Calvert Responsible Municipal Income Fund

MUNICIPALS TEAM

Key Takeaways

- Municipal bonds showed strength during the fourth quarter to help end 2025 on a positive note. The Bloomberg Municipal Bond Index was up 1.56% for the quarter and 4.25% for the full year.
- A relatively supportive technical backdrop, a dovish Federal Reserve, and recognition of extreme cheapness on the long end of the municipal curve drove the asset class's relative outperformance during the quarter.
- Calvert Responsible Municipal Income Fund (the Fund) outperformed its benchmark, the Bloomberg Municipal Bond Index, for the quarter.
- The leading contributor to the Fund's relative performance was an overweight to and security selection in municipals with maturities between 12 and 17 years.
- The primary detractor from relative performance was an underweight to long-maturity (22+ year) bonds.

Performance Review

In the quarter period ending December 31, 2025, the Portfolio's I shares returned 2.03% (net of fees)[1], while the benchmark returned 1.56%.

The contributors to the Fund's relative performance during the quarter included the Fund's overweight to and selection within municipals with maturities between 12 and 17 years, an overweight to and selection within 4% coupon bonds, and security selection within transportation sector bonds. The detractors from relative performance included the Fund's underweight exposure to long-maturity (22+ year) municipals and an overweight position in the industrial development revenue/pollution control revenue (IDR/PCR) sector.

Market Overview

Financial markets posted another strong year in 2025. Against the backdrop of rate cuts by the Federal Open Market Committee (FOMC), along with strong corporate profits, the S&P 500 Index returned 17.88% for the 12-month period ended December 31, while the Russell 1000 Index showed similar strength, up 17.37%. Non-U.S. equity markets performed even better, as the MSCI ACWI ex-USA Index posted a total return of 32.39% for the year. Despite U.S. Bureau of Labor Statistics data showing inflation at close to 3%, a weakening job market gave the FOMC cover to cut the federal funds rate by 25 basis points (bps) at its December meeting, the third such cut of 2025, resulting in a target range of 3.50%-3.75%. As of January 5, 2026, there is an 84% chance of no change at the January meeting, and expectations are for the fed funds rate to end 2026 at 3.00%-3.25%, or 50 bps lower than today (source: CME Group).

Municipals showed strength during the fourth quarter to help end the year on a positive note. The Bloomberg Municipal Bond Index was up 1.56% for the quarter and 4.25% for the year, outperforming the Bloomberg U.S. Corporate Bond Index by 72 bps during the quarter but underperforming by 352 bps for the year. The 4.25% full-year return for the Bloomberg Municipal Bond Index was a very strong turnaround from mid-year, when the index was down 0.35% at June-end. The Bloomberg High Yield Municipal Bond Index returned 2.46% for the year, while the Bloomberg Municipal Taxable Bonds Index returned a very impressive 7.89%. Rounding out the fixed income space, the Bloomberg U.S. Treasury Index was up 6.32%, while the Bloomberg U.S. Aggregate Bond Index had a return of 7.30% for the 12 months ended December 31.

A relatively supportive technical backdrop, a dovish Federal Reserve, and recognition of extreme cheapness on the long end of the municipal curve drove the asset class's relative outperformance during the quarter. Supply for the year was heightened, with a total of $580 billion coming to market, a 13% increase over 2024's level (source: Bank of America Global Research). Inflows to the asset class remained strong as $51.1 billion came into funds over the year. Of note, positive flows were concentrated in intermediate- and long-duration funds, and exchange-traded funds (ETFs) continued to outpace mutual fund inflows. ETFs were responsible for $34.1 billion (67%) of total inflows in 2025 (source: J.P. Morgan).

Yield changes were mixed for the quarter and for the year. During the fourth quarter, 5-year yields on AAA-rated municipal bonds rose 9 bps, 10-year yields fell 16 bps, and the 30-year part of the curve was flat. For the year, 5-year, 10-year and 30-year yields moved -46 bps, -30 bps and +34 bps, respectively. The municipal curve ended 2025 much flatter compared to earlier in the year, with

[1] Source: Calvert. Data as of December 31, 2025. Performance for other share classes will vary.

the spread between 2- and 10-year maturities at 37 bps, while the 5- to 30-year spread closed out 2025 at 182 bps — much steeper than historical averages. The U.S. Treasury curve also saw yields mixed during the quarter, but lower for the year across most of the curve. The 2-year, 5-year, 10-year and 30-year Treasury yields ended 2025 with a change of -67 bps, -66 bps, -41 bps and +6 bps, respectively. The Treasury curve steepened and the 5- to 30-year spread closed out the year at 112 bps. Within municipals, longer-dated segments of the curve underperformed the front end for the year, despite outperforming during the fourth quarter. The 22+ year portion of the Bloomberg Municipal Bond Index returned 1.95% for the 12 months ended December 31, while the 5-year and 10-year segments posted 5.03% and 5.92% returns, respectively. Even with municipals outperforming on the quarter, relative value, as gauged by muni-to-Treasury ratios, remains compelling on the long end of the curve. The 20-year and 30-year ratios ended the year at 82% and 88%, respectively. (Source: Bloomberg, L.P., Municipal Market Data. Data as of December 31, 2025.)

Contributors

The contributors to the Fund's relative performance during the quarter included an overweight to and selection within municipals with maturities between 12 and 17 years, an overweight to and selection within 4% coupon bonds, and security selection within transportation sector bonds.

Detractors

The detractors from relative performance included the Fund's underweight exposure to long-maturity (22+ year) municipals and an overweight position in the IDR/PCR sector.

Market Outlook

We continue to believe that interest rate movements will likely remain volatile but on a downward trend, and that municipal bonds will likely experience a positive 2026. Even with the recent rally in the asset class, interest rates across the intermediate to long end of the muni curve are near decade highs, and valuations relative to Treasury securities remain attractive. There continues to be a substantial amount of money on the sidelines, some of which could find its way into the muni market if the consensus base case around interest rates plays out; that is, if the FOMC cuts rates a further one or two times in 2026. Taxes remain a topic of interest, as always, which should keep munis at the forefront of investors' minds. As the FOMC has continued its rate-cutting cycle and telegraphed its preference to see lower rates over time, we believe that yields will likely continue to move lower this year, and we expect fund flows to remain in positive territory.

In terms of technicals, we will be keeping a close eye on municipal mutual fund and ETF flows. After a record year of issuance in 2025, expectations are for a new record in 2026, where the market could see upward of $600 billion in supply (source: J.P. Morgan). We believe demand should remain strong given attractive valuations, and as interest rates on money market funds, certificates of deposit and other cash-like instruments fall, those monies will need to find a new home — and munis could be a recipient.

We continue to believe that municipal bond exposure may help stabilize portfolios if investor appetite shifts to relative safe-haven assets, particularly as interest rate volatility is expected to remain elevated over the medium term. We are actively assessing ratios of tax-exempt municipals to Treasurys, taxable municipals and investment grade corporate bonds. At current yield levels, we believe municipals appear relatively attractive for all muni buyers, particularly those in the higher tax brackets and at the longer end of the muni curve. Finally, as interest rates remain near decade highs, today's environment could prove worthwhile for adding to muni exposure, particularly for the longer-term-minded investor.

Fund Facts

Class I inception	08/23/1983
Class A inception	08/23/1983
Performance inception	08/23/1983
Benchmark	Bloomberg Municipal Bond Index
Class I expense ratio	**Gross 0.63 %**
	Net 0.50 %
Class A expense ratio	**Gross 0.88 %**
	Net 0.75 %

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 December 31, 2025	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	0.22	2.03	4.47	4.47	4.03	0.79	2.19
Class A Shares at NAV	0.20	1.97	4.21	4.21	3.77	0.55	1.90
A Shares with Max. 3.25% Sales Charge	-3.07	-1.33	0.84	0.84	2.62	-0.12	1.57
Bloomberg Municipal Bond Index	0.09	1.56	4.25	4.25	3.88	0.80	2.34

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
Port of Portland OR Airport Revenue	1.53
Health Care Authority of the City of Huntsville Obligated Group	1.31
California Community Choice Financing Authority	1.31
EP Tuscany Zaragosa PFC Tuscany at Mesa Hills & Villas at Zaragosa	1.22
Peoria County Community Unit School District No 323	1.19
BlueHub Loan Fund Inc	1.16
California Community Choice Financing Authority	1.12
Battery Park City Authority	1.02
Oberlin College	1.02
California Community Choice Financing Authority	1.01

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

INDEX INFORMATION: The **Bloomberg U.S. Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. 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.

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