Calvert

Calvert Equity Fund

Key Takeaways

- A handful of technology-related names continued to drive stock indexes higher during the second quarter.
- As market concentration approaches record levels, our more diversified[1] approach should provide an attractive and balanced alternative to ever-shifting market trends and leadership.
- Current Calvert Equity Fund (the Fund) holdings reflect our long-standing investment philosophy favoring businesses that produce consistent, high quality earnings growth, with a proven record of offering attractive returns over the long haul.
- Integrating this philosophy with Calvert's environmental, social and governance (ESG) discipline positions the Fund to benefit as market performance broadens out.

Performance Review

In the quarter period ending June 30, 2024, the Fund's I shares returned -0.08% (net of fees)[2] , while the benchmark returned 8.33%.

Market gains during the quarter reflect exceptional appreciation of a select number of stocks, especially those associated with the development of artificial intelligence (AI) solutions. Although indicative of the earnings growth being reported, these highly concentrated price advances continue a trend observed since equities bottomed in late 2022. Over the past 18 months, the total return of the S&P 500 Index and the Russell 1000 Growth Index approximates 46% and 72%, respectively. This contrasts with the essentially flat performance of the S&P 500 Equal Weight Index over the same time horizon. With mega-cap technology-oriented names now accounting for historic weightings within the benchmark, most large capitalization domestic indexes more closely resemble sector funds rather than broad-based representations of the economy.

This lack of breadth penalized the Fund's performance relative to the benchmark, the Russell 1000 Growth Index (the Index), in the quarter. Not owning shares of Nvidia and Apple represented the most significant headwind, though underperformance at actively held Mastercard and Thermo Fisher Scientific also proved problematic. On the other hand, Fund positions in Amphenol and Verisk Analytics enhanced comparisons to the Index, as did the lack of investment in benchmark names Home Depot, Salesforce.com and Facebook parent Meta Platforms.

Our approach relies on fundamental analysis of securities to inform investment choices and sizes. Accordingly, sector weightings are the residual outcome of this bottom-up process, rather than an intentional push to favor a particular theme or style. Nonetheless, viewed by sector positioning, the Fund's overweight to financial services and materials names and underweight in technology stocks hurt benchmark comparisons. An underweight in consumer discretionary investments relative to the Index developed more favorably, but did not offset the aforementioned performance detractors.

Market Overview

In the second quarter of 2024, a rising tide did not lift all boats. While the U.S. equity rally that began in November 2023 continued — with an interruption in April — the broadening of the stocks driving the market that had characterized the first quarter of 2024 disappeared during the second quarter.

Although the S&P 500 Index, the Nasdaq Composite Index and the Dow Jones Industrial Average posted new all-time closing highs during the second quarter, value stocks and small-cap stocks delivered negative performance. Just five mega-cap stocks — Nvidia, Alphabet, Microsoft, Meta Platforms and Amazon — accounted for more than half of S&P 500 Index performance in the first half of the year.

What happened? After inflation declined significantly during 2023, investors had entered 2024 with high hopes, expecting inflation would continue to fall and stocks would be broadly boosted by multiple Federal Reserve (Fed) interest rate cuts during the year. In the first quarter, investors remained optimistic, despite inflation numbers for January and February coming in unexpectedly high.

But the third time was not the charm. In early April, the U.S. Bureau of Labor Statistics' March report showed a third straight month of persistent inflation. Investors' hopes for a Fed rate cut as early as June were dashed, and the first month of the quarter felt like an

[1] Diversification neither assures a profit nor guarantees against loss in a declining market.

[2] Source: Calvert. Data as of June 30, 2024. Performance for other share classes will vary.

extended, bad April Fools' joke on investors. Virtually every major U.S. equity index, and many overseas stock indexes as well, reported negative performance in April as investors resigned themselves to rates remaining higher for longer.

May, however, was merrier. The April inflation report, released in early May, revealed the personal consumption expenditures (PCE) price index, the Fed's preferred inflation gauge, had fallen to 2.7% year-over-year — giving investors hope that the string of bad inflation reports had ended. Powered largely by strong corporate earnings and continued enthusiasm for artificial intelligence (AI) applications, both the Nasdaq Composite and the S&P 500 erased April's losses by the end of May, with overseas equity indexes delivering strong May returns as well.

June ushered in more good news, with the May PCE coming in at 2.6% year-over-year — the lowest reading since 2021 — giving the market more confidence that the downward trend in inflation had resumed. Some softening in the labor market also increased investor anticipation the Fed was closer to cutting rates. But while the Dow, Nasdaq and S&P 500 delivered strong returns in June, the rally remained narrow: Value stocks and small caps lost ground in the final month of the quarter after a strong uptick in May.

At their June meeting, the median expectation among Fed governors was for one interest rate cut in 2024 and four in 2025. Investors were more optimistic: By the end of the second quarter, the market was expecting a first cut in September and another before year-end. Further, excitement around AI helped propel stocks higher.

Overseas, the biggest equity news in the second quarter was China, as the world's second-largest economy ramped up exports to compensate for weak domestic consumption and an ailing property sector. After being one of the weakest-performing major equity indexes for more than a year, the MSCI Golden Dragon Index, a measure of Chinese large- and mid-cap stocks, returned 9.64% for the quarter, besting every major U.S. equity index and most other overseas indexes as well.

In Europe, meanwhile, the European Central Bank lowered interest rates in June, joining Canada, Sweden and Switzerland in recognizing that inflation had declined dramatically from 2022 peaks. In France, however, political turmoil took its toll. French stocks sank in June as investors awaited the results of a snap election that threatened to put a far-right party in power. European stocks in general had a disappointing quarter, with both the FTSE Euro 100 Index and the MSCI EAFE Index of developed-market economies posting negative returns in the second quarter.

Contributors

In a market characterized by strong investor demand for technology stocks, component maker Amphenol continues to deliver consistent growth in both revenues and profits. Increased electrical content in a growing number of everyday items has enabled product expansion opportunities in a variety of end markets. The company's decentralized organizational structure has also made it the consolidator of choice for smaller producers looking to increase their relevance with larger manufacturers. With a proven track record for exceeding financial expectations, Amphenol is expected to remain a core Fund holding longer term.

Verisk Analytics compiles, maintains and curates the preeminent database for use in the property-casualty insurance industry. Subscriptions to this information are a virtual necessity for practitioners looking to underwrite their product accurately and price the offering competitively. Organic growth trends have benefited from healthy end user financials and sustained pricing power. Current valuations reflect the positive backdrop facing the business, and we look for market conditions to support continued double-digit gains in corporate earnings per share.

Combined, Home Depot, Salesforce.com and Meta Platforms represent just over 6% of the Index, and their omission from the Fund's investments aided relative quarterly performance. Given the disparate nature of their respective businesses, no common thread explains their recent underperformance. Individually, however, each name's material benchmark weighting helped to flatter the portfolio's relative position in their absence. As always, we continue to monitor fundamental developments at these and other high quality companies that meet the Calvert Principles for Responsible Investment for possible Fund inclusion.

Detractors

Relative Fund performance suffered from not owning shares of Nvidia and Apple. Not only did both names enjoy strong absolute price increases in the second quarter (up 37% and 23%, respectively), but their combined 22+% quarter-end weighting in the Index magnifies the headwind.[3] As active managers, deciding where to diverge from the benchmark is necessary to generate distinctive returns from passive alternatives. Omitting these names proved painful in the second quarter, but our bottom-up, fundamental approach continues to find more attractive quality compounders elsewhere.

With high incremental margins, a ubiquitous global presence and a near duopolistic competitive environment, Mastercard enjoys one of the more durable growth profiles in the market today. Its prominence as a payment network has allowed it to benefit from shifting preferences away from cash and checks, while encouraging partnerships with technology leaders to promote more digital commercial solutions. Concerns about an impending slowdown in consumer spending have negatively impacted Mastercard's relative stock performance, but the company's enduring operating advantages keep us optimistic about the long-term potential of the business.

Similar to Mastercard, Thermo Fisher Scientific has been a sizable holding in the Fund for some time. Combining steady share gains in legacy markets with value-added acquisitions, the company has delivered exceptional financial returns compared with its life sciences and tools peers. Investors appear frustrated with Thermo's more measured growth in a post-pandemic world, but we remain optimistic that the return to historic performance metrics is on the horizon. Patience around this eventual inflection should prove rewarding.

Market Outlook

Later this month, athletes from around the world will descend on Paris to compete in the Games of the XXXIII Olympiad. If Wall Street hosted a similar contest, it is obvious which names and sectors would dominate the medal tables. Much ink has been spilled over the Magnificent Seven[4] stocks and their impact on recent market returns. Year-to-date, shares of Nvidia alone have added more than $2 trillion in market capitalization and are responsible for 36% of the nearly 21% appreciation in the Russell 1000 Growth Index during this time.[3] Exceptional relative earnings growth and enthusiasm about AI-related use cases help to explain the popularity of many of these high-performing stocks; however, more challenging comparisons loom large in upcoming periods. With premium valuations already assigned to as yet unproven capabilities, investors could soon be reminded of the differences between participating in a sprint and training for a marathon.

Another impending race also certain to receive considerable media attention is November's U.S. presidential election. Coming on the heels of elections in India, Mexico, France and the U.K, this year is shaping up to be a historic one for political outcomes. Given the contrasting ideological approaches among competing candidates in an increasingly polarized society, these combined elections may have dramatic consequences for existing social, fiscal and monetary policies. For stock markets registering new highs while experiencing near-record lows in daily trading volatility, any uncertainty arising from changes in the status quo could have an outsized impact on security prices. If the old adage "the calm before the storm" is to be believed, now may be the time to review the security of your investment seat belt.

Our commitment to investing in high quality, dependable growth companies prioritizes stability and consistency over the long haul. Factor-driven markets may prevail for extended stretches, but our preference is to align with those tried-and-true performers who can deliver results in a variety of operating environments. Businesses generating recurring revenues, positive operating leverage and sustainable free cash flow remain the basis of our investment philosophy, as they generally produce more reliable financial outcomes longer term. Marrying this discipline with Calvert's approach around ESG issues enables us to provide downside protection in challenging markets, while still participating in more favorable periods.

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[3] Source: FactSet. Data as of June 30, 2024.

[4] Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla.

Fund Facts

Class I inception	11/01/1999
Class A inception	08/24/1987
Performance inception	08/24/1987
Benchmark	Russell 1000 Growth Index
Class I expense ratio	**0.66 %**
Class A expense ratio	**0.91 %**

Where the net expense ratio is lower than the gross expense ratio, certain fees have been waived and/or expenses reimbursed. These waivers and/or reimbursements will continue for at least one year from the date of the applicable fund's current prospectus (unless otherwise noted in the applicable prospectus) or until such time as the fund's Board of Trustees acts to discontinue all or a portion of such waivers and/or reimbursements. Absent such waivers and/or reimbursements, returns would have been lower. Expenses are based on the fund's current prospectus, in effect as of the date of this commentary. For information on the applicable fund's current fees and expenses, please see the fund's current prospectus. The minimum investment is $1,000 for A Shares and $1,000,000 for I Shares.

Performance (%)

As of June 30, 2024	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	1.53	-0.08	5.54	14.05	5.86	12.57	13.31
Class A Shares at NAV	1.51	-0.14	5.43	13.78	5.60	12.29	12.94
A Shares with Max. 5.25% Sales Charge	-3.82	-5.38	-0.11	7.80	3.72	11.09	12.34
Russell 1000 Growth Index	6.74	8.33	20.70	33.48	11.27	19.32	16.32

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the Fund's performance as of the most recent month-end, please refer to calvert.com. Investment returns and principal value will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost.

Returns are net of fees and assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (not annualized). Performance of other share classes will vary.

Top 10 Holdings (% of Total Net Assets)^	FUND
Alphabet Inc - CL C	4.88
Microsoft Corp	4.85
Danaher Corp	4.61
MasterCard Inc	4.52
Thermo Fisher Scientific Inc	4.52
Visa Inc	4.46
TJX Cos Inc	3.89
Intuit Inc	3.71
S&P Global Inc	3.65
Zoetis Inc	3.65

^ Top 10 Holdings excludes cash and equivalents. Portfolio profile subject to change due to active management.

INDEX INFORMATION

The **Russell 1000® Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Index is an index of approximately 1,000 of the largest U.S. companies based on a combination of market capitalization and current index membership.

The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. It is used as an indicator of the performance of stocks of technology companies and growth companies. Since both U.S. and non-U.S. companies are listed on the NASDAQ stock market, the index is not exclusively a U.S. index.

The **Nikkei 225 Index** is a price-weighted index of Japan's top 225 blue-chip companies on the Tokyo Stock Exchange.

S&P 500® Index measures the performance of the large cap segment of the U.S. equities market, covering approximately 75% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy.

The indexes are unmanaged and do not include any expenses, fees or sales charges. It is not possible to invest directly in an Index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on the index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto.

RISK CONSIDERATIONS

The value of investments held by the Fund may increase or decrease in response to economic, and financial events (whether real, expected or perceived) in the U.S. and global markets. The value of equity securities is sensitive to stock market volatility. 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. The Fund is exposed to liquidity risk when trading volume, lack of a market maker or trading partner, large position size, market conditions, or legal restrictions impair its ability to sell particular investments or to sell them at advantageous market prices. The impact of the coronavirus on global markets could last for an extended period and could adversely affect the Fund's performance. No fund is a complete investment program and you may lose money investing in a fund. The Fund may engage in other investment practices that may involve additional risks and you should review the Fund prospectus for a complete description..

SPECIAL EQUITY

Portfolio characteristics exclude 27 securities in Calvert's Special Equities program, which represent 0.183% of the portfolio as of 03/31/2024. The Special Equities program enables the Fund to promote approaches to responsible investment goals through privately placed investments. These investments are generally illiquid and involve high risks. See the Fund's prospectus for details and calvert.com for a complete list of Fund holdings.

IMPORTANT INFORMATION

The views and opinions and/or analysis expressed are those of the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and affiliates (collectively "the Firm"), and may not be reflected in all the strategies and products that the Firm offers.

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Please consider the investment objective, risks, charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the fund. To obtain a prospectus (which includes the applicable fund's current fees and expenses, if different from those in effect as of the date of this commentary), download one at https://funds.eatonvance.com/all-mutual-funds.php or contact your financial professional. Please read the prospectus carefully before investing.

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