

## Form ADV Part 2A



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*A UNIFI Company.*

March 29, 2012

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This Brochure provides information about the qualifications and business practices of Calvert Investment Management, Inc. ("Calvert"). If you have any questions about the contents of this Brochure, please contact us at 301-951-4800 or visit our website at [www.calvert.com](http://www.calvert.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Calvert is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **ITEM 2 – MATERIAL CHANGES**

On April 30, 2011, Calvert Asset Management Company, Inc. changed its name to Calvert Investment Management, Inc. to support its business expansion and make it easier to identify and invest in products managed by Calvert Investment Management, Inc. (Calvert). This name change has no impact on the way Calvert does business or its corporate values and mission.

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## **ITEM 4 – ADVISORY BUSINESS**

### **Description, History and Principal Owners**

Calvert, based in Bethesda, Maryland, was founded in 1976 and incorporated in 1981 under the laws of the State of Delaware. Calvert provides investment management services through mutual funds and separate accounts to institutional investors, retirement plans, financial intermediaries and their clients by offering more than 40 equity, bond, cash, and asset allocation investment strategies, many of which feature integrated corporate sustainability and responsibility research.

Calvert is 100 percent owned by its parent company, UNIFI Mutual Holding Company (“UNIFI”). Its chain of ownership is UNIFI, Ameritas Holding Company, Ameritas Life Insurance Corporation, Acacia Life Insurance Company, and Calvert Investments, Inc.

### **Advisory Services Offered**

Calvert’s principal business consists of delivering “investment decision-making services” to clients by offering expertise across a wide range of asset classes and styles, and striving for client service excellence and integrity. In addition to offering investment advisory services to clients of mutual funds and separately managed accounts, Calvert also provides subadvisory services to portfolios of investment companies, serves as program manager to a college savings program, and offers Sustainably and Socially Responsible Investment criteria (“SRI”) screening services.

### **Tailored Advisory Services**

Calvert tailors its advisory services to the individual needs of its clients and while clients within the same investment product are managed similarly, clients are free to impose reasonable restrictions that would preclude Calvert from investing client assets in certain securities or sectors. As such, certain clients have imposed SRI and “Terror-Free” criteria and restrictions in connection with the management of their accounts. Generally speaking, such restrictions are not deemed to hinder Calvert’s discretion.

### **Wrap Fee Programs**

Calvert provides portfolio management services for wrap fee programs, managing such wrap fee accounts in a similar fashion (i.e. using the same SRI analysis for accounts) as other portfolios managed to a similar strategy. Calvert receives a portion of the wrap fee for its investment advisory services.

### **Assets Under Management**

As of December 31, 2011, Calvert managed \$12.375 billion, all of which were on a discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

The specific manner in which advisory fees are charged by Calvert is established in the client’s written investment advisory agreement. Under this agreement, for its services, Calvert receives an annual advisory fee calculated as a percentage of an account’s average daily net assets and payable monthly. Such fees are negotiable and may vary to reflect circumstances that may apply to a specific client or account.

For separately managed accounts, Calvert has a standard advisory fee schedule that is shown below. Advisory fees for these types of accounts are calculated as a percentage of an account’s average daily net assets and payable monthly. The advisory fee schedule is negotiable and based on many factors including the asset size, client type and investment strategy. Exceptions to the fee schedule may be made under certain circumstances, including the type of client, type of mandate, changing market conditions, and pre-existing relationship with Calvert. The minimum account size is \$10 million. Calvert’s basic fee schedule is as follows:

### **Annual Rates**

#### **U.S. Large Cap Value Strategy**

.60% on the first \$25 Million  
.45% on the next \$75 Million  
.35% on the next \$100 Million  
.20% on the next \$200 Million  
.15% excess over \$400 Million

#### **International EAFE “Terror Free” Strategy**

.35% on the first \$25 Million  
.30% on the next \$75 Million  
.20% on the next \$100 Million  
.15% on the next \$200 Million  
.10% excess over \$400 Million

### **Billing**

Calvert generally bills its advisory fees on a monthly basis. Clients are billed in arrears each calendar month. Clients may also elect to be billed directly for the advisory fees or to authorize Calvert to directly debit advisory fees from client accounts.

Accounts initiated or terminated during a calendar month will be charged a prorated advisory fee. Upon termination of any account, any prepaid, unearned advisory fees will be promptly refunded, and any earned, unpaid advisory fees will be due and payable.

### **Other Types of Fees and Expenses**

In addition to the advisory fees described above, clients may incur administrative fees billed by entities other than Calvert. Such fees may include, but are not necessarily limited to, trustee fees, custodian fees, and other fees and taxes on brokerage accounts and securities transactions.

See Item 12 - “Brokerage Practices” for further discussion about brokerage fees.

### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Calvert does not currently receive performance-based fees but such arrangements may be negotiated. Calvert does not engage in side-by-side management.

### **ITEM 7 – TYPES OF CLIENTS**

Calvert provides investment advisory services through mutual funds and separate accounts to institutional investors, retirement plans, financial intermediaries and their clients by offering more than 40 equity, bond, cash, and asset allocation investment strategies, many of which feature integrated corporate SRI research.

Calvert requires a minimum initial investment of \$10 million to open a separately managed account. Calvert reserves the right to waive the required minimum initial investment.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis and Investment Strategies

Calvert offers a wide array of equity, fixed income, and asset allocation investment options that enable our clients to diversify their investments broadly. For financial goals ranging from retirement and education funding to achieving general financial security, we offer the building blocks for well balanced portfolios in the following broad categories:

#### Mutual Funds

**Equity: Looking Beyond Traditional Measures.** A leader in SRI investing, Calvert offers investors a broad choice of SRI strategies. Each SRI strategy employs one of three proprietary approaches:

**Calvert Signature™ Strategies** employ a management process Calvert has utilized for more than 20 years for all of its original SRI funds— comprising two distinct but integral research components: a rigorous review of a company's financial performance, plus a thorough assessment of its environmental, social, and governance performance. Only when a company meets our standards for both will it be included under the Calvert Signature™ Strategies.

**Calvert Solution™ Strategies** selectively invest in companies that have been reviewed for their financial performance and that produce products and services designed to solve some of today's most pressing environmental and sustainability challenges.

**Calvert SAGE™ Strategies** emphasize strategic engagement to advance environmental, social, and governance performance in companies that may not meet Calvert standards today, but have the potential to improve.

Calvert advised equity mutual funds include both domestic and internationally focused funds in the small-, mid- and large-cap spaces that incorporate many investment styles, including core, value and growth, in addition to sector funds, index funds, and conservative, moderate and aggressive allocation funds. Many of the equity funds feature the integrated SRI strategies described above.

**Fixed Income: Uncovering Relative Value.** All of our fixed income strategies employ a four-tiered process, which may also include SRI. A culmination of Calvert's 30 years of income management experience, proven through a variety of market conditions, this process integrates four primary management components into a fluid, cohesive process that delivers results.

**Manage duration.** Calvert strategically manages the interest rate sensitivity of a portfolio by selecting the proper mix of duration positions. Duration 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.

**Monitor the yield curve.** By scrutinizing the steepness of the yield curve (the difference in interest rates between short- and long-term bonds), Calvert carefully chooses the maturities of the bonds we select for our portfolios.

**Optimize sector allocation.** Calvert choose sectors by examining market conditions and analyzing the relative value of each sector in the bond market.

**Analyze credit quality.** Calvert's credit analysts apply rigorous fundamental credit analysis to screen and select securities they believe will enhance overall portfolio performance.

These processes are used to manage the following fixed-income strategies:

**Short Duration Income Strategy.** An actively managed diversified portfolio of bonds, which primarily invests in investment-grade securities that generate income while also seeking to provide significant levels of stability.

**Intermediate Duration Strategy.** An actively trading managed diversified portfolio of bonds to take advantage of relative value, managing interest rate risk, monitoring yield curve, and exploring unique investment opportunities.

**Long-Term Duration Strategy.** An actively managed diversified portfolio of bonds, which invests in securities that generate income while also seeking to provide significant levels of stability.

**High Yield Strategy.** A diversified portfolio of high yield securities that employ intensive credit fundamental analysis.

**Government.** An actively managed diversified portfolio of government securities.

Calvert advised fixed-income mutual funds include portfolios that invest in instruments with multitude of target maturities ranging from ultra-short to long-term. Each fixed-income mutual fund employs an active trading strategy seeking relative value to earn incremental income, and most invest primarily in investment grade securities of U.S. corporations and the U.S. government and its agencies. The portfolio management team uses a top-down approach to establish broad duration and yield curve techniques and to find relative value across the broad sectors of the bond market, including corporate bonds, below-investment grade, high yield bonds, Treasuries, agency bonds, asset-backed securities, mortgage-backed securities, and taxable municipal debt.

**Money Market:** Calvert develops customized solutions to meet liquidity needs, investment constraints and risk parameters. Cash strategies seek to maximize current income while preserving capital and liquidity through investing in diversified portfolios of short-term obligations and deposits.

### **Separately Managed Accounts**

Calvert's separately managed account services are offered to institutional and individual investors on the basis of specific needs, as directed by the client. Through this service, the client is offered professionally managed investment accounts using the strategies below:

**U.S. Large Cap Value Strategy.** Investments primarily in large-cap U.S. common stocks that are trading at prices below what are believed to be their intrinsic value and with a focus on fundamental, bottom-up security analysis and sector allocation.

**International ADR Strategy (Terror-Free).** Systematic, risk controlled investment process using liquid ADRs to create a portfolio that closely follows the risk characteristics of the MSCI EAFE (Morgan Stanley Capital International Europe Australasia and Far East) Index. The Portfolio is screened for securities with significant business exposure to terrorist related activities.

With any investment, there is a risk you could loose your investment. An investment of securities is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Investing in securities involves risk of loss that clients should be prepared to bear.

### **Types of Securities**

Calvert does not recommend any particular type of security to its clients.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Calvert has had no legal or disciplinary events.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Dual Registration**

Calvert is primarily in the business of managing investment advisory accounts and rendering investment advice to clients. Calvert is not registered as a broker-dealer, however, its affiliated person, Calvert Investment Distributors, Inc. ("CID"), is a registered broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA"), the Municipal Securities Rulemaking Board ("MSRB") and the Securities Investor Protection Corporation ("SIPC"). Certain of Calvert's management persons are registered associated persons of CID.

## **Futures Commission Merchant**

Calvert is not a registered futures commission merchant, commodity pool operator, or commodity trading adviser; nor is Calvert an associated person of the foregoing entities.

## **Affiliates and Material Relationships**

Due to common ownership, Calvert is a related person of:

- CID, a registered broker-dealer, principal distributor and underwriter of Calvert Funds, and program administrator of the District of Columbia 529 College Savings Plan;
- Ameritas Investment Corp. ("AIC"), a dually federal registered broker-dealer and investment adviser and municipal securities dealer (with which CID has a selling agreement);
- Summit Investment Advisers, Inc. ("SIA"), d/b/a Summit Investment Partners ("SIP"), a federal registered investment adviser (provides investment advice to registered open-end investment companies and currently serves as subadviser to certain of the portfolios under Calvert Variable Products, Inc.);
- Griffin Properties, LLC ("Griffin"), a Virginia limited liability corporation, for which Acacia Life Insurance Company serves as the sole member and which owns construction properties acquired from Acacia Federal Savings Bank; and
- PRBA, Inc. ("PRBA"), a pension consultant (which owns 100% of Price, Raffel, & Browne Administrators, Inc. a Delaware corporation that provides pension administration and consulting services).

Each of the above-mentioned entities are wholly-owned subsidiaries of UNIFI, domiciled in Nebraska.

Other wholly-owned subsidiaries of UNIFI include Acacia Life Insurance Company, Ameritas Life Insurance Corporation, Union Central Life Insurance Company, First Ameritas Life Insurance Corporation of New York, and Acacia Federal Savings Bank.

Calvert may be retained by UNIFI, AIC and SIP from time to time to provide investment advice.

## **Referrals**

Calvert currently does not engage in referrals.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics Summary**

Calvert has adopted a Code of Ethics ("Code") that complies with both the requirements of Rule 204A-1 under the Investment Advisers Act of 1940 and Rule 17j-1 under the Investment Company Act of 1940. A copy of the Code will be provided upon request.

The summary provisions of the requirements and procedures of the Code are: (1) Pre-Clearance of Personal Securities Transactions: Unless the transaction is in an exempted security, all employees must request and receive pre-clearance prior to engaging in the purchase or sale of a security; (2) Trading Restrictions: (a) Blackout Periods: Employees are prohibited from trading in securities that are also being traded for a client account for a certain period of days, before or after the client account's trades. (b) Initial Public Offerings and Private Placements: Employees are prohibited from participating in Initial Public Offerings. Private placements require prior approval. (c) Options: Employees are not prohibited from buying or selling options. (d) Affiliated Mutual Funds: Employee investments in affiliated Funds (i.e., those advised by Calvert) are subject to reporting requirements but not pre-clearance requests. (e) Prohibited Trading Activities: Employees are subject to restrictions on certain trading activities, including excessive trading in mutual funds; (3) Reporting Requirements: Employees are required to report transactions and holdings in securities in initial, quarterly, annual and other reports; (4) Insider Trading and Tipping: Employees are prohibited from misusing material, nonpublic information, or "inside," information; and (5) Sanctions: Upon discovering a violation of the Code by an employee or his/her family member or related party, the Chief Compliance Officer may impose the sanctions that it deems appropriate. Potential sanctions include warning memoranda, monetary fines, restrictions on future trading, as well as termination of employment and referral to the appropriate regulatory and/or legal authorities.



## **Client Transactions**

Calvert does not act as broker or agent for any person other than a client and Calvert does not effect transactions in which client securities are sold to or bought from a brokerage customer. Calvert does not recommend to clients, or buy or sell for client accounts, securities in which Calvert or a related person has a material financial interest.

Calvert's related persons, AIC and SIP, may effect, as a broker-dealer and or adviser, securities transactions for its advisory clients. If the broker-dealer executes a transaction for an advisory client, any commissions paid are in addition to the fee for financial planning and any other advisory services, thus creating a potential conflict of interest in recommending securities transactions due to the fact that commissions would also be received by AIC. AIC is a member of the selling group for various mutual funds for which Calvert may serve as adviser. As a result, it is possible that AIC may receive Rule 12b-1 distribution fees from those mutual funds advised by Calvert for its sales efforts. AIC and SIP do not recommend to clients or buys or sells for client accounts securities in which they have any material financial interest.

## **Personal Trading**

Calvert employees may buy or sell securities for themselves that are also purchased for accounts that Calvert manages for its clients. In addition, Calvert employees may invest in the mutual funds for which Calvert serves as adviser or subadviser.

Calvert's clients securities transactions are confidential and not made public to its related persons, AIC and SIP. Employees of AIC and SIP may invest in the mutual funds for which Calvert serves as adviser or subadviser.

Calvert's Code is designed to prevent and detect conflicts of interests between Calvert employees and clients, and imposes pre-clearance and reporting requirements on its employees. All employees provide annual certifications confirming their understanding of, and compliance with the Code.

Personal securities trading activity is reviewed on a regular basis and violations of the Code are reported to senior management. In addition, failure to comply with the requirements, restrictions or prohibitions of the Code may subject a person to sanctions commensurate with the infraction, up to and including termination of employment and notification of appropriate governmental, regulatory and/or legal authorities.

## **Trading Restrictions**

Calvert employees are prohibited from trading in securities that are also being traded for a client account for a certain period of days, before or after the client account's trades.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Calvert's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Calvert will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

It is Calvert's policy that the firm will not effect any principal or agency cross securities transactions for client accounts. Calvert may cross trades (interportfolio transactions) between client accounts, provided the transactions comply with Rule 17a-7 of the Investment Company Act of 1940.

## **ITEM 12 – BROKERAGE PRACTICES**

### **Factors in Selecting Broker-Dealers**

Calvert seeks best execution when selecting the respective broker-dealers through which to effect trades. Best execution does not necessarily mean paying the very lowest available commission rate, as it may be appropriate to pay a rate higher than the lowest available rate, if we believe the higher commission will result in better execution. Best execution is generally understood to mean the most favorable cost or net proceeds reasonably obtainable under the circumstances. The full range of brokerage services applicable to a particular transaction may be considered when making this judgment, which may include, but is not limited to: liquidity, price, commission, timing, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers

or sellers, arbitrage capabilities, administrative ability, underwriting and provision of information on a particular security or market in which the transaction is to occur, and the confidentiality and placement accorded the order. The specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple broker-dealers.

## **1. Research and Other Soft Dollar Benefits**

Calvert acts in the best interest of its clients and does not use client assets for its own benefit without the client's consent. Calvert is also obligated to obtain best execution of client transactions while relying on the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended, which allows Calvert to pay higher commission for client securities transactions than those charged by other broker-dealers in return for soft-dollar benefits.

Soft-dollar benefits or arrangements present a conflict of interest since Calvert may personally benefit from transactions involving clients' assets. For example, the purchase of investment research services with the client commission dollars of a client, even if used for the benefit of the client, is viewed as also benefiting Calvert in that Calvert is relieved of the obligation to produce the research itself or to purchase it with hard dollars. As a result, the use of soft-dollars is viewed as creating potential conflicts of interest related to such uses, although the client also benefits because the client is not charged for that research. Also, while the soft-dollar could potentially create an incentive to use the broker-dealers providing the benefits, Calvert resolves the perception of any conflict by making a good faith determination that the amount of commission paid is reasonable in relation to the value of the brokerage or research services received.

The brokerage and research services obtained through the use of client generated commissions are of value to Calvert in advising its clients, although not each of the services to be obtained in connection with particular portfolio transactions is equally useful and of value in managing the account of a given client. Nor does an account's participation in a particular portfolio transaction depend on whether or to what extent the commissions generated thereby are used to obtain services beneficial to each account so participating. Except for apportioning the cost of brokerage according to an account's participation in a portfolio transaction (or related series of portfolio transactions), Calvert does not allocate the costs or benefits of brokerage and research services obtained through use of such commissions.

The research services received from soft dollar benefits include advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; furnishing of analyses and reports concerning issuers, securities or industries; providing information on economic factors and trends; assisting in determining portfolio strategy; providing computer software used in security analyses; providing portfolio performance evaluation and technical market analyses; and providing other services relevant to the investment decision making process. Other such services are designed primarily to assist Calvert in monitoring the investment activities. Such services may include portfolio attribution systems, return-bases style analysis, and trade-execution analysis.

Some uses of soft dollars are subject to different levels of mixed use treatment based on the purposes for which we use a particular item. Items deemed to be 100% soft-dollar eligible are used only in the oversight of portfolio managers and subadvisers, securities research and portfolio management functions. Those items with identified mixed uses are predominantly used in the oversight, securities research and portfolio management functions, but also provides support to Calvert's internal reporting, marketing, and sales efforts which are not considered eligible for safe harbor treatment. Calvert has elected to pay for this service entirely with hard dollars.

Calvert has contracted with one particular broker as payer of services that are rendered to Calvert. Calvert has instructed certain mutual fund subadvisers to execute transactions through this broker to generate client commission credits which are used to pay for services and products permitted under the safe harbor of Section 28(e) of the Exchange Act. When subadvisers execute transactions through this particular broker, credits are generated and used for payments to vendors.

## **2. Brokerage for Client Referrals**

Calvert does not pay finder's fees or otherwise compensate any person for client referrals, and thus does not take this into consideration when selecting or recommending broker-dealers.

### **3. Directed Brokerage**

#### **Client Directed Brokerage**

In certain relationships, a client may wish to retain investment discretion for all investments decisions made on behalf of its accounts and or retain discretion over the broker selection and commission rate for purposes of executing all transactions. Although Calvert understands that clients may have a desire to use brokerage commissions to pay consultants and or vendors who provide services to the client, as a matter of general policy, Calvert seeks to limit the amount of client directed brokerage arrangements. This policy is driven by Calvert's belief that these arrangements may result in additional costs to the client and may adversely affect the performance of the client's account. Calvert believes that the potential benefits derived from any directed brokerage, expense reimbursement or commission recapture program may be offset by: 1) the impediments to achieving best execution, 2) Calvert's potential inability to negotiate the same favorable commission rates as those obtained for clients who do not impose such restrictions, 3) clients unable to participate in certain block purchases or sales of securities, 4) the portfolio management team receiving less research and 5) the broker's unwillingness to commit capital. If a client instructs Calvert to direct a portion of its securities transactions to a designated broker or dealer in return for the broker or dealer providing services directly to the client or paying certain expenses of the client, Calvert will recommend limiting the directed brokerage to no more than 25% of total commissions.

#### **Calvert's Policy**

Calvert may direct its subadvisers to effect portfolio transactions through selected brokers. In such a "directed brokerage arrangement," a certain amount of portfolio brokerage commissions may be directed to a broker in return for research products and services, such as performance and expense analysis, competitive and peer analysis for return and expenses and similar data. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment the subadvisers own internal research and investment strategy execution capabilities. The subadvisers may, but generally do not, pay brokerage commissions higher than those obtainable from other brokers in return for such research products or services provided by selected brokers. Currently, Calvert does not have a directed brokerage arrangement with any third party.

#### **Aggregation of Orders**

Calvert may aggregate purchases and sales with respect to multiple client accounts, provided that all accounts are treated fairly and equitably. When it is determined to be in the best interest of the clients, and to the extent permitted by applicable laws, regulations and applicable advisory or sub-advisory agreements, Calvert may aggregate purchases and sales. After execution, the trades are allocated to the clients as directed by the portfolio managers in the post-trade allocations. Clients receive the average price and commission when more than one trade is executed or more than one broker is used to execute the transactions.

A client will not participate in an aggregated transaction with another client or affiliate if the allocation of the securities to be purchased or sold, as well as expenses incurred in the transaction, is not permitted by the clients' advisory or sub-advisory agreements and is made in an equitable manner consistent with fiduciary obligations to the clients participating in the transaction.

As a general rule, all contemporaneous purchases and sales orders for the same security with respect to multiple clients will be aggregated or blocked for trading purposes. Generally, equity accounts that are not subadvised will participate in aggregation. Generally, fixed-income trade orders for the same security are consolidated and executed as a block trade, when possible. Often times, partial purchases or sales take place and may be executed with multiple broker-dealers over a period of time.

While it is the policy of Calvert to strive to allocate fixed-income trades on a pro rata basis, it is understood that owing to cash flow differences, exposure needs, rounding or minimum allocations, and other mutual fund guidelines differences, that the actual allocation and/or portfolio needs may necessitate a departure from this policy. Also, due to the fungible nature of money market fund instruments, the trade allocation process discussed above does not apply to money market funds.

### **ITEM 13 – REVIEW OF ACCOUNTS**

#### **Periodic Review of Accounts**

Calvert normally reviews client accounts daily. Generally, each individual Calvert portfolio manager is responsible for ensuring that all investment decisions and allocations are made in accordance with the client's stated objectives, policies and restrictions in its investment advisory agreement and/or prospectus and statement of additional information ("SAI"). In addition, each portfolio manager is responsible for ensuring that investment decisions are made in accordance with applicable contractual and regulatory requirements,

including those of the Investment Company Act of 1940, and any other guidelines and restrictions communicated to Calvert by the client.

Each portfolio manager must read and understand the clients' investment advisory agreement and/or prospectus and SAI, focusing on the clients' policies, investment guidelines and restrictions. In addition, once a new account is established, Calvert's Legal Department creates a Compliance Review document ("Checklist") for the new account to facilitate periodic compliance reviews based upon the requirements as specified in the client documents, applicable regulatory requirements, and client's policies and procedures.

Monitoring takes the form of both manual and automated reviews of portfolio holdings and transactions. All accounts are added and maintained to the Charles River Development compliance system ("CR"), an automated account monitoring system that alerts compliance staff to deviations from the accounts' investment guidelines and restrictions. Manual reviews are performed for items that are not monitored by CR.

On a daily basis, Legal reviews all trades on a post-trade basis. In addition to the daily review, client accounts are reviewed monthly and quarterly by the Legal Department Staff to determine whether Calvert is in compliance with the objectives and guidelines established by the clients. Upon completion of the review, the Legal Checklist document for each client is maintained according to the requisite recordkeeping requirements.

### **Reporting to Clients**

Reports are regularly provided to the Calvert Funds' Board of Trustees/Directors and to non-mutual fund clients on a quarterly basis concerning the specific portfolio investments of the clients, the portfolio's investment characteristics, allocation of brokerage, and general investment outlook.

### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

Calvert does not pay finder's fees or otherwise compensate persons for client referrals.

### **ITEM 15 – CUSTODY**

Calvert does not maintain custody of client assets.

### **ITEM 16 – INVESTMENT DISCRETION**

Calvert generally receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, Calvert observes the investment policies, limitations and restrictions of the clients for which it advises.

### **ITEM 17 – VOTING CLIENT SECURITIES**

Calvert shall take appropriate action on each and every proxy relating to securities held for client's account(s), and with respect to which Calvert has investment discretion. Such action is subject to the direction of the client and will be consistent with the Proxy Voting Guidelines (the "Guidelines") and general criteria governing investment selection deemed acceptable by the client. Calvert shall also provide a copy of the Calvert's Guidelines (policies and procedures), as well as an accurate record of each such proxy vote, upon a client's request. To obtain this information, please direct a request to William M. Tartikoff, Senior Vice President and General Counsel, at the address provided on the cover page of this Form ADV.

On behalf of our clients, Calvert generally votes proxies in accordance with the positions set forth in its Guidelines. The Guidelines are not meant to be exhaustive, nor can they anticipate every potential voting issue on which the client may be asked to cast their proxies. There also may be instances when Calvert votes the clients' shares in a manner that does not strictly adhere to or is inconsistent with these Guidelines if doing so is in the best interests of the clients. Also, to the extent that the Guidelines do not address potential voting issues, the clients delegate to Calvert the authority to act on its behalf to promote the applicable clients' investment objectives and goals. To the extent the clients vote proxies in a manner not strictly in accordance with these Guidelines, and such votes present a potential conflict of interest, a meeting will be held with the client or representative to determine how the proxy should be voted.

## **ITEM 18 – FINANCIAL INFORMATION**

Calvert does not require or solicit prepayment of fees.