Calvert Emerging Markets Equity Fund[1]

Your Portfolio Management Team

Hermes Investment Management (Sub-Advisor)

Kunjal Gala
Portfolio Manager, Federated Hermes
Joined Federated Hermes 2012
Managed Fund since 2019

Morningstar Rating™[2]

★★★★

The fund received the ratings in the Diversified Emerging Markets category for Class A shares, based on risk-adjusted returns.

Rating	Time Period	# of Funds
★★★★	3 Years	708
★★★★	5 Years	598
★★★★	Overall	708

Calvert's Approach to Responsible Investing

Who We Are

Calvert Research and Management is a recognized leader in Responsible Investing. Our mission is to deliver superior long-term performance to our clients and to enable them to achieve positive impact.

What We Offer

Serving financial advisors and their clients, as well as a wide array of institutional investors, Calvert's investment strategies feature integrated environmental, social, and governance (ESG) research and corporate engagement.

The Fund normally invests at least 80% of its assets in equity securities of companies located in emerging market countries, seeking those whose products/services or industrial/business practices contribute towards addressing sustainability challenges in their local and/or international markets.

Key Takeaways

- Emerging-markets equities fell in the third quarter as major developed markets were largely flat.
- Concerns about risk stemming from China, quickening inflation, Fed tapering, a nascent energy crisis and weaker growth weighed on investor risk appetite.
- The Fund slightly underperformed its benchmark, MSCI Emerging Markets Index, which fell -8.09%.
- The Fund's stock selection contributed, with notable strength in China more than offsetting weaker selection in Taiwan and Korea. Non-exposure to energy, the best-performing sector, and an underweight to materials, detracted.
- Brazil was the best-performing market in the index, aided by rising commodity prices and renewed optimism around Brazil's economic prospects and vaccine progress.
- Chile and Peru underperformed as political uncertainty impacted sentiment.

Market Overview

Emerging-markets equities returned -8.09% in the third quarter to underperform developed markets, which were largely flat. Chinese equities sold off and dragged emerging market equities down, despite some markets, such as India, continuing to perform well.

Regulatory actions in China were the initial trigger for market weakness. These were compounded by the reimposition of some COVID-19 restrictions and supply chain disruption in August, worries about possible systemic financial system risks stemming from the potential collapse of Evergrande, and power shortages. Manufacturing PMI edged into contractionary zone in September for the first time since February 2020, partly due to the power crunch and production cuts. South Korea posted a double-digit fall due largely to a drop in the price of dynamic random access memory chips (DRAM) and concerns over the impact of power issues in China on production and supply chains. Conversely, India outperformed as the economy continued to recover as vaccinations gathered pace, super accommodative monetary policy remained in place, and sentiment was boosted in part by a stream of initial public offerings.

Brazil was the weakest market in the MSCI Emerging Markets Index as above-target inflation continued to rise and the central bank responded with further interest rate hikes. Meanwhile, Q2 GDP growth disappointed, developments in China weighed on industrial metal's prices, and political rhetoric picked up ahead of next year's presidential election. Weaker industrial metals prices also weighed on performance of commodity-sensitive markets Peru and Chile. By contrast, net energy exporters in general outperformed, most notably Colombia, Russia, Kuwait, Saudi Arabia, Qatar, and the UAE. Overall, value strategies substantially outperformed growth as inflation concerns and rising bond yields added to the headwinds facing long-duration growth companies.

At the sector level, energy was overwhelmingly the strongest sector as supply shortages drove Brent crude oil above $80 a barrel for the first time in three years amid tightening energy markets. Financials, utilities and health care also outperformed as inflation and rising rate expectations boosted defensive and rate-sensitive sectors. Consumer discretionary fell more than 20% due to slowing global growth fears.

Performance Review

For the third quarter of 2021, Calvert Emerging Markets Equity Fund (the Fund) slightly underperformed the MSCI Emerging Markets Index (the Index), which fell -8.09% in USD terms.

The Fund's country allocation benefited, notably its overweight to India, Indonesia, and Mexico, which outperformed. Stock selection had a neutral impact, most notably strong selection in China was eclipsed by weak selected names in Taiwan and Korea. At the sector level, non-exposure to energy, the best-performing sector during the period, detracted. The Fund's underweight position in materials, which outperformed, and stock selection within the sector, also detracted. Selected positions in information technology also negatively impacted returns due to weakness in semiconductors and memory names. These were partially offset by strong contributions from selected stocks in industrials and financials.

We moved from a Fund underweight position in China at the end of Q2 to an overweight position. Several stocks corrected meaningfully due to regulatory concerns, so we topped up the Fund's positions in Tencent, Alibaba and recent addition JD.com, itself a victim of monopolistic behavior. We are focusing on attractive long-term opportunities such as business-to-business technology, SaaS, 5G, cloud, digitization and biological drugs as preferred areas given their limited regulatory risks, and alignment with the Chinese localization/self-sufficiency agenda. To that end, we initiated positions in select Chinese software and life sciences firms during the period. We are neutral Brazil, and underweight in Korea and Taiwan.

We raised our overweight to Mexico, and retained overweight positions in India, Russia, and Indonesia; we are neutral Brazil, and underweight in Korea and Taiwan.

We initiated a Fund position in Grupo Aeroportuario del Pacifico (GAPB MM), which holds a 50-year concession (from 1998) for 12 airports in the Central and Pacific regions of Mexico, currently constituting the largest share (33.4%) of air traffic in Mexico. The company expects air traffic to return to 2019 levels by the end of 2021, and foresees strong future growth as people look to travel more after the pandemic.

On a sector basis, the Fund retains an overweight to industrials, consumer staples (raised) and information technology. The Fund has no exposure to energy and is underweight to materials, resulting from our focus on sustainability, and is also underweight to health care, utilities and real estate.

We added to Indian IT as the outlook for IT spend globally is improving. We moved from an overweight to an underweight in financials. For example, we sold BB Seguridades on weak results and several unexpected changes in management. We trimmed KB Financial, Banorte and Bajaj Finserv following strong performance.

We reduced Unilever Indonesia as COVID-19 shifted the consumer market in Indonesia to online, where Unilever lacks presence. We trimmed Samsung Electronics given expectation of DRAM price weakness in Q4 and also trimmed several positions into strength, including Nari Technology, Techtronic Industries and Bharat Forge.

Contributors

- Nari Technology, a Chinese transmission & distribution power automation and software services equipment provider, was the biggest individual contributor to relative returns. Nari outperformed due to strong earnings growth and the structural tailwinds from Nari's indepth involvement in the development of the national grid and investment to deliver China's decarbonization plans.
- Shares in Techtronic Industries, a Hong Kong-listed manufacturer of power tools mainly sold in the U.S., rose on robust results. The company delivered its 13th consecutive first-half period of gross processing margin expansion to 38.6%. Recovery from the pandemic, solid supply chain management, and new product development helped offset higher raw material and transportation costs.
- Yandex, Russia's leading search engine and internet services provider, rose on strong revenues from their online advertising and taxi services. E-commerce growth was supported by the subscription program Yandex Plus, where the total number of subscribers increased to 9.5million. Their Yandex Plus service creates a stickier customer base for e-commerce, e-groceries, Yandex eats, and transactional services because of discounts across all their services.

Detractors

- Baozun, a Chinese e-commerce services provider, detracted as second-half 2021revenue growth faces lingering pressure from the Better Cotton Initiative and some international brands are also more cautious in allocating marketing budget in China as they see potential risk amid U.S.-China tensions; hence, they are engaging in less live-streaming or high-profile marketing.
- Natura, a Brazilian sustainable beauty cosmetics company, fell in line with the Brazil market, which was rattled by energy shortages, rising inflation, and steepening bond yields.
- Shares in Alibaba, China's largest e-commerce provider, fell more than 35% due to the regulatory clampdown impacting multiple sectors and weak consumption demand. Negative sentiment was amplified by the potential default of Evergrande, a highly indebted property company.

Top 10 Holdings (%)[3]

	Fund
Taiwan Semiconductor Manufacturing Co Ltd	7.47
Samsung Electronics Co Ltd	5.98
Tencent Holdings Ltd	5.80
Alibaba Group Holding Ltd	4.91
Yandex NV	4.01
NARI Technology Co Ltd	3.06
Techtronic Industries Co Ltd	2.74
AIA Group Ltd	2.61
Natura & Co Holding SA	2.24
Delta Electronics Inc	2.21

Market Outlook

Near term, the effects of the economic recovery and supply constraints in the form of rising inflation and rising yields are now playing out. This environment should be supportive for risk assets, especially value sectors. Although rising global yields signal rising inflation and improving economic prospects, these may become an issue for vulnerable economies who must raise rates to protect their currencies. That, in turn, would impact growth prospects.

While some investors are worried that higher U.S. rates might derail the emerging markets growth story, we remain constructive for three key reasons:

• It appears the Federal Reserve will manage the path to higher rates to prevent an unwarranted, premature tightening in financial conditions (unlike 2013).

• Emerging markets' macro stability is on firm ground and most countries have managed to keep inflation dynamics and current account deficits in check.

• The strong demand recovery, particularly in the U.S., should provide a more conducive external demand environment for emerging markets, boosting exports and kick-starting a new capital expenditure cycle.

We retain our preference for Asia, given its limited macro vulnerability, over the Emerging Europe, Middle East, and Africa (EEMEA) region, which we regard as the most vulnerable emerging markets region, and we continue to be selective in our approach to Latin America.

In the medium term, although global economies have been improving recently, we believe the outlook remains mixed. Significant risks remain, including the emergence of new variants accompanied by periods of lockdown, receding monetary and fiscal stimulus, instances of inflation overshooting expectations, and a slowing Chinese economy. Against this uncertain backdrop, we think it's critical for emerging markets to pursue structural reforms to ensure sustainable growth.

On a sector basis, overall, we believe 2021 is likely to be good for select value sectors exposed to structural drivers, such as financials (demand for credit, insurance) and materials (low-carbon economy).

Longer-term, we do not see high economic growth rates continuing, so cyclicals remain more of a trade for 2021 than a secular investment. We believe the emergent middle class will continue to spur secular trends like 5G, digitization, cloud, rising financial penetration, consumer premiumization. Moreover, investments in infrastructure continue. New themes such as electrification, hydrogen, cybersecurity, e-commerce (ex-China) and biotechnology are emerging and offer a longer runway for growth.

% Average Annual Returns (as of 09/30/2021)

	Q3	YTD	1 Year	3 Years	5 Years	Life of Fund
A Shares at NAV	-8.30	-4.85	14.70	11.05	10.64	8.04
I Shares at NAV	-8.26	-4.72	14.94	11.33	10.94	8.38
A Shares with Max. 4.75% Sales Charge	-12.66	-9.37	9.28	9.26	9.56	7.45
Benchmark	-8.09	-1.25	18.20	8.58	9.23	5.12

Benchmark: MSCI Emerging Markets Index

Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Performance is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than quoted. For the Fund's performance as of the most recent month-end, please refer to eatonvance.com. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) with all distributions reinvested. Returns for other classes of shares offered by the Fund are different. Performance less than or equal to one year is cumulative. Performance prior to December 31, 2016 reflects the performance of the Fund's former adviser, Calvert Investment Management, Inc. The minimum investment is $1,000 for A Shares and $250,000 for I Shares. Minimums may be waived in certain situations. Please see the prospectus for additional information.

Fund Facts

A & I Shares Inception		10/29/2012
Class A Expense Ratio[4]	Gross:	1.27%
	Net:	1.24%
Class I Expense Ratio[4]	Gross:	1.02%
	Net:	0.99%

Portfolio profile subject to change due to active management. Percentages may not total 100% due to rounding.

Portfolio characteristics exclude 2 securities in Calvert's High Impact Investments program, which represented 0.002% of the Fund's portfolio as of 09/30/2021. High Social Impact Investments are investments that, in Calvert's opinion, offer the opportunity for significant sustainability and social impact. 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.

Index Definitions: MSCI Emerging Markets Index is an unmanaged index of emerging markets common stocks. MSCI ACWI Index is an unmanaged free-float-adjusted market-capitalization-weighted index designed to measure the equity market performance of developed and emerging markets. S&P 500 Index is an unmanaged index of large-cap stocks commonly used as a measure of U.S. stock market performance. Russell 1000® Value Index is an unmanaged index of U.S. large-cap value stocks. Russell 1000® Index is an unmanaged index of 1,000 U.S. large-cap stocks. Russell 1000® Growth Index is an unmanaged index of U.S. large-cap growth stocks. Russell 2000® Value Index is an unmanaged index of U.S. small-cap value stocks. Russell 2000® Index is an unmanaged index of 2,000 U.S. small-cap stocks. Russell 2000® Growth Index is an unmanaged index of U.S. small-cap growth stocks. MSCI EAFE Index is an unmanaged index of equities in the developed markets, excluding the U.S. and Canada. MSCI indexes are net of foreign withholding taxes. Source: MSCI. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder. Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. It is not possible to invest directly in an index. Historical performance of the index illustrates market trends and does not represent the past or future performance of the fund.

[1]Effective May 15, 2021, the Fund discontinued all sales of its shares, except shares purchased by: (1) existing shareholders; (2) qualified retirement plans; (3) accounts included in an asset allocation model provided by Calvert; or (4) certain fee-based programs. See prospectus for more information. Sales of Fund shares may be further restricted or re-opened in the future. [2]The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds and exchange-traded funds) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Star ratings do not reflect the effect of any applicable sales load. ©2021 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. [3]Percent of total net assets. Top 10 Holdings excludes cash and equivalents. Portfolio profile subject to change due to active management. Percentages may not total 100% due to rounding. [4]Net Expense Ratio reflects a contractual expense reimbursement that continues through 1/31/22. Without the reimbursement, if applicable, performance would have been lower. Source: Fund prospectus.

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About Risk: 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. 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. 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.

Calvert funds are available at NAV for RIAs and Wrap Programs. Not all share classes are available to all investors. See a fund's prospectus for details.

For more information on any Calvert fund, please contact your financial advisor or visit calvert.com for a free summary prospectus and/or prospectus. 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.