



# Prospectus



## **Calvert Income Fund**

## **Calvert Short Duration Income Fund**

January 31, 2002,  
revised September 30, 2002

**PROSPECTUS**  
**January 31, 2002,**  
**revised September 30, 2002**

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These securities have not been approved or disapproved by the Securities and Exchange Commission ("SEC") or any State Securities Commission, nor has the SEC or any State Securities Commission passed on the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

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# CALVERT INCOME FUND

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Advisor

Calvert Asset Management Company, Inc.

## Objective

Calvert Income Fund seeks to maximize income, to the extent consistent with prudent investment management and preservation of capital, through investment in bonds and other income producing securities.

## Principal Investment Strategies

The Fund uses an active strategy, seeking relative value to earn incremental income. The Fund typically invests at least 65% of its assets in investment grade debt securities.

## Principal Risks

You could lose money on your investment in the Fund, or the Fund could underperform, most likely for any of the following reasons:

- The market prices of bonds decline
- The credit quality of the securities deteriorates such as an event of bankruptcy
- The individual bonds in the Fund do not perform as well as expected
- The Advisor's forecast as to interest rates is not correct
- The Advisor's allocation among different sectors of the bond market does not perform as well as expected
- The Fund is non-diversified. Compared to other funds, the Fund may invest more of its assets in a smaller number of companies. Gains or losses on a single bond may have greater impact on the Fund.
- The Fund may invest up to 35% of its net assets in below-investment grade bonds. They are subject to greater credit risk than investment grade bonds.

The Fund's active trading strategy may cause the Fund to have a relatively high amount of short-term capital gains, which are taxable to you at the ordinary income tax rate.

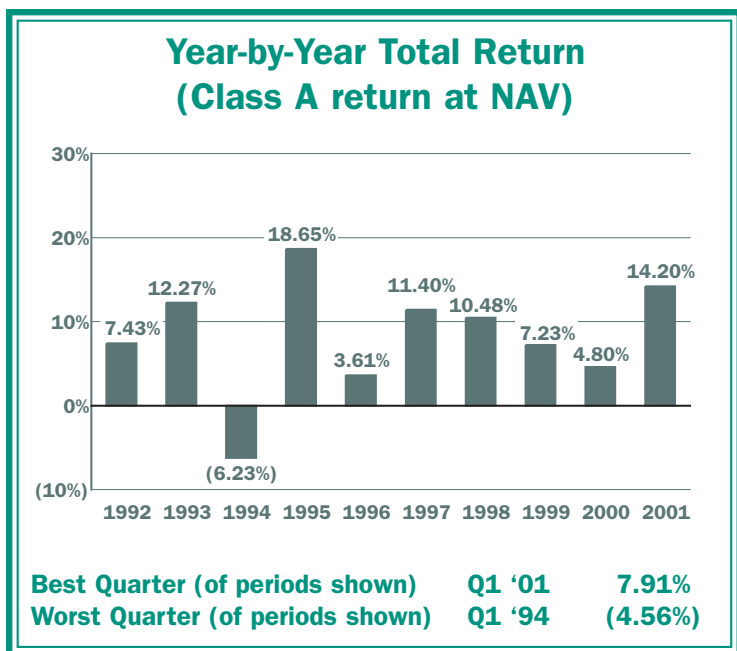
An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

## Bar Chart and Performance Table

The following bar chart and table show the Fund's annual returns and its long-term performance. The chart and table provide some indication of the risks of investing in the Fund. The chart shows how the performance of the Class A shares has varied from year to year. The table compares the Fund's performance over time to that of the Lehman Aggregate Bond Index. This is a widely

recognized, unmanaged index of bond prices. It also shows the Fund's returns compared to the Lipper Corporate Debt Funds BBB-Rated Average, an average of the annual return of mutual funds that have an investment goal similar to that of the Fund. The Fund's past performance does not necessarily indicate how the Fund will perform in the future.

The return for each of the Fund's other Classes of shares offered by this prospectus will differ from the Class A returns shown in the bar chart, depending upon the expenses of that Class. The bar chart does not reflect any sales charge that you may be required to pay upon purchase or redemption of the Fund's shares. Any sales charge will reduce your return. The average total return table shows returns with the maximum sales charge deducted. No sales charge has been applied to the index used for comparison in the table.



**Average Annual Total Returns** (for the periods ended December 31, 2001)  
(with maximum sales charge deducted)

	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>
Income Fund: Class A	9.91%	8.74%	7.77%
Income Fund: Class B	9.29%	N/A	N/A
Income Fund: Class C	12.04%	N/A	N/A
Lehman Aggregate Bond Index TR	8.44%	7.43%	7.23%
Lipper Corporate Debt Funds BBB-Rated Average	7.45%	5.91%	7.26%

# CALVERT SHORT DURATION INCOME FUND

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Advisor

Calvert Asset Management Company, Inc.

## Objective

Calvert Short Duration Income Fund seeks to maximize income to the extent consistent with prudent investment management and preservation of capital, through investment in short term bonds and other income producing securities.

## Principal Investment Strategies

The Fund uses an active strategy, seeking relative value to earn incremental income. The Fund typically invests at least 65% of its assets in investment grade debt securities. Under normal circumstances, the Fund's average portfolio duration will range from one to three years. Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security's price to changes in interest rates. The longer a security's duration, the more sensitive it will be to changes in interest rates. Similarly, a Fund with longer average portfolio duration will be more sensitive to changes in interest rates than a Fund with a shorter average portfolio duration. Although the Fund seeks to purchase securities with independent credit ratings, there is no limit on the amount of unrated securities that may be purchased.

## Principal Risks

You could lose money on your investment in the Fund, or the Fund could underperform, most likely for any of the following reasons:

- The market prices of bonds decline
- The credit quality of the securities deteriorates such as an event of bankruptcy
- The individual bonds in the Fund do not perform as well as expected
- The Advisor's forecast as to interest rates is not correct
- The Advisor's allocation among different sectors of the bond market does not perform as well as expected
- The Fund is non-diversified. Compared to other funds, the Fund may invest more of its assets in a smaller number of companies. Gains or losses on a single bond may have greater impact on the Fund.
- The Fund may invest up to 35% of its net assets in below-investment grade bonds. They are subject to greater credit risk than investment grade bonds.

The Fund's active trading strategy may cause the Fund to have a relatively high amount of short-term capital gains, which are taxable to you at the ordinary income tax rate.

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

There are no performance tables because the Fund has had less than one year of operations.

## FEES AND EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

	Class A	Class B	Class C
<b>Shareholder fees</b> <i>(paid directly from your account)</i>			
<b>Calvert Income Fund</b>			
Maximum sales charge (load) imposed on purchases (as a percentage of offering price)	3.75%	None	None
Maximum deferred sales charge (load) (as a percentage of purchase or redemption proceeds, whichever is lower)	None <sup>2</sup>	4.00% <sup>4</sup>	1.00% <sup>5</sup>
<b>Calvert Short Duration Income Fund</b>			
Maximum sales charge (load) imposed on purchases (as a percentage of offering price)	2.75%	N/A	None
Maximum deferred sales charge (load) (as a percentage of purchase or redemption proceeds, whichever is lower)	None <sup>2</sup>	N/A	1.00% <sup>5</sup>
<b>Annual fund operating expenses<sup>1</sup></b> <i>(deducted from Fund assets)</i>			
<b>Calvert Income Fund</b>			
Management fees	.70%	.70%	.70%
Distribution and service (12b-1) fees	.25%	1.00%	1.00%
Other expenses	.25%	.23%	.39%
Total annual fund operating expenses	1.20%	1.93%	2.09%
<b>Calvert Short Duration Income Fund<sup>3</sup></b>			
Management fees	.65%	N/A	.65%
Distribution and service (12b-1) fees	.25%	N/A	1.00%
Other expenses	.76%	N/A	1.04%
Total annual fund operating expenses	1.66%	N/A	2.69%
Fee waiver and/or expense reimbursement	(0.68%) <sup>6</sup>	N/A	(0.44%) <sup>8</sup>
Net expenses	0.98% <sup>7</sup>	N/A	2.25% <sup>9</sup>

## Explanation of Fees and Expenses Table

- <sup>1</sup> Annual Fund Operating Expenses are based on expenses for the Fund's most recent fiscal year, unless otherwise indicated. Expenses for Calvert Income Fund Class A Shares have been restated for the Fund's current fiscal year. Management fees include any administrative fee paid by the Fund to Calvert Administrative Services Company, an affiliate of the Advisor.
- <sup>2</sup> Purchases of Class A shares for accounts with \$1 million or more are not subject to front-end sales charges, but may be subject to a 0.80% (0.50% for Calvert Short Duration Income) contingent deferred sales charge on shares redeemed within 1 year of purchase. (See "How to Buy Shares—Class A").
- <sup>3</sup> Expenses are based on estimates for the upcoming fiscal year.
- <sup>4</sup> A contingent deferred sales charge is imposed on the proceeds of Class B shares redeemed within 4 years, subject to certain exceptions. The charge is a percentage of net asset value at the time of purchase or redemption, whichever is less, and declines from 4% in the first year the shares are held, to 3% in the second, 2% in the third year, and 1% in the fourth year. There is no charge on redemptions of Class B shares held for more than four years. See "Calculation of Contingent Deferred Sales Charge."
- <sup>5</sup> A contingent deferred sales charge of 1% is imposed on the proceeds of Class C shares redeemed within one year. The charge is a percentage of net asset value at the time of purchase or redemption, whichever is less. See "Calculation of Contingent Deferred Sales Charge."
- <sup>6</sup> The Advisor has agreed to limit annual fund operating expenses (net of any expense offset arrangements) through January 31, 2003. For the purposes of this expense limit, operating expenses do not include interest expense, brokerage commissions, extraordinary expenses, taxes and capital items. The Fund has an offset arrangement with its custodian bank whereby the custodian and transfer agents fees may be paid indirectly by credits on the Fund's uninvested cash balances. These credits are used to reduce the Fund's expenses.
- <sup>7</sup> The contractual expense cap is 0.98%. The contractual expense cap is shown as "Net expenses". This is the maximum amount of operating expenses that may be charged to the Fund through January 31, 2003. Calvert has further agreed to limit annual fund operating expenses at 1.08% for the following year.
- <sup>8</sup> The Advisor has agreed to limit annual fund operating expenses (net of any expense offset arrangements) through January 31, 2004. For the purposes of this expense limit, operating expenses do not include interest expense, brokerage commissions, extraordinary expenses, taxes and capital items. The Fund has an offset arrangement with its custodian bank whereby the custodian and transfer agents fees may be paid indirectly by credits on the Fund's uninvested cash balances. These credits are used to reduce the Fund's expenses.
- <sup>9</sup> The contractual expense cap is 2.25%. The contractual expense cap is shown as "Net expenses". This is the maximum amount of operating expenses that may be charged to the Fund through January 31, 2004.

## Example

This example is intended to help you compare the cost of investing in a Fund with the cost of investing in other mutual funds. The example assumes that:

- You invest \$10,000 in the Fund for the time periods indicated;
- Your investment has a 5% return each year; and
- The Fund's operating expenses remain the same.

Although your actual costs may be higher or lower, under these assumptions your costs would be:

### Calvert Income Fund

	1 Year	3 Years	5 Years	10 Years
Class A	\$493	\$742	\$1,010	\$1,775
Class B (with redemption)	\$596	\$806	\$1,042	\$1,840
Class B (no redemption)	\$196	\$606	\$1,042	\$1,840
Class C (with redemption)	\$312	\$655	\$1,124	\$2,421
Class C (no redemption)	\$212	\$655	\$1,124	\$2,421

### Calvert Short Duration Income Fund

	1 Year	3 Years
Class A	\$372	\$662
Class C (with redemption)	\$328	\$794
Class C (no redemption)	\$228	\$794

## Investment Practices and Risks

The most concise description of each Fund's risk profile is under the earlier summary for each fund. The Funds are also permitted to invest in certain other investments and to use certain investment techniques that have higher risks associated with them. On the following pages are brief descriptions of these other principal investments and techniques, summarized earlier, along with their risks.

For each of the investment practices listed, the following table shows each Fund's limitations as a percentage of its assets and the principal types of risk involved. (See the pages following the table for a description of the types of risks). Numbers in this table show maximum allowable amount only; for actual usage, consult the Fund's annual/semi-annual reports.



## Key to Table

- ★ Fund currently uses
- Permitted, but not typically used  
(% of assets allowable, if restricted)
- X Not permitted
- xN Allowed up to x% of Fund's net assets
- xT Allowed up to x% of Fund's total assets
- NA Not applicable to this type of fund

## Investment Practices

**Active Trading Strategy/Turnover** involves selling a security soon after purchase. An active trading strategy causes a fund to have higher portfolio turnover compared to other funds and higher transaction costs, such as commissions and custodian and settlement fees, and may increase a Fund's tax liability.

**Risks: Opportunity, Market, and Transaction.**

**Temporary Defensive Positions.** During adverse market, economic or political conditions, the Fund may depart from its principal investment strategies by increasing its investment in U.S. government securities and other short-term interest-bearing securities. **Risks: Opportunity.**

**Hedging Strategies.** The use of short sales of US Treasury securities for the limited purpose of hedging the Fund's duration (duration is a measure of the interest rate-sensitivity of the Fund). Any short sales are "covered" with an equivalent amount of high quality, liquid securities in a segregated account at the Fund's custodian. This technique is intended to lower the Fund's interest rate risk. **Risks:**

**Correlation, Management, and Opportunity.**

## Conventional Securities

**Foreign Securities.** Securities issued by companies located outside the U.S. and/or traded primarily on a foreign exchange. This includes debt instruments denominated in other currencies such as Eurobonds.

**Risks: Market, Currency, Transaction, Liquidity, Information, and Political.**

Calvert Income  
Fund

Calvert Short  
Duration Income  
Fund

★

★

□

□

★

★

30N

30N

Investment Practices and Risks (cont'd)	Calvert Income Fund	Calvert Short Duration Income Fund
<b>Conventional Securities (cont'd)</b> <b>Investment grade bonds.</b> Bonds rated BBB/Baa or higher or comparable unrated bonds. <b>Risks: Interest Rate, Market, and Credit.</b>	★	★
<b>Below-investment grade bonds.</b> Bonds rated below BBB/Baa or comparable unrated bonds are considered junk bonds. They are subject to greater credit risk than investment grade bonds. <b>Risks: Credit, Market, Interest Rate, Liquidity, and Information.</b>	35N	35N
<b>Investment Practices</b> <b>Unrated debt securities.</b> Bonds that have not been rated by a recognized rating agency; the Advisor has determined the credit quality based on its own research. <b>Risks: Credit, Market, Interest Rate, Liquidity, and Information.</b>	★	★
<b>Illiquid securities.</b> Securities which cannot be readily sold because there is no active market. <b>Risks: Liquidity, Market, and Transaction.</b>	15N	15N
<b>Unleveraged Derivative Securities</b> <b>Asset-backed securities.</b> Securities are backed by unsecured debt, such as credit card debt. These securities are often guaranteed or over-collateralized to enhance their credit quality. <b>Risks: Credit, Interest Rate, and Liquidity.</b>	★	★
<b>Mortgage-backed securities.</b> Securities are backed by pools of mortgages, including passthrough certificates, and other senior classes of collateralized mortgage obligations (CMOs). <b>Risks: Credit, Extension, Prepayment, Liquidity, and Interest Rate.</b>	★	★
<b>Participation interests.</b> Securities representing an interest in another security or in bank loans. <b>Risks: Credit, Interest Rate, and Liquidity.</b>	□	□
<b>Currency contracts.</b> Contracts involving the right or obligation to buy or sell a given amount of foreign currency at a specified price and future date. <b>Risks: Currency, Leverage, Correlation, Liquidity, and Opportunity.</b>	□ 5T	□ 5T

Investment Practices and Risks (cont'd)	Calvert Income Fund	Calvert Short Duration Income Fund
<b>Leveraged Derivative Instruments</b>		
<b>Options on securities and indices.</b> Contracts giving the holder the right but not the obligation to purchase or sell a security (or the cash value, in the case of an option on an index) at a specified price within a specified time. In the case of selling (writing) options, the Fund will write call options only if it already owns the security (if it is “covered”). <b>Risks: Interest Rate, Currency, Market, Leverage, Correlation, Liquidity, Credit, and Opportunity.</b>	□	□
<b>Futures contract.</b> Agreement to buy or sell a specific amount of a commodity or financial instrument at a particular price on a specific future date. <b>Risks: Interest Rate, Currency, Market, Leverage, Correlation, Liquidity, and Opportunity.</b>	5N	5N
<b>Structured securities.</b> Indexed and/or leveraged mortgage-backed and other debt securities, including principal-only and interest-only securities, leveraged floating rate securities, and others. These securities tend to be highly sensitive to interest rate movements and their performance may not correlate to these movements in a conventional fashion. <b>Risks: Credit, Interest Rate, Extension, Prepayment, Market, Leverage, Liquidity, and Correlation.</b>	□	□

The Funds have additional investment policies and restrictions (for example, repurchase agreements, borrowing, pledging, and reverse repurchase agreements, securities lending, when-issued securities, swap agreements, and short sales.) These policies and restrictions are discussed in the Statement of Additional Information (“SAI”).

## **Types of Investment Risk**

### **Correlation risk**

This occurs when a Fund "hedges" - uses one investment to offset the Fund's position in another. If the two investments do not behave in relation to one another the way Fund managers expect them to, then unexpected or undesired results may occur. For example, a hedge may eliminate or reduce gains as well as offset losses.

### **Credit risk**

The risk that the issuer of a security or the counterparty to an investment contract may default or become unable to pay its obligations when due.

### **Currency risk**

Currency risk occurs when a Fund buys or sells a security denominated in foreign currency. Foreign currencies "float" in value against the U.S. dollar. Adverse changes in foreign currency values can cause investment losses when a Fund's investments are converted to U.S. dollars.

### **Extension risk**

The risk that an unexpected rise in interest rates will extend the life of a mortgage-backed security beyond the expected prepayment time, typically reducing the security's value.

### **Information risk**

The risk that information about a security or issuer might not be available, complete, accurate, or comparable.

### **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. Longer-term (duration and/or maturity) securities and zero coupon/"stripped" coupon securities ("strips") are subject to greater interest rate risk.

### **Leverage risk**

The risk that occurs in some securities or techniques which tend to magnify the effect of small changes in an index or a market. This can result in a loss that exceeds the amount actually invested.

### **Liquidity risk**

The risk that occurs when investments cannot be readily sold. A Fund may have to accept a less-than-desirable price to complete the sale of an illiquid security or may not be able to sell it at all.

**Management risk**

The risk that a Fund's portfolio management practices might not work to achieve their desired result.

**Market risk**

The risk that securities prices in a market, a sector or an industry will fluctuate, and that such movements might reduce an investment's value.

**Opportunity risk**

The risk of missing out on an investment opportunity because the assets needed to take advantage of it are committed to less advantageous investments or strategies.

**Political risk**

The risk that may occur with foreign investments, and means that the value of an investment may be adversely affected by nationalization, taxation, war, government instability or other economic or political actions or factors.

**Prepayment risk**

The risk that anticipated prepayments may occur, reducing the value of a mortgage-backed security. The Fund must then reinvest those assets at the current market rate which may be lower.

**Transaction risk**

The risk that a Fund may be delayed or unable to settle a transaction or that commissions and settlement expenses may be higher than usual.

**ABOUT CALVERT**

Calvert Asset Management Company, Inc., ("Calvert") (4550 Montgomery Avenue, Suite 1000N, Bethesda, MD 20814), is the Funds' investment advisor. Calvert provides the Funds with investment supervision and management and office space; furnishes executive and other personnel to the Funds; and pays the salaries and fees of all Trustees who are affiliated persons of the Advisor. It has been managing mutual funds since 1976. Calvert is the investment advisor for over 25 mutual fund portfolios, including the first and largest family of socially screened funds. As of December 31, 2001, Calvert had over \$7 billion in assets under management.

Calvert uses a team approach to its management of the Funds. Reno J. Martini, Senior Vice President and Chief Investment Officer, heads this team and oversees the investment strategy and management of all Calvert Funds for Calvert while Gregory Habeeb manages the day-to-day investments of Calvert's taxable fixed-income portfolios. Mr. Habeeb has over 20 years of experience as an analyst, trader, and portfolio manager.

**Advisory Fees**

The following table shows the aggregate annual advisory fee paid by the Calvert Income Fund for the most recent fiscal year, and the aggregate annual advisory fee to be paid by the Calvert Short Duration Income Fund, as a percentage of that Fund’s average daily net assets. Note, it does not include any administrative service fees.

<b>Fund</b>	<b>Advisory Fee</b>
Calvert Income Fund	0.40%
Calvert Short Duration Income Fund	0.35%

(Note: When Calvert Income Fund assets reach \$2 billion, the advisory fee rate drops to 0.375% on assets above \$2 billion.)

**HOW TO BUY SHARES**

**Getting Started—Before You Open an Account**

First, decide which fund or funds best suits your needs and your goals.

Second, decide what kind of account you want to open. Calvert offers individual, joint, trust, Uniform Gifts/Transfers to Minor accounts, Traditional, Education and Roth IRAs, Qualified Profit-Sharing and Money Purchase Plans, SIMPLE IRAs, SEP-IRAs, 403(b)(7) accounts, and several other types of accounts. Minimum investments are lower for the retirement plans.

Then, decide which class of shares is best for you. You should make the decision carefully, based on:

- the amount you wish to invest;
- the length of time you plan to keep the investment; and
- the Class expenses.

**Choosing a Share Class**

The Calvert Income Fund offers four different Classes (Class A, B, C and I). The Calvert Short Duration Income Fund offers three different Classes (Class A, C and I). This prospectus offers Class A, B and C for the Calvert Income Fund and Class A and C for the Calvert Short Duration Income Fund. Class I (\$1 million minimum) for each Fund is offered in a separate prospectus. The chart shows the difference in the Classes and the general types of investors who may be interested in each class:

**Class A:  
Front-End Sales  
Charge**

For all investors, particularly those investing a substantial amount who plan to hold the shares for a long period of time.

Sales charge on each purchase of 3.75% or less for Calvert Income (2.75% or less for Calvert Short Duration Income), depending on the amount you invest.

Class A shares have an annual 12b-1 fee of up to 0.50% for Calvert Income (up to 0.25% for Calvert Short Duration Income).

Class A shares have lower annual expenses due to a lower 12b-1 fee.

Purchases of Class A shares at NAV for accounts with \$1,000,000 or more on which a finder's fee has been paid will be subject to a 0.80% deferred sales charge for 1 year for Calvert Income (0.50% for Calvert Short Duration Income).

**Class B:  
Deferred Sales  
Charge for 4 years**

For investors who plan to hold the shares at least 4 years. The expenses of this class are higher than Class A, because of the 12b-1 fee.

No sales charge on each purchase, but if you sell your shares within 4 years, you will pay a deferred sales charge of 4% or less on shares you sell.

Class B shares have an annual 12b-1 fee of 1.00%.

Your shares will automatically convert to Class A shares after 6 years, reducing your future annual expenses.

If you are investing more than \$250,000, you should consider investing in Class A or C.

**Class C:  
Deferred Sales  
Charge for 1 year**

For investors who are investing for at least one year, but less than 4 years. The expenses of this Class are higher than Class A, because of the 12b-1 fee.

No sales charge on each purchase, but if you sell shares within 1 year, then you will pay a deferred sales charge of 1% at that time.

Class C shares have an annual 12b-1 fee of 1.00%.

Class C shares have higher annual expenses than Class A and there is no automatic conversion to Class A.

If you are investing more than \$1,000,000, you should invest in Class A.

## Class A

If you choose Class A, you will pay a sales charge at the time of each purchase.

This table shows the charges both as a percentage of offering price and as a percentage of the amount you invest. The term "offering price" includes the front-end sales charge. If you invest more, the sales charge will be lower. For example, if you invest more than \$50,000<sup>6</sup>, or if your cumulative purchases or the value in your account is more than \$50,000, then the sales charge is reduced to 3.00%

<b>Your investment in</b>	<b>Sales Charge % of offering price</b>	<b>% of Amt. Invested</b>
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### **Calvert Income Fund**

Less than \$50,000	3.75%	3.90%
\$50,000 but less than \$100,000	3.00%	3.09%
\$100,000 but less than \$250,000	2.25%	2.30%
\$250,000 but less than \$500,000	1.75%	1.78%
\$500,000 but less than \$1,000,000	1.00%	1.01%
\$1,000,000 and over	None*	None*

### **Calvert Short Duration Income Fund**

Less than \$50,000	2.75%	2.83%
\$50,000 but less than \$100,000	2.25%	2.30%
\$100,000 but less than \$250,000	1.75%	1.78%
\$250,000 but less than \$500,000	1.25%	1.27%
\$500,000 but less than \$1,000,000	1.00%	1.01%
<u>\$1,000,000 and over</u>	<u>None**</u>	<u>None**</u>

<sup>6</sup> This is called "Rights of Accumulation." The sales charge is calculated by taking into account not only the dollar amount of the new purchase of shares, but also the higher of cost or current value of shares you have previously purchased in Calvert Funds that impose sales charges. This automatically applies to your account for each new purchase of Class A shares.

\*Purchases of Class A shares at NAV for accounts with \$1,000,000 or more on which a finder's fee has been paid are subject to a one year CDSC of 0.80%. (See the "Calculation of Contingent Deferred Sales Charge").

\*\*Purchases of Class A shares at NAV for accounts with \$1,000,000 or more on which a finder's fee has been paid are subject to a one year CDSC of 0.50%. (See the "Calculation of Contingent Deferred Sales Charge").

The Class A front-end sales charge may be waived for certain purchases or investors, such as participants in certain group retirement plans or other qualified groups and clients of registered investment advisers. For details on these and other purchases that may qualify for a reduced sales charge, see Exhibit A.



## Class B

If you choose Class B, there is no front-end sales charge like Class A, but if you sell the shares within the first 4 years, you will have to pay a “contingent deferred” sales charge (“CDSC”). This means that you do not have to pay the sales charge unless you sell your shares within the first 4 years after purchase. Keep in mind that the longer you hold the shares the less you will have to pay in deferred sales charges.

Time Since Purchase	CDSC
1st year	4%
2nd year	3%
3rd year	2%
4th year	1%
After 5 years	None

### Calculation of Contingent Deferred Sales Charge and Waiver of Sales Charge

The CDSC will not be charged on shares you received as dividends or from capital gains distributions or on any capital appreciation (gain in the value) of shares that are sold.

Shares that are not subject to the CDSC will be redeemed first, followed by shares you have held the longest. The CDSC is calculated by determining the share value at both the time of purchase and redemption and then multiplying whichever value is less by the percentage that applies as shown above. If you choose to sell only part of your shares, the capital appreciation for those shares only is included in the calculation, rather than the capital appreciation for the entire account.

The CDSC on Class B Shares will be waived in the following circumstances:

- Redemption upon the death or disability of the shareholder, plan participant, or beneficiary.<sup>7</sup>
- Minimum required distributions from retirement plan accounts for shareholders 70½ and older.<sup>8</sup>
- The return of an excess contribution or deferral amounts, pursuant to sections 408(d)(4) or (5), 401(k)(8), 402(g)(2), or 401(m)(6) of the Internal Revenue Code.
- Involuntary redemptions of accounts under procedures set forth by the Fund’s Board of Trustees.
- A single annual withdrawal under a systematic withdrawal plan of up to 10% per year of the shareholder’s account balance, but no sooner than nine months from purchase date.<sup>9</sup>

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<sup>7</sup> “Disability” means a total disability as evidenced by a determination by the federal Social Security Administration.

<sup>8</sup> The maximum amount subject to this waiver is based only upon the shareholder’s Calvert retirement accounts.

<sup>9</sup> This systematic withdraw plan requires a minimum account balance of \$50,000 to be established.

### **Class C**

If you choose Class C, there is no front-end sales charge like Class A, but if you sell the shares within the first year, you will have to pay a 1% CDSC. Class C may be a good choice for you if you plan to buy shares and hold them for at least 1 year, but not more than four years.

### **Distribution and Service Fees**

Each Fund has adopted a plan under Rule 12b-1 of the Investment Company Act of 1940 that allows the Fund to pay distribution fees for the sale and distribution of its shares. The distribution plan also pays service fees to persons (such as your financial professional) for services provided to shareholders. Because these fees are paid out of a Fund's assets on an ongoing basis, over time, these fees will increase the cost of your investment and may cost you more than paying other types of sales charges. Please see Exhibit B for more service fee information.

The table below shows the maximum annual percentage payable under the distribution plan, and the amount actually paid by the Fund for the most recent fiscal year. The fees are based on average daily net assets of the particular class.

### **Maximum Payable Under Plan / Amount Actually Paid**

#### **Calvert Income Fund**

Class A: 0.50% / 0.15%    Class B: 1.00% / 1.00%    Class C: 1.00% / 1.00%

#### **Calvert Short Duration Income Fund**

Class A: 0.50% / N/A    Class C: 1.00%/N/A

## Next Step – Account Application

Complete and sign an application for each new account. Please specify which class you wish to purchase. For more information, contact your financial professional or our shareholder services department at 800-368-2748.

<b>Minimum To Open an Account</b>	<b>Minimum Additional Investments</b>
\$2,000	\$250

Please make your check payable to the Fund and mail it to:

**New Accounts:  
(include application)**

Calvert  
PO Box 219544  
Kansas City, MO  
64121-9544

**Subsequent Investments:  
(include investment slip)**

Calvert  
PO Box 219739  
Kansas City, MO  
64121-9739

**By Registered,  
Certified, or  
Overnight Mail**

Calvert  
c/o NFDS  
330 West 9th Street  
Kansas City, MO 64105-1807

## Important – How Shares are Priced

The price of shares is based on each Fund's net asset value ("NAV"). NAV is computed by adding the value of a Fund's holdings plus other assets, subtracting liabilities, and then dividing the result by the number of shares outstanding. If a Fund has more than one class of shares, the NAV of each class will be different, depending on the number of shares outstanding for each class.

Portfolio securities and other assets are valued based on market quotations. If market quotations are not readily available, securities are valued by a method that the Fund's Board of Trustees believes accurately reflects fair value. Foreign securities are valued based on quotations from the principal market in which such securities are normally traded. If events occur after the close of the principal market in which foreign securities are traded, and before the close of business of the Fund, that are expected to materially affect the value of those securities, then they are valued at their fair value taking these events into account.

The NAV is calculated as of the close of each business day, which coincides with the closing of the regular session of the New York Stock Exchange ("NYSE") (normally 4 p.m. ET). Each Fund is open for business each day the NYSE is open. Please note that there are some federal holidays, however, such as Columbus Day and Veterans' Day, when the NYSE is open and each Fund is

open but purchases cannot be received because the banks and post offices are closed.

The Funds may hold securities that are primarily listed on foreign exchanges that trade on days when the NYSE is closed. The Funds do not price shares on days when the NYSE is closed, even if foreign markets may be open. As a result, the value of the Fund's shares may change on days when you will not be able to buy or sell your shares.

### **When Your Account Will Be Credited**

Your purchase will be processed at the next NAV calculated after your order is received in good order. All of your purchases must be made in US dollars. No cash or third party checks will be accepted. No credit card or credit loan checks will be accepted. Each Fund reserves the right to suspend the offering of shares for a period of time or to reject any specific purchase order. As a convenience, check purchases received at Calvert's office in Bethesda, Maryland will be sent by overnight delivery to the Transfer Agent and will be credited the next business day upon receipt. Any check purchase received without an investment slip may cause delayed crediting. Any purchase less than the \$250 minimum for subsequent investments will be charged a service fee of \$3. If your check does not clear your bank, your purchase will be canceled and you will be charged a \$25 fee plus any costs incurred. All purchases will be confirmed and credited to your account in full and fractional shares (rounded to the nearest 1/1000th of a share).

## **OTHER CALVERT FEATURES**

### **Calvert Information Network**

**For 24 hour performance and account information call 800-368-2745 or visit <http://www.calvert.com>.**

You can obtain current performance and pricing information, verify account balances, and authorize certain transactions with the convenience of one phone call, 24 hours a day.

Note: The information on our website is not incorporated by reference into this prospectus; our website address is included as an inactive textual reference only.

### **Account Services**

By signing up for services when you open your account, you avoid having to obtain a signature guarantee. If you wish to add services at a later date, a signature guarantee to verify your signature may be obtained from any bank, trust company and savings and loan association, credit union, broker-dealer firm or member of a domestic stock exchange. A notary public cannot provide a signature guarantee.

### **Calvert Money Controller**

Calvert Money Controller allows you to purchase or sell shares by electronic funds transfer without the time delay of mailing a check or the added expense of a wire. Use this service to transfer up to \$300,000 electronically. Allow one or two business days after you place your request for the transfer to take place. Money transferred to purchase new shares will be subject to a hold of up to 10 business days before redemption requests will be honored. Transaction requests must be received by 4 p.m. ET. You may request this service on your initial account application. Calvert Money Controller transactions returned for insufficient funds will incur a \$25 charge.

### **Telephone Transactions**

You may purchase, redeem, or exchange shares, wire funds and use Calvert Money Controller by telephone if you have pre-authorized service instructions. You receive telephone privileges automatically when you open your account unless you elect otherwise. For our mutual protection, the Fund, the shareholder servicing agent and their affiliates use precautions such as verifying shareholder identity and recording telephone calls to confirm instructions given by phone. A confirmation statement is sent for most transactions; please review this statement and verify the accuracy of your transaction immediately.

### **Exchanges**

Calvert offers a wide variety of investment options that includes common stock funds, tax-exempt and corporate bond funds, and money market funds (call your broker or Calvert representative for more information). We make it easy for you to purchase shares in other Calvert funds if your investment goals change. The exchange privilege offers flexibility by allowing you to exchange shares on which you have already paid a sales charge from one mutual fund to another at no additional charge.

Complete and sign an account application, taking care to register your new account in the same name and taxpayer identification number as your existing Calvert account(s). Exchange instructions may then be given by telephone if telephone redemptions have been authorized and the shares are not in certificate form.

### **Before you make an exchange, please note the following:**

Each exchange represents the sale of shares of one Fund and the purchase of shares of another. Therefore, you could realize a taxable gain or loss.

You may exchange shares acquired by reinvestment of dividends or distributions into another Calvert Fund at no additional charge.

Shares may only be exchanged for shares of the same class of another Calvert Fund.

No CDSC is imposed on exchanges of shares subject to a CDSC at the time of the exchange. The applicable CDSC is imposed at the time the shares acquired by the exchange are redeemed.

Exchange requests will not be accepted on any day when Calvert is open but the Fund's custodian bank is closed (e.g., Columbus Day and Veteran's Day); these exchange requests will be processed the next day the Fund's custodian bank is open.

Each Fund and the distributor reserve the right at any time to reject or cancel any part of any purchase or exchange order; modify any terms or conditions of purchase of shares of any Fund; or withdraw all or any part of the offering made by this prospectus. To protect the interests of investors, any Fund and the distributor may reject any order considered market-timing activity.

Each Fund reserves the right to terminate or modify the exchange privilege with 60 days' written notice.

### **Electronic Delivery of Prospectuses and Shareholder Reports**

You may request to receive electronic delivery of prospectuses and annual and semi annual reports.

### **Combined General Mailings (Householding)**

Multiple accounts with the same social security number will receive one mailing per household of information such as prospectuses and semi-annual and annual reports. Call customer service at 800-368-2745 to request further grouping of accounts to receive fewer mailings, or to request that each account still receive a separate mailing. Separate statements will be generated for each separate account and will be mailed in one envelope for each combination above.

### **Special Services and Charges**

Each Fund pays for shareholder services but not for special services that are required by a few shareholders, such as a request for a historical transcript of an account or a stop payment on a draft. You may be required to pay a fee for these special services.

If you are purchasing shares through a program of services offered by a broker/dealer or financial institution, you should read the program materials together with this Prospectus. Certain features may be modified in these programs. Investors may be charged a fee if they effect transactions in Fund shares through a broker or agent.

### **Minimum Account Balance**

Please maintain a balance in each of your Fund accounts of at least \$1,000 per class. If the balance in your account falls below the minimum during a month, the account may be closed and the proceeds mailed to the address of record. You will receive notice that your account is below the minimum, and will be closed if the balance is not brought up to the required minimum within 30 days.

### **DIVIDENDS, CAPITAL GAINS, AND TAXES**

Each Fund pays dividends from its net investment income on a monthly basis. Net investment income consists of interest income, net short-term capital gains, if any, and dividends declared and paid on investments, less expenses.

Distributions of net short-term capital gains (treated as dividends for tax purposes) and net long-term capital gains, if any, are normally paid once a year; however, the Fund does not anticipate making any such distributions unless available capital loss carryovers have been used or have expired. Dividend and distribution payments will vary between classes.

### **Dividend Payment Options**

Dividends and any distributions are automatically reinvested in the same Fund at NAV, unless you elect to have amounts of \$10 or more paid in cash, by check or by Calvert Money Controller. Dividends and distributions from any Calvert Fund may be automatically invested in an identically registered account in any other Calvert Fund at NAV. If reinvested in the same account, new shares will be purchased at NAV on the reinvestment date, which is generally 1 to 3 days prior to the payment date. You must notify the Funds in writing to change your payment options. If you elect to have dividends and/or distributions paid in cash, and the US Postal Service returns the check as undeliverable, it, as well as future dividends and distributions, will be reinvested in additional shares. No dividends will accrue on amounts represented by uncashed distribution or redemption checks.

### **Buying a Dividend**

At the time of purchase, the share price of each class may reflect undistributed income, capital gains or unrealized appreciation of securities. Any income or capital gains from these amounts which are later distributed to you are fully taxable. On the record date for a distribution, share value is reduced by the amount of the distribution. If you buy shares just before the record date ("buying a dividend") you will pay the full price for the shares and then receive a portion of the price back as a taxable distribution.

### **Federal Taxes**

In January, each Fund will mail you Form 1099-DIV indicating the federal tax status of dividends and any capital gain distributions paid to you during the past year. Generally, dividends and distributions are taxable in the year they are paid. However, any dividends and distributions paid in January but declared

during the prior three months are taxable in the year declared. Dividends and distributions are taxable to you regardless of whether they are taken in cash or reinvested. Dividends, including short-term capital gains, are taxable as ordinary income. Distributions from long-term capital gains are taxable as long-term capital gains, regardless of how long you have owned shares.

You may realize a capital gain or loss when you sell or exchange shares. This capital gain or loss will be short- or long-term, depending on how long you have owned the shares which were sold. In January, these Funds will mail you Form 1099-B indicating the total amount of all sales, including exchanges. You should keep your annual year-end account statements to determine the cost (basis) of the shares to report on your tax returns.

### **Other Tax Information**

In addition to federal taxes, you may be subject to state or local taxes on your investment, depending on the laws in your area. You will be notified to the extent, if any, that dividends reflect interest received from US government securities. Such dividends may be exempt from certain state income taxes.

### **Taxpayer Identification Number**

If we do not have your correct Social Security or Taxpayer Identification Number ("TIN") and a signed certified application or Form W-9, Federal law requires us to withhold 31% of your reportable dividends, and possibly 31% of certain redemptions. In addition, you may be subject to a fine by the Internal Revenue Service. You will also be prohibited from opening another account by exchange. If this TIN information is not received within 60 days after your account is established, your account may be redeemed (closed) at the current NAV on the date of redemption. Calvert reserves the right to reject any new account or any purchase order for failure to supply a certified TIN.

### **HOW TO SELL SHARES**

You may redeem all or a portion of your shares on any day your Fund is open for business, provided the amount requested is not on hold. When you purchase by check or with Calvert Money Controller (electronic funds transfer), the purchase will be on hold for up to 10 business days from the date of receipt. During the hold period, redemptions proceeds will not be sent until the Transfer Agent is reasonably satisfied that the purchase payment has been collected.

Your shares will be redeemed at the next NAV calculated after your redemption request is received by the transfer agent in good order (less any applicable CDSC). The proceeds will normally be sent to you on the next business day, but if making immediate payment could adversely affect your Fund, it may take up to seven (7) days to make payment. Calvert Money Controller redemptions generally will be credited to your bank account by the second business day after



your phone call. The Fund has the right to redeem shares in assets other than cash for redemption amounts exceeding, in any 90-day period, \$250,000 or 1% of the net asset value of the Fund, whichever is less. Please note that there are some federal holidays, however, such as Columbus Day and Veterans' Day, when the NYSE is open and the Fund is open but redemptions cannot be mailed or wired because the post offices and banks are closed.

Follow these suggestions to ensure timely processing of your redemption request:

**By Telephone** – call 800-368-2745

You may redeem shares from your account by telephone and have your money mailed to your address of record or electronically transferred or wired to a bank you have previously authorized. A charge of \$5 may be imposed on wire transfers of less than \$1,000.

**Written Requests**

Calvert Group, P.O. Box 219544, Kansas City, MO 64121-9544

Your letter should include your account number, name of the Fund, and the number of shares or the dollar amount you are redeeming. Please provide a daytime telephone number, if possible, for us to call if we have questions. If the money is being sent to a new bank, person, or address other than the address of record, your letter must be signature guaranteed.

**Systematic Check Redemptions**

If you maintain an account with a balance of \$10,000 or more, you may have up to two (2) redemption checks for a fixed amount mailed to you at your address of record on the 15th of the month, simply by sending a letter with all information, including your account number, and the dollar amount (\$100 minimum). If you would like a regular check mailed to another person or place, your letter must be signature guaranteed. Unless they otherwise qualify for a waiver, Class B or Class C shares redeemed by Systematic Check Redemption will be subject to the Contingent Deferred Sales Charge.

**Corporations and Associations**

Your letter of instruction and corporate resolution should be signed by person(s) authorized to act on the account, accompanied by signature guarantee(s).

## **Trusts**

Your letter of instruction should be signed by the Trustee(s) (as Trustee), with a signature guarantee. (If the Trustee's name is not registered on your account, please provide a copy of the trust document, certified within the last 60 days.)

## **Through your Dealer**

Your dealer must receive your request before the close of regular trading on the NYSE to receive that day's NAV. Your dealer will be responsible for furnishing all necessary documentation to Calvert and may charge you for services provided.

## **Request in "Good Order"**

All redemption requests must be received by the transfer agent in "good order." This means that your request must include:

- The Fund name and account number
- The amount of the transaction (in dollars or shares).
- Signatures of all owners exactly as registered on the account (for mail requests).
- Signature guarantees (if required).\*
- Any supporting legal documentation that may be required.
- Any outstanding certificates representing shares to be redeemed.

\*For instance, a signature guarantee must be provided by all registered account shareholders when redemption proceeds are sent to a different person or address. A signature guarantee can be obtained from most commercial and savings banks, credit unions, trust companies, or member firms of a U.S. stock exchange. Please note: Notarization is not the equivalent of a signature guarantee.

**Transactions are processed at the next determined share price after the transfer agent has received all required information.**

## **FINANCIAL HIGHLIGHTS**

The financial highlights table is intended to help you understand the Fund's financial performance for the past five (5) fiscal years. The Fund's fiscal year end is September 30. Certain information reflects financial results for a single share by Class. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in a Fund (assuming reinvestment of all dividends and distributions), and does not reflect any applicable front- or back-end sales charge. The information for 2000 and 2001 has been audited by Arthur Andersen LLP whose report, along with the Fund's financial statements, are included in the Fund's annual report, which is available upon request. The information for prior years has been audited by other auditors.

# CALVERT INCOME FUND

## FINANCIAL HIGHLIGHTS

CLASS A SHARES	YEARS ENDED	
	SEPTEMBER 30, 2001	SEPTEMBER 30, 2000
<b>Net asset value, beginning</b> .....	<b>\$16.66</b>	<b>\$17.08</b>
Income from investment operations		
Net investment income .....	1.14	1.15
Net realized and unrealized gain (loss) .....	.98	(.16)
Total from investment operations .....	2.12	.99
Distributions from		
Net investment income .....	(1.14)	(1.16)
Net realized gain .....	(.16)	(.25)
Total distributions .....	(1.30)	(1.41)
Total increase (decrease) in net asset value .....	.82	(.42)
<b>Net asset value, ending</b> .....	<b>\$17.48</b>	<b>\$16.66</b>
Total return* .....	13.31%	6.11%
Ratios to average net assets:		
Net investment income .....	6.66%	7.47%
Total expenses .....	1.10%	1.20%
Expenses before offsets .....	1.10%	1.20%
Net expenses .....	1.08%	1.17%
Portfolio turnover .....	2,645%	3,264%
<b>Net assets, ending (in thousands)</b> .....	<b>\$945,671</b>	<b>\$442,709</b>

CLASS A SHARES	YEARS ENDED		
	SEPTEMBER 30, 1999	SEPTEMBER 30, 1998	SEPTEMBER 30, 1997
<b>Net asset value, beginning</b> .....	<b>\$17.17</b>	<b>\$17.20</b>	<b>\$16.47</b>
Income from investment operations			
Net investment income .....	.99	1.02	1.02
Net realized and unrealized gain (loss) .....	.74	.61	.74
Total from investment operations .....	1.73	1.63	1.76
Distributions from			
Net investment income .....	(.99)	(1.01)	(1.02)
In excess of net realized gain .....	—	—	(.01)
Net realized gain .....	(.83)	(.65)	—
Total distributions .....	(1.82)	(1.66)	(1.03)
Total increase (decrease) in net asset value .....	(.09)	(.03)	.73
<b>Net asset value, ending</b> .....	<b>\$17.08</b>	<b>\$17.17</b>	<b>\$17.20</b>
Total return* .....	10.68%	9.92%	11.03%
Ratios to average net assets:			
Net investment income .....	6.01%	5.96%	6.04%
Total expenses .....	1.32%	1.43%	1.33%
Expenses before offsets .....	1.32%	1.43%	1.33%
Net expenses .....	1.23%	1.36%	1.26%
Portfolio turnover .....	3,454%	3,461%	2,961%
<b>Net assets, ending (in thousands)</b> .....	<b>\$91,764</b>	<b>\$41,607</b>	<b>\$39,302</b>

# CALVERT INCOME FUND

## FINANCIAL HIGHLIGHTS

CLASS B SHARES	PERIODS ENDED		
	SEPTEMBER 30, 2001	SEPTEMBER 30, 2000	SEPTEMBER 30, 1999 <sup>A</sup>
<b>Net asset value, beginning</b> .....	<b>\$16.66</b>	<b>\$17.06</b>	<b>\$17.02</b>
Income from investment operations			
Net investment income .....	1.00	.97	.13
Net realized and unrealized gain (loss) .....	.98	(.17)	.05
Total from investment operations .....	1.98	.80	.18
<i>Distributions from</i>			
Net investment income .....	(1.01)	(.95)	(.14)
Net realized gain .....	(.16)	(.25)	—
Total distributions .....	(1.17)	(1.20)	(.14)
Total increase (decrease) in net asset value .....	.81	(.40)	.04
<b>Net asset value, ending</b> .....	<b>\$17.47</b>	<b>\$16.66</b>	<b>\$17.06</b>
Total return* .....	12.38%	4.95%	1.06%
<i>Ratios to average net assets:</i>			
Net investment income .....	5.74%	6.75%	5.00% (a)
Total expenses .....	1.93%	2.15%	3.74% (a)
Expenses before offsets .....	1.93%	2.15%	2.98% (a)
Net expenses .....	1.91%	2.12%	2.91% (a)
Portfolio turnover .....	2,645%	3,264%	3,454%
<b>Net assets, ending (in thousands)</b> .....	<b>\$144,580</b>	<b>\$31,646</b>	<b>\$1,231</b>

CLASS C SHARES	PERIODS ENDED	
	SEPTEMBER 30, 2001	SEPTEMBER 30, 2000 <sup>AA</sup>
<b>Net asset value, beginning</b> .....	<b>\$16.67</b>	<b>\$16.59</b>
Income from investment operations		
Net investment income .....	.98	.15
Net realized and unrealized gain (loss) .....	.95	.11
Total from investment operations .....	1.93	.26
<i>Distributions from</i>		
Net investment income .....	(.97)	(.18)
Net realized gain .....	(.16)	—
Total distributions .....	(1.13)	(.18)
Total increase (decrease) in net asset value .....	.80	.08
<b>Net asset value, ending</b> .....	<b>\$17.47</b>	<b>\$16.67</b>
Total return* .....	12.09%	1.58%
<i>Ratios to average net assets:</i>		
Net investment income .....	5.32%	7.42% (a)
Total expenses .....	2.09%	2.16% (a)
Expenses before offsets .....	2.09%	2.16% (a)
Net expenses .....	2.06%	2.13% (a)
Portfolio turnover .....	2,645%	3,264%
<b>Net assets, ending (in thousands)</b> .....	<b>\$38,185</b>	<b>\$1,179</b>

(a) Annualized

\* Total return is not annualized for periods less than one year and does not reflect deduction of any front-end or deferred sales charge.

<sup>A</sup> From August 1, 1999, inception.

<sup>AA</sup> From August 1, 2000, inception.

## EXHIBIT A

### Reduced Sales Charges (Class A Only)

You may qualify for a reduced sales charge through several purchase plans available. You must notify the Fund at the time of purchase to take advantage of the reduced sales charge.

### Rights of Accumulation can be applied to several accounts

Class A sales charge breakpoints are automatically calculated for each account based on the higher of cost or current value of shares previously purchased. This privilege can be applied to a family group or other qualified group<sup>10</sup> upon request. Shares could then be purchased at the reduced sales charge which applies to the entire group; that is, based on the higher of cost or current value of shares previously purchased and currently held by all the members of the group.

### Letter of Intent

If you (or your group, as described above) plan to purchase \$50,000 or more of Calvert Fund shares over the next 13 months, your sales charge may be reduced through a "Letter of Intent." You pay the lower sales charge applicable to the total amount you plan to invest over the 13-month period, excluding any money market fund purchases. Part of your shares will be held in escrow, so that if you do not invest the amount indicated, you will have to pay the sales charge applicable to the smaller investment actually made. For more information, see the SAI.

### Retirement Plans Under Section 457, Section 403(b)(7), or Section 401(k)

There is no sales charge on shares purchased for the benefit of a retirement plan under section 457 of the Internal Revenue Code of 1986, as amended ("Code"), or for a plan qualifying under section 403(b) or 401(k) of the Code if, at the time of purchase, (i) Calvert has been notified in writing that the 403(b) or 401(k) plan has at least 300 eligible employees and is not sponsored by a K-12 school district, or (ii) the cost or current value of shares a 401(k) plan has in Calvert Funds (except money market funds) is at least \$1 million. Neither the Funds, nor Calvert Distributors, Inc. ("CDI"), nor any affiliate thereof will reimburse a plan or participant for any sales charges paid prior to receipt of such written communication and confirmation by Calvert. Plan administrators should send requests for the waiver of sales charges based on the above conditions to: Calvert Retirement Plans, 4550 Montgomery Avenue, Suite 1000N, Bethesda, Maryland 20814.

### **College Savings Plans under Section 529**

There is no sales charge on shares purchased for the D.C. College Savings Plan if at the time of purchase the owner of the account is (i) a District of Columbia resident, or (ii) a participant in payroll deduction to the D.C. College Savings Plan of a business with at least 300 employees.

There is no sales charge imposed by Calvert on shares purchased by Delaware Investments for its omnibus account established for the Pennsylvania TAP 529 Investment Plan.

### **Other Circumstances**

There is no sales charge on shares of any Fund of the Calvert Funds sold to: (i) current or retired Directors, Trustees, or Officers of the Calvert Funds, employees of Calvert and its affiliates, or their family members; (ii) CSIF Advisory Council Members, directors, officers, and employees of any subadvisor for the Calvert Group of Funds, employees of broker/dealers distributing the Fund's shares and immediate family members of the Council, subadvisor, or broker/dealer; (iii) Purchases made through a Registered Investment Advisor; (iv) Trust departments of banks or savings institutions for trust clients of such bank or institution, (v) Purchases through a broker maintaining an omnibus account with the Fund, provided the purchases are made by (a) investment advisors or financial planners placing trades for their own accounts (or the accounts of their clients) and who charge a management, consulting, or other fee for their services; or (b) clients of such investment advisors or financial planners who place trades for their own accounts if such accounts are linked to the master account of such investment advisor or financial planner on the books and records of the broker or agent; or (c) retirement and deferred compensation plans and trusts, including, but not limited to, those defined in section 401(a) or section 403(b) of the I.R.C., and "rabbi trusts."

### **Dividends and Capital Gain Distributions from other Calvert Funds**

You may prearrange to have your dividends and capital gain distributions from another Calvert Fund automatically invested in another account with no additional sales charge.

### **Purchases Made at NAV**

If you make a purchase at NAV, you may exchange that amount to another Calvert Fund at no additional sales charge.

## Reinstatement Privilege

If you redeem shares and then within 60 days decide to reinvest in the same Fund, you may do so at the net asset value next computed after the reinvestment order is received, without a sales charge. You may use the reinstatement privilege only once. The Funds reserve the right to modify or eliminate this privilege.

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<sup>10</sup>A "qualified group" is one which:

1. has been in existence for more than six months, and
2. has a purpose other than acquiring shares at a discount, and
3. satisfies uniform criteria which enable CDI and brokers offering shares to realize economies of scale in distributing such shares.

A qualified group must have more than 10 members, must be available to arrange for group meetings between representatives of CDI or brokers distributing shares, must agree to include sales and other materials related to the Funds in its publications and mailings to members at reduced or no cost to CDI or brokers. A pension plan is not a qualified group for rights of accumulation.

**EXHIBIT B**

**Service Fees and Arrangements with Dealers**

CDI, each Fund's underwriter, pays dealers a commission, or reallowance (expressed as a percentage of the offering price for Class A, and a percentage of the amount invested for Class B and C) when you purchase shares of the Funds. CDI also pays dealers an ongoing service fee while you own shares of that Fund (expressed as an annual percentage rate of average daily net assets held in Calvert accounts by that dealer). The table below shows the amount of payment which differs depending on the class.

**Maximum Commission/Service Fees**

**Calvert Income Fund**

Class A*	Class B**	Class C***
3.00% / 0.25%	3.00% / 0.25%	1.00%/1.00%

**Calvert Short Duration Income Fund**

Class A*	Class C***
2.75% / 0.25%	1.00%/1.00%

\*Class A service fee begins to accrue in 1st month after purchase.

\*\*Class B service fee begins to accrue in 13th month.

\*\*\*Class C pays dealers a service fee of 0.25% and additional compensation of 0.75% for a total of 1%. Begins to accrue in 13th month.

Occasionally, CDI may reallow to dealers the full Class A front-end sales charge. CDI may also pay additional concessions, including de minimis non-cash promotional incentives, such as de minimis merchandise or trips, to brokers employing registered representatives who have sold or are expected to sell a minimum dollar amount of shares of the Fund and/or shares of other Funds underwritten by CDI. CDI may make expense reimbursements for special training of a broker's registered representatives, advertising or equipment, or to defray the expenses of sales contests. Calvert, CDI, or their affiliates may pay, from their own resources, certain broker-dealers and/or other persons, for the sale and distribution of the securities or for services to the Fund. These amounts may be significant. Payments may include additional compensation beyond the regularly scheduled rates, and finder's fees. CDI pays dealers a finder's fee of up to 1% on certain Class A shares purchased at NAV. Call 800-368-2750 for more information.



**Calvert Income Fund**

Where paid, the finder's fee is 0.80% of the NAV purchase amount on the first \$2 million, 0.64% on \$2 to \$3 million, 0.40% on \$3 to \$50 million, 0.20% on \$50 to \$100 million and 0.12% over \$100 million.

**Calvert Short Duration Income Fund**

Where paid, the finder's fee is 0.50% of the NAV purchase amount on the first \$2 million, 0.40% on \$2 to \$3 million, 0.25% on \$3 to \$50 million, 0.125% on \$50 to \$100 million and 0.075% over \$100 million.

If a finder's fee is paid, and some or all of the purchase is exchanged into another fund with a lower finder's fee within one year, then CDI will recoup the difference in the finder's fee from the broker. Purchases of shares at NAV for accounts on which a finders fee has been paid are subject to a one-year CDSC of 0.80% (0.50% for Calvert Short Duration Income Fund). All payments will be in compliance with the rules of the National Association of Securities Dealers, Inc.

To Open an Account:  
800-368-2748

Performance and Prices:  
[www.calvert.com](http://www.calvert.com)  
Calvert Information Network  
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For investors who want more information about the Funds, the following documents are available free upon request:

**Annual/Semi-Annual Reports:** Additional information about each Fund's investments is available in the Fund's Annual and Semi-Annual reports to shareholders. In each Fund's annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its last fiscal year.

**Statement of Additional Information (SAI):** The SAI for each Fund provides more detailed information about the Fund and is incorporated into this prospectus by reference.

You can get free copies of reports and the SAI, request other information and discuss your questions about the Funds by contacting your financial professional, or the Funds at:

Calvert  
4550 Montgomery Ave.  
Suite 1000N  
Bethesda, MD 20814

Telephone: 1-800-368-2745

Calvert Web-Site  
[www.calvert.com](http://www.calvert.com)

You can review information about the Funds at the Commission's Public Reference Room in Washington, D.C. Information on the operation of the public reference room may be obtained by calling the Commission at 1-202-942-8090. Reports and other information about the Funds are available on the EDGAR database on the Commission's Internet site at <http://www.sec.gov>. Copies of this information may also be obtained, upon payment of a duplicating fee, by electronic request at [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing to the Public Reference Section of the Commission, Washington, D.C. 20549-0102.

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