



Evergreen InvestmentsSM

February 28, 2008

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-9303

RE: Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies
File No. S7-28-07

Dear Ms. Morris:

Evergreen Investments¹ appreciates the opportunity to comment on the Securities and Exchange Commission's (the "Commission") proposal (the "Proposal") set forth in Release No. 33-8861 (the "Release"). The Proposal would make certain revisions to Form N-1A intended to enhance disclosures made to investors in the statutory prospectus. The Proposal also would permit a fund to satisfy its prospectus delivery obligations by sending or giving the information contained in the first nine items of Form N-1A to investors in the form of a summary prospectus (the "Summary Prospectus") and providing the full statutory prospectus on an internet website.

I. Summary

As a general matter, Evergreen strongly supports the Commission's Proposal. We believe that providing key information in a summary document would greatly benefit investors, while at the same time potentially producing significant cost savings for mutual fund companies. For the reasons described below, however, we do not support the required inclusion of certain disclosures in the Summary Prospectus. We also do not support the proposed requirement that portfolio holdings and performance information contained in the Summary Prospectus be updated on a quarterly basis. Finally, we suggest that the Commission consider allowing a fund's annual report to shareholders to also serve, with the inclusion of the required additional information, as the fund's Summary Prospectus, or, at a minimum, adjusting the Summary Prospectus updating requirements to correspond with the timing of the preparation and mailing of a fund's annual report.

Evergreen Investments is the brand name under which Wachovia Corporation (NYSE:WB) conducts its investment management business. Evergreen Investments manages more than \$274 billion in assets (as of December 31, 2007) and serves more than four million individual and institutional investors through a broad range of investment products including mutual funds, hedge funds and individually-managed accounts.

II. Format and Order

One Fund per Summary Prospectus

We support the Commission's proposed requirement that each fund have its own Summary Prospectus. One of the most significant potential benefits of the Summary Prospectus is the increased likelihood that investors will read a shorter disclosure document. Allowing fund companies to combine multiple funds in one Summary Prospectus could lead to documents that are not significantly shorter than many statutory prospectuses today. At the same time however, we strongly believe that the Commission should not impose a page limitation on the Summary Prospectus. While the example prepared by the staff and included with the Release is only three pages long, we do not believe it necessarily is a realistic example of actual fund disclosure. For instance, the example assumes only eight lines for the principal investment strategy, and only three lines for each risk paragraph. It also does not include any footnotes to the annual total return bar chart or table, or the expense table, and assumes no sub-adviser and only one portfolio manager. After reviewing the staff's example, we prepared our own sample Summary Prospectus using one of our existing funds and it was significantly longer than four pages.

Adherence to Prescribed Order

We support the Commission's proposal to require that each fund include the prescribed sections of the Summary Prospectus in a prescribed order. Comparability is one of the most important goals underlying the Proposal, and standardization is necessary to achieve that goal. We do, however, disagree with the order of the sections that the Commission has proposed. We instead suggest the following order: investment objective, strategy, risks, performance, annual fund operating expenses, portfolio holdings (although, as discussed herein we would recommend that this section not be included at all), management, purchase and sale of fund shares, tax information, and financial intermediary compensation (we would also recommend that this section not be included). We strongly believe that objective, strategy and risk information should remain together. The great majority of funds within the same asset category have investment objectives that are nearly identical. This information, standing alone, is therefore not very meaningful to an investor. Only by reading about the strategy that the fund will use to attain its objective, and the risks associated with such strategy, is an investor able to meaningfully compare one fund to another. With respect to fees and expenses, we recognize that differences in expenses between funds, can, over time, lead to significant differences in investors' returns. We do not believe however, that this information is so significant that it should precede all other information other than the fund's objective. We support leaving this item where it currently resides in the prospectus.

III. Content

Prohibition on Inclusion of Other Information

We support the Commission's proposed prohibition on including non-required information in the Summary Prospectus. This prohibition would help to ensure that Summary Prospectuses remain

concise and comparable.² We do suggest, however, that the Commission allow funds to include cross-references in the Summary Prospectus to sections of the full prospectus that include supplemental information.

Change in Fund Objective

In response to a question posed by the Commission in the Release, we do not believe a fund should be required to disclose in the Summary Prospectus whether its objective may be changed without shareholder approval. This information is not vital to making an investment decision and therefore would not be appropriate for the Summary Prospectus.

Disclosure of Fund Expenses

We support the Commission's effort to make it clear to shareholders that annual fund operating expenses are ongoing costs. In our view, however, the proposed new parenthetical ("ongoing expenses that you pay each year as a percentage of the value of your investment") is simply inaccurate, as it implies that shareholders pay these fees directly. The proposed statement also could be misleading in that it implies these fees are the same each year and are calculated as a percentage of fund assets, neither of which necessarily is true (transfer agency fees, for example, often are charged on a per account basis). There are other ways to convey the intended message that in our view would be clearer and more accurate. For example, the table headings could instead read as follows:

Shareholder Fees (onetime charges that are deducted from your investment when you either purchase or redeem your shares)

Annual Fund Operating Expenses (on-going charges that the Fund pays and that reduce the value of your investment; shown below is the percentage of the Fund's assets that were paid out over the Fund's last fiscal year)

We support the Commission's proposal to allow funds to include net expenses in the annual operating expenses table provided that any waiver or expense cap will remain in place for no less than one year from the effective date of the registration statement. We question however, the necessity of requiring that such waiver or expense cap have already been in place in order to be reflected in the fee table, and would recommend that this requirement not be adopted.

In response to a question posed by the Commission in the Release, we believe that funds should be allowed to include just total annual fund operating expenses in the Summary Prospectus, with more detailed expense information provided elsewhere. If an investor wishes to compare the expenses of various funds, the total expenses should be most important, not the individual

² We note that the Commission's staff itself arguably violated this prohibition when preparing its summary prospectus example. As proposed, Item 7 would require that a fund disclose its minimum initial and subsequent investment requirements, that its shares are redeemable, and how its shares may be redeemed. In addition to this information, the staff's example also includes disclosure about how the fund's share price is determined and when its NAV is calculated. If this information is intended to be included in the Summary Prospectus, Item 7 should clearly state this fact. Otherwise the Commission's example should be revised.

components of those expenses. We further note that many funds have expense tables that are quite long and often contain a number of footnotes, which can contribute significantly to the length and complexity of the presentation.

Portfolio Turnover Rate

We do not support the proposal to include portfolio turnover rates in the Summary Prospectus. There seems to exist a common assumption that a high portfolio turnover rate is a bad thing for investors, but that is not necessarily the case. While a high portfolio turnover rate may lead to higher transaction costs, it may also have a positive effect on performance, so the portfolio turnover rate by itself is not a particularly useful piece of data. Moreover, turnover rate is not necessarily a good indicator of total portfolio transaction costs and may, in fact, lead to erroneous conclusions when compared. Depending upon the types of securities traded, the trading techniques and venues used, and the amount of commissions or other transaction costs paid, a fund with a higher turnover rate may or may not have higher transaction costs than a fund with a lower turnover rate.

We agree that shareholders should be made aware that funds incur portfolio transaction costs and that such costs are not reflected in the expense table, but there are much better ways of getting this point across, and at any rate, the information is not so essential to making an investment decision as to warrant its inclusion in the Summary Prospectus.

Top Ten Holdings

Similarly, we strongly believe that top ten holdings information is not an appropriate item to include in the Summary Prospectus, as it is not essential information that an investor must have in order to make an informed investment decision. In fact, in many instances we would argue that the information can be virtually meaningless, particularly with respect to funds that do not have a significant concentration of assets in their top ten holdings, and with respect to small capitalization or international funds, since an investor is unlikely to recognize the names of the top ten companies in the portfolio. In any event, we believe that the investment strategy alone provides an adequate description of the types of investments that a fund may make. If an investor were to want holdings information, we note that it is easily accessible in many other places, such as on a fund's website.

Adviser, Sub-adviser and Portfolio Manager

We support the proposal to include information about a fund's adviser and portfolio manager(s) in the Summary Prospectus. We do not necessarily agree, however, with the Proposal's approach to disclosure of information about sub-advisers. (Among other things, we question the Commission's suggestion that 29% of a fund's assets would constitute an insignificant portion of the fund.) We would recommend that the Summary Prospectus include information about a sub-adviser only if the fund is not a so-called "manager of managers" fund. That is, if the adviser is charged with the responsibility of hiring and firing sub-advisers as part of a stated policy, and can do so without a vote of shareholders, then the fund should not be required to include information

about any sub-adviser in its Summary Prospectus. Otherwise, it should be required to do so without regard to the portion of the fund that a sub-adviser manages.

IV. Delivery and Updating

Access Equals Delivery

In the Release, the Commission requests comment on whether funds should be allowed to meet their prospectus delivery obligations simply by filing the prospectus with the Commission and posting it online, without actually sending it to investors.³ We would fully support such an “access equals delivery” approach. In our view, the vast majority of investors (or, for investors who utilize the services of a financial adviser, their advisers) are comfortable using the internet as a tool for performing research and obtaining information, including information about investments. This method would be consistent with the Commission’s recent approach to the delivery of proxy materials.

The “Greater Prominence” Requirement

Under the Proposal, if the Summary Prospectus is mailed or provided along with other materials, the Summary Prospectus must be given “greater prominence” than the other included materials. We believe that this requirement is unnecessary and should be withdrawn. Although it is not at all clear what the Commission means by “greater prominence” in this context, this requirement could produce the anomalous result that a Summary Prospectus that is, by itself, acceptable in its visual presentation (i.e., paper quality, typeface, type size, color, etc.) would somehow become deficient if it were included with other documents. We do not believe that including the Summary Prospectus with other materials, even if the Summary Prospectus were of a different color, or were printed on lesser quality paper or with smaller type, would make it any less likely to be read by the investor than if the same document were included in an envelope by itself. Visual appeal and readability are important goals to achieve if the Summary Prospectus is to be read by investors, and the Commission’s rules should require that the document achieve minimum threshold levels of these characteristics. But the determination of whether these goals have been achieved should not depend on whether the document is mailed by itself or included with other materials.

If the Commission decides to retain this “greater prominence” requirement, then we believe it should clarify what would constitute greater prominence so that funds will be able to have certainty as to whether they have met their prospectus delivery obligations when they include the Prospectus Summary with other documents.

Quarterly Updating

We strongly oppose the proposed requirement that the Summary Prospectus be updated on a quarterly basis to reflect performance information and top ten holdings as of calendar quarter end.

³ Under this approach, a fund would be required to deliver the prospectus to any investor who requests it.

We believe that quarterly portfolio holdings and performance information is not critical for individuals to make investment decisions, and that placing emphasis on such information by requiring that it be updated quarterly is inadvisable from a policy standpoint. In addition, the costs and administrative burdens associated with such updates would eliminate a significant portion of the cost savings mutual fund companies would otherwise experience, and thus could lead many fund companies to decide not to adopt this new disclosure method.

V. Proposed Modification to Proposal

In addition to the comments on the Proposal set forth above, we suggest that the Commission consider modifying the Proposal to allow the information required to be included in the Summary Prospectus to be included in a fund's annual report to shareholders, and further allow the delivery of a shareholder report containing such information to satisfy a fund's prospectus delivery obligations with respect to additional investments by existing shareholders. The annual report already contains much of the information required to be included in the Summary Prospectus. Allowing the annual report also to serve as a Summary Prospectus would help to ensure that investors are not inundated with multiple documents containing the same or similar information, and also would result in cost savings to funds by reducing the number of documents required to be sent to investors each year. Because existing investors by necessity will have already received a stand-alone document containing objective, strategy, risk and other information about the fund, there would appear to be little or nothing to be gained from requiring that they receive the same information in a stand-alone document again each time they make an additional investment.

If the Commission decides not to modify the Proposal as suggested above, then we would recommend at a minimum that the updating requirements of the Summary Prospectus be revised to correspond, from a timing perspective, with the annual report preparation and delivery requirements. This would facilitate the inclusion of the updated Summary Prospectus in the annual report mailing.

We appreciate the opportunity to provide comments on the Proposal and the Commission's consideration of our comments. Should you have any questions, please contact the undersigned.

Very truly yours,



Michael H. Koonce
Senior Vice President and General Counsel