

INVESTMENT PROCESS

Management Team

Greg Habeeb leads the portfolio management team for Calvert High Yield Bond Fund. Matthew Duch is co-portfolio manager of the Fund. CAMCO became investment advisor to the Fund in December 2008.



Greg Habeeb, Senior Vice President at CAMCO and Lead Portfolio Manager of Calvert's Taxable Fixed-Income Funds. He received a B.S. in mathematics from MIT and an M.S. in mathematics from NYU's Courant Institute of Mathematical Sciences.



Matthew Duch, Portfolio Manager at CAMCO. Mr. Duch joined CAMCO in 2006 after working for Deutsche Asset Management and Scudder Kemper Investments. He received a B.A. in economics from Butler University.

Calvert High Yield Bond Fund

A Strategy Focused on Generating Income Through Relative Value Analysis

Overview

Calvert High Yield Bond Fund is managed by Calvert Asset Management Company, Inc. (CAMCO). The Fund primarily seeks high current income through investments in high-yield bonds (sometimes called "junk bonds") with intermediate maturities. High-yield bonds typically have credit ratings below BBB- from Standard & Poor's or Baa3 from Moody's. Capital appreciation is a secondary goal.

CAMCO:

- Has been managing mutual funds since 1976.
- Employs a team management approach, led by portfolio manager Greg Habeeb.

Investment Approach

Intensive fundamental credit analysis using a relative-value approach

GOAL:

The Fund seeks high current income, with capital appreciation as a secondary goal. The portfolio management team applies a bottom-up approach to asset selection. They review the individual companies within each sector of the high-yield market and select bonds based on our assessment of their credit risk and current yield. The portfolio management team focuses on fundamental credit analysis and does not adjust for duration¹ or yield curve changes.

INVESTMENT PROCESS:

The Fund focuses on two primary components:

- **A bottom-up approach.** The portfolio management team assesses all relevant securities, putting them through several layers of filters in order to find the high-yield investments with the most attractive credit characteristics.
- **Consistent monitoring.** The portfolio management team monitors the portfolio's performance and risk relative to its passive benchmark index and also tracks the performance of individual holdings and the financial condition of their issuers. This monitoring goes hand-in-hand with CAMCO's disciplined approach to selling assets when conditions change or investment goals are met. The portfolio management team is supported by Calvert's six dedicated taxable fixed income senior credit analysts.

Overall, CAMCO's high-yield investment strategy includes the following:

Rigorous security selection criteria. Starting from a broad base of potential investments, the Fund's managers apply a macro-level filter to identify



Investment Decision Process:

Bottom-Up Security Selection

Macro Filter

Industry Coverage

Industry trend identification
Focus on sub-sectors

Fundamental Analysis

Financial ratio analysis
Modeling
Conference calls
Financial statements,
10-Ks, 10-Qs
Covenant analysis

Security Selection

Relative value assessment
Investment thesis
Total return potential

Portfolio Construction

60-80 high-yield investments

securities that meet their basic requirements. They then turn to the question of industry allocation, focusing on detailed industry trends on the sub-sector level. The Fund's credit analysts then assess the balance sheets and various other financial disclosures of the issuers of the remaining possible investments to determine if they are able to make timely payments of principal and interest. The final step is an analysis of the relative value and total return potential of these companies' debt.

An issuer's credit characteristics are a crucial component of our analysis. Desirable qualities include strong cash flow, a strong balance sheet, and a history of paying down debt. In addition, companies whose bonds we purchase for the Fund should have a defensible and transparent business plan as well as honest and competent management, and ideally they should be in a market with high barriers to entry. All these characteristics add up to a company with improving financials that may be a good candidate for a future upgrade in its credit ratings. Finally, the Fund's portfolio management team seeks bonds that have solid covenants, meaning that their terms are beneficial to bondholders.

Sell discipline. The Fund has a disciplined approach to selling assets.

The Fund's managers will sell a given bond when it has appreciated in value and met the investment goals that prompted its purchase, when a better relative value becomes available, or when either the issuer's credit characteristics or the broad macroeconomic climate deteriorate.

INVESTMENT RISK:

Investments in junk bonds can involve a substantial risk of loss. Junk bonds are considered to be speculative with respect to the issuer's ability to pay interest and principal. These securities, which are rated below investment grade, have a higher risk of issuer default, are subject to greater price volatility and may be illiquid. The Fund is also subject to interest rate risk, the risk that changes in interest rates will adversely affect the value of an investor's securities. When interest rates rise, the value of fixed-income securities will generally fall. Conversely, a drop in interest rates will generally cause an increase in the value of fixed-income securities.

¹Duration is a measure of a portfolio's sensitivity to changes in interest rates. The longer the duration, the greater the price change relative to interest-rate movements.

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 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 prospectus contains this and other information. Read it carefully before you invest or send money.

Calvert mutual funds are underwritten and distributed by Calvert Distributors Inc., member FINRA, a subsidiary of Calvert Group, Ltd. IP10980-201003 A **UNIFI** Company.

♻️ Printed using low-VOC inks on New Leaf Reincarnation Matte, made with 100% recycled fiber containing 50% post-consumer waste. Processed chlorine free.