. Mr. Talcott has been a Vice President of Eaton Vance since 1987 and of BMR since 1992.

BMR or Eaton Vance acts as investment adviser to investment companies and various individual and institutional clients with assets under management of approximately \$15 billion. Eaton Vance is a wholly-owned subsidiary of Eaton Vance Corp., a publicly held holding company. Eaton Vance Corp., through its subsidiaries and affiliates, engages in

investment management and marketing activities, fiduciary and banking services, oil and gas operations, real estate investment, consulting and management, and development of precious metals properties.

Administrator. The Bank of Nova Scotia Trust Company (Cayman) Ltd., The Bank of Nova Scotia Building, P.O. Box 501, George Town, Grand Cayman, Cayman Islands, British West Indies, maintains the Portfolio's principal office and certain of its records and provides administrative assistance in connection with meetings of the Portfolio's Trustees and interestholders, for which services the Portfolio pays \$1,500 per annum.

Transfer Agent. IBT Fund Services (Canada) Inc., 1 First Canadian Place, King Street West, Suite 2800, P.O. Box 231, Toronto, Ontario, Canada M5X 1C8, a subsidiary of Investors Bank & Trust Company, the Portfolio's custodian, serves as transfer agent and dividend-paying agent for the Portfolio and computes the daily net asset value of interests in the Portfolio.

Item 6. Capital Stock and Other Securities

The Portfolio is organized as a trust under the laws of the State of New York and intends to be treated as a partnership for Federal tax purposes. Under the Declaration of Trust, the Trustees are authorized to issue interests in the Portfolio. Each investor is entitled to a vote in proportion to the amount of its investment in the Portfolio. Investments in the Portfolio may not be transferred, but an investor may withdraw all or any portion of its investment at any time at net asset value. Investors in the Portfolio will each be liable for all obligations of the Portfolio. However, the risk of an investor in the Portfolio incurring financial loss on account of such liability is limited to circumstances in which both inadequate insurance exists and the Portfolio itself is unable to meet its obligations.

The Declaration of Trust provides that the Portfolio will terminate 120 days after the complete withdrawal of any investor in the Portfolio unless either the remaining investors, by unanimous vote at a meeting of such investors, or a majority of the Trustees of the Portfolio, by written instrument consented to by all investors, agree to continue the business of the Portfolio. This provision is consistent with the treatment of the Portfolio as a partnership for Federal income tax purposes.

Investments in the Portfolio have no preemptive or conversion rights and are fully paid and nonassessable by the Portfolio, except as set forth above. The Portfolio is not required and has no current intention to hold

annual meetings of investors, but the Portfolio may hold special meetings of investors when in the judgment of the Trustees it is necessary or desirable to submit matters for an investor vote. Changes in fundamental policies or restrictions will be submitted to investors for approval. The

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investment objective and all nonfundamental investment policies of the Portfolio may be changed by the Trustees of the Portfolio without obtaining the approval of the investors in the Portfolio. Investors have under certain circumstances (e.g., upon application and submission of certain specified documents to the Trustees by a specified number of investors) the right to communicate with other investors in connection with requesting a meeting of investors for the purpose of removing one or more Trustees. Any Trustee may be removed by the affirmative vote of holders of two-thirds of the interests in the Portfolio.

Information regarding pooled investment entities or funds that invest in the Portfolio may be obtained by contacting Eaton Vance Distributors, Inc., 24 Federal Street, Boston, MA 02110 (617) 482-8260. Smaller investors in the Portfolio may be adversely affected by the actions of larger investors in the Portfolio. For example, if a large investor withdraws from the Portfolio, the remaining investors may experience higher pro rata operating expenses, thereby producing lower returns. Additionally, the Portfolio may become less diverse, resulting in increased portfolio risk, and experience decreasing economies of scale. However, this possibility exists as well for historically structured funds that have large or institutional investors.

As of June 30, 1995, EV Marathon High Income Fund controlled the Portfolio by virtue of owning more than 99% of the outstanding voting securities of the Portfolio.

The Portfolio's net asset value is determined each day on which the New York Stock Exchange (the "Exchange") is open for trading ("Portfolio Business Day"). This determination is made each Portfolio Business Day as of the close of regular trading on the Exchange (normally 4:00 p.m., New York time) (the "Portfolio Valuation Time").

Each investor in the Portfolio may add to or reduce its investment in

the Portfolio on each Portfolio Business Day as of the Portfolio Valuation Time. The value of each investor's interest in the Portfolio will be determined by multiplying the net asset value of the Portfolio by the percentage, determined on the prior Portfolio Business Day, which represented that investor's share of the aggregate interest in the Portfolio on such prior day. Any additions or withdrawals for the current Portfolio Business Day will then be recorded. Each investor's percentage of the aggregate interest in the Portfolio will then be recomputed as a percentage equal to a fraction (i) the numerator of which is the value of such investor's investment in the Portfolio as of the Portfolio Valuation Time on the prior Portfolio Business Day plus or minus, as the case may be, the amount of any additions to or withdrawals from the investor's investment in the Portfolio on the current Portfolio Business Day and (ii) the denominator of which is the aggregate net asset value of the Portfolio as of the Portfolio Valuation Time on the prior Portfolio Business Day

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plus or minus, as the case may be, the amount of the net additions to or withdrawals from the aggregate investment in the Portfolio on the current Portfolio Business Day by all investors in the Portfolio. The percentage so determined will then be applied to determine the value of the investor's interest in the Portfolio for the current Portfolio Business Day. See Item 7 regarding the pricing of investments in the Portfolio.

The Portfolio will allocate at least annually among its investors its net investment income, net realized capital gains, and any other items of income, gain, loss, deduction or credit. The Portfolio's net investment income consists of all income accrued on the Portfolio's assets, less all actual and accrued expenses of the Portfolio, determined in accordance with generally accepted accounting principles.

Under the anticipated method of operation of the Portfolio, the Portfolio will not be subject to any Federal income tax. (See Part B, Item 20.) However, each investor in the Portfolio will take into account its allocable share of the Portfolio's ordinary income and capital gain in determining its Federal income tax liability. The determination of each such share will be made in accordance with the governing instruments of the Portfolio, which are intended to comply with the requirements of the Code and the regulations promulgated thereunder.

It is intended that the Portfolio's assets and income will be managed in such a way that an investor in the Portfolio that seeks to qualify as a regulated investment company (a "RIC") under the Code will be able to satisfy the requirements for such qualification.

Item 7. Purchase of Interests in the Portfolio

Interests in the Portfolio are issued solely in private placement transactions that do not involve any "public offering" within the meaning of Section 4(2) of the 1933 Act. See "General Description of Registrant" above.

An investment in the Portfolio will be made without a sales load. All investments received by the Portfolio will be effected as of the next Portfolio Valuation Time. The net asset value of the Portfolio is determined at the Portfolio Valuation Time on each Portfolio Business Day. The Portfolio will be closed for business and will not determine its net asset value on the following business holidays: New Year's Day, Presidents' Day, Good Friday (a New York Stock Exchange holiday), Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The Portfolio's net asset value is computed in accordance with procedures established by the Portfolio's Trustees.

The Portfolio's net asset value is determined by IBT Fund Services (Canada) Inc. (as agent for the Portfolio) in the manner authorized by the Trustees of the Portfolio. The net asset value is computed by subtracting

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the liabilities of the Portfolio from the value of its total assets. Fixed-income securities (other than short-term obligations), including listed securities and securities for which price quotations are available, will normally be valued on the basis of market valuations furnished by a pricing service. The pricing service uses information with respect to transactions in bonds, quotations from bond dealers, market transactions in comparable securities, various relationships between securities, and yield to maturity in determining value. Securities listed on securities exchanges or in the NASDAQ National Market are valued at closing sale prices. Unlisted or listed securities for which closing sale prices are not available are valued at the mean between the latest bid and asked prices. Short-term obligations maturing in sixty days or less are valued at amortized cost, which approximates market. Other assets are valued at fair value using methods determined in good faith by the Trustees. For further information regarding the valuation of the Portfolio's assets, see

There is no minimum initial or subsequent investment in the Portfolio. The Portfolio reserves the right to cease accepting investments at any time or to reject any investment order.

The placement agent for the Portfolio is Eaton Vance Distributors, Inc. ("EVD"). The principal business address of EVD is 24 Federal Street, Boston, Massachusetts 02110. EVD receives no compensation for serving as the placement agent for the Portfolio.

Item 8. Redemption or Decrease of Interest

An investor in the Portfolio may withdraw all (redeem) or any portion (decrease) of its interest in the Portfolio if a withdrawal request in proper form is furnished by the investor to the Portfolio. All withdrawals will be effected as of the next Portfolio Valuation Time. The proceeds of a withdrawal will be paid by the Portfolio normally on the Portfolio Business Day the withdrawal is effected, but in any event within seven days. The Portfolio reserves the right to pay the proceeds of a withdrawal (whether a redemption or decrease) by a distribution in kind of portfolio securities (instead of cash). The securities so distributed would be valued at the same amount as that assigned to them in calculating the net asset value for the interest (whether complete or partial) being withdrawn. If an investor received a distribution in kind upon such withdrawal, the investor could incur brokerage and other charges in converting the securities to cash. The Portfolio has filed with the Commission a notification of election on Form N-18F-1 committing to pay in cash all requests for withdrawals by any investor, limited in amount with respect to such investor during any 90-day period to the lesser of (a) \$250,000 or (b) 1% of the net asset value of the Portfolio at the beginning of such period.

Investments in the Portfolio may not be transferred.

The right of any investor to receive payment with respect to any withdrawal may be suspended or the payment of the withdrawal proceeds

postponed during any period in which the Exchange is closed (other than weekends or holidays) or trading on the Exchange is restricted or, to the extent otherwise permitted by the 1940 Act, if an emergency exists, or during any other period permitted by order of the Commission for the protection of investors.

Item 9. Pending Legal Proceedings

Not applicable.

APPENDIX A

Description of Moody's Investors Service, Inc.'s Corporate Bond Ratings

Aaa: Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edged." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa: Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long term risk appear somewhat larger than the Aaa securities.

A: Bonds which are rated A possess many favorable investment attributes and are to be considered as upper-medium-grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future.

Securities in which the Portfolio may invest will include those in the following categories:

Baa: Bonds which are rated Baa are considered as medium-grade obligations (i.e., they are neither highly protected nor poorly secured). Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba: Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during other good and bad times over the future. Uncertainty of position characterizes bonds in this class.

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B: Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa: Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca: Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C: Bonds which are rated C are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Note: Moody's applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa through B in its corporate bond rating system. The modifier 1 indicates that the security ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

Description of Standard & Poor's Ratings Group's Corporate Bond Ratings

Investment Grade

AAA: Debt rated AAA has the highest rating assigned by S&P. Capacity to pay interest and repay principal is extremely strong.

AA: Debt rated AA has a very strong capacity to pay interest and differs from the highest rated issues only in small degree.

A: Debt rated A has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

Securities in which the Portfolio may invest will include those in the following categories:

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BBB: Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

Speculative Grade

Debt rated BB, B, CCC, CC, and C is regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB indicates the lowest degree of speculation and C the highest. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major exposures to adverse conditions.

BB: Debt rated BB has less near-term vulnerability to default than other

speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments. The BB rating category is also used for debt subordinated to senior debt that is assigned an actual or implied BBB- rating.

B: Debt rated B has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will likely impair capacity or willingness to pay interest and repay principal. The B rating category is also used for debt subordinated to senior debt that is assigned an actual or implied BB or BB- rating.

CCC: Debt rated CCC has a currently identifiable vulnerability to default, and is dependent upon favorable business, financial, and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, it is not likely to have the capacity to pay interest and repay principal. The CCC rating category is also used for debt subordinated to senior debt that is assigned an actual or implied B or B- rating.

CC: The rating CC is typically applied to debt subordinated to senior debt which is assigned an actual or implied CCC debt rating.

C: The rating C is typically applied to debt subordinated to senior debt which is assigned an actual or implied CCC- debt rating. The C rating may

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be used to cover a situation where a bankruptcy petition has been filed, but debt service payments are continued.

C1: The Rating C1 is reserved for income bonds on which no interest is being paid.

D: Debt rated D is in payment default. The D rating category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired, unless S&P believes that

such payments will be made during such grace period. The D rating also will be used upon the filing of a bankruptcy petition if debt service payments are jeopardized.

Plus (+) or Minus (-): The ratings from AA to CCC may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

NR: Bonds may lack a Standard & Poor's rating because no public rating has been requested, because there is insufficient information on which to base a rating, or because Standard & Poor's does not rate a particular type of obligation as a matter of policy.

Notes: Bonds that are unrated expose the investor to risks with respect to capacity to pay interest or repay principal which are similar to the risks of lower-rated speculative bonds. The Portfolio is dependent on the Investment Adviser's judgment, analysis and experience in the evaluation of such bonds.

Investors should note that the assignment of a rating to a bond by a rating service may not reflect the effect of recent developments on the issuer's ability to make interest and principal payments.

APPENDIX B

High Income Portfolio

Asset Composition Information
For the Period Ended March 31, 1995

	Percent of Net Assets
Preferred Stocks and Other Equity Securities	1.0%
Short-Term Obligations	3.0
Debt Securities -- Moody's Rating	
Ba	8.2
B1	22.3
B2	27.0
B3	25.1
Caa	8.7
Unrated	4.7
Total	100.00

The chart above indicates the weighted average composition of the Portfolio for the period ended March 31, 1995, with the debt securities rated by Moody's Investors Service, Inc. separated into the indicated categories. The weighted average indicated above was calculated on a dollar weighted basis and was computed as at the end of each month during the period. The chart does not necessarily indicate what the composition of the Portfolio will be in the current and subsequent fiscal years. For a description of Moody's Investors Service Inc.'s ratings of fixed-income securities, see Appendix A to this Part A.

PART B

Item 10. Cover Page.
Not applicable.

Item 11. Table of Contents.

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Item 12. General Information and History.
Not applicable.

Item 13. Investment Objectives and Policies.

Part A contains additional information about the investment objective and policies of the High Income Portfolio (the "Portfolio"). This Part B should be read in conjunction with Part A. Capitalized terms used in this Part B and not otherwise defined have the meanings given them in Part A.

Other Fixed-Income Securities

Included in the fixed-income securities in which the Portfolio may invest are preferred, preference and convertible stocks, equipment lease certificates, equipment trust certificates and conditional sales contracts. Preference stocks are stocks that have many characteristics of preferred stocks, but are typically junior to an existing class of preferred stocks. Equipment lease certificates are debt obligations secured by leases on equipment (such as railroad cars, airplanes or office equipment), with the issuer of the certificate being the owner and lessor

of the equipment. Equipment trust certificates are debt obligations secured by an interest in property (such as railroad cars or airplanes), the title of which is held by a trustee while the property is being used by the borrower. Conditional sales contracts are agreements under which the seller of property continues to hold title to the property until the purchase price is fully paid or other conditions are met by the buyer.

The Portfolio may purchase fixed-rate bonds that have a demand feature allowing the holder to redeem the bonds at specified times. These bonds are more defensive than conventional long-term bonds (protecting to some degree against a rise in interest rates) while providing greater opportunity than comparable intermediate term bonds, because the Portfolio

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may retain the bond if interest rates decline. By acquiring these kinds of bonds the Portfolio obtains the contractual right to require the issuer of the bonds to purchase the security at an agreed upon price, which right is contained in the obligation itself rather than in a separate agreement or instrument. Because this right is assignable only with the bond, the Portfolio will not assign any separate value to such right. The Portfolio may also purchase floating or variable rate obligations, which it would anticipate using as short-term investments pending longer term investment of its funds.

Loan Interests

A loan in which the Portfolio may acquire a loan interest (a "Loan Interest") is typically originated, negotiated and structured by a U.S. or foreign commercial bank, insurance company, finance company or other financial institution (the "Agent") for a lending syndicate of financial institutions. The Agent typically administers and enforces the loan on behalf of the other lenders in the syndicate. In addition, an institution, typically but not always the Agent (the "Collateral Bank"), holds collateral (if any) on behalf of the lenders. These Loan Interests may take the form of participation interests in, assignments of or novations of a loan during its secondary distribution, or direct interests during a primary distribution. Such Loan Interests may be acquired from U.S. or foreign banks, insurance companies, finance companies or other financial institutions who have made loans or are members of a lending syndicate or from other holders of Loan Interests. The Portfolio may also acquire Loan Interests under which the Portfolio derives its rights directly from the borrower. Such Loan Interests are separately enforceable by the Portfolio against the borrower and all payments of interest and principal are typically made directly to the Portfolio from the borrower. In the event

that the Portfolio and other lenders become entitled to take possession of shared collateral, it is anticipated that such collateral would be held in the custody of a Collateral Bank for their mutual benefit. The Portfolio may not act as an Agent, a Collateral Bank, a guarantor or sole negotiator or structurer with respect to a loan.

The Portfolio's investment adviser, Boston Management and Research ("BMR"), will analyze and evaluate the financial condition of the borrower in connection with the acquisition of any Loan Interest. BMR also analyzes and evaluates the financial condition of the Agent and, in the case of Loan Interests in which the Portfolio does not have privity with the borrower, those institutions from or through whom the Portfolio derives its rights in a loan (the "Intermediate Participants"). From time to time BMR and its affiliates may borrow money from various banks in connection with their business activities. Such banks may also sell interests in loans to or acquire such interests from the Portfolio or may be Intermediate Participants with respect to loans in which the Portfolio owns interests. Such banks may also act as Agents for loans in which the Portfolio owns interests.

In a typical loan the Agent administers the terms of the loan agreement. In such cases, the Agent is normally responsible for the

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collection of principal and interest payments from the borrower and the apportionment of these payments to the credit of all institutions that are parties to the loan agreement. The Portfolio will generally rely upon the Agent or an Intermediate Participant to receive and forward to the Portfolio its portion of the principal and interest payments on the loan. Furthermore, unless under the terms of a participation agreement the Portfolio has direct recourse against the borrower, the Portfolio will rely on the Agent and the other members of the lending syndicate to use appropriate credit remedies against the borrower. The Agent is typically responsible for monitoring compliance with covenants contained in the loan agreement based upon reports prepared by the borrower. The seller of the Loan Interest usually does, but is often not obligated to, notify holders of Loan Interests of any failures of compliance. The Agent may monitor the value of the collateral and, if the value of the collateral declines, may accelerate the loan, may give the borrower an opportunity to provide additional collateral or may seek other protection for the benefit of the participants in the loan. The Agent is compensated by the borrower for providing these services under a loan agreement, and such compensation may

include special fees paid upon structuring and funding the loan and other fees paid on a continuing basis. With respect to Loan Interests for which the Agent does not perform such administrative and enforcement functions, the Portfolio will perform such tasks on its own behalf, although a Collateral Bank will typically hold any collateral on behalf of the Portfolio and the other lenders pursuant to the applicable loan agreement.

A financial institution's appointment as Agent may usually be terminated in the event that it fails to observe the requisite standard of care or becomes insolvent, enters Federal Deposit Insurance Corporation ("FDIC") receivership, or, if not FDIC insured, enters into bankruptcy proceedings. A successor Agent would generally be appointed to replace the terminated Agent, and assets held by the Agent under the loan agreement should remain available to holders of Loan Interests. However, if assets held by the Agent for the benefit of the Portfolio were determined to be subject to the claims of the Agent's general creditors, the Portfolio might incur certain costs and delays in realizing payment on a loan interest, or suffer a loss of principal and/or interest. In situations involving Intermediate Participants similar risks may arise.

Purchasers of loan interests depend primarily upon the creditworthiness of the borrower for payment of principal and interest. If the Portfolio does not receive scheduled interest or principal payments on such indebtedness, the Portfolio's share price and yield could be adversely affected. Loans that are fully secured offer the Portfolio more protections than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan would satisfy the borrower's obligation, or that the collateral can be liquidated. Indebtedness of borrowers whose creditworthiness is poor involves substantially greater risks, and may be highly speculative. Borrowers that are in bankruptcy or restructuring may never pay off their indebtedness, or may pay only a small fraction of the amount owed. Direct indebtedness of developing countries will also involve a risk that the governmental entities

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responsible for the repayment of the debt may be unable, or unwilling, to pay interest and repay principal when due.

The Portfolio limits the amount of total assets that it will invest in any one issuer or in issuers within the same industry. See Investment Restrictions (1) and (8) below. For purposes of these restrictions, the Portfolio generally will treat the borrower as the "issuer" of a Loan

Interest held by the Portfolio. In the case of loan participations where the Agent or Intermediate Participant serves as financial intermediary between the Portfolio and the borrower, the Portfolio, in appropriate circumstances, will treat both the Agent or Intermediate Participant and the borrower as "issuers" for the purposes of determining whether the Portfolio has invested more than 5% of its total assets in a single issuer. Treating a financial intermediary as an issuer of indebtedness may restrict the Portfolio's ability to invest in indebtedness related to a single intermediary, or a group of intermediaries engaged in the same industry, even if the underlying borrowers represent many different companies and industries.

Foreign Investments

Investing in foreign issuers involves certain special considerations, including those set forth below, which are not typically associated with investing in U.S. issuers. Because investments in foreign issuers may involve currencies of foreign countries, and because the Portfolio may temporarily hold funds in bank deposits in foreign currencies during completion of investment programs, the Portfolio may be affected favorably or unfavorably by changes in currency rates and in exchange control regulations and may incur costs in connection with conversions between various currencies.

Because foreign companies are not generally subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies, there may be less publicly available information about a foreign company than about a domestic company. Foreign stock markets, while growing in volume of trading activity, have substantially less volume than the New York Stock Exchange, and securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies. Similarly, volume and liquidity in most foreign bond markets is less than in the United States and, at times, volatility of price can be greater than in the United States. Fixed commissions on foreign stock exchanges are generally higher than negotiated commissions on U.S. exchanges, although the Portfolio endeavors to achieve the most favorable net results on its portfolio transactions. There is generally less government supervision and regulation of stock exchanges, brokers and listed companies than in the United States. Mail service between the United States and foreign countries may be slower or less reliable than within the United States,

thus increasing the risk of delayed settlements of portfolio transactions or loss of certificates for portfolio securities. In addition, with respect to certain foreign countries, there is the possibility of expropriation or confiscatory taxation, political or social instability, or diplomatic developments which could affect the Portfolio's investments in those countries. Moreover, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position.

The Portfolio may enter into forward foreign currency exchange contracts. A forward foreign currency exchange contract involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are traded in the interbank market conducted directly between currency traders (usually large commercial banks) and their customers. A forward contract generally has no deposit requirement, and no commissions are charged at any stage for trades.

At the maturity of a forward contract the Portfolio may either accept or make delivery of the currency specified in the contract or, at or prior to maturity, enter into a closing transaction involving the purchase or sale of an offsetting contract. Closing transactions with respect to forward contracts are usually effected with the currency trader who is a party to the original forward contract.

Forward Foreign Currency Exchange Transactions. The Portfolio may enter into forward foreign currency exchange contracts in several circumstances. First, when the Portfolio enters into a contract for the purchase or sale of a security denominated in a foreign currency, or when the Portfolio anticipates the receipt in a foreign currency of dividend or interest payments on such a security which it holds, the Portfolio may desire to "lock in" the U.S. dollar price of the security or the U.S. dollar equivalent of such dividend or interest payment, as the case may be. By entering into a forward contract for the purchase or sale, for a fixed amount of dollars, of the amount of foreign currency involved in the underlying transactions, the Portfolio will attempt to protect itself against an adverse change in the relationship between the U.S. dollar and the subject foreign currency during the period between the date on which the security is purchased or sold, or on which the dividend or interest payment is declared, and the date on which such payments are made or received.

Additionally, when management of the Portfolio believes that the currency of a particular foreign country may suffer a substantial decline against the U.S. dollar, it may enter into a forward contract to sell, for

a fixed amount of dollars, the amount of foreign currency approximating the value of some or all of the securities held by the Portfolio denominated in such foreign currency. The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible because the future value of such securities in

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foreign currencies will change as a consequence of market movements in the value of those securities between the date on which the contract is entered into and the date it matures. The precise projection of short-term currency market movements is not possible, and short-term hedging provides a means of fixing the dollar value of only a portion of the Portfolio's foreign assets.

The Portfolio does not intend to enter into such forward contracts to protect the value of its portfolio securities on a regular continuous basis, and will not do so if, as a result, the Portfolio will have more than 15% of the value of its total assets committed to the consummation of such contracts. The Portfolio also will not enter into such forward contracts or maintain a net exposure to such contracts where the consummation of the contracts would obligate the Portfolio to deliver an amount of foreign currency in excess of the value of the securities held by the Portfolio or other assets denominated in that currency. Under normal circumstances, consideration of the prospect for currency parities will be incorporated into the long-term investment decisions made with regard to overall diversification strategies. However, the Portfolio believes that it is important to have the flexibility to enter into such forward contracts when it determines that the best interests of the Portfolio will be served.

The Portfolio's custodian will place cash or liquid high grade debt securities into a segregated account of the Portfolio in an amount equal to the value of the Portfolio's total assets committed to the consummation of forward foreign currency exchange contracts entered into relating to the purchase of foreign currencies. If the value of the securities placed in the segregated account declines, additional cash or securities will be placed in the account on a daily basis so that the value of the account will equal the amount of the Portfolio's commitments with respect to such contracts.

The Portfolio generally will not enter into a forward contract with a term of greater than one year. It also should be realized that this method of protecting the value of the securities held by the Portfolio against a

decline in the value of a currency does not eliminate fluctuations in the underlying prices of the securities. It simply establishes a rate of exchange that the Portfolio can achieve at some future point in time.

Although the Portfolio will enter into forward contracts to reduce currency exchange rate risks, transactions in such contracts involve certain other risks. Thus, although the Portfolio may benefit from such transactions, unanticipated changes in currency exchange rates may result in a poorer overall performance for the Portfolio than if it had not engaged in any such transactions. Moreover, there may be imperfect correlation between the securities held by the Portfolio denominated in a particular currency and forward contracts entered into by the Portfolio. Such imperfect correlation may prevent the Portfolio from achieving a complete hedge or expose the Portfolio to risk of foreign exchange loss.

Writing and Purchasing Call and Put Options

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A call option written by the Portfolio obligates the Portfolio to sell specified securities to the holder of the option at a specified price at any time before the expiration date. The Portfolio's purpose in writing covered call options is to realize greater income than would be realized on portfolio securities transactions alone. However, the Portfolio may forego the opportunity to profit from an increase in the market price of the underlying security. A put option written by the Portfolio would obligate the Portfolio to purchase specified securities from the option holder at a specified price at any time before the expiration date.

The purpose of writing such options is to generate additional income for the Portfolio. However, in return for the option premium, the Portfolio accepts the risk that it will be required to purchase the underlying securities at a price in excess of the securities' market value at the time of purchase.

The Portfolio may terminate its obligations under a call or put option by purchasing an option identical to the one it has written. Such purchases are referred to as "closing purchase transactions."

The Portfolio would also be able to enter into closing sale transactions in order to realize gains or minimize losses on options purchased by the Portfolio.

The Portfolio would normally purchase call options in anticipation of

an increase in the market value of securities of the type in which the Portfolio may invest. The purchase of a call option would entitle the Portfolio, in return for the premium paid, to purchase specified securities at a specified price during the option period. The Portfolio would ordinarily realize a gain if, during the option period, the value of such securities exceeded the sum of the exercise price, the premium paid and transaction costs; otherwise the Portfolio would realize a loss on the purchase of the call option.

The Portfolio would normally purchase put options in anticipation of a decline in the market value of securities in its portfolio ("protective puts") or securities of the type in which it is permitted to invest. The purchase of a put option would entitle the Portfolio, in exchange for the premium paid, to sell specified securities at a specified price during the option period. The purchase of protective puts is designed merely to offset or hedge against a decline in the market value of the securities held by the Portfolio. Put options may also be purchased by the Portfolio for the purpose of affirmatively benefitting from a decline in the price of securities that the Portfolio does not own. The Portfolio would ordinarily realize a gain if, during the option period, the value of the underlying securities decreased below the exercise price sufficiently to cover the premium and transaction costs; otherwise the Portfolio would realize a loss on the purchase of the put option. Gains and losses on the purchase of protective put options would tend to be offset by countervailing changes in the value of underlying portfolio securities.

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The Portfolio would purchase put and call options on securities indices for the same purposes as the purchase of options on securities. Options on securities indices are similar to options on securities, except that the exercise of securities index options requires cash payments and does not involve the actual purchase or sale of securities. In addition, securities index options are designed to reflect price fluctuations in a group of securities or a segment of the securities market rather than price fluctuations in a single security.

Special Risks Associated With Options on Securities

An options position may be closed out only on an options exchange that provides a secondary market for an option of the same series. Although the Portfolio will generally purchase or write only those options for which there appears to be an active secondary market, there is no assurance that

a liquid secondary market on an exchange will exist for any particular option, or at any particular time. For some options no secondary market on an exchange may exist. In such event, it might not be possible to effect closing transactions in particular options, with the result that the Portfolio would have to exercise its options in order to realize any profit and would incur transaction costs upon the sale of underlying securities pursuant to the exercise of put options. If the Portfolio as a covered call option writer is unable to effect a closing purchase transaction in a secondary market, it will not be able to sell the underlying security until the option expires or it delivers the underlying security upon exercise.

Reasons for the absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain options; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options or underlying securities; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or the Options Clearing Corporation may not at all times be adequate to handle current trading volume; or (vi) one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of options (or a particular class or series of options), in which event the secondary market on that exchange (or in that class or series of options) would cease to exist, although outstanding options on that exchange that had been issued by the Options Clearing Corporation as a result of trades on that exchange would continue to be exercisable in accordance with their terms.

There is no assurance that higher than anticipated trading activity or other unforeseen events might not, at times, render certain of the facilities of the Options Clearing Corporation inadequate, and thereby result in the institution by an exchange of special procedures that may interfere with the timely execution of customers' orders.

The amount of the premiums that the Portfolio may pay or receive may be adversely affected as new or existing institutions, including other

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investment companies, engage in or increase their option purchasing and writing activities.

Futures Contracts

A change in the level of interest rates or securities may affect the value of the securities held by the Portfolio (or of securities that the Portfolio expects to purchase). To hedge against changes in rates or prices or for non-hedging purposes, the Portfolio may enter into (i) futures contracts for the purchase or sale of securities, (ii) futures contracts on securities indices and (iii) futures contracts on other financial instruments and indices. A futures contract may generally be described as an agreement between two parties to buy and sell particular financial instruments for an agreed price during a designated month (or to deliver the final cash settlement price, in the case of a contract relating to an index or otherwise not calling for physical delivery at the end of trading in the contract). All futures contracts entered into by the Portfolio are traded on exchanges or boards of trade that are licensed and regulated by the Commodity Futures Trading Commission ("CFTC").

Futures Contracts on Securities. A futures contract on a security is a binding contractual commitment which, if held to maturity, will result in an obligation to make or accept delivery, during a particular month, of securities having a standardized face value and rate of return. By purchasing futures on securities, the Portfolio will legally obligate itself to accept delivery of the underlying security and pay the agreed price; by selling futures on securities, it will legally obligate itself to make delivery of the security against payment of the agreed price. Open futures positions on securities are valued at the most recent settlement price, unless such price does not reflect the fair value of the contract, in which case the positions will be valued by or under the direction of the Trustees of the Portfolio.

Positions taken in the futures markets are not normally held to maturity, but are liquidated through offsetting transactions that may result in a profit or loss. While the Portfolio's futures contracts on securities will usually be liquidated in this manner, the Portfolio may instead make or take delivery of the underlying securities whenever it appears economically advantageous for the Portfolio to do so. A clearing corporation associated with the exchange on which futures on securities are traded guarantees that, if still open, the sale or purchase will be performed on the settlement date.

Futures Contracts on Securities Indices. Futures contracts on securities or other indices do not require the physical delivery of securities, but merely provide for profits and losses resulting from changes in the market value of a contract to be credited or debited at the close of each trading day to the respective accounts of the parties to the contract. On the contract's expiration date a final cash settlement occurs

and the futures position is simply closed out. Changes in the market value of a particular futures contract reflect changes in the level of the index on which the futures contract is based.

Hedging Strategies. Hedging by use of futures contracts seeks to establish with more certainty than would otherwise be possible the effective rate of return on portfolio securities or securities that the Portfolio proposes to acquire. The Portfolio may, for example, take a "short" position in the futures market by selling futures contracts in order to hedge against an anticipated rise in interest rates or a decline in market prices that would adversely affect the value of the securities held by the Portfolio. Such futures contracts may include contracts for the future delivery of securities held by the Portfolio or securities with characteristics similar to those of the securities held by the Portfolio. If, in the opinion of the Investment Adviser, there is a sufficient degree of correlation between price trends for the securities held by the Portfolio and futures contracts based on other financial instruments, securities indices or other indices, the Portfolio may also enter into such futures contracts as part of its hedging strategy. Although under some circumstances prices of securities held by Portfolio may be more or less volatile than prices of such futures contracts, the Investment Adviser will attempt to estimate the extent of this difference in volatility based on historical patterns and to compensate for it by having the Portfolio enter into a greater or lesser number of futures contracts or by attempting to achieve only a partial hedge against price changes affecting the securities held by the Portfolio. When hedging of this character is successful, any depreciation in the value of portfolio securities will substantially be offset by appreciation in the value of the futures position.

On other occasions, the Portfolio may take a "long" position by purchasing such futures contracts. This would be done, for example, when the Portfolio anticipates the subsequent purchase of particular securities when it has the necessary cash, but expects the prices then available in the securities market to be less favorable than the prices that are currently available.

Options on Futures Contracts

The Portfolio may purchase and write call and put options on futures contracts that are traded on a United States exchange or board of trade. An option on a futures contract gives the purchaser the right, in return for the premium paid, to assume a position in a futures contract at a

specified exercise price at any time during the option period. Upon exercise of the option, the writer of the option is obligated to convey the appropriate futures position to the holder of the option. If an option is exercised on the last trading day before the expiration date of the option, a cash settlement will be made in an amount equal to the difference between the closing price of the futures contract and the exercise price of the option.

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The Portfolio may use options on futures contracts for bona fide hedging purposes as defined below or for non-hedging purposes subject to the limitations imposed by CFTC regulations. If the Portfolio purchases a call (put) option on a futures contract it benefits from any increase (decrease) in the value of the futures contract, but is subject to the risk of decrease (increase) in value of the futures contract. The benefits received are reduced by the amount of the premium and transaction costs paid by the Portfolio for the option. If market conditions do not favor the exercise of the option, the Portfolio's loss is limited to the amount of such premium and transaction costs paid by the Portfolio for the option.

If the Portfolio writes a call (put) option on a futures contract, the Portfolio receives a premium but assumes the risk of a rise (decline) in value in the underlying futures contract. If the option is not exercised, the Portfolio gains the amount of the premium, which may partially offset unfavorable changes in the value of securities held or to be acquired for the Portfolio. If the option is exercised, the Portfolio will incur a loss, which will be reduced by the amount of the premium it receives. However, depending on the degree of correlation between changes in the value of its portfolio securities and changes in the value of futures positions, the Portfolio's losses from writing options on futures may be partially offset by favorable changes in the value of portfolio securities or in the cost of securities to be acquired.

The holder or writer of an option on a futures contract may terminate its position by selling or purchasing an offsetting option of the same series. There is no guarantee that such closing transactions can be effected. The Portfolio's ability to establish and close out positions on such options will be subject to the development and maintenance of a liquid market.

Limitations on the Use of Futures Contracts and Options on Futures

The Portfolio will engage in futures and related options transactions for bona fide hedging or non-hedging purposes as defined in or permitted by CFTC regulations. The Portfolio will determine that the price fluctuations in the futures contracts and options on futures used for hedging purposes are substantially related to price fluctuations in securities held by the Portfolio or that it expects to purchase. Except as stated below, the Portfolio's futures transactions will be entered into for traditional hedging purposes -- i.e., contracts will be sold to protect against a decline in the price of securities that the Portfolio owns, or futures contracts will be purchased to protect the Portfolio against an increase in the price of securities it intends to purchase. As evidence of this hedging intent, the Portfolio expects that on 75% or more of the occasions on which it takes a long futures (or option) position (involving the purchase of futures contracts), the Portfolio will have purchased, or will be in the process of purchasing, equivalent amounts of related securities in the cash market at the time when the futures (or option) position is closed out. However, in particular cases, when it is economically advantageous for the Portfolio to do so, a long futures position may be terminated (or an option may expire) without the

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corresponding purchase of securities. As an alternative to compliance with the bona fide hedging definition, a CFTC regulation permits the Portfolio to elect to comply with a different test, under which the aggregate initial margin and premiums required to establish non-hedging positions in futures contracts and options on futures will not exceed 5% of the Portfolio's net asset value after taking into account unrealized profits and losses on such positions and excluding the in-the-money amount of such options. The Portfolio will engage in transactions in futures and related options contracts only to the extent such transactions are consistent with the requirements of the Internal Revenue Code for maintaining the qualification of each of the Portfolio's investment company investors as a regulated investment company for Federal income tax purposes (see "Tax Status").

The Portfolio will be required, in connection with transactions in futures contracts and the writing of options on futures to make margin deposits, which will be held by the Portfolio's custodian for the benefit of the futures commission merchant through whom the Portfolio engages in such futures and options transactions. Cash or liquid, high-grade debt securities required to be segregated in connection with a "long" futures position taken by the Portfolio will also be held by the custodian in a

segregated account and will be marked to market daily.

Portfolio Turnover

The Portfolio cannot accurately predict its portfolio turnover rate, but it is anticipated that the annual turnover rate will generally not exceed 100% (excluding turnover of securities having a maturity of one year or less). A 100% annual turnover rate would occur for example, if all the securities in the portfolio were replaced once in a period of one year. A high turnover rate (100% or more) necessarily involves greater expenses to the Portfolio. The Portfolio engages in portfolio trading (including short-term trading) if it believes that a transaction including all costs will help in achieving its investment objective either directly by increasing income or indirectly by enhancing the Portfolio's net asset value.

Investment Restrictions

Whenever an investment policy or investment restriction set forth in Part A or this Part B states a maximum percentage of assets that may be invested in any security or other asset, such percentage limitation shall be determined immediately after and as a result of the Portfolio's acquisition of such security or other asset. Accordingly, any later increase or decrease resulting from a change in values, assets or other circumstances will not compel the Portfolio to dispose of such security or other asset.

The Portfolio has adopted the following investment restrictions which may not be changed without the approval of the holders of a "majority of the outstanding voting securities" of the Portfolio, which as used in this Part B means the lesser of (a) 67% or more of the outstanding voting securities of the Portfolio present or represented by proxy at a meeting

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if the holders of more than 50% of the outstanding voting securities of the Portfolio are present or represented at the meeting or (b) more than 50% of the outstanding voting securities of the Portfolio. The term "voting securities" as used in this paragraph has the same meaning as in the Investment Company Act of 1940 (the "1940 Act"). The Portfolio may not:

(1) With respect to 75% of total assets of the Portfolio, purchase any security if such purchase, at the time thereof, would cause more than 5% of the total assets of the Portfolio (taken at market value) to be

invested in the securities of a single issuer, or cause more than 10% of the total outstanding voting securities of such issuer to be held by the Portfolio, except obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and except securities of other investment companies;

(2) Borrow money or issue senior securities except as permitted by the Investment Company Act of 1940;

(3) Purchase securities on margin (but the Portfolio may obtain such short-term credits as may be necessary for the clearance of purchases and sales of securities). The deposit or payment by the Portfolio of initial, maintenance or variation margin in connection with all types of options and futures contract transactions is not considered the purchase of a security on margin;

(4) Underwrite or participate in the marketing of securities of others, except insofar as it may technically be deemed to be an underwriter in selling a portfolio security under circumstances which may require the registration of the same under the Securities Act of 1933;

(5) Purchase or sell real estate, although it may purchase and sell securities which are secured by real estate and securities of companies which invest or deal in real estate;

(6) Purchase or sell physical commodities or contracts for the purchase or sale of physical commodities;

(7) Make loans to any person except by (i) the acquisition of debt securities and making portfolio investments, (ii) entering into repurchase agreements or (iii) lending portfolio securities; or

(8) Purchase any security if such purchase, at the time thereof, would cause more than 25% of the Portfolio's total assets to be invested in any single industry, provided that the electric, gas and telephone utility industries shall be treated as separate industries for purposes of this restriction and further provided that there is no limitation with respect to obligations issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities.

The Portfolio has adopted the following nonfundamental investment policies which may be changed by the Trustees of the Portfolio with or

without the approval of the Portfolio's investors. As a matter of nonfundamental policy, the Portfolio may not: (a) invest more than 15% of net assets in investments which are not readily marketable, including restricted securities and repurchase agreements maturing in more than seven days. Restricted securities for the purposes of this limitation do not include securities eligible for resale pursuant to Rule 144A under the Securities Act of 1933 that the Board of Trustees, or its delegate, determines to be liquid, based upon the trading markets for the specific security; (b) invest more than 5% of its total assets (taken at current value) in the securities of issuers which, including their predecessors, have been in operation for less than three years; (c) purchase put or call options on securities if after such purchase more than 5% of its net assets, as measured by the aggregate of the premiums paid by such options, would be so invested; (d) purchase warrants in excess of 5% of its net assets, of which 2% may be warrants which are not listed on the New York or American Stock Exchange; (e) make short sales of securities or maintain a short position, unless at all times when a short position is open it owns an equal amount of such securities or securities convertible into or exchangeable, without payment of any further consideration, for securities of the same issue as, and equal in amount to, the securities sold short, and unless not more than 25% of its net assets (taken at current value) is held as collateral for such sales at any one time. (The Portfolio will make such sales only for the purpose of deferring realization of gain or loss for Federal income tax purposes.); (f) purchase or retain in its portfolio any securities issued by an issuer any of whose officers, directors, trustees or security holders is an officer or Trustee of the Portfolio or is a member, officer, director or trustee of or person interested in any investment adviser of the Portfolio, if after the purchase of the securities of such issuer by the Portfolio one or more of such persons owns beneficially more than 1/2 of 1% of the shares or securities or both (all taken at market value) of such issuer and such persons owning more than 1/2 of 1% of such shares or securities together own beneficially more than 5% of such shares or securities or both (all taken at market value); or (g) purchase oil, gas or other mineral leases or purchase partnership interests in oil, gas or other mineral exploration or development programs.

In order to permit the sale in certain states of shares of certain open-end investment companies that are investors in the Portfolio, the Portfolio may adopt policies more restrictive than the fundamental policies described above. Should the Portfolio determine that any such policy is no longer in the best interests of the Portfolio and its investors, it will revoke such policy.

Item 14. Management of the Portfolio

The Trustees and officers of the Portfolio are listed below. Except as indicated, each individual has held the office shown or other offices in the same company for the last five years. Unless otherwise noted, the

business address of each Trustee and officer is 24 Federal Street, Boston, Massachusetts 02110, which is also the address of the Portfolio's

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investment adviser, Boston Management and Research ("BMR" or the "Investment Adviser"), which is a wholly-owned subsidiary of Eaton Vance Management ("Eaton Vance"); of Eaton Vance's parent, Eaton Vance Corp. ("EVC"); and of BMR's and Eaton Vance's trustee, Eaton Vance, Inc. ("EV"). Eaton Vance and EV are both wholly-owned subsidiaries of EVC. Those Trustees who are "interested persons" of the Portfolio, BMR, Eaton Vance, EVC or EV, as defined in the 1940 Act, by virtue of their affiliation with any one or more of the Portfolio, BMR, Eaton Vance, EVC or EV, are indicated by an asterisk(*).

TRUSTEES OF THE PORTFOLIO

M. DOZIER GARDNER (62), President and Trustee*

President and Chief Executive Officer of BMR, Eaton Vance, EVC and EV, and a Director of EVC and EV. Director or Trustee and officer of various investment companies managed by Eaton Vance or BMR.

JAMES B. HAWKES (53), Vice President and Trustee*

Executive Vice President of BMR, Eaton Vance, EVC and EV, and a Director of EVC and EV. Director or Trustee and officer of various investment companies managed by Eaton Vance or BMR.

DONALD R. DWIGHT (64), Trustee

President of Dwight Partners, Inc. (a corporate relations and communications company) founded in 1988; Chairman of the Board of Newspapers of New England. Inc. since 1983; Director or Trustee of various investment companies managed by Eaton Vance or BMR.

Address: Clover Mill Lane, Lyme, New Hampshire 03768

SAMUEL L. HAYES, III (60), Trustee

Jacob H. Schiff Professor of Investment Banking, Harvard University Graduate School of Business Administration. Director or Trustee of various investment companies managed by Eaton Vance or BMR.

Address: Harvard Graduate School of Business Administration, Soldiers Field Road, Boston, Massachusetts 02163

NORTON H. REAMER (59), Trustee

President and Director, United Asset Management Corporation, a holding company owning institutional investment management firms. Chairman, President and Director, The Regis Fund, Inc. (mutual fund). Director or Trustee of various investment companies managed by Eaton Vance or BMR. Address: One International Place, Boston, Massachusetts 02110

JOHN L. THORNDIKE (68), Trustee

Director, Fiduciary Company Incorporated. Director or Trustee of various investment companies managed by Eaton Vance or BMR. Address: 175 Federal Street, Boston, Massachusetts 02110

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JACK L. TREYNOR (65), Trustee

Investment Adviser and Consultant. Director or Trustee of various investment companies managed by Eaton Vance or BMR. Address: 504 Via Almar, Palos Verdes Estates, California 90274

OFFICERS OF THE PORTFOLIO

WILLIAM CHISHOLM (___), Vice President

Senior Trust Officer of The Bank of Nova Scotia Trust Company (Cayman) Limited.

Address: The Bank of Nova Scotia Trust Company (Cayman) Ltd., The Bank of Nova Scotia Building, P.O. Box 501, George Town, Grand Cayman, Cayman Islands, British West Indies.

MICHEL NORMANDEAU (43), Vice President

Assistant Manager--Trust Services of The Bank of Nova Scotia Trust Company (Cayman) Limited.

Address: The Bank of Nova Scotia Trust Company (Cayman) Ltd., The Bank of Nova Scotia Building, P.O. Box 501, George Town, Grand Cayman, Cayman Islands, British West Indies.

RAYMOND O'NEILL (33), Vice President

Managing Director of IBT Trust and Custodian Services (Ireland) Limited since January, 1995. Vice President, Atlantic Corporate Management

Limited, Warwick, Bermuda (1991-1994). Officer, The Bank of Bermuda Limited, Hamilton, Bermuda (1987-1991).
Address: Earlsfort Terrace, Dublin 2, Ireland.

HOOKER TALCOTT, Jr. (52), Vice President
Vice President of BMR, Eaton Vance and EV. Officer of various investment companies managed by Eaton Vance or BMR.

JAMES L. O'CONNOR (50), Treasurer
Vice President of BMR, Eaton Vance and EV. Officer of various investment companies managed by Eaton Vance or BMR.

THOMAS OTIS (63), Secretary
Vice President and Secretary of BMR, Eaton Vance, EVC and EV. Officer of various investment companies managed by Eaton Vance or BMR.

JANET E. SANDERS (59), Assistant Treasurer and Assistant Secretary
Vice President of BMR, Eaton Vance and EV. Officer of various investment companies managed by Eaton Vance or BMR.

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A. JOHN MURPHY (32), Assistant Secretary
Assistant Vice President of BMR, Eaton Vance and EV since March 1, 1994; employee of Eaton Vance since March 1993. State Regulations Supervisor, The Boston Company (1991-1993) and Registration Specialist, Fidelity Management & Research Co. (1986-1991). Officer of various investment companies managed by Eaton Vance or BMR. Mr. Murphy was elected Assistant Secretary of the Portfolio on June 19, 1995.

ERIC G. WOODBURY (38), Assistant Secretary
Vice President of Eaton Vance since February 1993; formerly, associate at Dechert, Price & Rhoads and Gaston Snow & Ely Bartlett. Officer of various investment companies managed by Eaton Vance or BMR. Mr. Woodbury was elected Assistant Secretary of the Portfolio on June 19, 1995.

Messrs. Thorndike (Chairman), Hayes and Reamer are members of the Special Committee of the Board of Trustees. The Special Committee's functions include a continuous review of the Portfolio's contractual relationship with the Investment Adviser, making recommendations to the Trustees regarding the compensation of those Trustees who are not members of the Eaton Vance organization, and making recommendations to the Trustees regarding candidates to fill vacancies, as and when they occur, in the ranks of those Trustees who are not "interested persons" of the Portfolio or the Eaton Vance organization.

Messrs. Treynor (Chairman) and Dwight are members of the Audit Committee of the Board of Trustees. The Audit Committee's functions include making recommendations to the Trustees regarding the selection of the independent accountants, and reviewing with such accountants and the Treasurer of the Portfolio matters relative to accounting and auditing practices and procedures, accounting records, internal accounting controls, and the functions performed by the custodian and transfer agent of the Portfolio.

The fees and expenses of those Trustees of the Portfolio who are not members of the Eaton Vance organization (the noninterested Trustees) are paid by the Portfolio. (The Trustees of the Portfolio who are members of the Eaton Vance organization receive no compensation from the Portfolio.) During the fiscal year ended March 31, 1995, the noninterested Trustees of the Portfolio earned the following compensation in their capacities as Trustees of the Portfolio and the other funds in the Eaton Vance fund complex(1):

Name -----	Aggregate Compensation from Portfolio -----	Total Compensation from Trust and Fund Complex -----
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Donald R. Dwight	\$2,769 (2)	\$135,000 (4)
Samuel L. Hayes, III	2,755 (3)	147,500 (5)
Norton H. Reamer	2,728	135,000
John L. Thorndike	2,816	140,000

- (1) The Eaton Vance fund complex consists of 205 registered investment companies or series thereof.
- (2) Includes \$609 of deferred compensation.
- (3) Includes \$1,178 of deferred compensation.
- (4) Includes \$17,500 of deferred compensation.
- (5) Includes \$33,750 of deferred compensation.

Trustees of the Portfolio who are not affiliated with BMR may elect to defer receipt of all or a percentage of their annual fees in accordance with the terms of a Trustees Deferred Compensation Plan (the "Plan"). Under the Plan, an eligible Trustee may elect to have his deferred fees invested by the Portfolio in the shares of one or more funds in the Eaton Vance Family of Funds, and the amount paid to the Trustee under the Plan will be determined based upon the performance of such investments. Deferral of Trustees' fees in accordance with the Plan will have a negligible effect on the Portfolio's assets, liabilities and net income per share, and will not obligate the Portfolio to retain the services of any Trustee or obligate the Portfolio to pay any particular level of compensation to the Trustee.

The Portfolio's Declaration of Trust provides that it will indemnify its Trustees and officers against liabilities and expenses incurred in connection with litigation in which they may be involved because of their offices with the Portfolio, unless, as to liability to the Portfolio or its investors, it is finally adjudicated that they engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in their offices, or unless with respect to any other matter it is finally adjudicated that they did not act in good faith in the reasonable belief that their actions were in the best interests of the Portfolio. In the case of settlement, such indemnification will not be provided unless it has been determined by a court or other body approving the settlement or other disposition, or by a reasonable determination, based upon a review of readily available facts, by vote of a majority of noninterested Trustees or in a written opinion of independent counsel, that such officers or Trustees have not engaged in wilful misfeasance, bad faith, gross negligence or reckless disregard of their duties.

Item 15. Control Persons and Principal Holder of Securities

As of June 30, 1995, EV Marathon High Income Fund (the "Marathon Fund"), a series of Eaton Vance Mutual Funds Trust (the "Trust"),

controlled the Portfolio by virtue of owning more than 99% of the value of the outstanding interests in the Portfolio. Because the Marathon Fund controls the Portfolio, the Marathon Fund may take actions without the approval of any other investor. The Marathon Fund has informed the Portfolio that whenever it is requested to vote on matters pertaining to the fundamental policies of the Portfolio, it will hold a meeting of shareholders and will cast its vote as instructed by its shareholders. It is anticipated that any other investor in the Portfolio that is an investment company registered under the 1940 Act would follow the same or a similar practice. The Trust, a Massachusetts business trust, is a mutual fund -- an open-end management investment company.

Item 16. Investment Advisory and Other Services

Investment Adviser. The Portfolio engages BMR as investment adviser pursuant to an Investment Advisory Agreement dated May 31, 1994. BMR or Eaton Vance acts as investment adviser to investment companies and various individual and institutional clients with combined assets under management of approximately \$15 billion.

BMR manages the investments and affairs of the Portfolio subject to the supervision of the Portfolio's Board of Trustees. BMR furnishes to the Portfolio investment research, advice and supervision, furnishes an investment program and will determine what securities will be purchased, held or sold by the Portfolio and what portion, if any, of the Portfolio's assets will be held uninvested. The Investment Advisory Agreement requires BMR to pay the salaries and fees of all officers and Trustees of the Portfolio who are members of the BMR organization and all personnel of BMR performing services relating to research and investment activities. The Portfolio is responsible for all expenses not expressly stated to be payable by BMR under the Investment Advisory Agreement, including, without implied limitation, (i) expenses of maintaining the Portfolio and continuing its existence, (ii) registration of the Portfolio under the 1940 Act, (iii) commissions, fees and other expenses connected with the acquisition, holding and disposition of securities and other investments, (iv) auditing, accounting and legal expenses, (v) taxes and interest, (vi) governmental fees, (vii) expenses of issue, sale and redemption of interests in the Portfolio, (viii) expenses of registering and qualifying the Portfolio and interests in the Portfolio under Federal and state securities laws and of preparing and printing registration statements or other offering statements or memoranda for such purposes and for distributing the same to investors, and fees and expenses of registering and maintaining registrations of the Portfolio and of the Portfolio's placement agent as broker-dealer or agent under state securities laws, (ix) expenses of reports and notices to investors and of meetings of investors and proxy solicitations therefor, (x) expenses of reports to

governmental officers and commissions, (xi) insurance expenses, (xii) association membership dues, (xiii) fees, expenses and disbursements of custodians and subcustodians for all services to the Portfolio (including without limitation safekeeping for funds, securities and other investments, keeping of books, accounts and records, and determination of net asset values, book capital account balances and tax capital account

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balances), (xiv) fees, expenses and disbursements of transfer agents, dividend disbursing agents, investor servicing agents and registrars for all services to the Portfolio, (xv) expenses for servicing the accounts of investors, (xvi) any direct charges to investors approved by the Trustees of the Portfolio, (xvii) compensation and expenses of Trustees of the Portfolio who are not members of the BMR organization, and (xviii) such non-recurring items as may arise, including expenses incurred in connection with litigation, proceedings and claims and the obligation of the Portfolio to indemnify its Trustees, officers and investors with respect thereto.

For a description of the compensation that the Portfolio pays BMR under the Investment Advisory Agreement, see "Management of the Portfolio" in Part A. As of March 31, 1995, the Portfolio had net assets of \$442,551,815. For the period from the start of business, June 1, 1994, to March 31, 1995, the Portfolio paid BMR advisory fees of \$2,260,748 (equivalent to 0.64% (annualized) of the Portfolio's average daily net assets for such period).

The Investment Advisory Agreement with BMR remains in effect until February 28, 1996. It may be continued indefinitely thereafter so long as such continuance after February 28, 1996 is approved at least annually (i) by the vote of a majority of the Trustees who are not interested persons of the Portfolio or of BMR cast in person at a meeting specifically called for the purpose of voting on such approval and (ii) by the Board of Trustees or by vote of a majority of the outstanding voting securities of the Portfolio. The Agreement may be terminated at any time without penalty on sixty (60) days' written notice by the Board of Trustees of either party, or by vote of the majority of the outstanding voting securities of the Portfolio, and the Agreement will terminate automatically in the event of its assignment. The Agreement provides that BMR may render services to others and engage in other business activities and may permit other fund clients and other corporations and organizations to use the words "Eaton Vance" or "Boston Management and Research" in their names. The Agreement also provides that BMR shall not be liable for any loss incurred in

connection with the performance of its duties, or action taken or omitted under that Agreement, in the absence of willful misfeasance, bad faith, gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties thereunder, or for any losses sustained in the acquisition, holding or disposition of any security or other investment.

BMR is a wholly-owned subsidiary of Eaton Vance. Eaton Vance and EV are both wholly-owned subsidiaries of EVC. BMR and Eaton Vance are both Massachusetts business trusts, and EV is the trustee of BMR and Eaton Vance. The Directors of EV are Landon T. Clay, H. Day Brigham, Jr., M. Dozier Gardner, James B. Hawkes, and Benjamin A. Rowland, Jr. The Directors of EVC consist of the same persons and John G.L. Cabot and Ralph Z. Sorenson. Mr. Clay is chairman and Mr. Gardner is president and chief executive officer of EVC, BMR, Eaton Vance and EV. All of the issued and outstanding shares of Eaton Vance and EV are owned by EVC. All of the issued and outstanding shares of BMR are owned by Eaton Vance. All shares

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of the outstanding Voting Common Stock of EVC are deposited in a Voting Trust which expires on December 31, 1996, the Voting Trustees of which are Messrs. Clay, Brigham, Gardner, Hawkes and Rowland. The Voting Trustees have unrestricted voting rights for the election of Directors of EVC. All of the outstanding voting trust receipts issued under said Voting Trust are owned by certain of the officers of BMR and Eaton Vance who are also officers and Directors of EVC and EV. As of June 30, 1995, Messrs. Clay, Gardner and Hawkes each owned 24% of such voting trust receipts, and Messrs. Rowland and Brigham owned 15% and 13%, respectively, of such voting trust receipts. Messrs. Gardner, Hawkes and Otis are officers or Trustees of the Portfolio and are members of the EVC, BMR, Eaton Vance and EV organizations. Messrs. Murphy, O'Connor, Talcott, Terry and Woodbury and Ms. Sanders are officers of the Portfolio and are members of the BMR, Eaton Vance and/or EV organizations. BMR will receive the fees paid under the Investment Advisory Agreement.

Eaton Vance owns all of the stock of Energex Corporation, which is engaged in oil and gas operations. EVC owns all of the stock of Marblehead Energy Corp. (which is engaged in oil and gas operations) and 77.3% of the stock of Investors Bank & Trust Company, custodian of the Portfolio, which provides custodial, trustee and other fiduciary services to investors, including individuals, employee benefit plans, corporations, investment companies, savings banks and other institutions. In addition,

Eaton Vance owns all of the stock of Northeast Properties, Inc., which is engaged in real estate investment, consulting and management. EVC owns all of the stock of Fulcrum Management, Inc. and MinVen Inc., which are engaged in the development of precious metal properties. EVC, BMR, Eaton Vance and EV may also enter into other businesses.

EVC and its affiliates and their officers and employees from time to time have transactions with various banks, including the custodian of the Portfolio, Investors Bank & Trust Company. It is Eaton Vance's opinion that the terms and conditions of such transactions were not and will not be influenced by existing or potential custodial or other relationships between the Portfolio and such banks.

Custodian. Investors Bank & Trust Company ("IBT"), 24 Federal Street, Boston, Massachusetts (a 77.3% owned subsidiary of EVC) acts as custodian for the Portfolio. IBT has the custody of all of the Portfolio's assets, and its subsidiary, IBT Fund Services (Canada) Inc., maintains the general ledger of the Portfolio and computes the daily net asset value of interests in the Portfolio. In its capacity as custodian, IBT attends to details in connection with the sale, exchange, substitution, transfer or other dealings with the Portfolio's investments, receives and disburses all funds and performs various other ministerial duties upon receipt of proper instructions from the Portfolio. IBT charges fees that are competitive within the industry. A portion of the fee relates to custody, bookkeeping and valuation services and is based upon a percentage of Portfolio net assets, and a portion of the fee relates to activity charges, primarily the number of portfolio transactions. These fees are then reduced by a credit for cash balances of the particular investment

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company at the custodian equal to 75% of the 91-day, U.S. Treasury Bill auction rate applied to the particular investment company's average daily collected balances for the week. In view of the ownership of EVC in IBT, the Portfolio is treated as a self-custodian pursuant to Rule 17f-2 under the 1940 Act, and the Portfolio's investments held by IBT as custodian are thus subject to the additional examinations by the Portfolio's independent accountants as called for by such Rule. For the period from the start of business, June 1, 1994, to March 31, 1995, the Portfolio paid IBT \$147,500.

Independent Certified Public Accountants. Deloitte & Touche, Grand Cayman, Cayman Islands, British West Indies, are the independent certified

public accountants of the Portfolio, providing audit services, tax return preparation, and assistance and consultation with respect to the preparation of filings with the Securities and Exchange Commission.

Item 17. Brokerage Allocation and Other Practices

Decisions concerning the execution of portfolio security transactions, including the selection of the market and the executing firm, are made by BMR. BMR is also responsible for the execution of transactions for all other accounts managed by it.

BMR places the portfolio security transactions of the Portfolio and of all other accounts managed by it for execution with many broker-dealer firms. BMR uses its best efforts to obtain execution of portfolio security transactions at prices that are advantageous to the Portfolio and (when a disclosed commission is being charged) at reasonably competitive commission rates. In seeking such execution, BMR will use its best judgment in evaluating the terms of a transaction, and will give consideration to various relevant factors, including without limitation the size and type of the transaction, the general execution and operational capabilities of the executing broker-dealer, the nature and character of the market for the security, the confidentiality, speed and certainty of effective execution required for the transaction, the reputation, reliability, experience and financial condition of the broker-dealer, the value and quality of the services rendered by the broker-dealer in other transactions, and the reasonableness of the commission or spread, if any. Transactions on United States stock exchanges and other agency transactions involve the payment by the Portfolio of negotiated brokerage commissions. Such commissions vary among different broker-dealer firms, and a particular broker-dealer may charge different commissions according to such factors as the difficulty and size of the transaction and the volume of business done with such broker-dealer. Transactions in foreign securities usually involve the payment of fixed brokerage commissions, which are generally higher than those in the United States. There is generally no stated commission in the case of securities traded in the over-the-counter markets, but the price paid or received by the Portfolio usually includes an undisclosed dealer markup or markdown. In an underwritten offering the price paid by the Portfolio includes a disclosed fixed commission or discount retained by the underwriter or dealer. Although commissions on portfolio security

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transactions will, in the judgment of BMR, be reasonable in relation to the value of the services provided, commissions exceeding those which

another firm might charge may be paid to broker-dealers who were selected to execute transactions on behalf of the Portfolio and BMR's other clients for providing brokerage and research services to BMR.

As authorized in Section 28(e) of the Securities Exchange Act of 1934, a broker or dealer who executes a portfolio transaction on behalf of the Portfolio may receive a commission which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if BMR determines in good faith that such commission was reasonable in relation to the value of the brokerage and research services provided. This determination may be made on the basis of either that particular transaction or on the basis of overall responsibilities which BMR and its affiliates have for accounts over which they exercise investment discretion. In making any such determination, BMR will not attempt to place a specific dollar value on the brokerage and research services provided or to determine what portion of the commission should be related to such services. Brokerage and research services may include advice as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities; furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts; effecting securities transactions and performing functions incidental thereto (such as clearance and settlement); and the "Research Services" referred to in the next paragraph.

It is a common practice of the investment advisory industry and of the advisers of investment companies, institutions and other investors to receive research, statistical and quotation services, data, information and other services, products and materials which assist such advisers in the performance of their investment responsibilities ("Research Services") from broker-dealer firms which execute portfolio transactions for the clients of such advisers and from third parties with which such broker-dealers have arrangements. Consistent with this practice, BMR receives Research Services from many broker-dealer firms with which BMR places the Portfolio's transactions and from third parties with which these broker-dealers have arrangements. These Research Services include such matters as general economic and market reviews, industry and company reviews, evaluations of securities and portfolio strategies and transactions and recommendations as to the purchase and sale of securities and other portfolio transactions, financial, industry and trade publications, news and information services, pricing and quotation equipment and services, and research oriented computer hardware, software, data bases and services. Any particular Research Service obtained through a broker-dealer may be used by BMR in connection with client accounts other than those accounts which pay commissions to such broker-dealer. Any such Research Service may be broadly useful and of value to BMR in rendering investment advisory services to all or a significant portion of its clients, or may be relevant and useful for the management of only one client's account or of a few clients' accounts, or may be useful for the

management of merely a segment of certain clients' accounts, regardless of whether any such account or accounts paid commissions to the broker-dealer through which such Research Service was obtained. The advisory fee paid by the Portfolio is not reduced because BMR receives such Research Services. BMR evaluates the nature and quality of the various Research Services obtained through broker-dealer firms and attempts to allocate sufficient commissions to such firms to ensure the continued receipt of Research Services which BMR believes are useful or of value to it in rendering investment advisory services to its clients.

Subject to the requirement that BMR shall use its best efforts to seek and execute portfolio security transactions at advantageous prices and at reasonably competitive spreads or commission rates, BMR is authorized to consider as a factor in the selection of any firm with whom portfolio orders may be placed the fact that such firm has sold or is selling securities of other investment companies sponsored by BMR or Eaton Vance. This policy is not inconsistent with a rule of the National Association of Securities Dealers, Inc., which rule provides that no firm which is a member of the Association shall favor or disfavor the distribution of shares of any particular investment company or group of investment companies on the basis of brokerage commissions received or expected by such firm from any source.

Securities considered as investments for the Portfolio may also be appropriate for other investment accounts managed by BMR or its affiliates. BMR will attempt to allocate equitably portfolio security transactions among the Portfolio and the portfolios of its other investment accounts whenever decisions are made to purchase or sell securities by the Portfolio and one or more of such other accounts simultaneously. In making such allocations, the main factors to be considered are the respective investment objectives of the Portfolio and such other accounts, the relative size of portfolio holdings of the same or comparable securities, the availability of cash for investment by the Portfolio and such accounts, the size of investment commitments generally held by the Portfolio and such accounts and the opinions of the persons responsible for recommending investments to the Portfolio and such accounts. While this procedure could have a detrimental effect on the price or amount of the securities available to the Portfolio from time to time, it is the opinion of the Trustees of the Portfolio that the benefits available from the BMR organization outweigh any disadvantage that may arise from exposure to simultaneous transactions. For the period from the start of business, June 1, 1994, to March 31, 1995, the Portfolio paid

brokerage commissions of \$3,684 on portfolio security transactions, of which \$569 was paid in respect of portfolio security transactions aggregating approximately \$206,198 to firms that provided some research services to BMR or its affiliates (although many of such firms may have been selected in any particular transaction primarily because of their execution capabilities).

Item 18. Capital Stock and Other Securities

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Under the Portfolio's Declaration of Trust, the Trustees are authorized to issue interests in the Portfolio. Investors are entitled to participate pro rata in distributions of taxable income, loss, gain and credit of the Portfolio. Upon dissolution of the Portfolio, the Trustees shall liquidate the assets of the Portfolio and apply and distribute the proceeds thereof as follows: (a) first, to the payment of all debts and obligations of the Portfolio to third parties including, without limitation, the retirement of outstanding debt, including any debt owed to holders of record of interests in the Portfolio ("Holders") or their affiliates, and the expenses of liquidation, and to the setting up of any reserves for contingencies which may be necessary; and (b) second, in accordance with the Holders' positive Book Capital Account balances after adjusting Book Capital Accounts for certain allocations provided in the Declaration of Trust and in accordance with the requirements described in Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(2). Notwithstanding the foregoing, if the Trustees shall determine that an immediate sale of part or all of the assets of the Portfolio would cause undue loss to the Holders, the Trustees, in order to avoid such loss, may, after having given notification to all the Holders, to the extent not then prohibited by the law of any jurisdiction in which the Portfolio is then formed or qualified and applicable in the circumstances, either defer liquidation of and withhold from distribution for a reasonable time any assets of the Portfolio except those necessary to satisfy the Portfolio's debts and obligations or distribute the Portfolio's assets to the Holders in liquidation. Interests in the Portfolio have no preference, preemptive, conversion or similar rights and are fully paid and nonassessable, except as set forth below. Interests in the Portfolio may not be transferred. Certificates representing an investor's interest in the Portfolio are issued only upon the written request of a Holder.

Each Holder is entitled to vote in proportion to the amount of its

interest in the Portfolio. Holders do not have cumulative voting rights. The Portfolio is not required and has no current intention to hold annual meetings of Holders but the Portfolio will hold meetings of Holders when in the judgment of the Portfolio's Trustees it is necessary or desirable to submit matters to a vote of Holders at a meeting. Any action which may be taken by Holders may be taken without a meeting if Holders holding more than 50% of all interests entitled to vote (or such larger proportion thereof as shall be required by any express provision of the Declaration of Trust of the Portfolio) consent to the action in writing and the consents are filed with the records of meetings of Holders.

The Portfolio's Declaration of Trust may be amended by vote of Holders of more than 50% of all interests in the Portfolio at any meeting of Holders or by an instrument in writing without a meeting, executed by a majority of the Trustees and consented to by the Holders of more than 50% of all interests. The Trustees may also amend the Declaration of Trust (without the vote or consent of Holders) to change the Portfolio's name or the state or other jurisdiction whose law shall be the governing law, to supply any omission or cure, correct or supplement any ambiguous, defective or inconsistent provision, to conform the Declaration of Trust to applicable Federal law or regulations or the requirements of the Code,

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or to change, modify or rescind any provision, provided that such change, modification or rescission is determined by the Trustees to be necessary or appropriate and not to have a materially adverse effect on the financial interests of the Holders. No amendment of the Declaration of Trust which would change any rights with respect to any Holder's interest in the Portfolio by reducing the amount payable thereon upon liquidation of the Portfolio may be made, except with the vote or consent of the Holders of two-thirds of all interests. References in the Declaration of Trust and in Part A or this Part B to a specified percentage of, or fraction of, interests in the Portfolio, means Holders whose combined Book Capital Account balances represent such specified percentage or fraction of the combined Book Capital Account balance of all, or a specified group of, Holders.

In accordance with the Declaration of Trust, there normally will be no meetings of the investors for the purpose of electing Trustees unless and until such time as less than a majority of the Trustees holding office have been elected by investors. In such an event, the Trustees of the Portfolio then in office will call an investors' meeting for the election of Trustees. Except for the foregoing circumstances, and unless removed

by action of the investors in accordance with the Portfolio's Declaration of Trust, the Trustees shall continue to hold office and may appoint successor Trustees.

The Declaration of Trust provides that no person shall serve as a Trustee if investors holding two-thirds of the outstanding interests have removed him from that office either by a written declaration or by votes cast at a meeting called for that purpose. The Declaration of Trust further provides that under certain circumstances, the investors may call a meeting to remove a Trustee and that the Portfolio is required to provide assistance in communicating with investors about such a meeting.

The Portfolio may merge or consolidate with any other corporation, association, trust or other organization or may sell or exchange all or substantially all of its assets upon such terms and conditions and for such consideration when and as authorized by the Holders of (a) 67% or more of the interests in the Portfolio present or represented at the meeting of Holders, if Holders of more than 50% of all interests are present or represented by proxy, or (b) more than 50% of all interests, whichever is less. The Portfolio may be terminated (i) by the affirmative vote of Holders of not less than two-thirds of all interests at any meeting of Holders or by an instrument in writing without a meeting, executed by a majority of the Trustees and consented to by Holders of not less than two-thirds of all interests, or (ii) by the Trustees by written notice to the Holders.

The Portfolio is organized as a trust under the laws of the State of New York. Investors in the Portfolio will be held personally liable for its obligations and liabilities, subject, however, to indemnification by the Portfolio in the event that there is imposed upon an investor a greater portion of the liabilities and obligations of the Portfolio than

its proportionate interest in the Portfolio. The Portfolio intends to maintain fidelity and errors and omissions insurance deemed adequate by the Trustees. Therefore, the risk of an investor incurring financial loss on account of investor liability is limited to circumstances in which both inadequate insurance exists and the Portfolio itself is unable to meet its obligations.

The Declaration of Trust further provides that obligations of the Portfolio are not binding upon the Trustees individually but only upon the property of the Portfolio and that the Trustees will not be liable for any action or failure to act, but nothing in the Declaration of Trust protects a Trustee against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

Item 19. Purchase, Redemption and Pricing of Securities

Interests in the Portfolio are issued solely in private placement transactions that do not involve any "public offering" within the meaning of Section 4(2) of the Securities Act of 1933. See "Purchase of Interests in the Portfolio" and "Redemption or Decrease of Interest" in Part A.

Item 20. Tax Status

The Portfolio has been advised by tax counsel that, provided the Portfolio is operated at all times during its existence in accordance with certain organizational and operational documents, the Portfolio should be classified as a partnership under the Internal Revenue Code of 1986, as amended (the "Code"), and it should not be a "publicly traded partnership" within the meaning of Section 7704 of the Code. Consequently, the Portfolio does not expect that it will be required to pay any Federal income tax, and a Holder will be required to take into account in determining its Federal income tax liability its share of the Portfolio's income, gain, losses and deductions.

Under Subchapter K of the Code, a partnership is considered to be either an aggregate of its members or a separate entity, depending upon the factual and legal context in which the question arises. Under the aggregate approach, each partner is treated as an owner of an undivided interest in partnership assets and operations. Under the entity approach, the partnership is treated as a separate entity in which partners have no direct interest in partnership assets and operations. The Portfolio believes that, in the case of a Holder that seeks to qualify as a regulated investment company ("RIC") under the Code, the aggregate approach should apply, and each such Holder should accordingly be deemed to own a proportionate share of each of the assets of the Portfolio and to

be entitled to the gross income of the Portfolio attributable to that share. Tax counsel has advised the Portfolio that such an investor should be treated as the owner of a proportionate share of the Portfolio's assets and income for purposes of all requirements of Sections 851(b) and 852(b)(5) of the Code. Further, the Portfolio believes that each Holder that seeks to qualify as a RIC should be deemed to hold its proportionate share of the Portfolio's assets for the period the Portfolio has held the assets or for the period the Holder has been an investor in the Portfolio, whichever is shorter. Investors should consult their tax advisors regarding whether the entity or the aggregate approach applies to their investment in the Portfolio in light of their particular tax status and any special tax rules applicable to them.

In order to enable a Holder that is otherwise eligible to qualify as a RIC, the Portfolio intends to satisfy the requirements of Subchapter M of the Code relating to sources of income and diversification of assets as if they were applicable to the Portfolio and to allocate and permit withdrawals in a manner that will enable a Holder that is a RIC to comply with those requirements. The Portfolio will allocate at least annually to each Holder such Holder's distributive share of the Portfolio's net investment income, net realized capital gains, and any other items of income, gain, loss, deduction or credit in a manner intended to comply with the Code and applicable Treasury regulations. Tax counsel has advised the Portfolio that the Portfolio's allocations of taxable income and loss should have "economic effect" under applicable Treasury regulations.

To the extent the cash proceeds of any withdrawal (or, under certain circumstances, such proceeds plus the value of any marketable securities distributed to an investor) ("liquid proceeds") exceed a Holder's adjusted basis of his interest in the Portfolio, the Holder will generally realize a gain for Federal income tax purposes. If, upon a complete withdrawal (redemption of the entire interest), the Holder's adjusted basis of his interest exceeds the liquid proceeds of such withdrawal, the Holder will generally realize a loss for Federal income tax purposes. The tax consequences of a withdrawal of property (instead of or in addition to liquid proceeds) will be different and will depend on the specific factual circumstances. A Holder's adjusted basis of an interest in the Portfolio will generally be the aggregate prices paid therefor (including the adjusted basis of contributed property and any gain recognized on such contribution), increased by the amounts of the Holder's distributive share of items of income (including interest income exempt from Federal income tax) and realized net gain of the Portfolio, and reduced, but not below zero, by (i) the amounts of the Holder's distributive share of items of Portfolio loss, and (ii) the amount of any cash distributions (including distributions of interest income exempt from Federal income tax and cash

distributions on withdrawals from the Portfolio) and the basis to the Holder of any property received by such Holder other than in liquidation, and (iii) the Holder's distributive share of the Portfolio's nondeductible

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expenditures not properly chargeable to capital account. Increases or decreases in a Holder's share of the Portfolio's liabilities may also result in corresponding increases or decreases in such adjusted basis. Distributions of liquid proceeds in excess of a Holder's adjusted basis in its interest in the Portfolio immediately prior thereto generally will result in the recognition of gain to the Holder in the amount of such excess.

The Portfolio may be subject to foreign withholding taxes with respect to income derived from foreign securities. These taxes may be reduced or eliminated under the terms of an applicable U.S. income tax treaty. As it is not expected that more than 50% of the value of the total assets of the Portfolio at the close of any taxable year will consist of securities issued by foreign corporations, the Portfolio will not be eligible to pass through to investors any foreign tax credits or deductions for foreign taxes paid by the Portfolio. Certain foreign exchange gains and losses realized by the Portfolio will be treated as ordinary income and losses. Certain uses of foreign currency and investment by the Portfolio in certain "passive foreign investment companies" may be limited as a tax election may be made, if available, in order to avoid imposition of a tax on the Portfolio.

The Portfolio's investment in zero coupon and deferred interest securities and payment in kind securities will cause it to realize income prior to the receipt of cash payments with respect to these securities. Such income will be allocated daily to interests in the Portfolio. To enable an investor that is a RIC to distribute its proportionate share of this income and avoid a tax on such investor, the Portfolio may be required to liquidate portfolio securities that it might otherwise have continued to hold, in order to generate cash for distribution to the RIC.

Investments in lower rated or unrated securities may present special tax issues for the Portfolio and hence for an investor in the Portfolio to the extent actual or anticipated defaults may be more likely with respect to such securities. Tax rules are not entirely clear about issues such as when the Portfolio may cease to accrue interest, original issue discount,

or market discount; when and to what extent deductions may be taken for bad debts or worthless securities; how payments received on obligations in default should be allocated between principal and income; and whether exchanges of debt obligations in a workout context are taxable.

The Portfolio's transactions in options and futures contracts will be subject to special tax rules that may affect the amount, timing and character of its items of income, gain or loss and hence the allocations of such items to investors. For example, certain positions held by the Portfolio on the last business day of each taxable year will be marked to market (i.e., treated as if closed out on such day), and any resulting gain or loss will generally be treated as 60% long-term and 40% short-term capital gain or loss. Certain positions held by the Portfolio that

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substantially diminish the Portfolio's risk of loss with respect to other positions in its portfolio may constitute "straddles," which are subject to tax rules that may cause deferral of Portfolio losses, adjustments in the holding period of Portfolio securities and conversion of short-term into long-term capital losses.

Income from transactions in options and futures contracts derived by the Portfolio with respect to its business of investing in securities will qualify as permissible income for its Holders that are RICs under the requirement that at least 90% of a RIC's gross income each taxable year consist of specified types of income. However, income from the disposition by the Portfolio of options and futures contracts held for less than three months will be subject to the requirement applicable to those Holders that less than 30% of a RIC's gross income each taxable year consist of certain short-term gains ("Short-Short Limitation").

If the Portfolio satisfies certain requirements, any increase in value of a position that is part of a "designated hedge" will be offset by any decrease in value (whether realized or not) of the offsetting hedging position during the period of the hedge for purposes of determining whether the Holders that are RICs satisfy the Short-Short Limitation. Thus, only the net gain (if any) from the designated hedge will be included in gross income for purposes of that limitation. The Portfolio

will consider whether it should seek to qualify for this treatment for its hedging transactions. To the extent the Portfolio does not so qualify, it may be forced to defer the closing out of options and futures contracts beyond the time when it otherwise would be advantageous to do so, in order for Holders that are RICs to continue to qualify as such.

An entity that is treated as a partnership under the Code, such as the Portfolio, is generally treated as a partnership under state and local tax laws, but certain states may have different entity classification criteria and may therefore reach a different conclusion. Entities that are classified as partnerships are not treated as separate taxable entities under most state and local tax laws, and the income of a partnership is considered to be income of partners both in timing and in character. The laws of the various states and local taxing authorities vary with respect to the taxation of such interest income, as well as to the status of a partnership interest under state and local tax laws, and each Holder of an interest in the Portfolio is advised to consult his own tax adviser.

The foregoing discussion does not address the special tax rules applicable to certain classes of investors, such as tax-exempt entities, insurance companies and financial institutions. Investors should consult their own tax advisers with respect to special tax rules that may apply in their particular situations, as well as the state, local or foreign tax consequences of investing in the Portfolio.

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Item 21. Underwriters

The placement agent for the Portfolio is Eaton Vance Distributors, Inc., which receives no compensation for serving in this capacity. Investment companies, common and commingled trust funds and similar organizations and entities may continuously invest in the Portfolio.

Item 22. Calculation of Performance Data

Not applicable.

Item 23. Financial Statements

The following audited financial statements of the Portfolio, which are included in the Annual Report to Shareholders of EV Marathon High Income Fund for the fiscal year ended March 31, 1995, are incorporated by reference into this Part B and have been so incorporated in reliance upon the report of Deloitte & Touche, independent certified public accountants, as experts in accounting and auditing.

Portfolio of Investments as of March 31, 1995
Statement of Assets and Liabilities as of March 31, 1995
Statement of Operations for the period from the start of business, June 1, 1994, to March 31, 1995
Statement of Changes in Net Assets for the period from the start of business, June 1, 1994, to March 31, 1995
Supplementary Data for the period from the start of business, June 1, 1994, to March 31, 1995
Notes to Financial Statements
Independent Auditors' Report

The Portfolio incorporates by reference the above audited financial statements of the Portfolio contained in the Annual Report to Shareholders of EV Marathon High Income Fund for the fiscal year ended March 31, 1995, as previously filed electronically with the Securities and Exchange Commission on May 31, 1995 (Accession Number 0000950156-95-000404).

PART C

Item 24. Financial Statements and Exhibits

(a) Financial Statements

The Financial statements called for by this Item are incorporated by reference into Part B and listed in Item 23 hereof.

(b) Exhibits

1(a). Declaration of Trust dated May 1, 1992 filed herewith.

1(b). Amendment to Declaration of Trust dated June 14, 1993 filed herewith.

2. By-Laws of the Registrant dated May 1, 1992 filed herewith.

5. Investment Advisory Agreement between the Registrant and Boston Management and Research dated May 31, 1994 filed herewith.

6. Placement Agent Agreement with Eaton Vance Distributors, Inc. dated May 31, 1994 filed herewith.

8. Custodian Agreement with Investors Bank & Trust Company dated May 31, 1994 filed herewith.

9(a). Accounting and Interestholder Services Agreement with IBT Fund Services (Canada) Inc. dated as of March 31, 1995 filed herewith.

9(b). Administration Agreement with The Bank of Nova Scotia Trust Company (Cayman) Ltd. dated as of March 31, 1995 filed herewith.

13. Investment representation letter of Eaton Vance High Income Trust dated March 14, 1994 filed herewith.

Item 25. Persons Controlled by or under Common Control with Registrant.
Not applicable.

Item 26. Number of Holders of Securities

(1) Number of Title of Class Interests	(2) Record Holders As of June 30, 1995
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Item 27. Indemnification

Reference is hereby made to Article V of the Registrant's Declaration of Trust, filed as an Exhibit herewith.

The Trustees and officers of the Registrant and the personnel of the Registrant's investment adviser are insured under an errors and omissions liability insurance policy. The Registrant and its officers are also insured under the fidelity bond required by Rule 17g-1 under the Investment Company Act of 1940.

Item 28. Business and Other Connections

To the knowledge of the Portfolio, none of the trustees or officers of the Portfolio's investment adviser, except as set forth on its Form ADV as filed with the Securities and Exchange Commission, is engaged in any other business, profession, vocation or employment of a substantial nature, except that certain trustees and officers also hold various positions with and engage in business for affiliates of the investment adviser.

Item 29. Principal Underwriters

Not applicable.

Item 30. Location of Accounts and Records

All applicable accounts, books and documents required to be maintained by the Registrant by Section 31(a) of the Investment Company Act of 1940, as amended, and the Rules promulgated thereunder are in the possession and custody of the Registrant's custodian, Investors Bank & Trust Company, 24 Federal Street, Boston, MA 02110, with the exception of certain corporate documents and portfolio trading documents that are in the possession and custody of the Registrant's investment adviser, Boston Management and Research, 24 Federal Street, Boston, MA 02110. Certain corporate documents are also maintained by The Bank of Nova Scotia Trust Company (Cayman) Ltd., The Bank of Nova Scotia Building, P.O. Box 501, George Town, Grand Cayman, Cayman Islands, British West Indies, and certain investor account and Portfolio accounting records are held by IBT Fund Services (Canada) Inc., 1 First Canadian Place, King Street West, Suite 2800, P.O. Box 231, Toronto, Ontario, Canada M5X 1C8. The Registrant is informed that all applicable accounts, books and documents required to be maintained by registered investment advisers are in the custody and possession of the Registrant's investment adviser.

Item 31. Management Services

Not applicable.

Item 32. Undertakings

Not applicable.

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SIGNATURES

Pursuant to the requirements of the Investment Company Act of 1940, the Registrant has duly caused this Amendment to its Registration Statement on Form N-1A to be signed on its behalf by the undersigned, thereunto duly authorized in Hamilton, Bermuda on the 19th day of June, 1995.

HIGH INCOME PORTFOLIO

By /s/ M. Dozier Gardner

M. Dozier Gardner
President

INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit
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HIGH INCOME PORTFOLIO

DECLARATION OF TRUST

Dated as of May 1, 1992

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DECLARATION OF TRUST

OF

HIGH INCOME PORTFOLIO

This DECLARATION OF TRUST of High Income Portfolio is made as of the 1st day of May, 1992 by the parties signatory hereto, as Trustees (as defined in Section 1.2 hereof).

W I T N E S S E T H:

WHEREAS, the Trustees desire to form a trust fund under the law of the State of New York for the investment and reinvestment of its assets; and

WHEREAS, it is proposed that the trust assets be composed of money and property contributed thereto by the holders of interests in the trust entitled to ownership rights in the trust;

NOW, THEREFORE, the Trustees hereby declare that they will hold in trust all money and property contributed to the trust fund and will manage and dispose of the same for the benefit of the holders of interests in the Trust and subject to the provisions hereof, to wit:

ARTICLE I

The Trust

1.1. Name. The name of the trust created hereby (the "Trust") shall be High Income Portfolio and so far as may be practicable the Trustees shall conduct the Trust's activities, execute all documents and sue or be sued under that name, which name (and the word "Trust" wherever hereinafter used) shall refer to the Trustees as Trustees, and not individually, and shall not refer to the officers, employees, agents or independent contractors of the Trust or holders of interests in the Trust.

1.2. Definitions. As used in this Declaration, the following terms shall have the following meanings:

"Administrator" shall mean any party furnishing services to the Trust pursuant to any administration contract described in Section 4.1 hereof.

"Book Capital Account" shall mean, for any Holder at any time, the Book Capital Account of the Holder for such day, determined in accordance with Section 8.1 hereof.

"Code" shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time, as well as any non-superseded provisions of

the U.S. Internal Revenue Code of 1954, as amended (or any corresponding provision or provisions of succeeding law).

"Commission" shall mean the U.S. Securities and Exchange Commission.

"Declaration" shall mean this Declaration of Trust as amended from time to time. References in this Declaration to "Declaration", "hereof", "herein" and "hereunder" shall be deemed to refer to this Declaration rather than the article or section in which any such word appears.

"Fiscal Year" shall mean an annual period determined by the Trustees which ends on December 31 of each year or on such other day as is permitted or required by the Code.

"Holders" shall mean as of any particular time all holders of record of Interests in the Trust.

"Institutional Investor(s)" shall mean any regulated investment company, segregated asset account, foreign investment company, common trust fund, group trust or other investment arrangement, whether organized within or without the United States of America, other than an individual, S corporation, partnership or grantor trust beneficially owned by any individual, S corporation or partnership.

"Interest(s)" shall mean the interest of a Holder in the Trust, including all rights, powers and privileges accorded to Holders by this Declaration, which interest may be expressed as a percentage, determined by calculating, at such times and on such basis as the Trustees shall from time to time determine, the ratio of each Holder's Book Capital Account balance to the total of all Holders' Book Capital Account

balances. Reference herein to a specified percentage of, or fraction of, Interests, means Holders whose combined Book Capital Account balances represent such specified percentage or fraction of the combined Book Capital Account balances of all, or a specified group of, Holders.

"Interested Person" shall have the meaning given it in the 1940 Act.

"Investment Adviser" shall mean any party furnishing services to the Trust pursuant to any investment advisory contract described in Section 4.1 hereof.

"Majority Interests Vote" shall mean the vote, at a meeting of Holders, of (A) 67% or more of the Interests present or represented at such meeting, if Holders of more than 50% of all Interests are present or represented by proxy, or (B) more than 50% of all Interests, whichever is less.

"Person" shall mean and include individuals, corporations, partnerships, trusts, associations, joint ventures and other

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entities, whether or not legal entities, and governments and agencies and political subdivisions thereof.

"Redemption" shall mean the complete withdrawal of an Interest of a Holder the result of which is to reduce the Book Capital Account balance of that Holder to zero, and the term "redeem" shall mean to effect a Redemption.

"Trustees" shall mean each signatory to this Declaration, so long as such signatory shall continue in office in accordance with the terms hereof, and all other individuals who at the time in question have been duly elected or appointed and have qualified as Trustees in accordance with the provisions hereof and are then in office, and reference in this Declaration to a Trustee or Trustees shall refer to such individual or individuals in their capacity as Trustees hereunder.

"Trust Property" shall mean as of any particular time any and all property, real or personal, tangible or intangible, which at such time is owned or held by or for the account of the Trust or the Trustees.

The "1940 Act" shall mean the U.S. Investment Company Act

of 1940, as amended from time to time, and the rules and regulations thereunder.

ARTICLE II

Trustees

2.1. Number and Qualification. The number of Trustees shall be fixed from time to time by action of the Trustees taken as provided in Section 2.5 hereof; provided, however, that the number of Trustees so fixed shall in no event be less than three or more than 15. Any vacancy created by an increase in the number of Trustees may be filled by the appointment of an individual having the qualifications described in this Section 2.1 made by action of the Trustees taken as provided in Section 2.5 hereof. Any such appointment shall not become effective, however, until the individual named in the written instrument of appointment shall have accepted in writing such appointment and agreed in writing to be bound by the terms of this Declaration. No reduction in the number of Trustees shall have the effect of removing any Trustee from office. Whenever a vacancy occurs, until such vacancy is filled as provided in Section 2.4 hereof, the Trustees continuing in office, regardless of their number, shall have all the powers granted to the Trustees and shall discharge all the duties imposed upon the Trustees by this Declaration. A Trustee shall be an individual at least 21 years of age who is not under legal disability.

2.2. Term and Election. Each Trustee named herein, or elected or appointed prior to the first meeting of Holders, shall (except in the event of resignations, retirements, removals or vacancies pursuant to Section 2.3 or Section 2.4 hereof) hold office until a successor to such Trustee has been elected at such meeting and has qualified to serve

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as Trustee, as required under the 1940 Act. Subject to the provisions of Section 16(a) of the 1940 Act and except as provided in Section 2.3 hereof, each Trustee shall hold office during the lifetime of the Trust and until its termination as hereinafter provided.

2.3. Resignation, Removal and Retirement. Any Trustee may resign his or her trust (without need for prior or subsequent accounting) by an instrument in writing executed by such Trustee and delivered or mailed to the Chairman, if any, the President or the Secretary of the Trust and such resignation shall be effective upon such

delivery, or at a later date according to the terms of the instrument. Any Trustee may be removed by the affirmative vote of Holders of two-thirds of the Interests or (provided the aggregate number of Trustees, after such removal and after giving effect to any appointment made to fill the vacancy created by such removal, shall not be less than the number required by Section 2.1 hereof) with cause, by the action of two-thirds of the remaining Trustees. Removal with cause includes, but is not limited to, the removal of a Trustee due to physical or mental incapacity or failure to comply with such written policies as from time to time may be adopted by at least two-thirds of the Trustees with respect to the conduct of the Trustees and attendance at meetings. Any Trustee who has attained a mandatory retirement age, if any, established pursuant to any written policy adopted from time to time by at least two-thirds of the Trustees shall, automatically and without action by such Trustee or the remaining Trustees, be deemed to have retired in accordance with the terms of such policy, effective as of the date determined in accordance with such policy. Any Trustee who has become incapacitated by illness or injury as determined by a majority of the other Trustees, may be retired by written instrument executed by a majority of the other Trustees, specifying the date of such Trustee's retirement. Upon the resignation, retirement or removal of a Trustee, or a Trustee otherwise ceasing to be a Trustee, such resigning, retired, removed or former Trustee shall execute and deliver such documents as the remaining Trustees shall require for the purpose of conveying to the Trust or the remaining Trustees any Trust Property held in the name of such resigning, retired, removed or former Trustee. Upon the death of any Trustee or upon removal, retirement or resignation due to any Trustee's incapacity to serve as Trustee, the legal representative of such deceased, removed, retired or resigning Trustee shall execute and deliver on behalf of such deceased, removed, retired or resigning Trustee such documents as the remaining Trustees shall require for the purpose set forth in the preceding sentence.

2.4. Vacancies. The term of office of a Trustee shall terminate and a vacancy shall occur in the event of the death, resignation, retirement, adjudicated incompetence or other incapacity to perform the duties of the office, or removal, of a Trustee. No such vacancy shall operate to annul this Declaration or to revoke any existing agency created pursuant to the terms of this Declaration. In the case of a vacancy, Holders of at least a majority of the Interests entitled to vote, acting at any meeting of Holders held in accordance with Section 9.2 hereof, or, to the extent permitted by the 1940 Act, a majority vote of the Trustees continuing in office acting by written instrument or

instruments, may fill such vacancy, and any Trustee so elected by the Trustees or the Holders shall hold office as provided in this Declaration.

2.5. Meetings. Meetings of the Trustees shall be held from time to time upon the call of the Chairman, if any, the President, the Secretary, an Assistant Secretary or any two Trustees, at such time, on such day and at such place, as shall be designated in the notice of the meeting. The Trustees shall hold an annual meeting for the election of officers and the transaction of other business which may come before such meeting. Regular meetings of the Trustees may be held without call or notice at a time and place fixed by the By-Laws or by resolution of the Trustees. Notice of any other meeting shall be given by mail, by telegram (which term shall include a cablegram), by telecopier or delivered personally (which term shall include by telephone). If notice is given by mail, it shall be mailed not later than 48 hours preceding the meeting and if given by telegram, telecopier or personally, such notice shall be sent or delivery made not later than 24 hours preceding the meeting. Notice of a meeting of Trustees may be waived before or after any meeting by signed written waiver. Neither the business to be transacted at, nor the purpose of, any meeting of the Trustees need be stated in the notice or waiver of notice of such meeting. The attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting except in the situation in which a Trustee attends a meeting for the express purpose of objecting, at the commencement of such meeting, to the transaction of any business on the ground that the meeting was not lawfully called or convened. The Trustees may act with or without a meeting, but no notice need be given of action proposed to be taken by written consent. A quorum for all meetings of the Trustees shall be a majority of the Trustees. Unless provided otherwise in this Declaration, any action of the Trustees may be taken at a meeting by vote of a majority of the Trustees present (a quorum being present) or without a meeting by written consent of a majority of the Trustees.

Any committee of the Trustees, including an executive committee, if any, may act with or without a meeting. A quorum for all meetings of any such committee shall be a majority of the members thereof. Unless provided otherwise in this Declaration, any action of any such committee may be taken at a meeting by vote of a majority of the members present (a quorum being present) or without a meeting by written consent of a majority of the members.

With respect to actions of the Trustees and any committee of the Trustees, Trustees who are Interested Persons of the Trust or otherwise interested in any action to be taken may be counted for quorum purposes under this Section 2.5 and shall be entitled to vote to the extent permitted by the 1940 Act.

All or any one or more Trustees may participate in a meeting of the Trustees or any committee thereof by means of a conference telephone or similar communications equipment by means of which all

individuals participating in the meeting can hear each other and

participation in a meeting by means of such communications equipment shall constitute presence in person at such meeting.

2.6. Officers; Chairman of the Board. The Trustees shall, from time to time, elect a President, a Secretary and a Treasurer. The Trustees may elect or appoint, from time to time, a Chairman of the Board who shall preside at all meetings of the Trustees and carry out such other duties as the Trustees may designate. The Trustees may elect or appoint or authorize the President to appoint such other officers, agents or independent contractors with such powers as the Trustees may deem to be advisable. The Chairman, if any, shall be and each other officer may, but need not, be a Trustee.

2.7. By-Laws. The Trustees may adopt and, from time to time, amend or repeal By-Laws for the conduct of the business of the Trust.

ARTICLE III

Powers of Trustees

3.1. General. The Trustees shall have exclusive and absolute control over the Trust Property and over the business of the Trust to the same extent as if the Trustees were the sole owners of the Trust Property and such business in their own right, but with such powers of delegation as may be permitted by this Declaration. The Trustees may perform such acts as in their sole discretion they deem proper for conducting the business of the Trust. The enumeration of or failure to mention any specific power herein shall not be construed as limiting such exclusive and absolute control. The powers of the Trustees may be exercised without order of or resort to any court.

3.2. Investments. The Trustees shall have power to:

(a) conduct, operate and carry on the business of an investment company;

(b) subscribe for, invest in, reinvest in, purchase or otherwise acquire, hold, pledge, sell, assign, transfer, exchange, distribute or otherwise deal in or dispose of U.S. and foreign currencies and related instruments including forward contracts, and securities, including common and preferred stock, warrants, bonds, debentures, time notes and all other evidences of indebtedness, negotiable or non-negotiable instruments, obligations, certificates of deposit or indebtedness, commercial paper, repurchase agreements, reverse repurchase

agreements, convertible securities, forward contracts, options, futures contracts, and other securities, including, without limitation, those issued, guaranteed or sponsored by any state, territory or possession of the United States and the District of Columbia and their political subdivisions, agencies and instrumentalities, or by the U.S. Government, any foreign government, or any agency, instrumentality or political subdivision of the U.S. Government or any foreign government, or any international instrumentality, or by any bank, savings institution, corporation or other business entity organized under the laws of the United States or under any foreign laws; and to exercise any and all rights, powers and privileges of ownership or interest in respect of any and all such investments of any kind and description, including, without limitation, the right to consent and otherwise act with respect thereto, with power to designate one or more Persons to exercise any of such rights, powers and privileges in respect of any of such investments; and the Trustees shall be deemed to have the foregoing powers with respect to any additional instruments in which the Trustees may determine to invest.

The Trustees shall not be limited to investing in obligations maturing before the possible termination of the Trust, nor shall the Trustees be limited by any law limiting the investments which may be made by fiduciaries.

3.3. Legal Title. Legal title to all Trust Property shall be vested in the Trustees as joint tenants except that the Trustees shall have the power to cause legal title to any Trust Property to be held by or in the name of one or more of the Trustees, or in the name of the Trust, or in the name or nominee name of any other Person on behalf of the Trust, on such terms as the Trustees may determine.

The right, title and interest of the Trustees in the Trust Property shall vest automatically in each individual who may hereafter become a Trustee upon his due election and qualification. Upon the resignation, removal or death of a Trustee, such resigning, removed or deceased Trustee shall automatically cease to have any right, title or interest in any Trust Property, and the right, title and interest of such resigning, removed or deceased Trustee in the Trust Property shall vest automatically in the remaining Trustees. Such vesting and cessation of title shall be effective whether or not conveyancing documents have been executed and delivered.

3.4. Sale and Increases of Interests. The Trustees, in their discretion, may, from time to time, without a vote of the Holders, permit any Institutional Investor to purchase an Interest, or increase its Interest, for such type of consideration, including cash or property, at such time or times (including, without limitation, each business day), and on such terms as the Trustees may deem best, and may in such manner acquire other assets (including the acquisition of assets subject to, and in connection with the assumption of, liabilities) and businesses. Individuals, S corporations, partnerships and grantor trusts that are beneficially owned by any individual, S corporation or partnership may not purchase Interests. A Holder which has redeemed its Interest may not be permitted to purchase an Interest until the later of 60 calendar days after the date of such Redemption or the first day of the Fiscal Year next succeeding the Fiscal Year during which such Redemption occurred.

3.5 Decreases and Redemptions of Interests. Subject to Article VII hereof, the Trustees, in their discretion, may, from time to time, without a vote of the Holders, permit a Holder to redeem its Interest, or decrease its Interest, for either cash or property, at such time or times (including, without limitation, each business day), and on such terms as the Trustees may deem best.

3.6. Borrow Money. The Trustees shall have power to borrow money or otherwise obtain credit and to secure the same by mortgaging, pledging or otherwise subjecting as security the assets of the Trust, including the lending of portfolio securities, and to endorse, guarantee, or undertake the performance of any obligation, contract or engagement of any other Person.

3.7. Delegation; Committees. The Trustees shall have power, consistent with their continuing exclusive and absolute control over the Trust Property and over the business of the Trust, to delegate from time to time to such of their number or to officers, employees,

agents or independent contractors of the Trust the doing of such things and the execution of such instruments in either the name of the Trust or the names of the Trustees or otherwise as the Trustees may deem expedient.

3.8. Collection and Payment. The Trustees shall have power to collect all property due to the Trust; and to pay all claims,

including taxes, against the Trust Property; to prosecute, defend, compromise or abandon any claims relating to the Trust or the Trust Property; to foreclose any security interest securing any obligation, by virtue of which any property is owed to the Trust; and to enter into releases, agreements and other instruments.

3.9. Expenses. The Trustees shall have power to incur and pay any expenses which in the opinion of the Trustees are necessary or incidental to carry out any of the purposes of this Declaration, and to pay reasonable compensation from the Trust Property to themselves as Trustees. The Trustees shall fix the compensation of all officers, employees and Trustees. The Trustees may pay themselves such compensation for special services, including legal and brokerage services, as they in good faith may deem reasonable, and reimbursement for expenses reasonably incurred by themselves on behalf of the Trust.

3.10. Miscellaneous Powers. The Trustees shall have power to: (a) employ or contract with such Persons as the Trustees may deem appropriate for the transaction of the business of the Trust and terminate such employees or contractual relationships as they consider appropriate; (b) enter into joint ventures, partnerships and any other combinations or associations; (c) purchase, and pay for out of Trust Property, insurance policies insuring the Investment Adviser, Administrator, placement agent, Holders, Trustees, officers, employees, agents or independent contractors of the Trust against all claims arising by reason of holding any such position or by reason of any action taken or omitted by any such Person in such capacity, whether or not the Trust would have the power to indemnify such Person against such liability; (d) establish pension, profit-sharing and other retirement, incentive and benefit plans for the Trustees, officers, employees or agents of the Trust; (e) make donations, irrespective of benefit to the Trust, for charitable, religious, educational, scientific, civic or similar purposes; (f) to the extent permitted by law, indemnify any Person with whom the Trust has dealings, including the Investment Adviser, Administrator, placement agent, Holders, Trustees, officers, employees, agents or independent contractors of the Trust, to such extent as the Trustees shall determine; (g) guarantee indebtedness or contractual obligations of others; (h) determine and change the Fiscal Year and the method by which the accounts of the Trust shall be kept; and (i) adopt a seal for the Trust, but the absence of such a seal shall not impair the validity of any instrument executed on behalf of the Trust.

3.11. Further Powers. The Trustees shall have power to conduct the business of the Trust and carry on its operations in any and all of its branches and maintain offices, whether within or without the State of New York, in any and all states of the United States of America,

in the District of Columbia, and in any and all commonwealths, territories, dependencies, colonies, possessions, agencies or instrumentalities of the United States of America and of foreign governments, and to do all such other things and execute all such instruments as they deem necessary, proper, appropriate or desirable in order to promote the interests of the Trust although such things are not herein specifically mentioned. Any determination as to what is in the interests of the Trust which is made by the Trustees in good faith shall be conclusive. In construing the provisions of this Declaration, the presumption shall be in favor of a grant of power to the Trustees. The Trustees shall not be required to obtain any court order in order to deal with Trust Property.

ARTICLE IV

Investment Advisory, Administration
and Placement Agent Arrangements

4.1. Investment Advisory, Administration and Other Arrangements. The Trustees may in their discretion, from time to time, enter into investment advisory contracts, administration contracts or placement agent agreements whereby the other party to such contract or agreement shall undertake to furnish the Trustees such investment advisory, administration, placement agent and/or other services as the Trustees shall, from time to time, consider appropriate or desirable and all upon such terms and conditions as the Trustees may in their sole discretion determine. Notwithstanding any provision of this Declaration, the Trustees may authorize any Investment Adviser (subject to such general or specific instructions as the Trustees may, from time to time, adopt) to effect purchases, sales, loans or exchanges of Trust Property on behalf of the Trustees or may authorize any officer, employee or Trustee to effect such purchases, sales, loans or exchanges pursuant to recommendations of any such Investment Adviser (all without any further action by the Trustees). Any such purchase, sale, loan or exchange shall be deemed to have been authorized by the Trustees.

4.2. Parties to Contract. Any contract of the character described in Section 4.1 hereof or in the By-Laws of the Trust may be entered into with any corporation, firm, trust or association, although one or more of the Trustees or officers of the Trust may be an officer, director, Trustee, shareholder or member of such other party to the contract, and no such contract shall be invalidated or rendered voidable by reason of the existence of any such relationship, nor shall any individual holding such relationship be liable merely by reason of such relationship for any loss or expense to the Trust under or by reason of any such contract or accountable for any profit realized directly or indirectly therefrom, provided that the contract when entered into was reasonable and fair and not inconsistent with the provisions of this

Article IV or the By-Laws of the Trust. The same Person may be the other party to one or more contracts entered into pursuant to Section 4.1 hereof or the By-Laws of the Trust, and any individual may be financially interested or otherwise affiliated with Persons who are parties to any or all of the contracts mentioned in this Section 4.2 or in the By-Laws of the Trust.

ARTICLE V

Liability of Holders; Limitations of
Liability of Trustees, Officers, etc.

5.1. Liability of Holders; Indemnification. Each Holder shall be jointly and severally liable (with rights of contribution inter se in proportion to their respective Interests in the Trust) for the liabilities and obligations of the Trust in the event that the Trust fails to satisfy such liabilities and obligations; provided, however, that, to

the extent assets are available in the Trust, the Trust shall indemnify and hold each Holder harmless from and against any claim or liability to which such Holder may become subject by reason of being or having been a Holder to the extent that such claim or liability imposes on the Holder an obligation or liability which, when compared to the obligations and liabilities imposed on other Holders, is greater than such Holder's Interest (proportionate share), and shall reimburse such Holder for all legal and other expenses reasonably incurred by such Holder in connection with any such claim or liability. The rights accruing to a Holder under this Section 5.1 shall not exclude any other right to which such Holder may be lawfully entitled, nor shall anything contained herein restrict the right of the Trust to indemnify or reimburse a Holder in any appropriate situation even though not specifically provided herein. Notwithstanding the indemnification procedure described above, it is intended that each Holder shall remain jointly and severally liable to the Trust's creditors as a legal matter.

5.2. Limitations of Liability of Trustees, Officers, Employees, Agents, Independent Contractors to Third Parties. No Trustee, officer, employee, agent or independent contractor (except in the case of an agent or independent contractor to the extent expressly provided by written contract) of the Trust shall be subject to any personal liability whatsoever to any Person, other than the Trust or the Holders, in connection with Trust Property or the affairs of the Trust; and all such

Persons shall look solely to the Trust Property for satisfaction of claims of any nature against a Trustee, officer, employee, agent or independent contractor (except in the case of an agent or independent contractor to the extent expressly provided by written contract) of the Trust arising in connection with the affairs of the Trust.

5.3. Limitations of Liability of Trustees, Officers, Employees, Agents, Independent Contractors to Trust, Holders, etc. No Trustee, officer, employee, agent or independent contractor (except in the case of an agent or independent contractor to the extent expressly provided by written contract) of the Trust shall be liable to the Trust or the Holders for any action or failure to act (including, without limitation, the failure to compel in any way any former or acting Trustee to redress any breach of trust) except for such Person's own bad faith, willful misfeasance, gross negligence or reckless disregard of such Person's duties.

5.4. Mandatory Indemnification. The Trust shall indemnify, to the fullest extent permitted by law (including the 1940 Act), each Trustee, officer, employee, agent or independent contractor (except in the case of an agent or independent contractor to the extent expressly provided by written contract) of the Trust (including any Person who serves at the Trust's request as a director, officer or trustee of another organization in which the Trust has any interest as a shareholder, creditor or otherwise) against all liabilities and expenses (including amounts paid in satisfaction of judgments, in compromise, as fines and penalties, and as counsel fees) reasonably incurred by such Person in connection with the defense or disposition of any action, suit or other

proceeding, whether civil or criminal, in which such Person may be involved or with which such Person may be threatened, while in office or thereafter, by reason of such Person being or having been such a Trustee, officer, employee, agent or independent contractor, except with respect to any matter as to which such Person shall have been adjudicated to have acted in bad faith, willful misfeasance, gross negligence or reckless disregard of such Person's duties; provided, however, that as to any matter disposed of by a compromise payment by such Person, pursuant to a consent decree or otherwise, no indemnification either for such payment or for any other expenses shall be provided unless there has been a determination that such Person did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such Person's office by the court or other body approving

the settlement or other disposition or by a reasonable determination, based upon a review of readily available facts (as opposed to a full trial-type inquiry), that such Person did not engage in such conduct by written opinion from independent legal counsel approved by the Trustees. The rights accruing to any Person under these provisions shall not exclude any other right to which such Person may be lawfully entitled; provided that no Person may satisfy any right of indemnity or reimbursement granted in this Section 5.4 or in Section 5.2 hereof or to which such Person may be otherwise entitled except out of the Trust Property. The Trustees may make advance payments in connection with indemnification under this Section 5.4, provided that the indemnified Person shall have given a written undertaking to reimburse the Trust in the event it is subsequently determined that such Person is not entitled to such indemnification.

5.5. No Bond Required of Trustees. No Trustee shall, as such, be obligated to give any bond or surety or other security for the performance of any of such Trustee's duties hereunder.

5.6. No Duty of Investigation; Notice in Trust Instruments, etc. No purchaser, lender or other Person dealing with any Trustee, officer, employee, agent or independent contractor of the Trust shall be bound to make any inquiry concerning the validity of any transaction purporting to be made by such Trustee, officer, employee, agent or independent contractor or be liable for the application of money or property paid, loaned or delivered to or on the order of such Trustee, officer, employee, agent or independent contractor. Every obligation, contract, instrument, certificate or other interest or undertaking of the Trust, and every other act or thing whatsoever executed in connection with the Trust shall be conclusively taken to have been executed or done by the executors thereof only in their capacity as Trustees, officers, employees, agents or independent contractors of the Trust. Every written obligation, contract, instrument, certificate or other interest or undertaking of the Trust made or sold by any Trustee, officer, employee, agent or independent contractor of the Trust, in such capacity, shall contain an appropriate recital to the effect that the Trustee, officer, employee, agent or independent contractor of the Trust shall not personally be bound by or liable thereunder, nor shall resort be had to their private property for the satisfaction of any obligation or claim thereunder, and appropriate references shall be made therein to the Declaration, and may contain any

further recital which they may deem appropriate, but the omission of such recital shall not operate to impose personal liability on any Trustee,

officer, employee, agent or independent contractor of the Trust. Subject to the provisions of the 1940 Act, the Trust may maintain insurance for the protection of the Trust Property, the Holders, and the Trustees, officers, employees, agents and independent contractors of the Trust in such amount as the Trustees shall deem adequate to cover possible tort liability, and such other insurance as the Trustees in their sole judgment shall deem advisable.

5.7. Reliance on Experts, etc. Each Trustee, officer, employee, agent or independent contractor of the Trust shall, in the performance of such Person's duties, be fully and completely justified and protected with regard to any act or any failure to act resulting from reliance in good faith upon the books of account or other records of the Trust (whether or not the Trust would have the power to indemnify such Persons against such liability), upon an opinion of counsel, or upon reports made to the Trust by any of its officers or employees or by any Investment Adviser or Administrator, accountant, appraiser or other experts or consultants selected with reasonable care by the Trustees, officers or employees of the Trust, regardless of whether such counsel or expert may also be a Trustee.

ARTICLE VI

Interests

6.1. Interests. The beneficial interest in the Trust Property shall consist of non-transferable Interests. The Interests shall be personal property giving only the rights in this Declaration specifically set forth. The value of an Interest shall be equal to the Book Capital Account balance of the Holder of the Interest.

6.2. Non-Transferability. A Holder may not transfer, sell or exchange its Interest.

6.3. Register of Interests. A register shall be kept at the Trust under the direction of the Trustees which shall contain the name, address and Book Capital Account balance of each Holder. Such register shall be conclusive as to the identity of the Holders, and the Trust shall not be bound to recognize any equitable or legal claim to or interest in an Interest which is not contained in such register. No Holder shall be entitled to receive payment of any distribution, nor to have notice given to it as herein provided, until it has given its address to such officer or agent of the Trust as is keeping such register for entry thereon.

ARTICLE VII

Increases, Decreases And Redemptions of Interests

Subject to applicable law, to the provisions of this Declaration and to such restrictions as may from time to time be adopted by the Trustees, each Holder shall have the right to vary its investment in the Trust at any time without limitation by increasing (through a capital contribution) or decreasing (through a capital withdrawal) or by a Redemption of its Interest. An increase in the investment of a Holder in the Trust shall be reflected as an increase in the Book Capital Account balance of that Holder and a decrease in the investment of a Holder in the Trust or the Redemption of the Interest of a Holder shall be reflected as a decrease in the Book Capital Account balance of that Holder. The Trust shall, upon appropriate and adequate notice from any Holder increase, decrease or redeem such Holder's Interest for an amount determined by the application of a formula adopted for such purpose by resolution of the Trustees; provided that (a) the amount received by the Holder upon any such decrease or Redemption shall not exceed the decrease in the Holder's Book Capital Account balance effected by such decrease or Redemption of its Interest, and (b) if so authorized by the Trustees, the Trust may, at any time and from time to time, charge fees for effecting any such decrease or Redemption, at such rates as the Trustees may establish, and may, at any time and from time to time, suspend such right of decrease or Redemption. The procedures for effecting decreases or Redemptions shall be as determined by the Trustees from time to time.

ARTICLE VIII

Determination of Book Capital Account Balances and Distributions

8.1. Book Capital Account Balances. The Book Capital Account balance of each Holder shall be determined on such days and at such time or times as the Trustees may determine. The Trustees shall adopt resolutions setting forth the method of determining the Book Capital Account balance of each Holder. The power and duty to make calculations pursuant to such resolutions may be delegated by the Trustees to the Investment Adviser, Administrator, custodian, or such other Person as the Trustees may determine. Upon the Redemption of an Interest, the Holder of that Interest shall be entitled to receive the balance of its Book Capital Account. A Holder may not transfer, sell or exchange its Book Capital Account balance.

8.2. Allocations and Distributions to Holders. The

Trustees shall, in compliance with the Code, the 1940 Act and generally accepted accounting principles, establish the procedures by which the Trust shall make (i) the allocation of unrealized gains and losses, taxable income and tax loss, and profit and loss, or any item or items thereof, to each Holder, (ii) the payment of distributions, if any, to Holders, and (iii) upon liquidation, the final distribution of items of taxable income and expense. Such procedures shall be set forth in writing and be furnished to the Trust's accountants. The Trustees may amend the procedures adopted pursuant to this Section 8.2 from time to time. The Trustees may retain from the net profits such amount as they may deem

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necessary to pay the liabilities and expenses of the Trust, to meet obligations of the Trust, and as they may deem desirable to use in the conduct of the affairs of the Trust or to retain for future requirements or extensions of the business.

8.3. Power to Modify Foregoing Procedures.

Notwithstanding any of the foregoing provisions of this Article VIII, the Trustees may prescribe, in their absolute discretion, such other bases and times for determining the net income of the Trust, the allocation of income of the Trust, the Book Capital Account balance of each Holder, or the payment of distributions to the Holders as they may deem necessary or desirable to enable the Trust to comply with any provision of the 1940 Act or any order of exemption issued by the Commission or with the Code.

ARTICLE IX

Holders

9.1. Rights of Holders. The ownership of the Trust Property and the right to conduct any business described herein are vested exclusively in the Trustees, and the Holders shall have no right or title therein other than the beneficial interest conferred by their Interests and they shall have no power or right to call for any partition or division of any Trust Property.

9.2. Meetings of Holders. Meetings of Holders may be called at any time by a majority of the Trustees and shall be called by any Trustee upon written request of Holders holding, in the aggregate, not less than 10% of the Interests, such request specifying the purpose or purposes for which such meeting is to be called. Any such meeting shall be held within or without the State of New York and within or without the

United States of America on such day and at such time as the Trustees shall designate. Holders of one-third of the Interests, present in person or by proxy, shall constitute a quorum for the transaction of any business, except as may otherwise be required by the 1940 Act, other applicable law, this Declaration or the By-Laws of the Trust. If a quorum is present at a meeting, an affirmative vote of the Holders present, in person or by proxy, holding more than 50% of the total Interests of the Holders present, either in person or by proxy, at such meeting constitutes the action of the Holders, unless a greater number of affirmative votes is required by the 1940 Act, other applicable law, this Declaration or the By-Laws of the Trust. All or any one of more Holders may participate in a meeting of Holders by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting by means of such communications equipment shall constitute presence in person at such meeting.

9.3. Notice of Meetings. Notice of each meeting of Holders, stating the time, place and purposes of the meeting, shall be given by the Trustees by mail to each Holder, at its registered address, mailed at least 10 days and not more than 60 days before the meeting.

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Notice of any meeting may be waived in writing by any Holder either before or after such meeting. The attendance of a Holder at a meeting shall constitute a waiver of notice of such meeting except in the situation in which a Holder attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened. At any meeting, any business properly before the meeting may be considered whether or not stated in the notice of the meeting. Any adjourned meeting may be held as adjourned without further notice.

9.4. Record Date for Meetings, Distributions, etc. For the purpose of determining the Holders who are entitled to notice of and to vote or act at any meeting, including any adjournment thereof, or to participate in any distribution, or for the purpose of any other action, the Trustees may from time to time fix a date, not more than 90 days prior to the date of any meeting of Holders or the payment of any distribution or the taking of any other action, as the case may be, as a record date for the determination of the Persons to be treated as Holders for such purpose. If the Trustees do not, prior to any meeting of the Holders, so fix a record date, then the date of mailing notice of the

meeting shall be the record date.

9.5. Proxies, etc. At any meeting of Holders, any Holder entitled to vote thereat may vote by proxy, provided that no proxy shall be voted at any meeting unless it shall have been placed on file with the Secretary, or with such other officer or agent of the Trust as the Secretary may direct, for verification prior to the time at which such vote is to be taken. A proxy may be revoked by a Holder at any time before it has been exercised by placing on file with the Secretary, or with such other officer or agent of the Trust as the Secretary may direct, a later dated proxy or written revocation. Pursuant to a resolution of a majority of the Trustees, proxies may be solicited in the name of the Trust or of one or more Trustees or of one or more officers of the Trust. Only Holders on the record date shall be entitled to vote. Each such Holder shall be entitled to a vote proportionate to its Interest. When an Interest is held jointly by several Persons, any one of them may vote at any meeting in person or by proxy in respect of such Interest, but if more than one of them is present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote shall not be received in respect of such Interest. A proxy purporting to be executed by or on behalf of a Holder shall be deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest on the challenger. No proxy shall be valid after one year from the date of execution, unless a longer period is expressly stated in such proxy. The Trust may also permit a Holder to authorize and empower individuals named as proxies on any form of proxy solicited by the Trustees to vote that Holder's Interest on any matter by recording his voting instructions on any recording device maintained for that purpose by the Trust or its agent, provided the Holder complies with such procedures as the Trustees may designate to be necessary or appropriate to determine the authenticity of the voting instructions so recorded; such instructions shall be deemed to constitute a written proxy

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signed by the Holder and delivered to the Trust and shall be deemed to be dated as of the date such instructions were transmitted, and the Holder shall be deemed to have approved and ratified all actions taken by such proxies in accordance with the voting instructions so recorded.

9.6. Reports. The Trustees shall cause to be prepared and furnished to each Holder, at least annually as of the end of each Fiscal Year, a report of operations containing a balance sheet and a statement of income of the Trust prepared in conformity with generally

accepted accounting principles and an opinion of an independent public accountant on such financial statements. The Trustees shall, in addition, furnish to each Holder at least semi-annually interim reports of operations containing an unaudited balance sheet as of the end of such period and an unaudited statement of income for the period from the beginning of the then-current Fiscal Year to the end of such period.

9.7. Inspection of Records. The books and records of the Trust shall be open to inspection by Holders during normal business hours for any purpose not harmful to the Trust.

9.8. Holder Action by Written Consent. Any action which may be taken by Holders may be taken without a meeting if Holders holding more than 50% of all Interests entitled to vote (or such larger proportion thereof as shall be required by any express provision of this Declaration) consent to the action in writing and the written consents are filed with the records of the meetings of Holders. Such consents shall be treated for all purposes as a vote taken at a meeting of Holders. Each such written consent shall be executed by or on behalf of the Holder delivering such consent and shall bear the date of such execution. No such written consent shall be effective to take the action referred to therein unless, within one year of the earliest dated consent, written consents executed by a sufficient number of Holders to take such action are filed with the records of the meetings of Holders.

9.9. Notices. Any and all communications, including any and all notices to which any Holder may be entitled, shall be deemed duly served or given if mailed, postage prepaid, addressed to a Holder at its last known address as recorded on the register of the Trust.

ARTICLE X

Duration; Termination;
Amendment; Mergers; Etc.

10.1. Duration. Subject to possible termination or dissolution in accordance with the provisions of Section 10.2 and Section 10.3 hereof, respectively, the Trust created hereby shall continue until the expiration of 20 years after the death of the last survivor of the initial Trustees named herein and the following named persons:

Name -----	Address -----	Date of Birth -----
Cassius Marcellus Cornelius Clay	742 Old Dublin Road Hancock, NH 03449	November 9, 1990
Sara Briggs Sullivan	1308 Rhodes Street Dubois, WY 82513	September 17, 1990
Myles Bailey Rawson	Winhall Hollow Road R.R. #1, Box 178B Bondville, VT 05340	May 13, 1990
Zeben Curtis Kopchak	Box 1126 Cordova, AK 99574	October 31, 1989
Landon Harris Clay	742 Old Dublin Road Hancock, NH 03449	February 15, 1989
Kelsey Ann Sullivan	1308 Rhodes Street Dubois, WY 82513	May 1, 1988
Carter Allen Rawson	Winhall Hollow Road R.R. #1, Box 178B Bondville, VT 05340	January 28, 1988
Obadiah Barclay Kopchak	Box 1126 Cordova, AK 99574	August 29, 1987
Richard Tubman Clay	742 Old Dublin Road Hancock, NH 03449	April 12, 1987
Thomas Moragne Clay	742 Old Dublin Road Hancock, NH 03449	April 11, 1985
Zachariah Bishop Kopchak	Box 1126 Cordova, AK 99574	January 11, 1985
Sager Anna Kopchak	Box 1126 Cordova, AK 99574	May 22, 1983

10.2. Termination.

(a) The Trust may be terminated (i) by the affirmative vote of Holders of not less than two-thirds of all Interests at any meeting of Holders or by an instrument in writing without a meeting, executed by a majority of the Trustees and consented to by Holders of not less than two-thirds of all Interests, or (ii) by the Trustees by written notice to the Holders. Upon any such termination,

(i) the Trust shall carry on no business except for the purpose of winding up its affairs;

(ii) the Trustees shall proceed to wind up the affairs of the Trust and all of the powers of the Trustees under

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this Declaration shall continue until the affairs of the Trust have been wound up, including the power to fulfill or discharge the contracts of the Trust, collect the assets of the Trust, sell, convey, assign, exchange or otherwise dispose of all or any part of the Trust Property to one or more Persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay the liabilities of the Trust, and do all other acts appropriate to liquidate the business of the Trust; provided that any sale, conveyance, assignment, exchange or other disposition of all or substantially all the Trust Property shall require approval of the principal terms of the transaction and the nature and amount of the consideration by the vote of Holders holding more than 50% of all Interests; and

(iii) after paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and refunding agreements as they deem necessary for their protection, the Trustees shall distribute the remaining Trust Property, in cash or in kind or partly each, among the Holders according to their respective rights as set forth in the procedures established pursuant to Section 8.2 hereof.

(b) Upon termination of the Trust and distribution to the Holders as herein provided, a majority of the Trustees shall execute and file with the records of the Trust an instrument in writing setting forth the fact of such termination and distribution. Upon termination of the Trust, the Trustees shall thereupon be discharged from all further liabilities and duties hereunder, and the rights and interests of all Holders shall thereupon cease.

10.3. Dissolution. Upon the bankruptcy of any Holder, or upon the Redemption of any Interest, the Trust shall be dissolved effective 120 days after the event. However, the Holders (other than such bankrupt or redeeming Holder) may, by a unanimous affirmative vote at any meeting of such Holders or by an instrument in writing without a meeting executed by a majority of the Trustees and consented to by all such Holders, agree to continue the business of the Trust even if there has

been such a dissolution.

10.4. Amendment Procedure.

(a) This Declaration may be amended by the vote of Holders of more than 50% of all Interests at any meeting of Holders or by an instrument in writing without a meeting, executed by a majority of the Trustees and consented to by the Holders of more than 50% of all Interests. Notwithstanding any other provision hereof, this Declaration may be amended by an instrument in writing executed by a majority of the Trustees, and without the vote or consent of Holders, for any one or more of the following purposes: (i) to change the name of the Trust, (ii) to supply any omission, or to cure, correct or supplement any ambiguous, defective or inconsistent provision hereof, (iii) to conform this

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Declaration to the requirements of applicable federal law or regulations or the requirements of the applicable provisions of the Code, (iv) to change the state or other jurisdiction designated herein as the state or other jurisdiction whose law shall be the governing law hereof, (v) to effect such changes herein as the Trustees find to be necessary or appropriate (A) to permit the filing of this Declaration under the law of such state or other jurisdiction applicable to trusts or voluntary associations, (B) to permit the Trust to elect to be treated as a "regulated investment company" under the applicable provisions of the Code, or (C) to permit the transfer of Interests (or to permit the transfer of any other beneficial interest in or share of the Trust, however denominated), (vi) in conjunction with any amendment contemplated by the foregoing clause (iv) or the foregoing clause (v) to make any and all such further changes or modifications to this Declaration as the Trustees find to be necessary or appropriate, any finding of the Trustees referred to in the foregoing clause (v) or the foregoing clause (vi) to be conclusively evidenced by the execution of any such amendment by a majority of the Trustees, and (vii) change, modify or rescind any provision of this Declaration provided such change, modification or rescission is found by the Trustees to be necessary or appropriate and to not have a materially adverse effect on the financial interests of the Holders, any such finding to be conclusively evidenced by the execution of any such amendment by a majority of the Trustees; provided, however, that unless effected in compliance with the provisions of Section 10.4(b) hereof, no amendment otherwise authorized by this sentence may be made which would reduce the amount payable with respect to any Interest upon liquidation of the Trust and; provided, further, that the Trustees shall

not be liable for failing to make any amendment permitted by this Section 10.4(a).

(b) No amendment may be made under Section 10.4(a) hereof which would change any rights with respect to any Interest by reducing the amount payable thereon upon liquidation of the Trust, except with the vote or consent of Holders of two-thirds of all Interests.

(c) A certification in recordable form executed by a majority of the Trustees setting forth an amendment and reciting that it was duly adopted by the Holders or by the Trustees as aforesaid or a copy of the Declaration, as amended, in recordable form, and executed by a majority of the Trustees, shall be conclusive evidence of such amendment when filed with the records of the Trust.

Notwithstanding any other provision hereof, until such time as Interests are first sold, this Declaration may be terminated or amended in any respect by the affirmative vote of a majority of the Trustees at any meeting of Trustees or by an instrument executed by a majority of the Trustees.

10.5. Merger, Consolidation and Sale of Assets. The Trust may merge or consolidate with any other corporation, association, trust or other organization or may sell, lease or exchange all or substantially all

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of the Trust Property, including good will, upon such terms and conditions and for such consideration when and as authorized at any meeting of Holders called for such purpose by a Majority Interests Vote, and any such merger, consolidation, sale, lease or exchange shall be deemed for all purposes to have been accomplished under and pursuant to the statutes of the State of New York.

10.6. Incorporation. Upon a Majority Interests Vote, the Trustees may cause to be organized or assist in organizing a corporation or corporations under the law of any jurisdiction or a trust, partnership, association or other organization to take over the Trust Property or to carry on any business in which the Trust directly or indirectly has any interest, and to sell, convey and transfer the Trust Property to any such corporation, trust, partnership, association or other organization in exchange for the equity interests thereof or otherwise, and to lend money to, subscribe for the equity interests of, and enter into any contract

with any such corporation, trust, partnership, association or other organization, or any corporation, trust, partnership, association or other organization in which the Trust holds or is about to acquire equity interests. The Trustees may also cause a merger or consolidation between the Trust or any successor thereto and any such corporation, trust, partnership, association or other organization if and to the extent permitted by law. Nothing contained herein shall be construed as requiring approval of the Holders for the Trustees to organize or assist in organizing one or more corporations, trusts, partnerships, associations or other organizations and selling, conveying or transferring a portion of the Trust Property to one or more of such organizations or entities.

ARTICLE XI

Miscellaneous

11.1. Certificate of Designation; Agent for Service of Process. The Trust shall file, with the Department of State of the State of New York, a certificate, in the name of the Trust and executed by an officer of the Trust, designating the Secretary of State of the State of New York as an agent upon whom process in any action or proceeding against the Trust may be served.

11.2. Governing Law. This Declaration is executed by the Trustees and delivered in the State of New York and with reference to the law thereof, and the rights of all parties and the validity and construction of every provision hereof shall be subject to and construed in accordance with the law of the State of New York and reference shall be specifically made to the trust law of the State of New York as to the construction of matters not specifically covered herein or as to which an ambiguity exists.

11.3. Counterparts. This Declaration may be simultaneously executed in several counterparts, each of which shall be deemed to be an original, and such counterparts, together, shall constitute one and the

same instrument, which shall be sufficiently evidenced by any one such original counterpart.

11.4. Reliance by Third Parties. Any certificate executed by an individual who, according to the records of the Trust or of any

recording office in which this Declaration may be recorded, appears to be a Trustee hereunder, certifying to: (a) the number or identity of Trustees or Holders, (b) the due authorization of the execution of any instrument or writing, (c) the form of any vote passed at a meeting of Trustees or Holders, (d) the fact that the number of Trustees or Holders present at any meeting or executing any written instrument satisfies the requirements of this Declaration, (e) the form of any By-Laws adopted by or the identity of any officer elected by the Trustees, or (f) the existence of any fact or facts which in any manner relate to the affairs of the Trust, shall be conclusive evidence as to the matters so certified in favor of any Person dealing with the Trustees.

11.5. Provisions in Conflict With Law or Regulations.

(a) The provisions of this Declaration are severable, and if the Trustees shall determine, with the advice of counsel, that any of such provisions is in conflict with the 1940 Act, or with other applicable law and regulations, the conflicting provision shall be deemed never to have constituted a part of this Declaration; provided, however, that such determination shall not affect any of the remaining provisions of this Declaration or render invalid or improper any action taken or omitted prior to such determination.

(b) If any provision of this Declaration shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect such provision in any other jurisdiction or any other provision of this Declaration in any jurisdiction.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the day and year first above written.

/s/James G. Baur

James G. Baur, as Trustee and
not individually

/s/H. Day Brigham, Jr.

H. Day Brigham, Jr., as Trustee
and not individually

/s/James B. Hawkes

James B. Hawkes, as Trustee and
not individually

HIGH INCOME PORTFOLIO

AMENDMENT TO DECLARATION OF TRUST

June 14, 1993

The undersigned, being at least a majority of the Trustees of the Portfolio, acting pursuant to Section 10.4 of ARTICLE X of the Declaration of Trust, do hereby:

Change and amend Section 3.11 of ARTICLE III of the Declaration of Trust to read as follows:

" 3.11. Further Powers. The Trustees shall have power to conduct the business of the Trust and carry on its operations in any and all of its branches and maintain offices, whether within or without the State of New York, in any and all states of the United States of America, in the District of Columbia, and in any and all commonwealths, territories, dependencies, colonies, possessions, agencies or instrumentalities of the United States and of foreign governments, and to do all such other things and execute all such instruments as they deem necessary, proper, appropriate or desirable in order to promote the interests of the Trust although such things are not herein specifically mentioned. The Trustees shall have full power and authority, in the name and on behalf of the Trust to engage in and to prosecute, defend, compromise, settle, abandon, or adjust by arbitration or otherwise, any actions, suits, proceedings, disputes, claims and demands relating to this Trust, and out of the assets of the Trust to pay or to satisfy any liabilities, losses, debts, claims or expenses (including without limitation attorneys' fees) incurred in connection therewith, including those of litigation, and such power shall include without limitation the power of the Trustees or any committee thereof, in the exercise of their or its good faith business judgment, to dismiss or terminate any action, suit, proceeding, dispute, claim or demand, derivative or

otherwise, brought by any person, including a Holder in its own name or in the name of the Trust, whether or not the Trust or any of the Trustees may be named individually therein or the subject matter arises by reason of business for or on behalf of the Trust. Any determination as to what is in the interests of the Trust which is made by the Trustees in good faith shall be conclusive. In construing the provisions of this Declaration, the presumption shall be in favor of a grant of power to the Trustees. The Trustees shall not be required to obtain any court order in order to deal with Trust Property."

Further, the undersigned do hereby declare and find that the foregoing change and amendment is necessary and appropriate and does not have a materially adverse effect on the financial interest of the Holders of the Portfolio. Said Amendment shall take effect on the date set forth above.

James G. Baur

/s/Norton H. Reamer

Norton H. Reamer

/s/Donald R. Dwight

Donald R. Dwight

/s/John L. Thorndike

John L. Thorndike

/s/James B. Hawkes

James B. Hawkes

/s/Jack L. Treynor

Jack L. Treynor

/s/Samuel L. Hayes, III

Samuel L. Hayes, III

HIGH INCOME PORTFOLIO

BY-LAWS

As Adopted May 1, 1992

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BY-LAWS

OF

HIGH INCOME PORTFOLIO

These By-Laws are made and adopted pursuant to Section 2.7 of the Declaration of Trust establishing HIGH INCOME PORTFOLIO (the

"Trust"), dated as of May 1, 1992, as from time to time amended (the "Declaration"). All words and terms capitalized in these By-Laws shall have the meaning or meanings set forth for such words or terms in the Declaration.

ARTICLE I

Meetings of Holders -----

Section 1.1. Records at Holder Meetings. At each meeting of the Holders there shall be open for inspection the minutes of the last previous meeting of Holders of the Trust and a list of the Holders of the Trust, certified to be true and correct by the Secretary or other proper agent of the Trust, as of the record date of the meeting. Such list of Holders shall contain the name of each Holder in alphabetical order and the address and Interest owned by such Holder on such record date.

Section 1.2. Inspectors of Election. In advance of any meeting of the Holders, the Trustees may appoint Inspectors of Election to act at the meeting or any adjournment thereof. If Inspectors of Election are not so appointed, the chairman, if any, of any meeting of the Holders may, and on the request of any Holder or his proxy shall, appoint Inspectors of Election. The number of Inspectors of Election shall be either one or three. If appointed at the meeting on the request of one or more Holders or proxies, a Majority Interests Vote shall determine whether one or three Inspectors of Election are to be appointed, but failure to allow such determination by the Holders shall not affect the validity of the appointment of Inspectors of Election. In case any individual appointed as an Inspector of Election fails to appear or fails or refuses to so act, the vacancy may be filled by appointment made by the Trustees in advance of the convening of the meeting or at the meeting by the individual acting as chairman of the meeting. The Inspectors of Election shall determine the Interest owned by each Holder, the Interests represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, shall receive votes, ballots or consents, shall hear and determine all challenges and questions in any way arising in connection with the right to vote, shall count and tabulate all votes or consents, shall determine the results, and shall do such other acts as may be proper to conduct the election or vote with fairness to all Holders. If there are three Inspectors of Election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. On request of the chairman, if any, of the meeting, or of any Holder or its proxy, the Inspectors of Election shall

make a report in writing of any challenge or question or matter determined by them and shall execute a certificate of any facts found by them.

ARTICLE II

Officers

Section 2.1. Officers of the Trust. The officers of the Trust shall consist of a Chairman, if any, a President, a Secretary, a Treasurer and such other officers or assistant officers, including Vice Presidents, as may be elected by the Trustees. Any two or more of the offices may be held by the same individual. The Trustees may designate a Vice President as an Executive Vice President and may designate the order in which the other Vice Presidents may act. The Chairman shall be a Trustee, but no other officer of the Trust, including the President, need be a Trustee.

Section 2.2. Election and Tenure. At the initial organization meeting and thereafter at each annual meeting of the Trustees, the Trustees shall elect the Chairman, if any, the President, the Secretary, the Treasurer and such other officers as the Trustees shall deem necessary or appropriate in order to carry out the business of the Trust. Such officers shall hold office until the next annual meeting of the Trustees and until their successors have been duly elected and qualified. The Trustees may fill any vacancy in office or add any additional officer at any time.

Section 2.3. Removal of Officers. Any officer may be removed at any time, with or without cause, by action of a majority of the Trustees. This provision shall not prevent the making of a contract of employment for a definite term with any officer and shall have no effect upon any cause of action which any officer may have as a result of removal in breach of a contract of employment. Any officer may resign at any time by notice in writing signed by such officer and delivered or mailed to the Chairman, if any, the President or the Secretary, and such resignation shall take effect immediately, or at a later date according to the terms of such notice in writing.

Section 2.4. Bonds and Surety. Any officer may be required by the Trustees to be bonded for the faithful performance of his duties in such amount and with such sureties as the Trustees may determine.

Section 2.5. Chairman, President and Vice Presidents. The Chairman, if any, shall, if present, preside at all meetings of the Holders and of the Trustees and shall exercise and perform such other powers and duties as may be from time to time assigned to him by the Trustees. Subject to such supervisory powers, if any, as may be given by the Trustees to the Chairman, if any, the President shall be the chief executive officer of the Trust and, subject to the control of the

Trustees, shall have general supervision, direction and control of the business of the Trust and of its employees and shall exercise such general powers of management as are usually vested in the office of President of a corporation. In the absence of the Chairman, if any, the President shall

preside at all meetings of the Holders and, in the absence of the Chairman, the President shall preside at all meetings of the Trustees. The President shall be, ex officio, a member of all standing committees of Trustees. Subject to the direction of the Trustees, the President shall have the power, in the name and on behalf of the Trust, to execute any and all loan documents, contracts, agreements, deeds, mortgages and other instruments in writing, and to employ and discharge employees and agents of the Trust. Unless otherwise directed by the Trustees, the President shall have full authority and power to attend, to act and to vote, on behalf of the Trust, at any meeting of any business organization in which the Trust holds an interest, or to confer such powers upon any other person, by executing any proxies duly authorizing such person. The President shall have such further authorities and duties as the Trustees shall from time to time determine. In the absence or disability of the President, the Vice Presidents in order of their rank or the Vice President designated by the Trustees, shall perform all of the duties of the President, and when so acting shall have all the powers of and be subject to all of the restrictions upon the President. Subject to the direction of the President, each Vice President shall have the power in the name and on behalf of the Trust to execute any and all loan documents, contracts, agreements, deeds, mortgages and other instruments in writing, and, in addition, shall have such other duties and powers as shall be designated from time to time by the Trustees or by the President.

Section 2.6. Secretary. The Secretary shall keep the minutes of all meetings of, and record all votes of, Holders, Trustees and the Executive Committee, if any. The results of all actions taken at a meeting of the Trustees, or by written consent of the Trustees, shall be recorded by the Secretary. The Secretary shall be custodian of the seal of the Trust, if any, and (and any other person so authorized by the Trustees) shall affix the seal or, if permitted, a facsimile thereof, to any instrument executed by the Trust which would be sealed by a New York corporation executing the same or a similar instrument and shall attest the seal and the signature or signatures of the officer or officers executing such instrument on behalf of the Trust. The Secretary shall also perform any other duties commonly incident to such office in a New York corporation, and shall have such other authorities and duties as the Trustees shall from time to time determine.

Section 2.7. Treasurer. Except as otherwise directed by the Trustees, the Treasurer shall have the general supervision of the monies, funds, securities, notes receivable and other valuable papers and documents of the Trust, and shall have and exercise under the supervision of the Trustees and of the President all powers and duties normally incident to his office. The Treasurer may endorse for deposit or collection all notes, checks and other instruments payable to the Trust or to its order and shall deposit all funds of the Trust as may be ordered by the Trustees or the President. The Treasurer shall keep accurate account of the books of the Trust's transactions which shall be the property of the Trust, and which together with all other property of the Trust in his possession, shall be subject at all times to the inspection and control of the Trustees. Unless the Trustees shall otherwise determine, the Treasurer shall be the principal accounting officer of the Trust and shall also be the principal financial officer of the Trust. The Treasurer shall

have such other duties and authorities as the Trustees shall from time to time determine. Notwithstanding anything to the contrary herein contained, the Trustees may authorize the Investment Adviser or the Administrator to maintain bank accounts and deposit and disburse funds on behalf of the Trust.

Section 2.8. Other Officers and Duties. The Trustees may elect such other officers and assistant officers as they shall from time to time determine to be necessary or desirable in order to conduct the business of the Trust. Assistant officers shall act generally in the absence of the officer whom they assist and shall assist that officer in the duties of his office. Each officer, employee and agent of the Trust shall have such other duties and authorities as may be conferred upon him by the Trustees or delegated to him by the President.

ARTICLE III

Miscellaneous

Section 3.1. Depositories. The funds of the Trust shall be deposited in such depositories as the Trustees shall designate and shall be drawn out on checks, drafts or other orders signed by such officer, officers, agent or agents (including the Investment Adviser or the Administrator) as the Trustees may from time to time authorize.

Section 3.2. Signatures. All contracts and other instruments shall be executed on behalf of the Trust by such officer, officers, agent or agents as provided in these By-Laws or as the Trustees

may from time to time by resolution provide.

Section 3.3. Seal. The seal of the Trust, if any, may be affixed to any document, and the seal and its attestation may be lithographed, engraved or otherwise printed on any document with the same force and effect as if it had been imprinted and attested manually in the same manner and with the same effect as if done by a New York corporation.

Section 3.4. Indemnification. Insofar as the conditional advancing of indemnification monies under Section 5.4 of the Declaration for actions based upon the 1940 Act may be concerned, such payments will be made only on the following conditions: (i) the advances must be limited to amounts used, or to be used, for the preparation or presentation of a defense to the action, including costs connected with the preparation of a settlement; (ii) advances may be made only upon receipt of a written promise by, or on behalf of, the recipient to repay the amount of the advance which exceeds the amount to which it is ultimately determined that he is entitled to receive from the Trust by reason of indemnification; and (iii) (a) such promise must be secured by a surety bond, other suitable insurance or an equivalent form of security which assures that any repayment may be obtained by the Trust without delay or litigation, which bond, insurance or other form of security must be provided by the recipient of the advance, or (b) a majority of a quorum of the Trust's disinterested, non-party Trustees, or an independent legal counsel in a written opinion, shall determine, based upon a review of

readily available facts, that the recipient of the advance ultimately will be found entitled to indemnification.

Section 3.5. Distribution Disbursing Agents and the Like. The Trustees shall have the power to employ and compensate such distribution disbursing agents, warrant agents and agents for the reinvestment of distributions as they shall deem necessary or desirable. Any of such agents shall have such power and authority as is delegated to any of them by the Trustees.

ARTICLE IV

Regulations; Amendment of By-Laws

Section 4.1. Regulations. The Trustees may make such additional rules and regulations, not inconsistent with these By-Laws, as they may deem expedient concerning the sale and purchase of Interests of the Trust.

Section 4.2. Amendment and Repeal of By-Laws. In accordance with Section 2.7 of the Declaration, the Trustees shall have the power to alter, amend or repeal the By-Laws or adopt new By-Laws at any time. Action by the Trustees with respect to the By-Laws shall be taken by an affirmative vote of a majority of the Trustees. The Trustees shall in no event adopt By-Laws which are in conflict with the Declaration.

The Declaration refers to the Trustees as Trustees, but not as individuals or personally; and no Trustee, officer, employee or agent of the Trust shall be held to any personal liability, nor shall resort be had to their private property for the satisfaction of any obligation or claim or otherwise in connection with the affairs of the Trust.

HIGH INCOME PORTFOLIO

INVESTMENT ADVISORY AGREEMENT

AGREEMENT made this 31st day of May, 1994, between High Income Portfolio, a New York trust (the "Trust"), and Boston Management and Research, a Massachusetts business trust (the "Adviser").

1. Duties of the Adviser. The Trust hereby employs the Adviser to act as investment adviser for and to manage the investment and reinvestment of the assets of the Trust and to administer its affairs, subject to the supervision of the Trustees of the Trust, for the period and on the terms set forth in this Agreement.

The Adviser hereby accepts such employment, and undertakes to afford to the Trust the advice and assistance of the Adviser's organization in the choice of investments and in the purchase and sale of securities for the Trust and to furnish for the use of the Trust office space and all necessary office facilities, equipment and personnel for servicing the investments of the Trust and for administering its affairs and to pay the salaries and fees of all officers and Trustees of the Trust who are members of the Adviser's organization and all personnel of the Adviser performing services relating to research and investment activities. The Adviser shall for all purposes herein be deemed to be an independent contractor and shall, except as otherwise expressly provided or authorized, have no authority to act for or represent the Trust in any way or otherwise be deemed an agent of the Trust.

The Adviser shall provide the Trust with such investment management and supervision as the Trust may from time to time consider necessary for the proper supervision of the Trust. As investment adviser to the Trust, the Adviser shall furnish continuously an investment program and shall determine from time to time what securities and other investments shall be acquired, disposed of or exchanged and what portion of the Trust's assets shall be held uninvested, subject always to the applicable restrictions of the Declaration of Trust, By-Laws and registration statement of the Trust under the Investment Company Act of 1940, all as from time to time amended. Should the Trustees of the Trust at any time, however, make any specific determination as to investment

policy for the Trust and notify the Adviser thereof in writing, the Adviser shall be bound by such determination for the period, if any, specified in such notice or until similarly notified that such determination has been revoked. The Adviser shall take, on behalf of the Trust, all actions which it deems necessary or desirable to implement the investment policies of the Trust.

The Adviser shall place all orders for the purchase or sale of portfolio securities for the account of the Trust either directly with the

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issuer or with brokers or dealers selected by the Adviser, and to that end the Adviser is authorized as the agent of the Trust to give instructions to the custodian of the Trust as to deliveries of securities and payment of cash for the account of the Trust. In connection with the selection of such brokers or dealers and the placing of such orders, the Adviser shall use its best efforts to seek to execute security transactions at prices which are advantageous to the Trust and (when a disclosed commission is being charged) at reasonably competitive commission rates. In selecting brokers or dealers qualified to execute a particular transaction, brokers or dealers may be selected who also provide brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) to the Adviser and the Adviser is expressly authorized to pay any broker or dealer who provides such brokerage and research services a commission for executing a security transaction which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if the Adviser determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the overall responsibilities which the Adviser and its affiliates have with respect to accounts over which they exercise investment discretion. Subject to the requirement set forth in the second sentence of this paragraph, the Adviser is authorized to consider, as a factor in the selection of any broker or dealer with whom purchase or sale orders may be placed, the fact that such broker or dealer has sold or is selling shares of any one or more investment companies sponsored by the Adviser or its affiliates or shares of any other investment company investing in the Trust.

2. Compensation of the Adviser. For the services, payments and facilities to be furnished hereunder by the Adviser, the Adviser shall be entitled to receive from the Trust, on a daily basis, compensation in

an amount equal to the aggregate of:

- (a) a daily asset-based fee computed by applying the annual asset rate applicable to that portion of the total daily net assets of the Trust in each category as indicated below:

Category	Daily Net Assets	Annual Asset Rate
-----	-----	-----
1	up to \$500 million	0.300%
2	\$500 million but less than \$1 billion	0.275%
3	\$1 billion but less than \$1.5 billion	0.250%
4	\$1.5 billion but less than \$2 billion	0.225%
5	\$2 billion but less than \$3 billion	0.200%
6	\$3 billion and over	0.175%, plus

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- (b) a daily income-based fee computed by applying the daily income rate applicable to that portion of the total daily gross income of the Trust (which portion shall bear the same relationship to the total daily gross income on such day as that portion of the total daily net assets of the Trust in the same Category bears to the total daily net assets on such day) in each Category as indicated below:

Category	Daily Net Assets	Daily Income Rate
-----	-----	-----
1	up to \$500 million	3.00%
2	\$500 million but less than \$1 billion	2.75%
3	\$1 billion but less than \$1.5 billion	2.50%
4	\$1.5 billion but less than \$2 billion	2.25%
5	\$2 billion but less than \$3 billion	2.00%
6	\$3 billion and over	1.75%

Such daily compensation shall be paid monthly in arrears on the last business day of each month. The Trust's daily net assets shall be computed in accordance with the Declaration of Trust of the Trust and any applicable votes and determinations of the Trustees of the Trust.

In case of initiation or termination of the Agreement during any month with respect to the Trust, the fee for that month shall be based on the number of calendar days during which it is in effect.

The Adviser may, from time to time, waive all or a part of the above compensation.

3. Allocation of Charges and Expenses. It is understood that the Trust will pay all expenses other than those expressly stated to be payable by the Adviser hereunder, which expenses payable by the Trust shall include, without implied limitation, (i) expenses of maintaining the Trust and continuing its existence, (ii) registration of the Trust under the Investment Company Act of 1940, (iii) commissions, fees and other expenses connected with the acquisition, holding and disposition of securities and other investments, (iv) auditing, accounting and legal expenses, (v) taxes and interest, (vi) governmental fees, (vii) expenses of issue, sale and redemption of Interests in the Trust, (viii) expenses of registering and qualifying the Trust and Interests in the Trust under federal and state securities laws and of preparing and printing registration statements or other offering statements or memoranda for such purposes and for distributing the same to Holders and investors, and fees and expenses of registering and maintaining registrations of the Trust and of the Trust's placement agent as broker-dealer or agent under state securities laws, (ix) expenses of reports and notices to Holders and of

meetings of Holders and proxy solicitations therefor, (x) expenses of reports to governmental officers and commissions, (xi) insurance expenses, (xii) association membership dues (xiii) fees, expenses and disbursements of custodians and subcustodians for all services to the Trust (including without limitation safekeeping of funds, securities and other investments, keeping of books, accounts and records, and determination of net asset values, book capital account balances and tax capital account balances), (xiv) fees, expenses and disbursements of transfer agents, dividend disbursing agents, Holder servicing agents and registrars for all services to the Trust, (xv) expenses for servicing the accounts of Holders, (xvi)

any direct charges to Holders approved by the Trustees of the Trust, (xvii) compensation and expenses of Trustees of the Trust who are not members of the Adviser's organization, and (xviii) such non-recurring items as may arise, including expenses incurred in connection with litigation, proceedings and claims and the obligation of the Trust to indemnify its Trustees, officers and Holders with respect thereto.

4. Other Interests. It is understood that Trustees and officers of the Trust and Holders of Interests in the Trust are or may be or become interested in the Adviser as trustees, shareholders or otherwise and that trustees, officers and shareholders of the Adviser are or may be or become similarly interested in the Trust, and that the Adviser may be or become interested in the Trust as Holder or otherwise. It is also understood that trustees, officers, employees and shareholders of the Adviser may be or become interested (as directors, trustees, officers, employees, shareholders or otherwise) in other companies or entities (including, without limitation, other investment companies) which the Adviser may organize, sponsor or acquire, or with which it may merge or consolidate, and which may include the words "Eaton Vance" or "Boston Management and Research" or any combination thereof as part of their name, and that the Adviser or its subsidiaries or affiliates may enter into advisory or management agreements or other contracts or relationships with such other companies or entities.

5. Limitation of Liability of the Adviser. The services of the Adviser to the Trust are not to be deemed to be exclusive, the Adviser being free to render services to others and engage in other business activities. In the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of the Adviser, the Adviser shall not be subject to liability to the Trust or to any Holder of Interests in the Trust for any act or omission in the course of, or connected with, rendering services hereunder or for any losses which may be sustained in the acquisition, holding or disposition of any security or other investment.

6. Sub-Investment Advisers. The Adviser may employ one or more sub-investment advisers from time to time to perform such of the acts and services of the Adviser, including the selection of brokers or dealers to execute the Trust's portfolio security transactions, and upon such terms and conditions as may be agreed upon between the Adviser and such investment adviser and approved by the Trustees of the Trust.

7. Duration and Termination of this Agreement. This Agreement shall become effective upon the date of its execution, and, unless terminated as herein provided, shall remain in full force and effect through and including February 28, 1995 and shall continue in full force and effect indefinitely thereafter, but only so long as such continuance after February 28, 1995 is specifically approved at least annually (i) by the Board of Trustees of the Trust or by vote of a majority of the outstanding voting securities of the Trust and (ii) by the vote of a majority of those Trustees of the Trust who are not interested persons of the Adviser or the Trust cast in person at a meeting called for the purpose of voting on such approval.

Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this Agreement without the payment of any penalty, by action of Trustees of the Trust or the trustees of the Adviser, as the case may be, and the Trust may, at any time upon such written notice to the Adviser, terminate this Agreement by vote of a majority of the outstanding voting securities of the Trust. This Agreement shall terminate automatically in the event of its assignment.

8. Amendments of the Agreement. This Agreement may be amended by a writing signed by both parties hereto, provided that no amendment to this Agreement shall be effective until approved (i) by the vote of a majority of those Trustees of the Trust who are not interested persons of the Adviser or the Trust cast in person at a meeting called for the purpose of voting on such approval, and (ii) by vote of a majority of the outstanding voting securities of the Trust.

9. Limitation of Liability. The Adviser expressly acknowledges the provision in the Declaration of Trust of the Trust (Section 5.2 and 5.6) limiting the personal liability of the Trustees and officers of the Trust, and the Adviser hereby agrees that it shall have recourse to the Trust for payment of claims or obligations as between the Trust and the Adviser arising out of this Agreement and shall not seek satisfaction from any Trustee or officer of the Trust.

10. Certain Definitions. The terms "assignment" and "interested persons" when used herein shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended subject, however, to such exemptions as may be granted by the Securities and Exchange Commission by any rule, regulation or order. The term "vote of a majority of the outstanding voting securities" shall mean the vote, at a meeting of Holders, of the lesser of (a) 67 per centum or more of the Interests in the Trust present or represented by proxy at the meeting if the Holders of more than 50 per centum of the outstanding Interests in the Trust are present or represented by proxy at the meeting, or (b) more than 50 per centum of the outstanding Interests in the Trust. The terms "Holders" and "Interests" when used herein shall have the respective meanings specified in the Declaration of Trust of the Trust.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

HIGH INCOME PORTFOLIO

By:/s/M. Dozier Gardner

M. Dozier Gardner

BOSTON MANAGEMENT AND RESEARCH

By:/s/Curtis H. Jones

Curtis H. Jones

PLACEMENT AGENT AGREEMENT

May 31, 1994

Eaton Vance Distributors, Inc.
24 Federal Street
Boston, Massachusetts 02110

Gentlemen:

This is to confirm that, in consideration of the agreements hereinafter contained, the undersigned, High Income Portfolio (the "Trust"), an open-end diversified management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"), organized as a New York trust, has agreed that Eaton Vance Distributors, Inc. ("EVD") shall be the placement agent (the "Placement Agent") of Interests in the Trust ("Trust Interests").

1. Services as Placement Agent.

1.1 EVD will act as Placement Agent of the Trust Interests covered by the Trust's registration statement then in effect under the 1940 Act. In acting as Placement Agent under this Placement Agent Agreement, neither EVD nor its employees or any agents thereof shall make any offer or sale of Trust Interests in a manner which would require the Trust Interests to be registered under the Securities Act of 1933, as amended (the "1933 Act").

1.2 All activities by EVD and its agents and employees as Placement Agent of Trust Interests shall comply with all applicable laws, rules and regulations, including, without limitation, all rules and regulations adopted pursuant to the 1940 Act by the Securities and Exchange Commission (the "Commission").

1.3 Nothing herein shall be construed to require the Trust to accept any offer to purchase any Trust Interests, all of which shall be subject to approval by the Board of Trustees.

1.4 The Portfolio shall furnish from time to time for use in connection with the sale of Trust Interests such information with respect

to the Trust and Trust Interests as EVD may reasonably request. The Trust shall also furnish EVD upon request with: (a) unaudited semiannual statements of the Trust's books and accounts prepared by the Trust, and (b) from time to time such additional information regarding the Trust's financial or regulatory condition as EVD may reasonably request.

1.5 The Trust represents to EVD that all registration statements filed by the Trust with the Commission under the 1940 Act with respect to Trust Interests have been prepared in conformity with the requirements of such statute and the rules and regulations of the Commission thereunder. As used in this Agreement the term "registration statement" shall mean any registration statement filed with the Commission as modified by any amendments thereto that at any time shall have been filed with the

Commission by or on behalf of the Trust. The Trust represents and warrants to EVD that any registration statement will contain all statements required to be stated therein in conformity with both such statute and the rules and regulations of the Commission; that all statements of fact contained in any registration statement will be true and correct in all material respects at the time of filing of such registration statement or amendment thereto; and that no registration statement will include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading to a purchaser of Trust Interests. The Trust may but shall not be obligated to propose from time to time such amendment to any registration statement as in the light of future developments may, in the opinion of the Trust's counsel, be necessary or advisable. If the Trust shall not propose such amendment and/or supplement within fifteen days after receipt by the Trust of a written request from EVD to do so, EVD may, at its option, terminate this Agreement. The Trust shall not file any amendment to any registration statement without giving EVD reasonable notice thereof in advance; provided, however, that nothing contained in this Agreement shall in any way limit the Trust's right to file at any time such amendment to any registration statement as the Trust may deem advisable, such right being in all respects absolute and unconditional.

1.6 The Trust agrees to indemnify, defend and hold EVD, its several officers and directors, and any person who controls EVD within the meaning of Section 15 of the 1933 Act or Section 20 of the Securities and Exchange Act of 1934 (the "1934 Act") (for purposes of this paragraph 1.6, collectively, "Covered Persons") free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any

counsel fees incurred in connection therewith) which any Covered Person may incur under the 1933 Act, the 1934 Act, common law or otherwise, arising out of or based on any untrue statement of a material fact contained in any registration statement, private placement memorandum or other offering material ("Offering Material") or arising out of or based on any omission to state a material fact required to be stated in any Offering Material or necessary to make the statements in any Offering Material not misleading; provided, however, that the Trust's agreement to indemnify Covered Persons shall not be deemed to cover any claims, demands, liabilities or expenses arising out of any financial and other statements as are furnished in writing to the Trust by EVD in its capacity as Placement Agent for use in the answers to any items of any registration statement or in any statements made in any Offering Material, or arising out of or based on any omission or alleged omission to state a material fact in connection with the giving of such information required to be stated in such answers or necessary to make the answers not misleading; and further provided that the Trust's agreement to indemnify EVD and the Trust's representations and warranties hereinbefore set forth in this paragraph 1.6 shall not be deemed to cover any liability to the Trust or its investors to which a Covered Person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of a Covered Person's reckless

disregard of its obligations and duties under this Agreement. The Trust should be notified of any action brought against a Covered Person, such notification to be given by a writing addressed to the Trust, 24 Federal Street Boston, Massachusetts 02110, with a copy to the Adviser of the Trust, Boston Management and Research, at the same address, promptly after the summons or other first legal process shall have been duly and completely served upon such Covered Person. The failure to so notify the Trust of any such action shall not relieve the Trust from any liability except to the extent the Trust shall have been prejudiced by such failure, or from any liability that the Trust may have to the Covered Person against whom such action is brought by reason of any such untrue statement or omission, otherwise than on account of the Trust's indemnity agreement contained in this paragraph. The Trust will be entitled to assume the defense of any suit brought to enforce any such claim, demand or liability, but in such case such defense shall be conducted by counsel of good standing chosen by the Trust and approved by EVD, which approval shall not be unreasonably withheld. In the event the Trust elects to assume the defense of any such suit and retain counsel of good standing approved by EVD, the defendant or defendants in such suit shall bear the

fees and expenses of any additional counsel retained by any of them; but in case the Trust does not elect to assume the defense of any such suit or in case EVD reasonably does not approve of counsel chosen by the Trust, the Trust will reimburse the Covered Person named as defendant in such suit, for the fees and expenses of any counsel retained by EVD or it. The Trust's indemnification agreement contained in this paragraph and the Trust's representations and warranties in this Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of Covered Persons, and shall survive the delivery of any Trust Interests. This agreement of indemnity will inure exclusively to Covered Persons and their successors. The Trust agrees to notify EVD promptly of the commencement of any litigation or proceedings against the Trust or any of its officers or Trustees in connection with the issue and sale of any Trust Interests.

1.7 EVD agrees to indemnify, defend and hold the Trust, its several officers and trustees, and any person who controls the Trust within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act (for purposes of this paragraph 1.7, collectively, "Covered Persons") free and harmless from and against any and all claims, demands, liabilities and expenses (including the costs of investigating or defending such claims, demands, liabilities and any counsel fees incurred in connection therewith) that Covered Persons may incur under the 1933 Act, the 1934 Act or common law or otherwise, but only to the extent that such liability or expense incurred by a Covered Person resulting from such claims or demands shall arise out of or be based on any untrue statement of a material fact contained in information furnished in writing by EVD in its capacity as Placement Agent to the Trust for use in the answers to any of the items of any registration statement or in any statements in any other Offering Material or shall arise out of or be based on any omission to state a material fact in connection with such information furnished in writing by EVD to the Trust required to be stated in such answers or necessary to make such information not misleading. EVD shall be notified

of any action brought against a Covered Person, such notification to be given by a writing addressed to EVD at 24 Federal Street, Boston, Massachusetts 02110, promptly after the summons or other first legal process shall have been duly and completely served upon such Covered Person. EVD shall have the right of first control of the defense of the action with counsel of its own choosing satisfactory to the Trust if such action is based solely on such alleged misstatement or omission on EVD's part, and in any other event each Covered Person shall have the right to

participate in the defense or preparation of the defense of any such action. The failure to so notify EVD of any such action shall not relieve EVD from any liability except to the extent the Trust shall have been prejudiced by such failure, or from any liability that EVD may have to Covered Persons by reason of any such untrue or alleged untrue statement, or omission or alleged omission, otherwise than on account of EVD's indemnity agreement contained in this paragraph.

1.8 No Trust Interests shall be offered by either EVD or the Trust under any of the provisions of this Agreement and no orders for the purchase or sale of Trust Interests hereunder shall be accepted by the Trust if and so long as the effectiveness of the registration statement or any necessary amendments thereto shall be suspended under any of the provisions of the 1933 Act or the 1940 Act; provided, however, that nothing contained in this paragraph shall in any way restrict or have an application to or bearing on the Trust's obligation to redeem Trust Interests from any investor in accordance with the provisions of the Trust's registration statement or Declaration of Trust, as amended from time to time.

1.9 The Trust agrees to advise EVD as soon as reasonably practical by a notice in writing delivered to EVD or its counsel:

(a) of any request by the Commission for amendments to the registration statement then in effect or for additional information;

(b) in the event of the issuance by the Commission of any stop order suspending the effectiveness of the registration statement then in effect or the initiation by service of process on the Trust of any proceeding for that purpose;

(c) of the happening of any event that makes untrue any statement of a material fact made in the registration statement then in effect or that requires the making of a change in such registration statement in order to make the statements therein not misleading; and

(d) of all action of the Commission with respect to any amendment to any registration statement that may from time to time be filed with the Commission.

For purposes of this paragraph 1.9, informal requests by or acts of the Staff of the Commission shall not be deemed actions of or requests by the Commission.

1.10 EVD agrees on behalf of itself and its employees to treat confidentially and as proprietary information of the Trust all records and other information not otherwise publicly available relative to the Trust and its prior, present or potential investors and not to use such records and information for any purpose other than performance of its responsibilities and duties hereunder, except after prior notification to and approval in writing by the Trust, which approval shall not be unreasonably withheld and may not be withheld where EVD may be exposed to civil or criminal contempt proceedings for failure to comply, when requested to divulge such information by duly constituted authorities, or when so requested by the Trust.

2. Duration and Termination of this Agreement.

This Agreement shall become effective upon the date of its execution, and, unless terminated as herein provided, shall remain in full force and effect through and including February 28, 1995 and shall continue in full force and effect indefinitely thereafter, but only so long as such continuance after February 28, 1995 is specifically approved at least annually (i) by the Board of Trustees of the Trust or by vote of a majority of the outstanding voting securities of the Trust and (ii) by the vote of a majority of those Trustees of the Trust who are not interested persons of EVD or the Trust cast in person at a meeting called for the purpose of voting on such approval.

Either party hereto may, at any time on sixty (60) days' prior written notice to the other, terminate this agreement without the payment of any penalty, by action of Trustees of the Trust or the Directors of EVD, as the case may be, and the Trust may, at any time upon such written notice to EVD, terminate this Agreement by vote of a majority of the outstanding voting securities of the Trust. This Agreement shall terminate automatically in the event of its assignment.

3. Representations and Warranties.

EVD and the Trust each hereby represents and warrants to the other that it has all requisite authority to enter into, execute, deliver and perform its obligations under this Agreement and that, with respect to it, this Agreement is legal, valid and binding, and enforceable in accordance with its terms.

4. Limitation of Liability.

EVD expressly acknowledges the provision in the Declaration of Trust of the Trust (Sections 5.2 and 5.6) limiting the personal liability of the Trustees and officers of the Trust, and EVD hereby agrees that it shall have recourse to the Trust for payment of claims or obligations as between the Trust and EVD arising out of this Agreement and shall not seek

satisfaction from any Trustee or officer of the Trust.

5. Certain Definitions.

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The terms "assignment" and "interested persons" when used herein shall have the respective meanings specified in the Investment Company Act of 1940 as now in effect or as hereafter amended subject, however, to such exemptions as may be granted by the Securities and Exchange Commission by any rule, regulation or order. The term "vote of a majority of the outstanding voting securities" shall mean the vote, at a meeting of Holders, of the lesser of (a) 67 per centum or more of the Interests in the Trust present or represented by proxy at the meeting if the Holders of more than 50 per centum of the outstanding Interests in the Trust are present or represented by proxy at the meeting, or (b) more than 50 per centum of the outstanding Interests in the Trust. The terms "Holders" and "Interests" when used herein shall have the respective meanings specified in the Declaration of Trust of the Trust.

6. Concerning Applicable Provisions of Law, etc.

This Agreement shall be subject to all applicable provisions of law, including the applicable provisions of the 1940 Act and to the extent that any provisions herein contained conflict with any such applicable provisions of law, the latter shall control.

The laws of the Commonwealth of Massachusetts shall, except to the extent that any applicable provisions of federal law shall be controlling, govern the construction, validity and effect of this Agreement, without reference to principles of conflicts of law.

If the contract set forth herein is acceptable to you, please so indicate by executing the enclosed copy of this Agreement and returning the same to the undersigned, whereupon this Agreement shall constitute a binding contract between the parties hereto effective at the closing of business on the date hereof.

Yours very truly,

HIGH INCOME PORTFOLIO

By: /s/M. Dozier Gardner

M. Dozier Gardner
President

Accepted:

EATON VANCE DISTRIBUTORS, INC.

By: /s/Wharton P. Whitaker

Wharton P. Whitaker
President

HIGH INCOME PORTFOLIO

May 31, 1994

High Income Portfolio hereby adopts and agrees to become a party to the attached Master Custodian Agreement between the Eaton Vance Hub Portfolios and Investors Bank & Trust Company.

HIGH INCOME PORTFOLIO

BY: /s/M. Dozier Gardner

M. Dozier Gardner
President

Accepted and agreed to:

INVESTORS BANK & TRUST COMPANY

BY: /s/Michael Rogers

Michael Rogers
Title: Sr. Vice President

CUSTODIAN AGREEMENT

between

GOVERNMENT OBLIGATIONS, HIGH INCOME AND
SENIOR DEBT PORTFOLIOS

and

INVESTORS BANK & TRUST COMPANY

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CUSTODIAN AGREEMENT

This Agreement is made between each of the Government Obligations, High Income and Senior Debt Portfolios (hereinafter called "Trusts"), each a New York trust having its principal place of business in George Town, Grand Cayman, Cayman Islands, BWI, and Investors Bank & Trust Company (hereinafter called "Bank", "Custodian" and "Agent"), a trust company established under the laws of Massachusetts with a principal place of business in Boston, Massachusetts.

Whereas, each Trust is registered under the Investment Company Act of 1940 and has appointed the Bank to act as Custodian of its property and to perform certain duties as its Agent, as more fully hereinafter set forth; and

Whereas, the Bank is willing and able to act as the Trusts' Custodian and Agent, subject to and in accordance with the provisions hereof;

Now, therefore, in consideration of the premises and of the mutual covenants and agreements herein contained, each Trust and the Bank agree as follows:

1. Definitions

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

(a) "Board" shall mean the board of trustees of a Trust.

(b) "The Depository Trust Company", a clearing agency registered with the U.S. Securities and Exchange Commission under Section 17A of the Securities Exchange Act of 1934 which acts as a securities depository and which has been specifically approved as a securities depository for the Trust by the Board.

(c) "Participants Trust Company", a clearing agency registered with the U.S. Securities and Exchange Commission under Section 17A of the Securities Exchange Act of 1934 which acts as a securities depository and which has been specifically approved as a securities depository for the Trust by the Board.

(d) "Approved Clearing Agency" shall mean any other domestic clearing agency registered with the U.S. Securities and Exchange Commission under Section 17A of the Securities Exchange Act of 1934 which acts as a securities depository.

(e) "Federal Book-Entry System" shall mean the book-entry system referred to in Rule 17f-4(b) under the Investment Company Act of 1940 for United States and federal agency securities (i.e., as provided in Subpart O of Treasury Circular No. 300, 31 CFR 306, Subpart B of 31 CFR

Part 350, and the book-entry regulations of federal agencies substantially in the form of Subpart O).

(f) "Approved Foreign Securities Depository" shall mean a non-U.S. securities depository or clearing agency referred to in Rule 17f-4 under the Investment Company Act of 1940 for non-U.S. securities.

(g) "Approved Book-Entry System for Commercial Paper" shall mean a system maintained by the Custodian or by a subcustodian employed pursuant to Section 2 hereof for the holding of commercial paper in book-entry form.

(h) The Custodian shall be deemed to have received "proper instructions" in respect of any of the matters referred to in this Agreement upon receipt of written or facsimile instructions signed by such one or more person or persons as the Board shall have from time to time

authorized to give the particular class of instructions in question. Different persons may be authorized to give instructions for different purposes. A certified copy of a resolution of the Board may be received and accepted by the Custodian as conclusive evidence of the authority of any such person to act and may be considered as in full force and effect until receipt of written notice to the contrary. Such instructions may be general or specific in terms and, where appropriate, may be standing instructions. Unless the resolution delegating authority to any person or persons to give a particular class of instructions specifically requires that the approval of any person, persons or committee shall first have been obtained before the Custodian may act on instructions of that class, the Custodian shall be under no obligation to question the right of the person or persons giving such instructions in so doing. Oral instructions will be considered proper instructions if the Custodian reasonably believes them to have been given by a person authorized to give such instructions with respect to the transaction involved. The Trust shall cause all oral instructions to be confirmed in writing. The Trust authorizes the Custodian to tape record any and all telephonic or other oral instructions given to the Custodian. Upon receipt of a certificate signed by two officers of the Trust as to the authorization by the President and the Treasurer of the Trust accompanied by a detailed description of the communication procedures approved by the President and the Treasurer of the Trust, "proper instructions" may also include communications effected directly between electromechanical or electronic devices provided that the President and Treasurer of the Trust and the Custodian are satisfied that such procedures afford adequate safeguards for the Trust's assets. In performing its duties generally, and more particularly in connection with the purchase, sale and exchange of securities made by or for the Trust, the Custodian may take cognizance of the provisions of the governing documents and registration statement of the Trust as the same may from time to time be in effect (and resolutions or proceedings of the holders of interests in the Trust or the Board), but, nevertheless, except as otherwise expressly provided herein, the Custodian may assume unless and until notified in writing to the contrary that so-called proper instructions received by it are not in conflict with or in any way contrary to any provisions of such governing documents and

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registration statement, or resolutions or proceedings of the holders of interests in the Trust or the Board.

(i) "Trust" shall mean one or all of the Trusts, as the context may require.

(j) The term "Vote" when used with respect to the Board or the Holders of Interests in the Trust shall include a vote, resolution, consent, proceeding and other action taken by the Board or Holders in accordance with the Declaration of Trust or By-Laws of the Trust.

2. Employment of Custodian and Property to be Held by It

The Trust hereby appoints and employs the Bank as its Custodian and Agent in accordance with and subject to the provisions hereof, and the Bank hereby accepts such appointment and employment. The Trust agrees to deliver to the Custodian all securities, participation interests, cash and other assets owned by it, and all payments of income, payments of principal and capital distributions and adjustments received by it with respect to all securities and participation interests owned by the Trust from time to time, and the cash consideration received by it from time to time in exchange for an interest in the Trust or for an increase in such an interest. The Custodian shall not be responsible for any property of the Trust held by the Trust and not delivered by the Trust to the Custodian. The Trust will also deliver to the Bank from time to time copies of its currently effective declaration of trust, by-laws, registration statement and placement agent agreement with its placement agent, together with such resolutions, and other proceedings of the Trust as may be necessary for or convenient to the Bank in the performance of its duties hereunder.

The Custodian may from time to time employ one or more subcustodians to perform such acts and services upon such terms and conditions as shall be approved from time to time by the Board. Any such subcustodian so employed by the Custodian shall be deemed to be the agent of the Custodian, and the Custodian shall remain primarily responsible for the securities, participation interests, moneys and other property of the Trust held by such subcustodian. Any non-U.S. subcustodian shall be a bank or trust company which is an eligible foreign custodian within the meaning of Rule 17f-5 under the Investment Company Act of 1940, and the non-U.S. custody arrangements shall be approved by the Board and shall be in accordance with and subject to the provisions of said Rule. For the purposes of this Agreement, any property of the Trust held by any such subcustodian (domestic or foreign) shall be deemed to be held by the Custodian under the terms of this Agreement.

3. Duties of the Custodian with Respect to Property of the Trust

A. Safekeeping and Holding of Property The Custodian shall keep safely all property of the Trust and on behalf of the Trust shall from time to time receive delivery of Trust property for safekeeping. The Custodian shall

hold, earmark and segregate on its books and records for the account of the Trust all property of the Trust, including all securities, participation interests and other assets of the Trust (1) physically held by the Custodian, (2) held by any subcustodian referred to in Section 2 hereof or by any agent referred to in Paragraph K hereof, (3) held by or maintained in The Depository Trust Company or in Participants Trust Company or in an Approved Clearing Agency or in the Federal Book-Entry System or in an Approved Foreign Securities Depository, each of which from time to time is referred to herein as a "Securities System", and (4) held by the Custodian or by any subcustodian referred to in Section 2 hereof and maintained in any Approved Book-Entry System for Commercial Paper.

B. Delivery of Securities The Custodian shall release and deliver securities or participation interests owned by the Trust held (or deemed to be held) by the Custodian or maintained in a Securities System account or in an Approved Book-Entry System for Commercial Paper account only upon receipt of proper instructions, which may be continuing instructions when deemed appropriate by the parties, and only in the following cases:

- 1) Upon sale of such securities or participation interests for the account of the Trust, but only against receipt of payment therefor; if delivery is made in Boston or New York City, payment therefor shall be made in accordance with generally accepted clearing house procedures or by use of U.S. Federal Reserve Wire System procedures; if delivery is made elsewhere payment therefor shall be in accordance with the then current "street delivery" custom or in accordance with such procedures agreed to in writing from time to time by the parties hereto; if the sale is effected through a Securities System, delivery and payment therefor shall be made in accordance with the provisions of Paragraph L hereof; if the sale of commercial paper is to be effected through an Approved Book-Entry System for Commercial Paper, delivery and payment therefor shall be made in accordance with the provisions of Paragraph M hereof; if the securities are to

be sold outside the United States, delivery of the securities for the account of the Trust may be made either (a) in advance of receipt of payment therefor in the absence of specific instructions to do so provided such actions are consistent with local settlement practices and customs, subject to the Custodian's standard of

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care, or (b) in accordance with procedures agreed to in writing from time to time by the parties hereto; for the purposes of this subparagraph, the term "sale" shall include the disposition of a portfolio security (i) upon the exercise of an option written by the Trust and (ii) upon the failure by the Trust to make a successful bid with respect to a portfolio security, the continued holding of which is contingent upon the making of such a bid;

- 2) Upon the receipt of payment in connection with any repurchase agreement or reverse repurchase agreement relating to such securities and entered into by the Trust;
- 3) To the depository agent in connection with tender or other similar offers for portfolio securities of the Trust;
- 4) To the issuer thereof or its agent when such securities or participation interests are called, redeemed, retired or otherwise become payable; provided that, in any such case, the cash or other consideration is to be delivered to the Custodian or any subcustodian employed pursuant to Section 2 hereof;
- 5) To the issuer thereof, or its agent, for transfer into the name of the Trust or into the name of any nominee of the Custodian or into the name or nominee name of any agent appointed pursuant to Paragraph K hereof or into the name or nominee name of any subcustodian employed pursuant to

Section 2 hereof; or for exchange for a different number of bonds, certificates or other evidence representing the same aggregate face amount or number of units; provided that, in any such case, the new securities or participation interests are to be delivered to the Custodian or any subcustodian employed pursuant to Section 2 hereof;

- 6) To the broker selling the same for examination in accordance with the "street delivery" custom; provided that the Custodian shall adopt such procedures as the Trust from time to time shall approve to ensure their prompt return to the Custodian by the broker in the event the broker elects not to accept them;

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- 7) For exchange or conversion pursuant to any plan of merger, consolidation, recapitalization, reorganization or readjustment of the securities of the issuer of such securities, or pursuant to provisions for conversion of such securities, or pursuant to any deposit agreement; provided that, in any such case, the new securities and cash, if any, are to be delivered to the Custodian or any subcustodian employed pursuant to Section 2 hereof;
- 8) In the case of warrants, rights or similar securities, the surrender thereof in connection with the exercise of such warrants, rights or similar securities, or the surrender of interim receipts or temporary securities for definitive securities; provided that, in any such case, the new securities and cash, if any, are to be delivered to the Custodian or any subcustodian employed pursuant to Section 2 hereof;
- 9) For delivery in connection with any loans of securities made by the Trust (such loans to be

made pursuant to the terms of the Trust's current registration statement), but only against receipt of adequate collateral as agreed upon from time to time by the Custodian and the Trust, which may be in the form of cash or obligations issued by the United States government, its agencies or instrumentalities; except that in connection with any securities loans for which collateral is to be credited to the Custodian's account in the book-entry system authorized by the U.S. Department of Treasury, the Custodian will not be held liable or responsible for the delivery of securities loaned by the Trust prior to the receipt of such collateral;

- 10) For delivery as security in connection with any borrowings by the Trust requiring a pledge or hypothecation of assets by the Trust (if then permitted under circumstances described in the current registration statement of the Trust), provided, that the securities shall be released only upon payment to the Custodian of the monies borrowed, except that in cases where additional collateral is required to secure a borrowing already made, further securities may be released for that purpose; upon receipt of proper instructions, the Custodian may pay any such loan upon redelivery to it of the securities pledged

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or hypothecated therefor and upon surrender of the note or notes evidencing the loan;

- 11) When required for delivery in connection with any reduction of or redemption of an interest in the Trust in accordance with the provisions of Paragraph J hereof;
- 12) For delivery in accordance with the provisions of any agreement between the Custodian (or a subcustodian employed pursuant to Section 2 hereof) and a broker-dealer registered under the

Securities Exchange Act of 1934 and, if necessary, the Trust, relating to compliance with the rules of The Options Clearing Corporation or of any registered national securities exchange, or of any similar organization or organizations, regarding deposit or escrow or other arrangements in connection with options transactions by the Trust;

13) For delivery in accordance with the provisions of any agreement among the Trust, the Custodian (or a subcustodian employed pursuant to Section 2 hereof), and a futures commissions merchant, relating to compliance with the rules of the Commodity Futures Trading Commission and/or of any contract market or commodities exchange or similar organization, regarding futures margin account deposits or payments in connection with futures transactions by the Trust;

14) For any other proper corporate purpose, but only upon receipt of, in addition to proper instructions, a certified copy of a resolution of the Board specifying the securities to be delivered, setting forth the purpose for which such delivery is to be made, declaring such purpose to be proper corporate purpose, and naming the person or persons to whom delivery of such securities shall be made.

C. Registration of Securities Securities held by the Custodian (other than bearer securities) for the account of the Trust shall be registered in the name of the Trust or in the name of any nominee of the Trust or of any nominee of the Custodian, or in the name or nominee name of any agent appointed pursuant to Paragraph K hereof, or in the name or nominee name of any subcustodian employed pursuant to Section 2 hereof, or in the name or nominee name of The Depository Trust Company or Participants Trust Company or Approved Clearing Agency or Federal

Commercial Paper; provided, that securities are held in an account of the Custodian or of such agent or of such subcustodian containing only assets of the Trust or only assets held by the Custodian or such agent or such subcustodian as a custodian or subcustodian or in a fiduciary capacity for customers. All certificates for securities accepted by the Custodian or any such agent or subcustodian on behalf of the Trust shall be in "street" or other good delivery form or shall be returned to the selling broker or dealer who shall be advised of the reason thereof.

- D. Bank Accounts The Custodian shall open and maintain a separate bank account or accounts in the name of the Trust, subject only to draft or order by the Custodian acting pursuant to the terms of this Agreement, and shall hold in such account or accounts, subject to the provisions hereof, all cash received by it from or for the account of the Trust other than cash maintained by the Trust in a bank account established and used in accordance with Rule 17f-3 under the Investment Company Act of 1940. Funds held by the Custodian for the Trust may be deposited by it to its credit as Custodian in the Banking Department of the Custodian or in such other banks or trust companies as the Custodian may in its discretion deem necessary or desirable; provided, however, that every such bank or trust company shall be qualified to act as a custodian under the Investment Company Act of 1940 and that each such bank or trust company and the funds to be deposited with each such bank or trust company shall be approved in writing by two officers of the Trust. Such funds shall be deposited by the Custodian in its capacity as Custodian and shall be subject to withdrawal only by the Custodian in that capacity.
- E. Payment for Interests, or Increases in Interests, in the Trust The Custodian shall make appropriate arrangements with the Transfer Agent of the Trust to enable the Custodian to make certain it promptly receives the cash or other consideration due to the Trust for payment of interests in the Trust, or increases in such interests, in accordance with the governing documents and registration statement of the Trust. The Custodian will provide prompt notification to the Trust of any receipt by it of such payments.
- F. Investment and Availability of U.S. Federal Funds Upon agreement between the Trust and the Custodian, the Custodian shall, upon the receipt of proper instructions, which may be continuing instructions when deemed

appropriate by the parties, invest in such securities and instruments as may be set forth in such instructions on the same day as received all federal funds received after a time agreed upon between the Custodian and the Trust.

- G. Collections The Custodian shall promptly collect all income and other payments with respect to registered securities held hereunder to which the Trust shall be entitled either by law or pursuant to custom in the securities business, and shall promptly collect all income and other payments with respect to bearer securities if, on the date of payment by the issuer, such securities are held by the Custodian or agent thereof and shall credit such income, as collected, to the Trust's custodian account. The Custodian shall do all things necessary and proper in connection with such prompt collections and, without limiting the generality of the foregoing, the Custodian shall
- 1) Present for payment all coupons and other income items requiring presentations;
 - 2) Present for payment all securities which may mature or be called, redeemed, retired or otherwise become payable;
 - 3) Endorse and deposit for collection, in the name of the Trust, checks, drafts or other negotiable instruments;
 - 4) Credit income from securities maintained in a Securities System or in an Approved Book-Entry System for Commercial Paper at the time funds become available to the Custodian; in the case of securities maintained in The Depository Trust Company funds shall be deemed available to the Trust not later than the opening of business on the first business day after receipt of such funds by the Custodian. The Custodian shall notify the Trust as soon as reasonably practicable whenever income due on any security

is not promptly collected. In any case in which the Custodian does not receive any due and unpaid income after it has made demand for the same, it shall immediately so notify the Trust in writing, enclosing copies of any demand letter, any written response thereto, and memoranda of all oral responses thereto and to telephonic demands, and await instructions from the Trust; the Custodian shall in no case have any liability for any nonpayment of such income provided the Custodian meets the standard of care set forth in

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Section 8 hereof. The Custodian shall not be obligated to take legal action for collection unless and until reasonably indemnified to its satisfaction.

The Custodian shall also receive and collect all stock dividends, rights and other items of like nature, and deal with the same pursuant to proper instructions relative thereto.

H. Payment of Trust Monies Upon receipt of proper instructions, which may be continuing instructions when deemed appropriate by the parties, the Custodian shall pay out monies of the Trust in the following cases only:

- 1) Upon the purchase of securities, participation interests, options, futures contracts, forward contracts and options on futures contracts purchased for the account of the Trust but only
 - (a) against the receipt of
 - (i) such securities registered as provided in Paragraph C hereof or in proper form for transfer or
 - (ii) detailed instructions signed by an officer of the Trust regarding the participation interests to be purchased or
 - (iii) written confirmation of the purchase by

the Trust of the options, futures contracts, forward contracts or options on futures contracts by the Custodian (or by a subcustodian employed pursuant to Section 2 hereof or by a clearing corporation of a national securities exchange of which the Custodian is a member or by any bank, banking institution or trust company doing business in the United States or abroad which is qualified under the Investment Company Act of 1940 to act as a custodian and which has been designated by the Custodian as its agent for this purpose or by the agent specifically designated in such instructions as representing the purchasers of a new issue of privately placed securities); (b) in the case of a purchase effected through a Securities System, upon receipt of the securities by the Securities System in accordance with the conditions set forth in Paragraph L hereof; (c) in the case of a purchase of commercial paper effected through an Approved Book-Entry System for Commercial Paper, upon receipt of the paper by the Custodian or

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subcustodian in accordance with the conditions set forth in Paragraph M hereof; (d) in the case of repurchase agreements entered into between the Trust and another bank or a broker-dealer, against receipt by the Custodian of the securities underlying the repurchase agreement either in certificate form or through an entry crediting the Custodian's segregated, non-proprietary account at the Federal Reserve Bank of Boston with such securities along with written evidence of the agreement by the bank or broker-dealer to repurchase such securities from the Trust; or (e) in the case of securities purchased outside the United States, the Custodian may make payment therefor either (i) in advance of receipt of such securities in the absence of specific instructions to do so provided such actions are consistent with local settlement practices and customs, subject to the

Custodian's standard of care, or (ii) in accordance with procedures agreed to in writing from time to time by the parties hereto;

- 2) When required in connection with the conversion, exchange or surrender of securities owned by the Trust as set forth in Paragraph B hereof;
- 3) When required for the reduction or redemption of an interest in the Trust in accordance with the provisions of Paragraph J hereof;
- 4) For the payment of any expense or liability incurred by the Trust, including but not limited to the following payments for the account of the Trust: advisory fees, interest, taxes, management compensation and expenses, accounting, transfer agent and legal fees, and other operating expenses of the Trust whether or not such expenses are to be in whole or part capitalized or treated as deferred expenses; and
- 5) For distributions or payments to Holders of Interest of the Trust.
- 6) For any other proper corporate purpose, but only upon receipt of, in addition to proper instructions, a certified copy of a resolution of the Board, specifying the amount of such payment, setting forth the purpose for which such payment is to be made, declaring such purpose to be a proper corporate purpose, and naming the person or persons to whom such payment is to be made.

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- I. Liability for Payment in Advance of Receipt of Securities Purchased In any and every case where payment for purchase of securities for the account of the Trust is made by the Custodian in advance of receipt of the securities purchased in the absence of specific written instructions signed by two officers of the Trust to so pay in advance, the Custodian shall be absolutely liable to the Trust for such securities to the same extent as if

the securities had been received by the Custodian; except that in the case of a repurchase agreement entered into by the Trust with a bank which is a member of the Federal Reserve System, the Custodian may transfer funds to the account of such bank prior to the receipt of (i) the securities in certificate form subject to such repurchase agreement or (ii) written evidence that the securities subject to such repurchase agreement have been transferred by book-entry into a segregated non-proprietary account of the Custodian maintained with the Federal Reserve Bank of Boston or (iii) the safekeeping receipt, provided that such securities have in fact been so transferred by book-entry and the written repurchase agreement is received by the Custodian in due course; and except that if the securities are to be purchased outside the United States, payment may be made in accordance with procedures agreed to in writing from time to time by the parties hereto. Notwithstanding any other provision in this Agreement to the contrary, where securities are purchased or sold outside the United States, delivery of securities for the account of the Trust may be made by the Custodian in advance of receipt of payment for the securities sold, and the Custodian may pay for securities in advance of receipt of the securities purchased for the account of the Trust, in the absence of specific instructions to do so provided such actions are consistent with local settlement practices and customs, subject to the Custodian's standard of care.

- J. Payments for Reductions or Redemptions of Interests in the Trust From such funds as may be available for the purpose, but subject to any applicable resolutions of the Board and the current procedures of the Trust, the Custodian shall, upon receipt of written instructions from the Trust or from the Trust's transfer agent make funds and/or portfolio securities available for payment to holders of interest in the Trust which have caused the amount of their interests to be reduced, or for their interest to be redeemed.
- K. Appointment of Agents by the Custodian The Custodian may at any time or times in its discretion appoint (and may at any time remove) any other bank or trust company (provided such bank or trust company is itself qualified

under the Investment Company Act of 1940 to act as a custodian or is itself an eligible foreign custodian within the meaning of Rule 17f-5 under said Act) as the agent of the Custodian to carry out such of the duties and functions of the Custodian described in this Section 3 as the Custodian may from time to time direct; provided, however, that the appointment of any such agent shall not relieve the Custodian of any of its responsibilities or liabilities hereunder, and as between the Trust and the Custodian the Custodian shall be fully responsible for the acts and omissions of any such agent. For the purposes of this Agreement, any property of the Trust held by any such agent shall be deemed to be held by the Custodian hereunder.

L. Deposit of Trust Portfolio Securities in Securities Systems The Custodian may deposit and/or maintain securities owned by the Trust

- (1) in The Depository Trust Company;
- (2) in Participants Trust Company;
- (3) in any other Approved Clearing Agency;
- (4) in the Federal Book-Entry System; or
- (5) in an Approved Foreign Securities

Depository

in each case only in accordance with applicable Federal Reserve Board and Securities and Exchange Commission rules and regulations, and at all times subject to the following provisions:

(a) The Custodian may (either directly or through one or more subcustodians employed pursuant to Section 2 keep securities of the Trust in a Securities System provided that such securities are maintained in a non-proprietary account ("Account") of the Custodian or such subcustodian in the Securities System which shall not include any assets of the Custodian or such subcustodian or any other person other than assets held by the Custodian or such subcustodian as a fiduciary, custodian, or otherwise for its customers.

(b) The records of the Custodian with respect to securities of the Trust which are maintained in a

Securities System shall identify by book-entry those securities belonging to the Trust, and the Custodian shall be fully and completely responsible for maintaining a recordkeeping system capable of accurately and

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currently stating the Trust's holdings maintained in each such Securities System.

(c) The Custodian shall pay for securities purchased in book-entry form for the account of the Trust only upon (i) receipt of notice or advice from the Securities System that such securities have been transferred to the Account, and (ii) the making of an entry on the records of the Custodian to reflect such payment and transfer for the account of the Trust; except that when such securities are purchased outside the United States, payment therefor may be made by the Custodian in advance of receipt of such notice or advice and the making of such entry in the absence of specific instructions to do so provided such actions are consistent with local settlement practices and customs, subject to the Custodian's standard of care. The Custodian shall transfer securities sold for the account of the Trust only upon (i) receipt of notice or advice from the Securities System that payment for such securities has been transferred to the Account, and (ii) the making of an entry on the records of the Custodian to reflect such transfer and payment for the account of the Trust; except that when such securities are sold outside the United States, transfer thereof may be made by the Custodian in advance of receipt of such notice or advice and the making of such entry in the absence of specific instructions to do so provided such actions are consistent with local settlement practices and customs, subject to the Custodian's standard of care. Copies of all notices or advices from the Securities System of transfers of securities for the account of the Trust shall identify the Trust, be maintained for the Trust by the Custodian and be promptly provided to the Trust at its request. The Custodian shall promptly send to the Trust confirmation of each transfer to or from the account of the Trust in the form of a written advice or

notice of each such transaction, and shall furnish to the Trust copies of daily transaction sheets reflecting each day's transactions in the Securities System for the account of the Trust on the next business day.

(d) The Custodian shall promptly send to the Trust any report or other communication received or obtained by the Custodian relating to the Securities System's accounting system, system of internal accounting controls or procedures for safeguarding securities deposited in the Securities System; the Custodian shall promptly send to the Trust any report or other communication relating to the Custodian's internal accounting controls and procedures for safeguarding securities deposited in any Securities System; and the

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Custodian shall ensure that any agent appointed pursuant to Paragraph K hereof or any subcustodian employed pursuant to Section 2 hereof shall promptly send to the Trust and to the Custodian any report or other communication relating to such agent's or subcustodian's internal accounting controls and procedures for safeguarding securities deposited in any Securities System. The Custodian's books and records relating to the Trust's participation in each Securities System will at all times during regular business hours be open to the inspection of the Trust's authorized officers, employees or agents.

(e) The Custodian shall not act under this Paragraph L in the absence of receipt of a certificate of an officer of the Trust that the Board has approved the use of a particular Securities System; the Custodian shall also obtain appropriate assurance from the officers of the Trust that the Board has annually reviewed the continued use by the Trust of each Securities System, and the Trust shall promptly notify the Custodian if the use of a Securities System is to be discontinued; at the request of the Trust, the Custodian will terminate the use of any such Securities System as promptly as practicable.

(f) Anything to the contrary in this Agreement notwithstanding, the Custodian shall be liable to the Trust for any loss or damage to the Trust resulting from use of the Securities System by reason of any negligence, misfeasance or misconduct of the Custodian or any of its agents or subcustodians or of any of its or their employees or from any failure of the Custodian or any such agent or subcustodian to enforce effectively such rights as it may have against the Securities System or any other person; at the election of the Trust, it shall be entitled to be subrogated to the rights of the Custodian with respect to any claim against the Securities System or any other person which the Custodian may have as a consequence of any such loss or damage if and to the extent that the Trust has not been made whole for any such loss or damage.

M. Deposit of Trust Commercial Paper in an Approved Book-Entry System for Commercial Paper Upon receipt of proper instructions with respect to each issue of direct issue commercial paper purchased by the Trust, the Custodian may deposit and/or maintain direct issue commercial paper owned by the Trust in any Approved Book-Entry System for Commercial Paper, in each case only in accordance with applicable Securities and Exchange Commission rules, regulations, and no-action

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correspondence, and at all times subject to the following provisions:

(a) The Custodian may (either directly or through one or more subcustodians employed pursuant to Section 2) keep commercial paper of the Trust in an Approved Book-Entry System for Commercial Paper, provided that such paper is issued in book entry form by the Custodian or subcustodian on behalf of an issuer with which the Custodian or subcustodian has entered into a book-entry agreement and provided further that such paper is maintained in a non-proprietary account ("Account") of the Custodian or such subcustodian in an Approved Book-Entry System for Commercial Paper which shall not include any assets of the Custodian or such subcustodian

or any other person other than assets held by the Custodian or such subcustodian as a fiduciary, custodian, or otherwise for its customers.

(b) The records of the Custodian with respect to commercial paper of the Trust which is maintained in an Approved Book-Entry System for Commercial Paper shall identify by book-entry each specific issue of commercial paper purchased by the Trust which is included in the System and shall at all times during regular business hours be open for inspection by authorized officers, employees or agents of the Trust. The Custodian shall be fully and completely responsible for maintaining a recordkeeping system capable of accurately and currently stating the Trust's holdings of commercial paper maintained in each such System.

(c) The Custodian shall pay for commercial paper purchased in book-entry form for the account of the Trust only upon contemporaneous (i) receipt of notice or advice from the issuer that such paper has been issued, sold and transferred to the Account, and (ii) the making of an entry on the records of the Custodian to reflect such purchase, payment and transfer for the account of the Trust. The Custodian shall transfer such commercial paper which is sold or cancel such commercial paper which is redeemed for the account of the Trust only upon contemporaneous (i) receipt of notice or advice that payment for such paper has been transferred to the Account, and (ii) the making of an entry on the records of the Custodian to reflect such transfer or redemption and payment for the account of the Trust. Copies of all notices, advices and confirmations of transfers of commercial paper for the account of the Trust shall identify the Trust, be maintained for the Trust by the Custodian and be promptly provided to the Trust at its request. The Custodian shall promptly send to the Trust

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confirmation of each transfer to or from the account of the Trust in the form of a written advice or notice of each such transaction, and shall furnish to the Trust copies of daily transaction sheets reflecting each day's

transactions in the System for the account of the Trust on the next business day.

(d) The Custodian shall promptly send to the Trust any report or other communication received or obtained by the Custodian relating to each System's accounting system, system of internal accounting controls or procedures for safeguarding commercial paper deposited in the System; the Custodian shall promptly send to the Trust any report or other communication relating to the Custodian's internal accounting controls and procedures for safeguarding commercial paper deposited in any Approved Book-Entry System for Commercial Paper; and the Custodian shall ensure that any agent appointed pursuant to Paragraph K hereof or any subcustodian employed pursuant to Section 2 hereof shall promptly send to the Trust and to the Custodian any report or other communication relating to such agent's or subcustodian's internal accounting controls and procedures for safeguarding securities deposited in any Approved Book-Entry System for Commercial Paper.

(e) The Custodian shall not act under this Paragraph M in the absence of receipt of a certificate of an officer of the Trust that the Board has approved the use of a particular Approved Book-Entry System for Commercial Paper; the Custodian shall also obtain appropriate assurance from the officers of the Trust that the Board has annually reviewed the continued use by the Trust of each Approved Book-Entry System for Commercial Paper, and the Trust shall promptly notify the Custodian if the use of an Approved Book-Entry System for Commercial Paper is to be discontinued; at the request of the Trust, the Custodian will terminate the use of any such System as promptly as practicable.

(f) The Custodian (or subcustodian, if the Approved Book-Entry System for Commercial Paper is maintained by the subcustodian) shall issue physical commercial paper or promissory notes whenever requested to do so by the Trust or in the event of an electronic system failure which impedes issuance, transfer or custody of direct issue commercial paper by book-entry.

(g) Anything to the contrary in this Agreement notwithstanding, the Custodian shall be liable to the Trust for any loss or damage to the Trust resulting from use of any Approved Book-Entry System for Commercial

Paper by reason of any negligence, misfeasance or misconduct of the Custodian or any of its agents or subcustodians or of any of its or their employees or from any failure of the Custodian or any such agent or subcustodian to enforce effectively such rights as it may have against the System, the issuer of the commercial paper or any other person; at the election of the Trust, it shall be entitled to be subrogated to the rights of the Custodian with respect to any claim against the System, the issuer of the commercial paper or any other person which the Custodian may have as a consequence of any such loss or damage if and to the extent that the Trust has not been made whole for any such loss or damage.

- N. Segregated Account The Custodian shall upon receipt of proper instructions establish and maintain a segregated account or accounts for and on behalf of the Trust, into which account or accounts may be transferred cash and/or securities, including securities maintained in an account by the Custodian pursuant to Paragraph L hereof, (i) in accordance with the provisions of any agreement among the Trust, the Custodian and any registered broker-dealer (or any futures commission merchant), relating to compliance with the rules of the Options Clearing Corporation and of any registered national securities exchange (or of the Commodity Futures Trading Commission or of any contract market or commodities exchange), or of any similar organization or organizations, regarding escrow or deposit or other arrangements in connection with transactions by the Trust, (ii) for purposes of segregating cash or U.S. Government securities in connection with options purchased, sold or written by the Trust or futures contracts or options thereon purchased or sold by the Trust, (iii) for the purposes of compliance by the Trust with the procedures required by Investment Company Act Release No. 10666, or any subsequent release or releases of the Securities and Exchange Commission relating to the maintenance of segregated accounts by registered investment companies and (iv) for other proper purposes, but only, in the case of clause (iv), upon receipt of, in addition to proper instructions, a certificate signed by two officers of the Trust, setting forth the purpose such segregated account

and declaring such purpose to be a proper purpose.

- O. **Ownership Certificates for Tax Purposes** The Custodian shall execute ownership and other certificates and affidavits for all federal and state tax purposes in connection with receipt of income or other payments with respect to securities of the Trust held by it and in connection with transfers of securities.

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- P. **Proxies** The Custodian shall, with respect to the securities held by it hereunder, cause to be promptly delivered to the Trust all forms of proxies and all notices of meetings and any other notices or announcements or other written information affecting or relating to the securities, and upon receipt of proper instructions shall execute and deliver or cause its nominee to execute and deliver such proxies or other authorizations as may be required. Neither the Custodian nor its nominee shall vote upon any of the securities or execute any proxy to vote thereon or give any consent or take any other action with respect thereto (except as otherwise herein provided) unless ordered to do so by proper instructions.

- Q. **Communications Relating to Trust Portfolio Securities** The Custodian shall deliver promptly to the Trust all written information (including, without limitation, pendency of call and maturities of securities and participation interests and expirations of rights in connection therewith and notices of exercise of call and put options written by the Trust and the maturity of futures contracts purchased or sold by the Trust) received by the Custodian from issuers and other persons relating to the securities and participation interests being held for the Trust. With respect to tender or exchange offers, the Custodian shall deliver promptly to the Trust all written information received by the Custodian from issuers and other persons relating to the securities and participation interests whose tender or exchange is sought and from the party (or his agents) making the tender or exchange offer.

R. Exercise of Rights; Tender Offers In the case of tender offers, similar offers to purchase or exercise rights (including, without limitation, pendency of calls and maturities of securities and participation interests and expirations of rights in connection therewith and notices of exercise of call and put options and the maturity of futures contracts) affecting or relating to securities and participation interests held by the Custodian under this Agreement, the Custodian shall have responsibility for promptly notifying the Trust of all such offers in accordance with the standard of reasonable care set forth in Section 8 hereof. For all such offers for which the Custodian is responsible as provided in this Paragraph R, the Trust shall have responsibility for providing the Custodian with all necessary instructions in timely fashion. Upon receipt of proper instructions, the Custodian shall timely deliver to the issuer or trustee thereof, or to the agent of either, warrants, puts, calls, rights or similar securities for the purpose of

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being exercised or sold upon proper receipt therefor and upon receipt of assurances satisfactory to the Custodian that the new securities and cash, if any, acquired by such action are to be delivered to the Custodian or any subcustodian employed pursuant to Section 2 hereof. Upon receipt of proper instructions, the Custodian shall timely deposit securities upon invitations for tenders of securities upon proper receipt therefor and upon receipt of assurances satisfactory to the Custodian that the consideration to be paid or delivered or the tendered securities are to be returned to the Custodian or subcustodian employed pursuant to Section 2 hereof. Notwithstanding any provision of this Agreement to the contrary, the Custodian shall take all necessary action, unless otherwise directed to the contrary by proper instructions, to comply with the terms of all mandatory or compulsory exchanges, calls, tenders, redemptions, or similar rights of security ownership, and shall thereafter promptly notify the Trust in writing of such action.

S. Depository Receipts The Custodian shall, upon receipt of

proper instructions, surrender or cause to be surrendered foreign securities to the depository used by an issuer of American Depositary Receipts or International Depositary Receipts (hereinafter collectively referred to as "ADRs") for such securities, against a written receipt therefor adequately describing such securities and written evidence satisfactory to the Custodian that the depository has acknowledged receipt of instructions to issue with respect to such securities ADRs in the name of a nominee of the Custodian or in the name or nominee name of any subcustodian employed pursuant to Section 2 hereof, for delivery to the Custodian or such subcustodian at such place as the Custodian or such subcustodian may from time to time designate. The Custodian shall, upon receipt of proper instructions, surrender ADRs to the issuer thereof against a written receipt therefor adequately describing the ADRs surrendered and written evidence satisfactory to the Custodian that the issuer of the ADRs has acknowledged receipt of instructions to cause its depository to deliver the securities underlying such ADRs to the Custodian or to a subcustodian employed pursuant to Section 2 hereof.

- T. Interest Bearing Call or Time Deposits The Custodian shall, upon receipt of proper instructions, place interest bearing fixed term and call deposits with the banking department of such banking institution (other than the Custodian) and in such amounts as the Trust may designate. Deposits may be denominated in U.S. Dollars

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or other currencies. The Custodian shall include in its records with respect to the assets of the Trust appropriate notation as to the amount and currency of each such deposit, the accepting banking institution and other appropriate details and shall retain such forms of advice or receipt evidencing the deposit, if any, as may be forwarded to the Custodian by the banking institution. Such deposits shall be deemed portfolio securities of the Trust for the purposes of this Agreement, and the Custodian shall be responsible for the collection of income from such accounts and the transmission of cash to

and from such accounts.

U. Options, Futures Contracts and Foreign Currency Transactions

1. Options The Custodian shall, upon receipt of proper instructions and in accordance with the provisions of any agreement between the Custodian, any registered broker-dealer and, if necessary, the Trust, relating to compliance with the rules of the Options Clearing Corporation or of any registered national securities exchange or similar organization or organizations, receive and retain confirmations or other documents, if any, evidencing the purchase or writing of an option on a security or securities index or other financial instrument or index by the Trust; deposit and maintain in a segregated account for the Trust, either physically or by book-entry in a Securities System, securities subject to a covered call option written by the Trust; and release and/or transfer such securities or other assets only in accordance with a notice or other communication evidencing the expiration, termination or exercise of such covered option furnished by the Options Clearing Corporation, the securities or options exchange on which such covered option is traded or such other organization as may be responsible for handling such options transactions. The Custodian and the broker-dealer shall be responsible for the sufficiency of assets held in the Trust's segregated account in compliance with applicable margin maintenance requirements.

2. Futures Contracts The Custodian shall, upon receipt of proper instructions, receive and retain confirmations and other documents, if any, evidencing the purchase or sale of a futures contract or an option on a futures contract by the Trust; deposit and maintain in a segregated

account, for the benefit of any futures commission merchant, assets designated by the Trust as initial, maintenance or variation "margin" deposits (including mark-to-market payments) intended to secure the Trust's performance of its obligations under any futures contracts purchased or sold or any options on futures contracts written by the Trust, in accordance with the provisions of any agreement or agreements among the Trust, the Custodian and such futures commission merchant, designed to comply with the rules of the Commodity Futures Trading Commission and/or of any contract market or commodities exchange or similar organization regarding such margin deposits or payments; and release and/or transfer assets in such margin accounts only in accordance with any such agreements or rules. The Custodian and the futures commission merchant shall be responsible for the sufficiency of assets held in the segregated account in compliance with the applicable margin maintenance and mark-to-market payment requirements.

3. Foreign Exchange Transactions The Custodian shall, pursuant to proper instructions, enter into or cause a subcustodian to enter into currency exchange contracts or options to purchase and sell non-U.S. currencies for spot and future delivery on behalf and for the account of the Trust. Such transactions may be undertaken by the Custodian or subcustodian with such banking or financial institutions or other currency brokers, as set forth in proper instructions. Currency exchange contracts and options shall be deemed to be portfolio securities of the Trust; and accordingly, the responsibility of the Custodian therefor shall be the same as and no greater than the Custodian's responsibility in respect of other portfolio securities of the Trust. The Custodian shall be responsible for the transmittal to and receipt of cash from the currency broker or banking or financial institution with which the contract or option is made, the maintenance of proper records with respect to the transaction and the maintenance of any segregated account required in connection with the transaction. The Custodian shall have no duty with respect to the selection of the currency brokers or banking or financial institutions with which the Trust deals or for

contract or option. Without limiting the foregoing, it is agreed that upon receipt of proper instructions and insofar as funds are made available to the Custodian for the purpose, the Custodian may (if determined necessary by the Custodian to consummate a particular transaction on behalf and for the account of the Trust) make free outgoing payments of cash in the form of U.S. dollars or other currency before receiving confirmation of a currency exchange contract or confirmation that the countervalue currency completing the currency exchange contract has been delivered or received. The Custodian shall not be responsible for any costs and interest charges which may be incurred by the Trust or the Custodian as a result of the failure or delay of third parties to deliver currency exchange; provided that the Custodian shall nevertheless be held to the standard of care set forth in, and shall be liable to the Trust in accordance with, the provisions of Section 8.

V. Actions Permitted Without Express Authority The Custodian may in its discretion, without express authority from the Trust:

- 1) make payments to itself or others for minor expenses of handling securities or other similar items relating to its duties under this Agreement, provided, that all such payments shall be accounted for by the Custodian to the Treasurer of the Trust and shall be subject to subsequent approval by an officer of the Trust;
- 2) surrender securities in temporary form for securities in definitive form;
- 3) endorse for collection, in the name of

the Trust, checks, drafts and other negotiable instruments; and

- 4) in general, attend to all nondiscretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with the securities and property of the Trust except as otherwise directed by the Trust.

4. Records and Miscellaneous Duties

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The Bank shall create, maintain and preserve all records relating to its activities and obligations under this Agreement in such manner as will meet the obligations of the Trust under the Investment Company Act of 1940, with particular attention to Section 31 thereof and Rules 31a-1 and 31a-2 thereunder, applicable U.S. federal and state tax laws and any other law or administrative rules or procedures which may be applicable to the Trust. All books of account and records maintained by the Bank in connection with the performance of its duties under this Agreement shall be the property of the Trust, shall at all times during the regular business hours of the Bank be open for inspection by authorized officers, employees or agents of the Trust, and in the event of termination of this Agreement shall be delivered to the Trust or to such other person or persons as shall be designated by the Trust. Disposition of any account or record after any required period of preservation shall be only in accordance with specific instructions received from the Trust. At the request of the Trustees or duly authorized agent of the Trust located outside the United States, The Bank shall assist generally in the preparation of reports to holders of interest in the Trust, to the Securities and Exchange Commission, including Form N-SAR, and to others, audits of accounts, and other ministerial matters of like nature; and, upon request, shall furnish the Trust's auditors with an attested inventory of securities held with appropriate information as to securities in transit or in the process of purchase or sale and with such other information as said auditors may from time to time request. The Custodian shall also maintain records of all receipts, deliveries and locations of such securities, together with a current inventory thereof, and shall conduct periodic verifications (including sampling counts at the Custodian) of certificates representing bonds and other securities for

which it is responsible under this Agreement in such manner as the Custodian shall determine from time to time to be advisable in order to verify the accuracy of such inventory. The Bank shall not disclose or use any books or records it has prepared or maintained by reason of this Agreement in any manner except as expressly authorized herein or directed by the Trust, and the Bank shall keep confidential any information obtained by reason of this Agreement.

5. Opinion of Trust's Independent Public Accountants

The Custodian shall take all reasonable action, as the Trust may from time to time request, to enable the Trust to obtain from year to year favorable opinions from the Trust's independent public accountants with respect to its activities hereunder in connection with the preparation of the Trust's registration statement and Form N-SAR or other periodic reports to the Securities and Exchange Commission and with respect to any other requirements of such Commission.

6. Compensation and Expenses of Bank

The Bank shall be entitled to reasonable compensation for its services as Custodian and Agent, as agreed upon from time to time between the Trust and the Bank. The Bank shall be entitled to receive from the

Trust on demand reimbursement for its cash disbursements, expenses and charges, including counsel fees, in connection with its duties as Custodian and Agent hereunder, but excluding salaries and usual overhead expenses.

7. Responsibility of Bank

So long as and to the extent that it is in the exercise of reasonable care, the Bank as Custodian and Agent shall be held harmless in acting upon any notice, request, consent, certificate or other instrument reasonably believed by it to be genuine and to be signed by the proper party or parties.

The Bank as Custodian and Agent shall be entitled to rely on and may act upon advice of counsel (who may be counsel for the Trust) on all matters, and shall be without liability for any action reasonably taken or omitted pursuant to such advice.

The Bank as Custodian and Agent shall be held to the exercise of reasonable care in carrying out the provisions of this Agreement but shall be liable only for its own negligent or bad faith acts or failures to act. Notwithstanding the foregoing, nothing contained in this paragraph is intended to nor shall it be construed to modify the standards of care and responsibility set forth in Section 2 hereof with respect to subcustodians and in subparagraph f of Paragraph L of Section 3 hereof with respect to Securities Systems and in subparagraph g of Paragraph M of Section 3 hereof with respect to an Approved Book-Entry System for Commercial Paper.

The Custodian shall be liable for the acts or omissions of a non-U.S. banking institution to the same extent as set forth with respect to subcustodians generally in Section 2 hereof, provided that, regardless of whether assets are maintained in the custody of a non-U.S. banking institution, a non-U.S. securities depository or a branch of a U.S. bank, the Custodian shall not be liable for any loss, damage, cost, expense, liability or claim resulting from, or caused by, the direction of or authorization by the Trust to maintain custody of any securities or cash of the Trust in other than the U.S. and Canada including, but not limited to, losses resulting from governmental actions and restrictions, nationalization, expropriation, currency restrictions, acts of war, civil war or terrorism, insurrection, revolution, military or usurped powers, nuclear fission, fusion or radiation, earthquake, storm or other disturbance of nature or acts of God.

If the Trust requires the Bank in any capacity to take any action with respect to securities, which action involves the payment of money or which action may, in the opinion of the Bank, result in the Bank or its nominee assigned to the Trust being liable for the payment of money or incurring liability of some other form, the Trust, as a prerequisite to requiring the Custodian to take such action, shall provide indemnity to the Custodian in an amount and form satisfactory to it.

8. Persons Having Access to Assets of the Trust

(i) No trustee, officer, employee or agent of the Trust shall have physical access to the assets of the Trust held by the Custodian or be authorized or permitted to withdraw any investments of the Trust, nor shall the Custodian deliver any assets of the Trust to any such person. No officer or director, employee or agent of the Custodian who holds any similar position with the Trust or the investment adviser or the

administrator of the Trust shall have access to the assets of the Trust.

(ii) Access to assets of the Trust held hereunder shall only be available to duly authorized officers, employees, representatives or agents of the Custodian or other persons or entities for whose actions the Custodian shall be responsible to the extent permitted hereunder, or to the Trust's independent public accountants in connection with their auditing duties performed on behalf of the Trust.

(iii) Nothing in this Section 8 shall prohibit any officer, employee or agent of the Trust or of the investment adviser of the Trust from giving instructions to the Custodian or executing a certificate so long as it does not result in delivery of or access to assets of the Trust prohibited by paragraph (i) of this Section 8.

9. Effective Period, Termination and Amendment; Successor Custodian

This Agreement shall become effective as of its execution, shall continue in full force and effect until terminated as hereinafter provided, may be amended at any time by mutual agreement of the parties hereto and may be terminated by either party by an instrument in writing delivered or mailed, postage prepaid to the other party, such termination to take effect not sooner than sixty (60) days after the date of such delivery or mailing; provided, that the Trust may at any time by action of its Board, (i) substitute another bank or trust company for the Custodian by giving notice as described above to the Custodian, or (ii) immediately terminate this Agreement in the event of the appointment of a conservator or receiver for the Custodian by the Federal Deposit Insurance Corporation or by the Banking Commissioner of The Commonwealth of Massachusetts or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction. Upon termination of the Agreement, the Trust shall pay to the Custodian such compensation as may be due as of the date of such termination and shall likewise reimburse the Custodian for its costs, expenses and disbursements.

Unless the holders of a majority of the outstanding "voting securities" of the Trust (as defined in the Investment Company Act of 1940) vote to have the securities, funds and other properties held hereunder delivered and paid over to some other bank or trust company, specified in the vote, having not less than \$2,000,000 of aggregate capital, surplus and undivided profits, as shown by its last published report, and meeting such other qualifications for custodians set forth in the Investment Company Act of 1940, the Board shall, forthwith, upon giving or receiving notice of termination of this Agreement, appoint as successor custodian, a bank or trust company having such qualifications.

The Bank, as Custodian, Agent or otherwise, shall, upon termination of the Agreement, deliver to such successor custodian, all securities then held hereunder and all funds or other properties of the Trust deposited with or held by the Bank hereunder and all books of account and records kept by the Bank pursuant to this Agreement, and all documents held by the Bank relative thereto. In the event that no such vote has been adopted by the shareholders and that no written order designating a successor custodian shall have been delivered to the Bank on or before the date when such termination shall become effective, then the Bank shall not deliver the securities, funds and other properties of the Trust to the Trust but shall have the right to deliver to a bank or trust company doing business in Boston, Massachusetts of its own selection, having an aggregate capital, surplus and undivided profits, as shown by its last published report, of not less than \$2,000,000, all funds, securities and properties of the Trust held by or deposited with the Bank, and all books of account and records kept by the Bank pursuant to this Agreement, and all documents held by the Bank relative thereto. Thereafter such bank or trust company shall be the successor of the Custodian under this Agreement.

10. Interpretive and Additional Provisions

In connection with the operation of this Agreement, the Custodian and the Trust may from time to time agree on such provisions interpretive of or in addition to the provisions of this Agreement as may in their joint opinion be consistent with the general tenor of this Agreement.

Any such interpretive or additional provisions shall be in a writing signed by both parties and shall be annexed hereto, provided that no such interpretive or additional provisions shall contravene any applicable U.S. federal or state regulations or any provision of the governing instruments of the Trust. No interpretive or additional provisions made as provided in the preceding sentence shall be deemed to be an amendment of this Agreement.

11. Notices

Notices and other writings delivered or mailed postage prepaid to the Trust addressed to The Bank of Nova Scotia Trust Company (Cayman) Limited, The Bank of Nova Scotia Building, George Town, Grand Cayman, Cayman Islands, WMI, or to such other address as the Trust may have designated to the Bank, in writing with a copy to Eaton Vance Management at 24 Federal Street, Boston, Massachusetts 02110, or to Investors Bank & Trust Company, 24 Federal Street, Boston, Massachusetts 02110 with a copy to Eaton Vance Management at 24 Federal Street, Boston, Massachusetts 02110, shall be deemed to have been properly delivered or given hereunder to the respective addressees.

12. Massachusetts Law to Apply

This Agreement shall be construed and the provisions thereof interpreted under and in accordance with the laws of The Commonwealth of Massachusetts.

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The Custodian expressly acknowledges the provision in the Declaration of Trust of the Trust (Section 5.2 and 5.6) limiting the personal liability of the Trustees and officers of the Trust, and the Custodian hereby agrees that it shall have recourse to the Trust for payment of claims or obligations as between the Trust and the Custodian arising out of this Agreement and shall not seek satisfaction from any Trustee or officer of the Trust.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement on December 30, 1994.

GOVERNMENT OBLIGATIONS PORTFOLIO
HIGH INCOME PORTFOLIO

By: /s/James B. Hawkes

James B. Hawkes, Vice President

SENIOR DEBT PORTFOLIO

By: /s/James B. Hawkes

James B. Hawkes, President

INVESTORS BANK & TRUST COMPANY

By: /s/Michael Rogers

Michael Rogers

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HIGH INCOME PORTFOLIO

PROCEDURES FOR ALLOCATIONS
AND DISTRIBUTIONS

May 1, 1992

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PROCEDURES FOR
ALLOCATIONS AND DISTRIBUTIONS
OF
HIGH INCOME PORTFOLIO
(the "Trust")

ARTICLE I

Introduction

The Trust is treated as a partnership for federal income tax purposes. These procedures have been adopted by the Trustees of the Trust and will be furnished to the Trust's accountants for the purpose of allocating Trust gains, income or loss and distributing Trust assets. The Trust will maintain its books and records, for both book and tax purposes, using the accrual method of accounting.

ARTICLE II

Definitions

Except as otherwise provided herein, a term referred to herein shall have the same meaning as that ascribed to it in the Declaration. References in this document to "hereof", "herein" and "hereunder" shall be deemed to refer to this document in its entirety rather than the article or section in which any such word appears.

"Book Capital Account" shall mean, for any Holder at any time in any Fiscal Year, the Book Capital Account balance of the Holder on the first day of the Fiscal Year, as adjusted each day pursuant to the provisions of Section 3.2 hereof.

"Capital Contribution" shall mean, with respect to any Holder, the amount of money and the Fair Market Value of any assets actually contributed from time to time to the Trust with respect to the Interest held by such Holder.

"Code" shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time, as well as any non-superseded provisions of the Internal Revenue Code of 1954, as amended (or any corresponding provision or provisions of succeeding law).

"Declaration" shall mean the Trust's Declaration of Trust, dated May 1, 1992, as amended from time to time.

"Designated Expenses" shall mean extraordinary Trust expenses attributable to a particular Holder that are to be borne by such Holder.

"Distributable Cash" for any Fiscal Year shall mean the gross cash proceeds from Trust activities, less the portion thereof used to pay

or establish Reserves, plus such portion of the Reserves as the Trustees, in their sole discretion, no longer deem necessary to be held as Reserves. Distributable Cash shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances.

"Fair Market Value" of a security, instrument or other asset on any particular day shall mean the fair value thereof as determined in good faith by or on behalf of the Trustees in the manner set forth in the Registration Statement.

"Fiscal Year" shall mean an annual period determined by the Trustees which ends on such day as is permitted by the Code.

"Holders" shall mean as of any particular time all holders of record of Interests in the Trust.

"Interest(s)" shall mean the interest of a Holder in the Trust, including all rights, powers and privileges accorded to Holders by the Declaration, which interest may be expressed as a percentage, determined by calculating, at such times and on such bases as the Trustees shall from time to time determine, the ratio of each Holder's Book Capital Account balance to the total of all Holders' Book Capital Account balances.

"Investments" shall mean all securities, instruments or other

assets of the Trust of any nature whatsoever, including, but not limited to, all equity and debt securities, futures contracts, and all property of the Trust obtained by virtue of holding such assets.

"Matched Income or Loss" shall mean Taxable Income, Tax-Exempt Income or Tax Loss of the Trust comprising interest, original issue discount and dividends and all other types of income or loss to the extent the Taxable Income, Tax-Exempt Income, Tax Loss or Loss items not included in Tax Loss arising from such items are recognized for tax purposes at the same time that Profit or Loss are accrued for book purposes by the Trust.

"Net Unrealized Gain" shall mean the excess, if any, of the aggregate Fair Market Value of all Investments over the aggregate adjusted bases, for federal income tax purposes, of all Investments.

"Net Unrealized Loss" shall mean the excess, if any, of the aggregate adjusted bases, for federal income tax purposes, of all Investments over the aggregate Fair Market Value of all Investments.

"Profit" and "Loss" shall mean, for each Fiscal Year or other period, an amount equal to the Taxable Income or Tax Loss for such Fiscal Year or period with the following adjustments:

(i) Any Tax-Exempt Income shall be added to such Taxable Income or subtracted from such Tax Loss; and

(ii) Any expenditures of the Trust for such year or period described in Section 705(a)(2)(B) of the

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Code or treated as expenditures under Section 705(a)(2)(B) of the Code pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profit or Loss or specially allocated shall be subtracted from such Taxable Income or added to such Tax Loss.

"Redemption" shall mean the complete withdrawal of an Interest of a Holder the result of which is to reduce the Book Capital Account balance of that Holder to zero.

"Registration Statement" shall mean the Registration Statement of the Trust on Form N-1A as filed with the U.S. Securities and Exchange

Commission under the 1940 Act, as the same may be amended from time to time.

"Reserves" shall mean, with respect to any Fiscal Year, funds set aside or amounts allocated during such period to reserves which shall be maintained in amounts deemed sufficient by the Trustees for working capital and to pay taxes, insurance, debt service, renewals, or other costs or expenses, incident to the ownership of the Investments or to its operations.

"Tax Capital Account" shall mean, for any Holder at any time in any Fiscal Year, the Tax Capital Account balance of the Holder on the first day of the Fiscal Year, as adjusted each day pursuant to the provisions of Section 3.3 hereof.

"Tax-Exempt Income" shall mean income of the Trust for such Fiscal Year or period that is exempt from federal income tax and not otherwise taken into account in computing Profit or Loss.

"Tax Lot" shall mean securities or other property which are both purchased or acquired, and sold or otherwise disposed of, as a unit.

"Taxable Income" or "Tax Loss" shall mean the taxable income or tax loss of the Trust, determined in accordance with Section 703(a) of the Code, for each Fiscal Year as determined for federal income tax purposes, together with each of the Trust's items of income, gain, loss or deduction which is separately stated or otherwise not included in computing taxable income and tax loss.

"Treasury Regulations" shall mean the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Trust" shall mean High Income Portfolio, a trust fund formed under the law of the State of New York by the Declaration.

"Trustees" shall mean each signatory to the Declaration, so long as such signatory shall continue in office in accordance with the terms thereof, and all other individuals who at the time in question have been

duly elected or appointed and have qualified as Trustees in accordance with the provisions thereof and are then in office.

The "1940 Act" shall mean the U.S. Investment Company Act of 1940, as amended from time to time, and the rules and regulations thereunder.

ARTICLE III

Capital Accounts

3.1. Capital Accounts of Holders. A separate Book Capital Account and a separate Tax Capital Account shall be maintained for each Holder pursuant to Section 3.2 and Section 3.3. hereof, respectively. In the event the Trustees shall determine that it is prudent to modify the manner in which the Book Capital Accounts or Tax Capital Accounts, or any debits or credits thereto, are computed in order to comply with the Treasury Regulations, the Trustees may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Holder pursuant to Article VII hereof upon the dissolution of the Trust.

3.2. Book Capital Accounts. The Book Capital Account balance of each Holder shall be adjusted each day by the following amounts:

(a) increased by any increase in Net Unrealized Gains or decrease in Net Unrealized Losses allocated to such Holder pursuant to Section 5.1(a) hereof;

(b) decreased by any decrease in Net Unrealized Gains or increase in Net Unrealized Losses allocated to such Holder pursuant to Section 5.1(b) hereof;

(c) increased or decreased, as the case may be, by the amount of Profit or Loss, respectively, allocated to such Holder pursuant to Section 5.1(c) hereof;

(d) increased by any Capital Contribution made by such Holder; and,

(e) decreased by any distribution, including any distribution to effect a withdrawal or Redemption, made to such Holder by the Trust.

Any adjustment pursuant to Section 3.2 (a), (b) or (c) above shall be prorated for increases in each Holder's Book Capital Account balance resulting from Capital Contributions, or distributions or withdrawals from the Trust or Redemptions by the Trust occurring, during such Fiscal Year as of the day after the Capital Contribution, distribution, withdrawal or Redemption is accepted, made or effected by the Trust.

3.3. Tax Capital Accounts. The Tax Capital Account balance of each Holder shall be adjusted at the following times by the following amounts:

(a) increased daily by the adjusted tax bases of any Capital Contribution made by such Holder to the Trust;

(b) increased daily by the amount of Taxable Income and Tax-Exempt Income allocated to such Holder pursuant to Section 5.2 hereof at such times as the allocations are made under Section 5.2 hereof;

(c) decreased daily by the amount of cash distributed to the Holder pursuant to any of these procedures including any distribution made to effect a withdrawal or Redemption; and

(d) decreased by the amount of Tax Loss allocated to such Holder pursuant to Section 5.2 hereof at such times as the allocations are made under Section 5.2 hereof.

3.4. Compliance with Treasury Regulations. The foregoing provisions and other provisions contained herein relating to the maintenance of Book Capital Accounts and Tax Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Treasury Regulations.

The Trustees shall make any appropriate modifications in the event unanticipated events might otherwise cause these procedures not to comply with Treasury Regulations Section 1.704-1(b), including the requirements described in Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(1) and Treasury Regulations Section 1.704-1(b)(2)(iv). Such modifications are hereby incorporated into these procedures by this reference as though fully set forth herein.

ARTICLE IV

Distributions of Cash and Assets

4.1. Distributions of Distributable Cash. Except as otherwise provided in Article VII hereof, Distributable Cash for each Fiscal Year may be distributed to the Holders at such times, if any, and in such amounts as shall be determined in the sole discretion of the Trustees. In exercising such discretion, the Trustees shall distribute such Distributable Cash so that Holders that are regulated investment companies can comply with the distribution requirements set forth in Code Section 852 and avoid the excise tax imposed by Code Section 4982.

4.2. Division Among Holders. All distributions to the Holders with respect to any Fiscal Year pursuant to Section 4.1 hereof shall be made to the Holders in proportion to the Taxable Income, Tax-Exempt Income or Tax Loss allocated to the Holders with respect to such Fiscal Year pursuant to the terms of these procedures.

4.3. Distributions Upon Liquidation of a Holder's Interest in the Trust. Upon liquidation of a Holder's interest in the Trust, the proceeds will be distributed to the Holder as provided in Section 5.6, Article VI, and Article VII hereof. If such Holder has a negative book capital account balance, the provisions of Section 7.4 will apply.

4.4. Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment or distribution to the Trust or the Holders shall be treated as amounts distributed to such Holders pursuant to this Article IV for all purposes under these procedures. The Trustees may allocate any such

amount among the Holders in any manner that is in accordance with applicable law.

ARTICLE V

Allocations

5.1. Allocation of Items to Book Capital Accounts.

(a) Increase in Net Unrealized Gains or Decrease in Net Unrealized Losses. Any decrease in Net Unrealized Loss due to realization of items shall be allocated to the Holder receiving the allocation of Loss, in the same amount, under Section 5.1(c) hereof. Subject to Section 5.1(d) hereof, any increase in Net Unrealized Gains or decrease in Net Unrealized Loss on any day during the Fiscal Year shall be allocated to the Holders' Book Capital Accounts at the end of such day, in proportion to the Holders' respective Book Capital Account balances at the commencement of such day.

(b) Decrease in Net Unrealized Gains or Increase in Net Unrealized Losses. Any decrease in Net Unrealized Gains due to

realization of items shall be allocated to the Holder receiving the allocation of Profit, in the same amount, under Section 5.1(c) hereof. Subject to Section 5.1(d) hereof, any decrease in Net Unrealized Gains or increase in Net Unrealized Loss on any day during the Fiscal Year shall be allocated to the Holders' Book Capital Accounts at the end of such day, in proportion to the Holders' respective Book Capital Account balances at the commencement of such day.

(c) Profit and Loss. Subject to Section 5.1(d) hereof, Profit and Loss occurring on any day during the Fiscal Year shall be allocated to the Holders' Book Capital Accounts at the end of such day in proportion to the Holders' respective Book Capital Account balances at the commencement of such day.

(d) Other Book Capital Account Adjustments.

(i) Any allocation pursuant to Section 5.1(a), (b) or (c) above shall be prorated for increases in each Holder's Book Capital Account resulting from Capital Contributions, or distributions or withdrawals from the

Trust or Redemptions by the Trust occurring, during such Fiscal Year as of the day after the Capital Contribution, distribution, withdrawal or Redemption is accepted, made or effected by the Trust.

(ii) For purposes of determining the Profit, Loss, and Net Unrealized Gain or Net Unrealized Loss or any other item allocable to any Fiscal Year, Profit, Loss, and Net Unrealized Gain or Net Unrealized Loss and any such other item shall be determined by or on behalf of the Trustees using any reasonable method under Code Section 706 and the Treasury Regulations thereunder.

5.2. Allocation of Taxable Income and Tax Loss to Tax Capital Accounts.

(a) Taxable Income and Tax Loss. Subject to Section 5.2(b) and Section 5.3 hereof, which shall take precedence over this Section 5.2(a), Taxable Income or Tax Loss for any Fiscal Year shall be allocated at least annually to the Holders' Tax Capital Accounts as follows:

(i) First, Taxable Income and Tax Loss, whether constituting ordinary income (or loss) or capital gain (or loss), derived from the sale or other disposition of a Tax Lot of securities or other property shall be allocated as of the date such income, gain or loss is recognized for federal income tax purposes solely in proportion to the amount of unrealized appreciation (in the case of such income or capital gain, but not in the case of any such loss) or depreciation (in the case of any such loss, but not in the case of any such income or capital gain) from that Tax Lot which was allocated to

the Holders' Book Capital Accounts each day that such securities or other property was held by the Trust pursuant to Section 5.1(a) and (b) hereof; and

(ii) Second, any remaining amounts at the end of the Fiscal Year, to the Holders in proportion to their respective daily average Book Capital Account balances determined for the Fiscal Year of the allocation.

(b) Matched Income or Loss. Notwithstanding the provisions of Section 5.2(a) hereof, Taxable Income, Tax-Exempt Income or Tax Loss accruing on any day during the Fiscal Year constituting Matched Income or Loss, shall be allocated daily to the Holders' Tax Capital Accounts solely in proportion to and to the extent of corresponding allocations of Profit or Loss to the Holders' Book Capital Accounts pursuant to the first sentence of Section 5.1(c) hereof.

5.3. Special Allocations to Book and Tax Capital Accounts.

(a) The Designated Expenses computed for each Holder shall be allocated separately (not included in the allocations of Matched Income or Loss, Loss or Tax Loss) to the Book Capital Account and Tax Capital Account of each Holder.

(b) If the Trust incurs any nonrecourse indebtedness, then allocations of items attributable to nonrecourse indebtedness shall be made to the Tax Capital Account of each Holder in accordance with the requirements of Treasury Regulations Section 1.704-1(b)(4)(iv)(d).

(c) In accordance with Code Section 704(c) and the Treasury Regulations thereunder, Taxable Income and Tax Loss with respect to any property contributed to the capital of the Trust shall be allocated to the Tax Capital Account of each Holder so as to take into account any variation between the adjusted tax basis of such property to the Trust for federal income tax purposes and such property's Fair Market Value at the time of contribution to the Trust.

5.4. Other Adjustments to Book and Tax Capital Accounts.

(a) Any election or other decision relating to such allocations shall be made by the Trustees in any manner that reasonably reflects the purpose and intention of these procedures.

(b) Each Holder will report its share of Trust income and loss for federal income tax purposes in accordance with the allocations effected pursuant to Section 5.2 hereof.

5.5. Timing of Tax Allocations to Book and Tax Capital Accounts. Allocation of Taxable Income, Tax-Exempt Income and Tax Loss pursuant to Section 5.2 hereof for any Fiscal Year, unless specified above to the contrary, shall be made only after corresponding adjustments have

been made to the Book Capital Accounts of the Holders for the Fiscal Year as provided pursuant to Section 5.1 hereof.

5.6. Redemptions During the Fiscal Year. If a Redemption occurs prior to the end of a Fiscal Year, the Trust will treat the Fiscal Year as ended for the purposes of computing the redeeming Holder's distributive share of Trust items and allocations of all items to such Holder will be made as though each Holder were receiving its allocable share of Trust items at such time. All items so allocated to the redeeming Holder will be subtracted from the items to be allocated among the other non-redeeming Holders at the actual end of the Fiscal Year. All items allocated among the redeeming and non-redeeming Holders will be made subject to the rules of Code Sections 702, 704, 706 and 708 and the Treasury Regulations promulgated thereunder.

ARTICLE VI

Withdrawals

6.1. Partial Withdrawals. At any time any Holder shall be entitled to request a withdrawal of such portion of the Interest held by such Holder as such Holder shall request.

6.2. Redemptions. At any time a Holder shall be entitled to request a Redemption of all of its Interest. A Holder's Interest may be redeemed at any time during the Fiscal Year as provided in Section 6.3 hereof by a cash distribution or, at the option of a Holder, by a distribution of a proportionate amount except for fractional shares of each Trust asset at the option of the Trust. However, the Holder may be redeemed by a distribution of a proportionate amount of the Trust's assets only at the end of a Fiscal Year. However, if the Holder has contributed any property to the Trust other than cash, if such property remains in the Trust at the time the Holder requests withdrawal, then such property will be sold by the Trust prior to the time at which the Holder withdraws from the Trust.

6.3. Distribution in Kind. If a withdrawing Holder receives a distribution in kind of its proportionate part of Trust property, then unrealized income, gain, loss or deduction attributable to such property shall be allocated among the Holders as if there had been a disposition of the property on the date of distribution in compliance with the requirements of Treasury Regulations Section 1.704-1(b)(2)(iv)(e).

ARTICLE VII

Liquidation

7.1. Liquidation Procedure. Subject to Section 7.4 hereof, upon dissolution of the Trust, the Trustees shall liquidate the assets of

the Trust, apply and distribute the proceeds thereof as follows:

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(a) first to the payment of all debts and obligations of the Trust to third parties, including without limitation the retirement of outstanding debt, including any debt owed to Holders or their affiliates, and the expenses of liquidation, and to the setting up of any Reserves for contingencies which may be necessary; and

(b) then in accordance with the Holders' positive Book Capital Account balances after adjusting Book Capital Accounts for allocations provided in Article V hereof and in accordance with the requirements described in Treasury Regulations Section 1.704-1(b) (2) (ii) (b) (2).

7.2. Alternative Liquidation Procedure. Notwithstanding the foregoing, if the Trustees shall determine that an immediate sale of part or all of the Trust assets would cause undue loss to the Holders, the Trustees, in order to avoid such loss, may, after having given notification to all the Holders, to the extent not then prohibited by the law of any jurisdiction in which the Trust is then formed or qualified and applicable in the circumstances, either defer liquidation of and withhold from distribution for a reasonable time any assets of the Trust except those necessary to satisfy the Trust's debts and obligations or distribute the Trust's assets to the Holders in liquidation.

7.3. Cash Distributions Upon Liquidation. Except as provided in Section 7.2 hereof, amounts distributed in liquidation of the Trust shall be paid solely in cash.

7.4. Treatment of Negative Book Capital Account Balance. If a Holder has a negative balance in its Book Capital Account following the liquidation of its Interest, as determined after taking into account all capital account adjustments for the Fiscal Year during which the liquidation occurs, then such Holder shall restore the amount of such negative balance to the Trust by the later of the end of the Fiscal Year or 90 days after the date of such liquidation so as to comply with the requirements of Treasury Regulations Section 1.704-1(b) (2) (ii) (b) (3). Such amount shall, upon liquidation, be paid to creditors of the Trust or distributed to other Holders in accordance with their positive Book Capital Account balances.

ACCOUNTING AND INTERESTHOLDER SERVICES AGREEMENT

AGREEMENT made as of this 31st day of March, 1995, between High Income Portfolio, a New York trust (the "Trust"), and IBT Fund Services (Canada) Inc., an Ontario corporation ("IBT").

WHEREAS, the Trust is registered under the Investment Company Act of 1940 as an open-end management investment company and desires to engage IBT to provide certain trust accounting and interestholder recordkeeping services with respect to the Trust and IBT has indicated its willingness to so act, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained herein, the parties hereto agree as follows:

1. IBT Appointed. The Trust hereby appoints IBT to provide the services as hereinafter described and IBT agrees to act as such upon the terms and conditions hereinafter set forth.

2. Definitions. Whenever used herein, the terms listed below will have the following meaning:

2.1 Authorized Person. Authorized Person will mean any of the persons duly authorized to give Proper Instructions or otherwise act on behalf of the Trust by appropriate resolution of its Board, and set forth in a certificate as required by Section 3 hereof.

2.2 Board. Board will mean the Board of Trustees of the Trust.

2.3 Portfolio Security. Portfolio Security will mean any security owned by the Trust.

2.4 Interests. Interests will mean participation interests of the Trust.

3. Certification as to Authorized Persons. The Secretary or Assistant Secretary of the Trust will at all times maintain on file with IBT his or her certification to IBT, in such form as may be acceptable to IBT, of (i) the names and signatures of the Authorized Persons and (ii)

the names of the Board members, it being understood that upon the occurrence of any change in the information set forth in the most recent certification on file (including without limitation any person named in the most recent certification who is no longer an Authorized Person as designated therein), the Secretary or Assistant Secretary of the Trust, will sign a new or amended certification setting forth the change and the new, additional or omitted names or signatures. IBT will be entitled to rely and act upon the most recent Officers' Certificate given to it by the Trust.

4. Maintenance of Records. IBT will maintain records with respect to the services provided by IBT hereunder and will furnish the Trust daily with a statement of condition of the Trust. The books and

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records of IBT pertaining to its actions under this Agreement and reports by IBT or its independent accountants concerning its accounting systems and internal accounting controls will be open to inspection and audit at reasonable times by officers of or auditors employed by the Trust, and the staff of The U.S. Securities and Exchange Commission, and will be preserved by IBT in accordance with procedures established by the Trust.

IBT shall keep the books of account and render statements or copies from time to time as reasonably requested by the Treasurer or any executive officer of the Trust.

IBT, as fund accounting agent, shall assist generally in the preparation of reports of a financial nature to Holders and others, audits of accounts, and other ministerial matters of like nature.

5. Duties of Bank with Respect to Books of Account and Calculations of Net Asset Value. Inasmuch as the Trust is treated as a partnership for federal income tax purposes, the Bank shall as Agent keep and maintain the books and records of the Trust in accordance with the Procedures for Allocations and Distributions adopted by the Trustees of the Trust, as such Procedures may be in effect from time to time. A copy of the current Procedures is attached to this Agreement, and the Trust agrees promptly to furnish all revisions to or restatements of such Procedures to the Bank.

The Bank shall as Agent keep such books of account (including records showing the adjusted tax costs of the Trust's portfolio securities) and render as at the close of business on each day a detailed

statement of the amounts received or paid out and of securities received or delivered for the account of the Trust during said day and such other statements, including a daily trial balance and inventory of the Trust's portfolio securities; and shall furnish such other financial information and data as from time to time requested by the Treasurer or any executive officer of the Trust; and shall compute and determine, as of the close of business of the New York Stock Exchange, or at such other time or times as the Board may determine, the net asset value of the Trust and the net asset value of each interest in the Trust, such computations and determinations to be made in accordance with the governing documents of the Trust and the votes and instructions of the Board and of the investment adviser at the time in force and applicable, and promptly notify the Trust and its investment adviser and such other persons as the Trust may request of the result of such computation and determination. In computing the net asset value IBT may rely upon security quotations received by telephone or otherwise from sources or pricing services designated by the Trust by proper instructions, and may further rely upon information furnished to it by any authorized officer of the Trust relative (a) to liabilities of the Trust not appearing on its books of account, (b) to the existence, status and proper treatment of any reserve or reserves, (c) to any procedures or policies established by the Board regarding the valuation of portfolio securities or other assets, and (d) to the value to be assigned to any bond, note, debenture, Treasury bill, repurchase agreement, subscription right, security, participation

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interests or other asset or property for which market quotations are not readily available. IBT shall also compute and determine at such time or times as the Trust may designate the portion of each item which has significance for a holder of an interest in the Trust in computing and determining its U.S. federal income tax liability including, but not limited to, each item of income, expense and realized and unrealized gain or loss of the Trust which is attributable for Federal income tax purposes to each such holder.

6. Interestholder Services. IBT shall keep appropriate records of the holdings of each interestholder on a daily basis. IBT shall also keep each interestholder's subscription agreement with the Portfolio.

7. Compensation of IBT. For the services to be rendered and the facilities provided by IBT hereunder, the Trust shall pay to IBT a fee from the assets of the Trust computed and paid monthly, in accordance with

Schedule B attached hereto, as the same may be changed by mutual agreement of the parties from time to time.

8. Concerning IBT.

8.1 Performance of Duties and Standard of Care. IBT shall not be liable for any error of judgment or mistake of law or for any act or omission in the performance of its duties hereunder, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of its reckless disregard of its obligations and duties hereunder.

IBT will be entitled to receive and act upon the advice of independent counsel of its own selection, which may be counsel for the Trust, and will be without liability for any action taken or thing done or omitted to be done in accordance with this Agreement in good faith in conformity with such advice. In the performance of its duties hereunder, IBT will be protected and not be liable, and will be indemnified and held harmless by the Trust for any reasonable action taken or omitted to be taken by it in good faith reliance upon the terms of this Agreement, any Officers' Certificate, and or written instructions received from an Authorized Person, resolution of the Board, telegram, notice, request, certificate or other instrument reasonably believed by IBT to be genuine and for any other loss to the Trust except in the case of IBT's gross negligence, willful misfeasance or bad faith in the performance of its duties or reckless disregard of its obligations and duties hereunder.

Notwithstanding anything in this Agreement to the contrary, in no event shall IBT be liable hereunder or to any third party:

(a) for any losses or damages of any kind resulting from acts of God, earthquakes, fires, floods, storms or other disturbances or restrictions, acts of war, civil war or terrorism, insurrection, nuclear fusion, fission or radiation, the interruption, loss or malfunction of utilities, transportation, or computers (hardware or

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software) and computer facilities, the unavailability of energy sources and other similar happenings or events except as results from IBT's own gross negligence, willful misfeasance or bad faith in the performance of its duties; or

(b) for special, punitive or consequential

damages arising from the provision of services hereunder, even if IBT has been advised of the possibility of such damages.

8.2 Subcontractors. IBT, subject to approval of the Trust, may subcontract for the performance of IBT's obligations hereunder with any one or more persons, provided, however, that unless the Trust otherwise expressly agrees in writing, IBT shall be as fully responsible to the Trust for the acts and omissions of any subcontractor as it would be for its own acts or omissions. In the event IBT obtains a judgment, settlement or other monetary recovery for the wrongful conduct of the subcontractor, the Trust shall be entitled to such recovery if such conduct resulted in a loss to the Trust and IBT agrees to pursue such claims vigorously. To the extent possible, such sub-contractors shall provide services outside the United States.

8.3 Activities of IBT. The services provided by IBT to the Trust are not to be deemed to be exclusive, IBT being free to render administrative, fund accounting and/or other services to other parties. It is understood that members of the Board, officers, and shareholders of the Trust are or may become similarly interested in the Trust and that IBT and/or any of its affiliates may become interested in the Trust as a shareholder of the Trust or otherwise.

8.4 Insurance. IBT need not maintain any special insurance for the benefit of the Trust, but will maintain customary insurance for its obligations hereunder.

9. Termination. This Agreement may be terminated at any time without penalty upon sixty days written notice delivered by either party to the other by means of registered mail, and upon the expiration of such sixty days, this Agreement will terminate. At any time after the termination of this Agreement, the Fund will have access to the records of IBT relating to the performance of its duties hereunder and IBT shall cooperate in the transfer of such records to its successor.

10. Confidentiality. Both parties hereto agree that any non-public information obtained hereunder concerning the other party is confidential and may not be disclosed to any other person without the consent of the other party, except as may be required by applicable law or at the request of a governmental agency. The parties further agree that a breach of this provision would irreparably damage the other party and accordingly agree that each of them is entitled, without bond or other security, to an injunction or injunctions to prevent breaches of this provision.

11. Notices. Any notice or other instrument in writing authorized or required by this Agreement to be given to either party hereto will be sufficiently given if addressed to such party and mailed or delivered to it at its office at the address set forth below; namely:

(a) In the case of notices sent to the Trust to:

C/O The Bank of Nova Scotia Trust Company (Cayman) Ltd.
The Bank of Nova Scotia Building
P. O. Box 501
George Town
Grand Cayman, Cayman Island
British West Indies

(b) In the case of notices sent to IBT to:

IBT Fund Services (Canada), Inc.
Suite 5850, One First Canadian Place
P. O. Box 231
Toronto, Ontario M5X 1A4
Attention: Evelyn Foo

or at such other place as such party may from time to time designate in writing.

12. Amendments. This Agreement may not be altered or amended, except by an instrument in writing, executed by both parties, and in the case of the Trust, duly authorized and approved by its respective Board.

13. Governing Law. This Agreement will be governed by the laws of Ontario.

14. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be

executed by their respective officers thereunto duly authorized as of the day and year first written above.

High Income Portfolio

By:/s/ M. Dozier Gardner

M. Dozier Gardner
Name
Title

ATTEST:

/s/ H. Day Brigham, Jr.

H. Day Brigham, Jr.

IBT Fund Services (Canada), Inc.

By:/s/ Michael F. Rogers

Michael F. Rogers
Name
Title

ATTEST:

/s/ Robert Donahoe

Robert Donahoe

DATE: 2/22/95

ADMINISTRATION AGREEMENT

THIS AGREEMENT is made as of the 31st day of March, 1995.

BETWEEN: (1) High Income Portfolio, a New York trust the principal office of which is at The Bank of Nova Scotia Trust Company (Cayman) Limited, The Bank Nova Scotia Building, George Town, Grand Cayman, Cayman Island, British West Indies (the "Trust") OF THE ONE PART

AND: (2) The Bank of Nova Scotia Trust Company (Cayman) Ltd., a company duly incorporated in the Cayman Islands the Registered Office of which is at Albert Panton Street, George Town, Grand Cayman, Cayman Islands, British West Indies aforesaid (the "Administrator") OF THE OTHER PART.

WHEREAS:

- (A) The Trust is registered under the United States Investment Company Act of 1940 as an open-end management investment company.
- (B) The Administrator has agreed to provide general administration services to the Trust, and the Trust wishes to appoint the Administrator as general administrator of the Trust upon the terms and conditions hereinafter appearing.

AGREEMENT:

1. (a) In this Agreement the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them in the second column thereof, if not inconsistent with the subject or context:

Words	Meanings
"Declaration of Trust"	The Declaration of Trust of the Trust

for the time being in force.

"Trustees"

The Trustees of the Trust for the time being, or as the case may be, the Trustees assembled as a board.

"Registration Statement"

The Registration Statement of the Trust as amended and filed with the Securities and Exchange Commission.

- (b) Unless the context otherwise requires and except as varied or otherwise specified in this agreement, words and expressions contained in this agreement shall bear

the same meaning as in the Registration Statement PROVIDED THAT any alteration or amendment of the Registration Statement shall not be effective for the purposes of this Agreement unless the administrator shall by endorsement hereon or otherwise have assented in writing thereto.

- (c) The headings are intended for convenience only and shall not affect the construction of this Agreement.

APPOINTMENT OF ADMINISTRATOR

2. The Trust hereby appoints the Administrator and the Administrator hereby agrees to act as general administrator of the Trust in accordance with the terms and conditions hereof with effect from the date hereof.

DUTIES AS GENERAL CORPORATE ADMINISTRATOR

3. The Administrator shall from time to time deliver such information explanations and reports to the Trust as the Trust may reasonably require regarding the conduct of the business of the Trust.
4. The Administrator shall provide the principal office of the Trust; and
- (a) conduct on behalf of the Trust all the day to day business of the Trust, other than investment activities, and provide the or procure such office accommodation,

secretarial staff and other facilities as may be required for the purposes of fulfilling its duties under this Agreement;

- (b) receive and approve notices of subscriptions and redemptions of Trust interests;
- (c) at the request of the Trust, arrange execution and filing with the U.S. Securities and Exchange Commission (the "SEC") of amendments to the Trust's Registration Statement, and of any other regulatory filings required to be made by the Trust;
- (d) deal with and reply to all correspondence and other communications addressed to the Trust at its principal office, whether in relation to the subscription, purchase or redemption of interests in the Trust or otherwise PROVIDED THAT in the event of any dispute in connection with the issue, ownership, redemption or otherwise of any interests the matter shall be referred to the Trust, and the Administrator shall take such action as may reasonably be required by the Trust;

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- (e) at any time during business hours to permit any duly appointed agent or representative of the Trust, at the expense of the Trust to inspect the Register of Holders or any other documents or records in the possession of the Administrator and give such agent or representative during business hours all information, explanations and assistance as such agent or representative may reasonably require, and permit representatives of the U.S. Securities and Exchange Commission to examine books and records of the Trust;
- (f) maintain and safeguard the Register of Holders of Interests and other documents in connection therewith and enter on such Register all original issues and allotments of and all increases, decreases and redemptions of such interests all in accordance with the provisions of the Declaration of Trust and Trustee instructions and to prepare all such lists of Holders of Interests of the Trust and account numbers of Holders as may be required

by the Trust.

DEALINGS OF THE ADMINISTRATOR

5. Nothing herein contained shall prevent the Administrator or any firm, person or company associated in any way with the Administrator from contracting with or entering into any financial, banking or other transaction with the Trust, any shareholder or any company or body of persons any of whose securities are held by or for the account of the Trust or from being interested in such transaction.
6. Nothing herein contained shall prevent the Administrator or any associate of the Administrator from acting as administrator or general corporate manager or in any other capacity whatsoever for any other company or body of persons on such terms as the Administrator or such associate may arrange, and the Administrator or such associate shall not be deemed to be affected with notice of or to be under any duty to disclose the Trust any fact or thing which may come to its knowledge or that of any of its servants or agents in the course of so doing or in any manner whatever otherwise than in the course of carrying out its duties hereunder.

AGENTS AND ADVICE

7. The Administrator shall be at liberty in the performance of its duties and in the exercise of any of the powers vested in it hereunder to act by responsible officers or a responsible officer for the time being and to employ and pay an agent who may (but need not) be an associate of the Administrator to perform or concur in performing any of the services required to be performed hereunder and may act or rely upon the opinion or advice or any

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information obtained from any broker, lawyer, valuer, surveyor, auctioneer or other expert, whether reporting to the Trust, to the Administrator or not, and the Administrator shall not be responsible for any loss occasioned by its so acting.

8. The Administrator may at the expense of the Trust refer any legal question to the legal advisers of the Trust for the time being (whose name shall from time to time be notified by or on behalf

of the Trust to the Administrator) or legal advisers that it may select with the prior approval of the Trust and may authorize any such legal adviser to take the opinion of counsel on any matter of difficulty and may act on any opinion given by such legal advisers or counsel without being responsible for the correctness thereof or for any result which may follow from so doing.

REMUNERATION

9. In consideration of the services performed by the Administrator hereunder the Administrator shall be entitled to receive such fees as are agreed upon in writing by the parties.

REIMBURSEMENT BY THE TRUST TO THE ADMINISTRATOR

10. In addition to the fees set out in clause 9 above the Trust shall reimburse to the Administrator all reasonable costs and expenses incurred by the Administrator in the performance of its duties hereunder.

LIABILITY AND INDEMNITY

11. (a) The Administrator, its subsidiaries, agents, advisors, shareholders, directors, officers, servants and employees shall not be liable to the Trust or a Holder of its Interests, or any of its or their successors or assigns, except for loss arising to the Trust by reason of act of, or omissions due to negligence or willful default on the part of any such persons as aforesaid.
- (b) The Trust shall indemnify, defend and hold harmless the Administrator and each of its subsidiaries, agents, advisors, shareholders, directors, officers, servants and employees from and against any loss, liability, damage, cost or expense (including legal fees and expenses and any amounts paid in settlement), resulting from its or their actions or capacities hereunder or otherwise concerning the business or activities undertaken on behalf of the Trust under this Agreement or sustained by any of them including (without restricting the generality of the foregoing) loss sustained as a result of delay, mis-delivery or error in transmission of any cable, telefax, telex or telegraphic communication. Subject as aforesaid all actions taken by the Administrator shall be

taken in good faith and in the reasonable belief that such actions are taken in the best interests of the Trust PROVIDED THAT termination of any action, proceeding, demand, claim or lawsuit by judgment, order or settlement shall not, of itself, create a presumption that the conduct in question was not undertaken in good faith with due care and in a manner reasonably believed to be in or not opposed to the best interest of the Trust. The right of indemnification hereunder shall remain in full force and effect regardless of the expiration or termination of this Agreement.

RIGHT TO ADVISE AND MANAGE THE FUNDS OR OTHERS

12. The Trust acknowledges that an important part of the Administrator's business is, and that it derives profits from, managing the affairs of its affiliates and other entities and that the Administrator will be managing such affiliates and entities during the same period that it is managing the affairs of the Trust. The administrator and its officers and employees shall be free to manage such other affiliates and entities and to retain for its own or their benefit all profits and revenues derived therefrom PROVIDED THAT the Administrator shall not knowingly prefer affiliates of the Administrator or other entities to the detriment of the affairs of the Trust.

RESTRICTIONS

13. Neither of the parties hereto shall do or commit any act, matter or thing which would or might prejudice or bring into disrepute in any manner the business or reputation of the other or any director, officer or employee of the other.
14. Except as required by the law and save as contemplated by the Declaration of Trust, neither of the parties hereto shall either before or after the termination of this Agreement disclose to any person not authorized by the other party to receive the same information relating to such party or to the affairs of such party of which the party disclosing the same shall have become possessed during the period of this agreement, and both parties shall use all reasonable endeavors to prevent any such disclosure as aforesaid.

TERMINATION

15. The Administrator shall be entitled to resign its appointment hereunder:

- (a) by giving not less than two (2) month's notice in writing to the Trust;

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- (b) if the Trust shall commit any breach of its obligations under this Agreement and shall fail within ten days of receipt of notice served by the Administrator requiring it so to do, to make good such breach; and
- (c) at any time without such notice as is referred to in subparagraphs (a) and (b) of this clause if the Trust shall go into liquidation (other than for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Administrator) or if a receiver of any of the assets of the Trust is appointed.

16. The Trust may terminate the appointment of the Administrator:

- (a) by giving no less than two (2) month's notice in writing to the Administrator;
- (b) if the Administrator shall commit any breach of its obligations under this Agreement and shall fail within ten days of receipt of notice served by the Trust requiring it so to do, to make good such breach; and
- (c) at any time without such notice as is referred to in subparagraphs (a) and (b) or this clause if the Administrator goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trust) or if a receiver is appointed of any of the assets of the Administrator.

17. On termination of the appointment of the administrator under the provisions of the preceding clauses, such termination shall be without prejudice to any antecedent liability of the Administrator or the Trust. The Administrator shall be entitled to receive all fees and other moneys accrued up to the date of such termination but shall not be entitled to compensation in respect of such termination.

18. The administrator shall, on the termination of its appointment:

- (a) Forthwith hand over to the Trust or as it shall direct all books of account, registers, correspondence and records of all and every description relating to the affairs of the Trust which are in the Administrator's possession but not including any promotional material bearing the style or any trade mark or symbol of the Administrator. The Administrator shall also in such circumstance deliver or cause to be delivered to the succeeding administrator or as the Trust shall direct all funds or other properties of the Trust deposited with or otherwise held by the Administrator or to its order

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hereunder and do all such further acts as the Trust may reasonably require of it.

- (b) have the right by written request to require the Trust in its Registration Statement and any other material made available to investors and prospective investors to (as may reasonably be approved by the Administrator) indicate that the Administrator and its delegate(s) (if any) have ceased to be its administrator.

REPRESENTATIONS AND WARRANTIES

19. (a) The Administrator represents and warrants to the Trust as follows:

- (i) The Administrator has full power and authority to enter into and perform this Agreement and this Agreement has been duly authorized by all requisite corporate action, executed and delivered by or on behalf of the Administrator and constitutes a valid and binding agreement of the Administrator.
- (ii) Neither the execution, delivery nor performance of this Agreement by the Administrator will result in a breach or violation of any statute,

law, rule or of the material provisions of any debenture or other material agreement binding upon the Administrator and no consent, approval, authorization or license by any court or governmental agency is required for the execution, delivery or performance of this Agreement by The Administrator, except such as have been obtained by the Administrator.

(b) the Trust represents and warrants to the Administrator as follows:

(i) The Trust has full power and authority to enter into and perform this Agreement and this Agreement has been duly authorized by all requisite corporate action, executed and delivered by or on behalf of the Trust and constitutes a valid and binding agreement of the Trust.

(ii) Neither the execution, delivery nor performance of this Agreement by the Trust will result in a breach or violation of any statute, law, rule or of the material provisions of any debentures or other material agreement binding upon the Trust and no consent, approval, authorization or

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license by any court or governmental agency is required for the execution, delivery or performance of this Agreement by the Trust except such as have been obtained by the Trust.

INDEPENDENT CONTRACTOR

20. For all purposes of this Agreement, the Administrator shall be an independent contractor and not an employee or dependent agent of the Trust, nor shall anything herein be construed as making the Trust a partner or co-venturer with the Administrator or any of its affiliates or other clients. Except as provided in this Agreement, the Administrator shall have no authority to bind, obligate or represent the Trust.

COMPLETE AGREEMENT

21. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof.

ASSIGNMENT

22. This Agreement shall be binding upon the parties hereto and their respective successors and assigns but may not be assigned by any party without the express written consent of the other party which shall not be reasonably withheld or delayed.
23. This Agreement may not be amended except by the written consent of each of the parties hereto.

NOTICES

24. Any notice delivered under this agreement shall be in writing and signed by a duly authorized officer of the party giving such notice and shall be delivered personally or sent by registered or certified mail, postage prepaid, to the registered office of the party for whom it is intended. a notice so posted shall be deemed to be served at the expiration of seventy-two (72) hours after posting and in proving service by post it shall be sufficient to prove that an envelope containing the notice was duly addressed, stamped and posted.

GOVERNING LAW

25. This Agreement shall be governed by and construed in accordance with the laws of the Cayman Islands and the parties hereto agree to submit to the non-exclusive jurisdiction of the Courts of the Cayman Islands.

IN WITNESS WHEREOF this Agreement has been duly executed for and on behalf of the parties hereto in manner binding upon them the day and year first above written.

Signed by) /s/ James B. Hawkes
for and on behalf of the said) -----
High Income Portfolio) James B. Hawkes
in the presence of:) Vice President
)

/s/ H. Day Brigham, Jr.

H. Day Brigham, Jr.
Witness

SIGNED by) /s/ Roger M. Davies
for and on behalf of the said) -----
Bank of Nova Scotia Trust) Robert M. Davies
Company (Cayman) Ltd.) Director
in the presence of:)
) /s/ William A. Chisholm
) -----
) William A. Chisholm
) Assistant Secretary

/s/ M. Crawford

M. Crawford
Witness

March 14, 1994

High Income Portfolio
24 Federal Street
Boston, MA 02110

Ladies and Gentlemen:

With respect to our purchase from you, at the purchase price of \$100,000, of an interest (an "Initial Interest") in High Income Portfolio (the "Portfolio"), we hereby advise you that we are purchasing such Initial Interest for investment purposes without any present intention of redeeming or reselling.

The amount paid by the Portfolio on any withdrawal by us of any portion of such Initial Interest will be reduced by a portion of any unamortized organization expenses, determined by the proportion of the amount of such Initial Interest withdrawn to the aggregate Initial Interests of all holders of similar Initial Interests then outstanding after taking into account any prior withdrawals of any such Initial Interest.

Very truly yours,

EATON VANCE HIGH INCOME TRUST

By/s/ M. Dozier Gardner

M. Dozier Gardner
President

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