INVESTMENT PROCESS:
Calvert Ultra-Short Income Fund (CULAX)

MANAGEMENT TEAM

Vishal Khanduja leads the portfolio management team for Calvert Ultra-Short Income Fund.

Vishal Khanduja, CFA, is lead portfolio manager of the Fund. He joined the Calvert taxable fixed income team in 2012 and has a bachelor of engineering degree from the Veermata Jijabai Technological Institute in India and an M.B.A. from the University of Iowa.

Matthew Duch is a co-portfolio manager of the Fund. Mr. Duch has been a member of the Calvert taxable fixed income team since 2006 and holds a B.A. in economics from Butler University.

Mauricio Agudelo is a co-portfolio manager of the Fund. Mr. Agudelo has been a member of the Calvert taxable fixed income team since 2004 and holds a B.S. in finance from the University of Maryland.

OVERVIEW

Calvert Ultra-Short Income Fund, managed by Calvert Investment Management, Inc., seeks to provide positive returns under all market conditions and interest-rate environments by investing in a portfolio of floating-rate and other short-term securities. The Fund’s benchmark is the Barclays Capital 9-12 Months Short Treasury Index. The management team uses a relative-value strategy that seeks to maximize income while limiting portfolio volatility caused by changes in interest rates.

Calvert Investment Management, Inc.

- Has managed fixed-income portfolios since 1976
- Features a team of more than 20 in-house fixed-income investment professionals

INVESTMENT APPROACH

The management team invests in ultra-short-term securities using an active, relative-value strategy to earn incremental income. Typically, at least 80% of the Fund’s net assets will be invested in a mix of floating-rate securities and securities with durations¹ of less than or equal to one year. The Fund may invest in securities offered by a wide variety of issuers, including corporations, U.S. government-related agencies, banks, and the U.S. Treasury.

Goal

The Fund seeks to maximize income, to the extent consistent with preservation of capital, through investment in floating-rate securities, short-term bonds, and other income-producing securities. Normally, at least 65% of the Fund’s net assets will be invested in investment-grade U.S. securities.

INVESTMENT PROCESS

Calvert’s fixed-income management team believes that ultra-short-term bonds (those with a duration of less than one year) have an attractive risk/reward profile that may offer significant income advantages over money-market securities—with only modest additional risk. The portfolio team seeks to maximize that potential by applying an active, relative-value approach to a wide variety of ultra-short-term investments. The team actively trades around interest-rate volatility, relative sector attractiveness, and yield-curve positioning. The investment process includes:

Managing duration. The management team applies multiple strategies to ensure that the interest-rate sensitivity of the portfolio remains in the ultra-short range (i.e., less than or equal to one year).

A focus on floating-rate securities. The portfolio team emphasizes investment-grade, U.S. variable- and floating-rate issues, although it may also invest a portion of assets in fixed-rate, international, and high-yield bonds.

Relative-value discipline. The portfolio managers opportunistically move in and out of positions based on risk assessments and potential return comparisons.

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PORTFOLIO MANAGEMENT OVERVIEW

Credit-quality analysis. The credit analyst team applies rigorous, fundamental security analysis and valuation assessment to select securities they believe will enhance overall portfolio performance.

SELL DISCIPLINE

A security may be sold or a position reduced if the risk/reward profile of a security changes, to accommodate changes in sector weightings, or as a result of the Fund’s trading or relative-value strategies.

An Explanation of Variable- and Floating-Rate Securities

Variable- and floating-rate securities generally pay interest at rates that adjust either when a specified benchmark interest rate (such as the London interbank offered rate [LIBOR]) changes, or on a predetermined schedule (such as the last day of a month or calendar quarter). These types of securities typically have very short durations since they track short-term rates and reset at short intervals. Their characteristics include:

- Muted day-to-day volatility because the bonds’ principal value is only minimally affected by changes in interest rates
- Payouts that quickly adjust, which means that, unlike most types of bonds, these securities often benefit from rising interest rates
- A wide variety of bonds with respect to credit quality and income level

Monthly distributions from a portfolio of variable- and floating-rate securities will move up or down with fluctuations in short-term market interest rates.

INVESTMENT RISK

Investment in mutual funds involves risk, including possible loss of principal invested. Though the Fund strives to limit interest rate risk, changes in interest rates can adversely affect the value of an investor’s securities. When interest rates rise, the value of fixed-income securities will generally fall. To the extent that the Fund holds corporate bonds and/or bank loans, it is subject to credit risk, including credit downgrades and issuer default risk. Because a significant portion of securities held by the Fund may have variable or floating interest rates, the amount of the Fund’s monthly distributions to shareholders are expected to vary with fluctuations in market interest rates. Generally, when market interest rates fall, the amount of the distributions to shareholders will likewise decrease.

High-yield, high risk bonds, which are rated below investment grade, can involve a substantial risk of loss because they have a greater risk of issuer default and greater price volatility than investment-grade bonds. In addition, an active trading style can result in higher turnover (exceeding 100%), may translate to higher transaction costs, may increase your tax liability, and may affect Fund performance. The Fund is non-diversified and may be more volatile than a diversified fund.

1. Duration measures a portfolio’s sensitivity to changes in interest rates. Generally, the longer the duration, the greater the change in value in response to a given change in interest rates.

For more information on any Calvert fund, please contact your financial advisor, call Calvert at 800.368.2748 or visit www.calvert.com for a free summary prospectus and/or prospectus. An institutional investor should call Calvert at 800.327.2109. An investor should consider the investment objectives, risks, charges, and expenses of an investment carefully before investing. The summary prospectus and prospectus contain this and other information. Read them carefully before you invest or send money.

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