

Responsible *fixed-income* Investing

How Calvert delivers for asset owners

Calvert Research and Management

Vishal Khanduja, CFA

Diversified Fixed Income
Portfolio Manager

Brian Ellis, CFA

Diversified Fixed Income
Portfolio Manager

Summary

- For fixed-income investors, understanding environmental, social and governance (ESG) factors – as they are *financially material* to performance – has proven to be necessary for assessing an issuer’s fundamental quality.
- Integrating these factors into traditional fundamental research with active engagement can enhance long-term investment performance and create positive impact.
- In active, multisector strategies, a comprehensive approach that includes complete sector-based research coverage by specialized teams is critical to success.
- Calvert encourages and participates in issues with direct impact, such as green bonds, which fund projects in areas such as climate-change mitigation, adaptation and resilience.
- The goal of having broad, positive ESG impact is a result of our integrated investment process. A range of impact reporting metrics is being developed by Calvert for areas such as clean tech and human rights, which we believe will ultimately be used alongside traditional evaluation measures.



As long-term stewards of public and private capital, institutional investors understand and embrace the vital mission of Responsible Investing. Indeed, 21 institutions including Calvert¹ helped formulate and adopt the 2006 mission statement for the U.N. Principles for Responsible Investment (PRI):

“An economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.”

As of the beginning of 2018, institutions held \$8.6 trillion of the \$12 trillion of U.S. sustainable and responsible investment universe, according to the U.S. Sustainable Investment Foundation (US SIF). Based on a much smaller reporting subset, US SIF found that fixed income composed 20% of institutional environmental, social and governance (ESG) assets in 2018 (Exhibit A).

Calvert believes that Responsible fixed-income Investing is integral to achieving the goals of the 2006 mission statement, especially given the large fixed-income allocations in most institutional portfolios. The 20% allocation among ESG assets shown in Exhibit A suggests that there is substantial room for growth of the fixed-income component, even with the prevalence of the classic 60/40 stock/bond weighting.

In this paper, we outline the Calvert approach to Responsible fixed-income Investing through performance, research, active engagement and impact. It's an approach that we believe can help sophisticated investors achieve their portfolio return objectives while working toward the laudable goals of the 2006 mission statement.

What is Responsible fixed-income Investing?

Perhaps the most common conception of Responsible fixed-income Investing involves “direct impact” – a green bond, for example, for the financing of a renewable energy project (which we return to later). While impact certainly is important and a large focus at Calvert, it represents just one facet of our process.

Calvert's approach to fixed income is best viewed in the larger context of Responsible Investing. The core premise is that companies must address a range of ESG factors that materially affect their industries. Thus, the picture of an issuer's long-term outlook is incomplete unless it reveals how these financially material factors are recognized and controlled by management.

We believe that integrating these factors into traditional fundamental research, combined with active engagement, can enhance long-term investment performance and create positive impact. Complete sector-based research coverage by specialized teams forms the backbone of our process.

Early ESG research focused on equities. For example, Khan, Serafeim and Yoon showed that companies improving their performance in industry-specific material ESG issues outperform their competitors in the future, both in terms of accounting and stock market performance.² More recently, similar research (discussed below) establishes the role ESG factors can have in improving risk-adjusted performance in credit.

Seeking superior investment performance and positive impact, Calvert has developed comprehensive and scalable research capable of generating competitive financial results from a large issuer universe. Our process looks to address the demand for responsible capital allocation by considering impact as an ongoing part of portfolio construction.

Performance

Our focus on performance is illustrated by our choice of benchmarks: Calvert's fixed-income strategies are measured against broad market indexes and peer groups, rather than ESG subsets. In our view, this is appropriate, given that most fixed-income strategies are benchmarked to the broader market, and necessary, in light of our belief that Responsible Investing can enhance long-term risk-adjusted performance.

Two recent studies by Barclays and Bank of America/Merrill Lynch point to the role ESG factors can play in improving relative performance and minimizing bankruptcy risk.

Exhibit A

Fixed income comprises just 20% of sustainable and responsible investments.

ESG incorporation by asset class by institutional investors 2018

	Number of Institutional Investors	Affected Assets (billions)	Percent of ESG Assets
Publicly Traded Equity	68	\$263	56%
Other (e.g., Cash, Private Assets, Real Assets)	62	\$116	24%
Publicly Traded Bonds or Fixed Income	70	\$94	20%
Total Responding	79	\$473	100%

Source: US SIF Foundation, January 2019. Totals do not sum, due to institutions reporting investments in more than one asset class.

¹Activities of Calvert include activities of Calvert Research and Management (CRM) and Calvert Investment Management (CIM). On December 31, 2016, virtually all of the assets of CIM were acquired by CRM, a wholly owned subsidiary of Eaton Vance.

²Khan, Mozaffar and Serafeim, George and Yoon, Aaron, “Corporate Sustainability: First Evidence on Materiality,” *The Accounting Review*, Vol. 91, No. 6 (2016), pp. 1697-1724. Available at SSRN: <https://ssrn.com/abstract=2575912>.



The Barclays study examined U.S. investment-grade corporate bonds over seven years by constructing two portfolios – one with high ESG scores and one with low ESG scores.³ Barclays found that the high-ESG portfolio outperformed the low-ESG portfolio by 29 basis points (bps) per year using Sustainalytics ratings and 82 bps per year using MSCI ratings. Among the ESG factors, governance was found to have the strongest correlation with outperformance. The research also found that bonds with higher MSCI Governance Scores experienced fewer credit rating downgrades – a potential factor behind their outperformance.

In an extensive study, “The ABC’s of ESG,” Bank of America/Merrill Lynch analyzed whether ESG factors could serve as signals for bankruptcy risk.⁴ Using Thomson Reuters and MSCI data, the study found that “bankruptcy was often preceded by significant deterioration in ESG scores over the five years leading up to a bankruptcy.” As with the Barclays study, governance scores (provided by Thomson) provided the strongest signals of the risk.

Broadening the opportunity set

Calvert believes that maximizing performance requires a broader opportunity set than those used in the two studies, which were limited to issues for which there is publicly available ESG data. But taking advantage of such an opportunity set requires a comprehensive research approach that is attuned to the unique challenges of integrating ESG factors in portfolio construction. Challenges include:

- **Weighing ESG and credit quality** – In active, multisector fixed-income strategies, managers typically don’t focus on the highest-rated benchmark credits because such issues generally have relatively tight credit spreads that can limit total return potential.

For a manager seeking to integrate ESG factors, this poses a dilemma: Public ESG data supplied by vendors is most readily available for highly rated benchmark credits. Issues with lower credit ratings often have good ESG scores, undisclosed to the public, along with attractive spreads. But, by definition, those companies exhibit some combination of weaker credit metrics, higher leverage and underlying fundamental challenges.

Calvert seeks to exploit the broadest range of issuers for financially material ESG factors, including the large and small, and the higher and lower quality. Achieving this Responsible Investing capability stems from Calvert’s particular combination of focus, philosophy, resources and experience.

- **Making the fragmented whole** – Much of the publicly available ESG data is inconsistent and incomplete. As we detail in the “Research” section, Calvert’s methodology incorporates proprietary ESG information sources and research, so we can vet and expand upon public sources as necessary, and maintain a consistent framework for analysis. Thus, we view

the fragmented nature of ESG information as a potential alpha source – a way not just to mitigate risk, but to seize opportunities.

- **Finding the capital structure “sweet spot”** – Calvert’s managers are often able to choose securities of an issuer with an advantageous specific maturity and position in the capital structure – a feature not usually available with public equities.

Consider a company that is striving to address its long-term carbon transition risks, and may merit longer-term, longer-duration investment. But it may also have deteriorating governance – something that might warrant limiting exposure to shorter-term or more senior debt. The ability to implement investment decisions closely aligned with our conviction levels, based on material ESG information, is a significant advantage.

Research

To fully exploit opportunities in today’s issuer universe, ESG fixed-income research needs equal sophistication in both qualitative and quantitative approaches. We believe the Calvert Research System differentiates us from many other ESG investment managers in its depth of coverage, focus on materiality and inclusion of comprehensive, diverse data sets.

As recently as five years ago, there was limited publicly available ESG data, so most of the analysis was conducted qualitatively on a company-by-company basis, which made it difficult to systematically analyze companies in a scaled fashion.

As a leader in Responsible Investing over several decades, Calvert has developed and refined the proprietary analysis conducted by dedicated ESG research teams. This specialist focus maximizes use of the most decision-useful information from disparate sources, while maintaining a consistent research framework.

Calvert’s capabilities are especially critical for analyzing the large universe of issuers that do not have fully available quantitative information. For example, while all investment-grade corporate issuers are assigned quantitative scores, just over half of high-yield corporate issuers are scored. Information is also scarce and/or uneven for private companies or smaller-capitalization companies and for other niche sectors like securitized bonds and bank loans.

As interest in sustainable investing has soared in recent years, so has disclosure and reporting of ESG data by companies and information vendors. For example, eight years ago, just 20% of the S&P 500 provided any type of reporting on material ESG risks. Today, 85% of companies are actively reporting on those risks.⁵ Information providers aggregate this information and assign their own assessments. This poses the challenge of an exploding absolute level of data that contains a decreasing percentage of *decision-useful* information.

Calvert has addressed this by developing a quantitative structural scoring framework, shown in Exhibit B, which enables analysts to

³Barclays, “Sustainable investing and bond returns,” 2017.

⁴Bank of America/Merrill Lynch, “The ABC’s of ESG,” September 10, 2018.



rate and rank issuers on their ESG performance relative to their peers. We believe the most relevant ESG criteria for any given industry or company are those that are financially material to business outcomes.

The result is a customized scoring model that ranks companies by subindustry, using what we believe to be the best available information. Calvert ESG analysts further evaluate these scores, drawing upon their deep sustainability and sector expertise.

Calvert's ESG research process has three components:

- **Structural assessment:** We rate and rank companies on their management and disclosure of ESG issues that are financially material to their operations. This is a longer-term assessment of management's intentionality to address material ESG risks.
- **Product impact factor:** We evaluate whether the company has specific products, services or business practices that may have significant impact on the company itself, society or the environment.
- **Circumstantial factor:** We examine recent news about the company related to its involvement in adverse or controversial events and management's response. This is a shorter-term measure of a company's implementation of processes to manage ESG risks.

Our focus on materiality ensures that our research efforts focus on factors that have the greatest financial and societal impact. Governance factors, for example, may have greater weight and relevance for financial firms, while environmental factors may play a bigger role for electrical utilities.

Monitoring circumstantial factors can be especially valuable in avoiding companies likely to get tripped up by controversy. Often, traditional analyses can overlook telltale warning signs that may be flagged through the ESG focus, giving us the opportunity to adjust our portfolio as appropriate.

Each step of the quantitative framework serves as a foundation for the expertise and judgment of Calvert's professionals, from interpreting disclosures to doing materiality assessments. The framework lets Calvert achieve internal consistency, integrating public and proprietary ESG information, even where reported data and disclosure lack standards.

Exhibit C (top) shows how ESG analysis applies to the principal sectors of securitized bonds, green bonds, floating-rate loans and municipal bonds; sector preference is driven by the team's top-down view (Exhibit C bottom). The opportunity set defined by the ESG analysis is integrated with traditional credit analysis, technical analysis and structural analysis, resulting in security selection. Optimal, risk-adjusted portfolios are constructed in keeping with the team's top-down view.

⁵Governance & Accountability Institute, Inc., "FLASH REPORT: 85% of the S&P 500 Companies Published Corporate Sustainability Reports in 2017," March 20, 2018.

⁶The full scope of Calvert's engagement and dialogue with management may be found in "Tools of Change: Calvert 2019 engagement report."

⁷The terminology surrounding direct impact is expanding – green bonds are best known, but social and sustainability bonds are quickly evolving. There is a significant interest on the part of investors, but there is also a lack of broad standards and category definitions – for that reason, we focus here on what we categorize as green bonds.

Active engagement

Active engagement with senior management has long been central to Calvert's approach to Responsible Investing, as much for fixed income as for equities. Calvert believes that fixed-income investors have an important role to play in engaging with management on material E, S and G issues – a process that is mutually beneficial to investors and issuers. Our dedicated ESG team engages in dialogue on a wide range of issues, which helps us better assess ESG performance, and can improve the long-term value of our investments.

Engagement on the fixed-income side extends to private issuers and those with limited disclosure. This interaction is critical both for making investment decisions and with assisting issuers in identifying areas for improvement. We have periodic dialogues with senior management⁶ and actively participate in deal road shows. These forums provide for productive dialogue in discussing how issuers are managing their material ESG risks and opportunities.

At Calvert, we also advise issuers who provide direct impact investment opportunities for our clients, as we discuss next. The demand for impact in public fixed income will likely continue to grow significantly. We believe having this kind of voice is necessary to encourage the overall growth in the opportunity set while ensuring its integrity is supported by structure and scalability.

Impact

"Impact" has two distinct connotations in Responsible Investing – direct and broad (also called indirect or footprint) impact. Direct impact investing is usually associated with green bonds, which fund projects in areas such as climate-change mitigation, adaptation and resilience. Additionally, social and sustainability bonds are quickly evolving. Calvert actively encourages and participates in such offerings.

Direct impact issues are on the rise in public fixed-income markets.⁷ We have developed our proprietary green criteria to find the best impact opportunities while enabling portfolio diversification. Our criteria includes three different types of bonds:

- **Green projects** – Where proceeds are directed to meeting green challenges, such as providing renewable energy resources or electric cars.
- **Solutions providers** – General obligation bonds from corporate issuers who derive a majority of revenue from clean technology or environmentally beneficial technology, product or service, such as renewables or water efficiency technologies.
- **Leaders** – Issuers who demonstrate leadership in material environmental issues and, thereby, elevate industry norms.



Exhibit B

Structural ESG scores are the foundation of our investment process.

Create Peer Group	→ Identify Financially Material ESG Issues	→ Construct Peer Group Model	= Generate Company ESG Structural Score
Each peer group is constructed based on shared ESG risks (“materiality”)	Identify and weight material ESG risks	Measure performance on material ESG risks	Calculate the company’s structural score
<ul style="list-style-type: none"> ■ Over 200 custom peer group models constructed through the Calvert Research System (CRS) ■ Financially material ESG issues are specific to peer group: <ul style="list-style-type: none"> ■ Consumer Finance: S & G issues more material ■ Gas utilities: E, S and G more equally weighted 	<ul style="list-style-type: none"> ■ For each peer group, analysts develop an ESG investment thesis to identify the financially material ESG risks and opportunities 	<ul style="list-style-type: none"> ■ Analysts have access to thousands of key performance indicators (KPIs) from ESG data vendors to measure ESG performance ■ Analysts may also create custom data indicators from original research ■ From thousands of available KPIs, fewer than 300 are used in CRS, demonstrating our clear focus on financial materiality 	<ul style="list-style-type: none"> ■ A weighted average score is calculated for each company ■ Company scores are reviewed on a rolling basis

Source: Calvert Research and Management, May 2019.

ESG-focused investors expect a responsible allocation of capital that will provide competitive performance. At Calvert, we seek to tilt portfolios to overweight those issuers with favorable impact, when doing so does not impair our overall portfolio risk-reward objectives. We believe the best opportunities for successful long-term impact are in those programs that deliver competitive returns and are scalable.

Also, at the margin, we view our role as catalysts for ESG innovation. For example, five years ago, providing financing for LEED-compliant buildings was a priority to bring attention to the space. This certification has now become the standard and a significant part of the green bond market finances these projects. Looking forward, the investment gap to achieve a low-carbon economy is still very large. We will be working with issuers and investors to help close that financing gap, and for other critical projects that have yet to gain broad market acceptance.

Taking a broad view

Broad impact may be viewed as the desired goal of Calvert and all responsible investors: substantive progress toward a sustainable economy. To achieve that, we firmly believe that broad impact must be *material, measurable* and *reportable*.

To that end, Calvert is developing a range of scores and grades for areas such as clean tech, human rights and workplace diversity, greenhouse gas intensity and water stress. As an example, as of March 31, 2019, relative to the Russell 1000 Index, the Calvert US Large-Cap Core Responsible Index has:⁸

- 50% lower carbon emissions
- 18% lower landfill waste
- 49% lower water usage

Impact reporting is a relatively new and exciting development at Calvert – one we feel has major significance. Eventually, we believe that impact reporting will take its place alongside total return, Sharpe ratios, tracking error and other key evaluation measures.

⁸Methodology - Impact metrics are based significantly on data self-reported by companies. Due to limitations in uniform reporting standards and inconsistent participation by companies, impact data coverage will vary, in some cases significantly. MSCI data is from fiscal year 2016 and applied to holdings information as of First Quarter 2019. CARBON EMISSIONS (Source: MSCI, Factset): MSCI data is compiled using a company’s most recently reported or estimated Scope 1 + Scope 2 greenhouse gas emissions (if available). Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle. Scope 2 emissions are those caused by the generation of electricity purchased by the company. Factset data is used to calculate fund weights and overall exposure. LANDFILL WASTE (Source: Trucost): Quantity of waste that is generated by the company and is disposed to landfill. Waste is defined as direct hazardous and non-hazardous landfill and waste quantity. WATER USAGE (Source: Trucost): The sum of the volume of water used in a manufacturing or treatment process or in the actual product manufactured.



Exhibit C
ESG portfolio construction with different fixed-income sectors.

ESG evaluation approaches for specific asset classes

Securitized

Asset-backed issuances are differentiated by two criteria:

- Characteristics of the sponsoring entity and securitized assets; and
- Where the ESG risk lies, between the sponsor and/or assets

Green Bonds

Traditional “labeled” green bonds as well as nontraditional issuances are evaluated under three categories:

- Green projects
- Solution providers
- Environmental leaders

Floating Rate

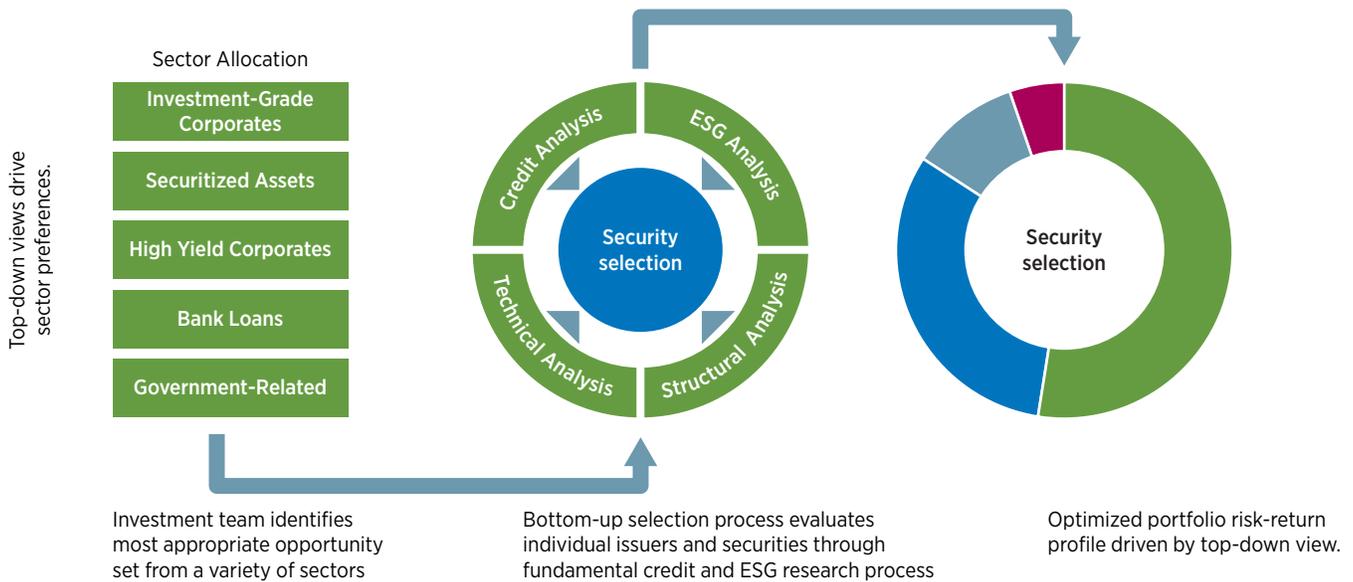
Loans are evaluated through five assessment modules:

- Business risk
- Operational performance
- Governance
- Product impact
- Circumstantial

Municipal Bonds

Municipal bonds are reviewed through a four-step process to assess whether it meets ESG investment criteria:

- Credit review
- Sector rating
- Obligor rating
- Use of proceeds rating



Source: Calvert Research and Management, May 2019.

Because broad impact starts at the issuer level, we seek to ensure specific projects are aligned with the company’s overall strategy and management of material ESG risks. For example, a project that delivers strong environmental benefits may need closer consideration if the issuer’s overall performance and strategy on environmental issues is poor. At the same time, strong environmental impacts may be compromised by poor performance in material social and governance issues.

A sustained commitment

Calvert is committed to the belief that lending should be a positive force for social change and a source of long-term value. We are in the early days of fully exploiting the power of ESG factors to enhance portfolio returns, and we believe that institutions increasingly share our view. We encourage you to take advantage of our unique responsible fixed-income investment approach to help you achieve your investment objectives.



Important Additional Information and Disclosures

Source of all data: Calvert Research and Management, as at April 30, 2018, unless otherwise specified.

This material is presented for informational and illustrative purposes only. This material should not be construed as investment advice, a recommendation to purchase or sell specific securities, or to adopt any particular investment strategy; it has been prepared on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. However, no assurances are provided regarding the reliability of such information and Eaton Vance has not sought to independently verify information taken from public and third-party sources. Investment views, opinions, and/or analysis expressed constitute judgments as of the date of this material and are subject to change at any time without notice. Different views may be expressed based on different investment styles, objectives, opinions or philosophies. This material may contain statements that are not historical facts, referred to as forward-looking statements. Future results may differ significantly from those stated in forward-looking statements, depending on factors such as changes in securities or financial markets or general economic conditions.

This material is for the benefit of persons whom Eaton Vance reasonably believes it is permitted to communicate to and should not be forwarded to any other person without the consent of Eaton Vance. It is not addressed to any other person and may not be used by them for any purpose whatsoever. It expresses no views as to the suitability of the investments described herein to the individual circumstances of any recipient or otherwise. It is the responsibility of every person reading this document to satisfy himself as to the full observance of the laws of any relevant country, including obtaining any governmental or other consent which may be required or observing any other formality which needs to be observed in that country. Unless otherwise stated, returns and market values contained herein are presented in US Dollars.

In the United Kingdom, this material is issued by Eaton Vance Management (International) Limited (“EVMI”), 125 Old Broad Street, London, EC2N 1AR, UK, and is authorised and regulated by the Financial Conduct Authority. EVMI markets the services of the following strategic affiliates: Parametric Portfolio Associates® LLC (“PPA”), an investment advisor registered with the SEC. Hexavest Inc. (“Hexavest”) is an investment advisor based in Montreal, Canada and registered with the SEC in the United States, and has a strategic partnership with Eaton Vance, and Calvert Research and Management (“CRM”) is an investment advisor registered with the SEC. This material is issued by EVMI and is for Professional Clients/Accredited Investors only.

This material does not constitute an offer to sell or the solicitation of an offer to buy any services referred to expressly or impliedly in the material in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan, the “PRC”) to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The material may not be provided, sold, distributed or delivered, or provided or sold or distributed or delivered to any person for forwarding or resale or redelivery, in any such case directly or indirectly, in the People’s Republic of China (the PRC, excluding Hong Kong, Macau and Taiwan) in contravention of any applicable laws.

Eaton Vance Asia Pacific Ltd. is a company incorporated in the Cayman Islands with its Japan branch registered as a financial instruments business operator in Japan (Registration Number: Director General of the Kanto Local Finance Bureau (Kinsho) No. 3068) and conducting the Investment Advisory and Agency Business as defined in Article 28(3) of the Financial Instruments and Exchange Act (as amended) (“FIEA”). Eaton Vance Asia Pacific Ltd. is acting as an intermediary to promote asset management capabilities of Eaton Vance Management (International) Limited and other Eaton Vance group affiliates to registered financial instruments business operators conducting the Investment Management Business, as defined in the FIEA.

In Singapore, Eaton Vance Management International (Asia) Pte. Ltd. (“EVMIA”) holds a Capital Markets Licence under the Securities and Futures Act of Singapore (“SFA”) to conduct, among others, fund management, is an exempt Financial Adviser pursuant to the Financial Adviser Act Section 23(1)(d) and is regulated by the Monetary Authority of Singapore (“MAS”). Eaton Vance Management, Eaton Vance Management (International) Limited and Parametric Portfolio Associates® LLC holds an exemption under Paragraph 9, 3rd Schedule to the SFA in Singapore to conduct fund management activities under an arrangement with EVMIA and subject to certain conditions. None of the other Eaton Vance group entities or affiliates holds any licences, approvals or authorisations in Singapore to conduct any regulated or licensable activities and nothing in this material shall constitute or be construed as these entities or affiliates holding themselves out to be licensed, approved, authorised or regulated in Singapore, or offering or marketing their services or products.

In Australia, EVMI is exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of the provision of financial services to wholesale clients as defined in the Corporations Act 2001 (Cth) and as per the ASIC Corporations (Repeal and Transitional) Instrument 2016/396.

EVMI is registered as a Discretionary Investment Manager in South Korea pursuant to Article 18 of Financial Investment Services and Capital Markets Act of South Korea.

EVMI utilises a third-party organisation in the Middle East, Wise Capital (Middle East) Limited (“Wise Capital”), to promote the investment capabilities of Eaton Vance to institutional investors. For these services, Wise Capital is paid a fee based upon the assets that Eaton Vance provides investment advice to following these introductions.

In Germany, Eaton Vance Management (International) Limited, Deutschland (“EVMID”) is a branch office of EVMI. EVMID has been approved as a branch of EVMI by BaFin.

Mutual Funds are distributed by Eaton Vance Distributors, Inc. (“EVD”). Two International Place, Boston, MA 02110, (800) 225-6265. Member FINRA/ SIPC. Eaton Vance Investment Counsel. Two International Place, Boston, MA 02110. Eaton Vance Investment Counsel is a wholly-owned subsidiary of EVC and is registered with the SEC as an investment adviser under the Advisers Act.

Investing entails risks and there can be no assurance that Eaton Vance, or its affiliates, will achieve profits or avoid incurring losses. It is not possible to invest directly in an index. Past performance is not a reliable indicator of future results.



Responsible Investing

Investing primarily in responsible investments carries the risk that, under certain market conditions, the Fund may underperform funds that do not utilize a responsible investment strategy. In evaluating a company, the Advisor is dependent upon information and data that may be incomplete, inaccurate or unavailable, which could cause the Advisor to incorrectly assess a company's ESG performance.

Investments rated below investment grade (sometimes referred to as junk) are typically subject to greater price volatility and illiquidity than higher rated investments. Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical, currency exchange rates or other conditions. In emerging countries, these risks may be more significant. As interest rates rise, the value of certain income investments is likely to decline. Investments in debt instruments may be affected by changes in the creditworthiness of the issuer and are subject to the risk of non-payment of principal and interest. The value of income securities also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments. Convertible securities may react to changes in the value of the common stock into which they convert, and are thus subject to the risks of investing in equities, as well as, to the risks of investing in income securities. When interest rates rise, the value of preferred stocks will generally decline. The value of equity securities is sensitive to stock market volatility.

About Eaton Vance

Eaton Vance provides advanced investment strategies and wealth management solutions to forward-thinking investors around the world. Through principal investment affiliates Eaton Vance Management, Parametric, Atlanta Capital, Hexavest and Calvert, the Company offers a diversity of investment approaches, encompassing bottom-up and top-down fundamental active management, responsible investing, systematic investing and customized implementation of client-specified portfolio exposures. Exemplary service, timely innovation and attractive returns across market cycles have been hallmarks of Eaton Vance since 1924. For more information, visit eatonvance.com.

About Calvert Research and Management

Calvert Research and Management is a leader in Responsible Investing, with approximately \$12.2 billion of mutual fund and separate account assets under management as of December 31, 2018. The company traces its roots to Calvert Investments, which was founded in 1976 and was the first to launch a socially responsible mutual fund that avoided investment in companies that did business in apartheid-era South Africa. Today, the Calvert Funds are one of the largest and most diversified families of responsibly invested strategies, encompassing actively and passively managed strategies, U.S. and international equity strategies, fixed-income strategies and asset allocation strategies. For more information, visit calvert.com.

