



Item 1 – Cover Page

Form ADV Part 2A: Firm Brochure

Calvert Investment Counsel
4 North Park Drive
Suite 201
Hunt Valley, MD 21030

Phone: (410) 435-3270

Fax: (443) 589-0124

khurlock@calinv.com

www.calvertinvestmentcounsel.com

This Firm Brochure is dated 06/19/2014.

This brochure provides information about the qualifications and business practices of Calvert Investment Counsel. Please contact E. Kingdon Hurlock, Jr., CFA, President, if you have any questions about the contents of this brochure. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any State securities authority. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about Calvert Investment Counsel can be found on the SEC Web Site (www.adviserinfo.sec.gov) under the “Investor Information” section. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Calvert Investment Counsel is 104647.

Item 2 - Material Changes

Material changes since the last annual update of 3/21/2014:

Calvert Investment Counsel, LLC (Calvert) is fully owned by Yorkshire Associates, LTD (Yorkshire). Mr. Robert W. Bogue, Jr., a senior financial advisor for Calvert and an equity owner in Yorkshire, has fully resigned all his positions and titles in Yorkshire and Calvert effective 3/31/2014.

While this changes the ownership structure of Yorkshire, it does not have any material change to Calvert's policies, practices or conflicts of interest.

Item 3 - Table of Contents

Cover Page - Item 1	1
Material Changes – Item 2	2
Table of Contents – Item 3	3
Advisory Business – Item 4	4
Fees and Compensation – Item 5	5
Performance-Based Fees And Side-By-Side Management – Item 6	7
Types of Clients – Item 7	7
Methods of Analysis, Investment Strategies, and Risk of Loss – Item 8	7
Disciplinary Information – Item 9	11
Other Financial Industry Activities and Affiliations – Item 10	11
Code of Ethics, Participation or Interest In Client Transactions, and Personal Trading – Item 11	12
Brokerage Practices – Item 12	13
Review of Accounts – Item 13	13
Client Referrals & Other Compensation – Item 14	14
Custody – Item 15	14
Investment Discretion – Item 16	15
Voting Client Securities – Item 17	15
Financial Information – Item 18	15

Item 4 - Advisory Business

Advisory Firm

Calvert Investment Counsel (Calvert) is an independently owned, fee-based investment advisory firm founded in 1988. Originally structured as a Maryland Limited Partnership, Calvert is now a Maryland Limited Liability Corporation wholly owned by Yorkshire Associates, a Maryland S-Corporation. The sole shareholder of Yorkshire and senior advisor managing Calvert Investment Counsel is:

- E. Kingdon Hurlock, Jr., CFA, CIC – President

In addition to its federal registration as an advisor under the Investment Advisors Act of 1940, Calvert is also registered to provide advisory services in Maryland, Virginia, Florida and New Hampshire in response to statutory requirements imposed by those states on firms having clients within their borders.

Advisory Services

Calvert provides wealth management and investment advisory services to both individuals and institutional clients. As of 05/15/2014, the firm managed \$102,179,812 in client assets on a fully discretionary basis and \$23,277,642 on a non-discretionary basis.

Wealth management services are offered to individuals and families having financial assets typically in excess of \$500,000. At the election of the client, Calvert provides a variety of consultative or direct management services in such areas as:

- the identification and establishment of life and investment goals;
- the development of a formal financial or retirement plan;
- the evaluation and implementation of a risk tolerance profile;
- the identification of critical needs for estate planning purposes;
- assistance in risk management through life and long-term care insurance; and
- the direct management of all client investment portfolios based upon defined investment objectives, asset allocation targets and specific restrictions imposed by the client.

In providing these highly customized services, Calvert seeks to act as a coordinator for the client's financial affairs by working in concert with accountants, attorneys and insurance agents having specialized expertise and credentials not possessed by the firm's advisers. If a client does not have adequate representation in any of these areas, Calvert can provide introductions to professionals with whom the firm has had prior experience. Calvert receives no compensation for these referrals. Clients are not required to utilize all of the financial planning services offered and may choose to retain Calvert strictly for investment management purposes.

Calvert provides investment advisory services to institutional clients that generally fall under two categories: retirement plans and charitable organizations. Although there are still employers having the traditional co-mingled retirement accounts requiring investment oversight, the majority of retirement plans today are structured as self-directed, defined contribution pension and/or profit sharing trusts. These plans require (1) a third-party administrator (TPA) for compliance and recordkeeping, (2) a web-based investment platform to allow employees to gain information on their accounts and execute transactions and (3) an investment advisor to create a menu of investment options and provide general guidance to the participants in selecting the investments appropriate to their circumstances. In conjunction with outside TPAs and the providers of sophisticated interactive investment platforms,

Calvert can assist plan sponsors in all aspects associated with the establishment and management of a self-directed program. On a continuing basis, Calvert's specific expertise would be applied to the development of the investment choices to be made available and educating the participants in their selections.

Calvert works closely with charitable organizations in the establishment of investment policies and asset allocations that satisfy both long-term objectives and more immediate financial needs. Guidance can also be offered in the development of an appropriate distribution policy to meet budgetary needs. Care is also taken to observe restrictions based upon social responsibility principles or other considerations deemed important by the client. Calvert will manage the investment portfolio on a discretionary within these parameters and report regularly to the client.

Calvert recognizes that the development of close personal and working relationships is critical to providing professional investment advice based upon fiduciary principles. The client's needs are paramount, and frequent, open communications are integral to the services offered. All client assets are held by an independent qualified custodian which mails monthly statements summarizing holdings and activity for client review. In addition, Calvert is electronically connected to the custodial accounts and performs internal portfolio recordkeeping. Calvert sends out quarterly reports summarizing performance, transactions, holdings and capital gains information, and the advisers offer to meet with clients to review these reports. In addition, all clients are encouraged to contact their designated adviser directly at any time to discuss any aspect of their investment program. Wealth management clients receiving financial planning services also experience a comprehensive annual review and update of their plan at least once annually.

Item 5 - Fees and Compensation

Fee Only Principles & Billing Process

Consistent with its mandate to act in the capacity as a fiduciary and avoid conflicts of interest wherever possible, Calvert is compensated solely on the basis of fees paid directly by clients. Neither the firm nor any employee receives any compensation for planning or investment advisory services through commissions or sales charges of any kind. Nor is Calvert affiliated with any provider of investment products that would benefit either directly or indirectly by the use of that product in client accounts.

Advisory fees are generally calculated as a percentage of the market values of all associated accounts on a quarterly basis. An annual fee is determined, and the client is then billed at one-fourth of that rate for the current quarter in advance. The client will receive an invoice along with the quarterly report to validate the values used in calculating the fee. In most instances, clients elect to have the fees deducted directly from their accounts, but they may choose to have an invoice sent to them for payment. Calvert usually collects its fees approximately one month into the quarter to which they apply.

Calvert will charge a minimum fee for all accounts receiving full management and reporting services. Minimum fees will vary from \$2500 annually for relationships that have combined account values below \$500,000 to \$3600 for those with combined market values above \$500,000. In all cases, the adviser has the right to waive the minimum quarterly fees depending upon market circumstances and the consideration of possible client hardship.

In the event that a client were to terminate our services between billing periods, Calvert will refund a portion of the prepaid fees based upon the prorated period that the accounts were managed during that quarter.

Fee Schedules

For clients receiving the full array of wealth management planning and investment management services, the following fee schedule would be applied:

- 1.00% on the first \$1,000,000 of principal value
- 0.70% on the next \$1,000,000 of principal value
- 0.60% on the next \$1,000,000 of principal value
- 0.50% on the next \$7,000,000 of principal value
- 0.40% on the excess over \$10,000,000 of principal value

Fees for relationships exceeding \$5,000,000 are frequently subject to negotiation and will vary depending upon the specific client needs.

Fees for relationships having investable assets below \$500,000 are also negotiated and may include a fixed dollar amount to cover the cost of the financial and estate planning services desired by the client. These fixed, retainer fees will vary based upon the client mandate.

For individual and institutional clients seeking investment advisory services only, the following fee schedule would be applied:

- 0.80% on the first \$1,000,000 of principal value
- 0.70% on the next \$1,000,000 of principal value
- 0.60% on the next \$2,000,000 of principal value
- 0.50% on the excess over \$4,000,000 of principal value

Fees for relationships in excess of \$5,000,000 may be subject to negotiation depending upon the specific client needs.

As noted on Page 5, under special circumstances, the adviser has the right to waive the minimum quarterly fees for accounts that are under the minimum size requirement. For those accounts and accounts requiring special planning or special investment advisor activity, fixed fees are negotiated, disclosed and documented.

Fees for investment services provided by Calvert to self-directed retirement plans as described in Item 4 above will vary from 0.40% - 0.50% of plan assets. These fees are typically calculated on a monthly basis by the TPA and collected in arrears. These charges are also subject to negotiation depending upon the size of plan assets.

Additional Expenses

The majority of client assets are invested in mutual funds, exchange traded funds (ETF) and other collective investment vehicles which also charge fees to cover their investment and administrative expenses. When possible, Calvert always seeks to utilize those funds that have the lowest expenses and do not charge special fees for marketing. Calvert does not receive any portion of these management fees.

The fees charged by mutual funds and ETFs can vary from as little as 0.10-0.15% of market value for equity index funds to as high as 2% for very specialized funds and partnerships involved in the

management of hedge funds, managed futures, commodities, etc. Due to the customization of client investment programs, there is no way to determine an average expense; however, the adviser will discuss these added fees with the client in establishing the portfolio allocations and guidelines.

For those clients holding individual stocks, bonds or other exchange-traded investments, purchase and sale transactions will generate modest commissions to be paid to the executing brokerage firm. Calvert receives no benefit from these commissions and seeks to minimize them for the benefit of the client. Please see Item 14 for a discussion of these potential charges.

Item 6 - Performance-Based Fees And Side-By-Side Management

Calvert Investment Counsel does not charge performance-based fees; therefore, this Item is not applicable.

Item 7 - Types of Clients

Calvert Investment Counsel provides wealth management and investment advisory services to individuals, trusts, estates, pension and profit sharing plans and other ERISA accounts, charities, foundations and endowment funds. Approximately 80% of assets under management are controlled by individuals, with the balance divided between qualified retirement plans and charitable organizations.

Generally, Calvert seeks new relationships with individuals or families having combined investable assets of at least \$500,000. Exceptions are made when, in the judgment of the adviser, the relationship will grow to satisfy the minimum requirements within a reasonable period of time. Accounts with less than \$500,000 in assets are subject to a \$2500 minimum annual fee.

The minimum account size for institutional and charitable accounts is also \$500,000. There can be exceptions in these categories also, all subject to the minimum annual fee of \$2500.

Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss

Wealth Management

Item 4 details the various financial, estate and insurance planning services that are provided as integral to Calvert's wealth management services. The development of financial or retirement plans requires forward-looking assumptions regarding savings, inflation, expenses, mortality, investment returns, etc. The client's Risk Profiles are then evaluated by an outside psychological testing company and used to determine the proper diversification and asset allocation for the investment portfolio(s). These projections, allocations and anticipated cash flows are then subjected to standard statistical analysis designed to test outcomes under widely varying investment and economic conditions extended out over the presumed life expectancy of the client in order to determine the probability that the client's financial security needs can be achieved. Although the theoretical and mathematical bases of this analysis are sound, the inherent unreliability associated with all future assumptions employed introduces uncertainty and error in the results and requires frequent revision to reflect changes in both the client's circumstances and market conditions. Calvert believes that this planning process can offer clients reasonable assurance but cannot provide any guarantee of future financial security.

Calvert will utilize the expertise of attorneys, accountants or other advisers in the areas of estate, tax and insurance planning. These individuals can be selected by the client or introduced by Calvert at the client's request. Although we will make every effort to determine that the technical advice offered by these specialists satisfies fiduciary standards and complements the planning needs, Calvert cannot guarantee the validity of these third-party recommendations.

Investment Philosophy & Core Principles

In an increasingly complex and volatile environment, Calvert seeks to provide comprehensive investment solutions customized to reflect the proper balance between risk and reward for both individual and institutional clients. The core principles that serve as a foundation for the investment process are:

- No adviser can consistently predict the movements in financial asset prices over short time periods and successfully capture excess returns by buying and selling securities based upon those expectations.
- Asset allocation is the primary determinant of investment returns.
- The management of portfolio risk can best be achieved through broad diversification across a variety of asset classes demonstrating differing patterns of price volatility and correlation of returns.

Calvert's professional staff begins by working closely with clients in identifying and articulating their longer-term objectives in order to develop an asset allocation that is tailored to provide the proper balance between potential risk and return suitable to the client. The adviser then constructs the portfolio by selecting from Calvert's Multi-Dimensional Investment Platform which identifies opportunities from three broad asset classes: equities, fixed income and alternative investments.

Equity Solutions

Historical results indicate that equities offer the highest long-term returns and greatest hedge against inflation of any of the traditional asset categories, and Calvert views common stocks as the core investments for both capital appreciation and increasing cash flow through dividends. Our Multi-Dimensional strategy requires global diversification across three categories: domestic U.S., major developed international markets and emerging nations. Our portfolios are also diversified by size of capitalization and hold a blend of large, mid and small cap issues.

The investment community typically labels individual equities as either "growth" or "value" stocks, each demonstrating different fundamental and valuation metrics, as well as varying levels and patterns of price returns and volatility. Intensive academic research reveals that even though both investment styles have been rewarding, value stocks have provided superior risk-adjusted returns over long periods of time. Consequently, Calvert's equity portfolios embrace both styles but place heavier weightings on value stocks, with care taken to make certain that there are no undue concentrations in any industries or economic sectors.

Calvert will normally use a variety of open and closed-end mutual funds and Exchange Traded Funds (ETF) in order to achieve the desired multi-dimensional diversification in equities on a cost-effective basis. Depending upon client preferences or needs, portfolios can also be constructed using individual equities either solely or in combination with mutual funds and ETFs.

Extensive academic and professional studies have shown that very few mutual fund or institutional equity portfolio managers have been able to consistently generate returns in excess of their market benchmarks through either *active* market-timing or superior stock selection. As a result, Calvert's core equity strategy

employs *passively managed*, computer-engineered mutual fund portfolios offered by Dimensional Fund Advisors (DFA). Using the results of its extensive research and computer capabilities, DFA carefully screens the global universe of publicly traded equities and utilizes this data to create a series of mutual funds targeting specific geographic regions and blend of capitalizations. While each fund will generally own shares of every publicly traded corporation satisfying these criteria, their research clearly demonstrates that equity returns are positively impacted by emphasizing value stocks and mid and small capitalization issues. As a result, each DFA fund is engineered to overweight these characteristics. More information regarding the unique strategies and computer engineering techniques employed by DFA to develop and manage their funds is available to the public on their website (www.dfaus.com). DFA does not make its products available to the public through conventional broker/dealer firms and generally restricts access to independent, fee-based registered investment advisers. Calvert is one of a limited number of advisers in the country authorized to use DFA funds; however, Calvert receives no compensation from DFA for investing client assets in their funds.

In selecting equity mutual funds and ETFs, Calvert utilizes the data and analysis of outside organizations such as Morningstar but also maintains direct contact with the fund managers through meetings and conference calls. Calvert's professional staff regularly attends workshops and conferences conducted by DFA to review current research and refinements to their fund offerings. Calvert's principals have extensive training and experience in active portfolio management and securities analysis and will conduct fundamental research on individual stocks used in client portfolios. Resources would include standard reference materials, public filings and financial releases by the company and selective research performed by outside analysts. In addition, Calvert utilizes proprietary technical analysis provided by a third party to assist in determining short-term price trends in both the market and individual securities. This information is used to assist in identifying the most appropriate timing of purchases and sales.

Fixed Income Solutions

Fixed income securities can play an important role in a well-diversified investment program for both individuals and institutions. The high level of income provided by these assets meets client cash flow requirements, while the combination of high yield and relatively moderate price fluctuations helps to stabilize overall portfolio returns. Calvert seeks to carefully manage both interest rate and credit risk. The average maturity or duration of a client's bond holdings will vary between three and seven years depending upon the account objectives and our outlook for interest rates. The majority of fixed income positions will be rated by the standard rating agencies as investment grade or higher and will include foreign credits for global diversification..

For the majority of clients, Calvert will use bond mutual funds managed by DFA or other fixed income advisers after careful evaluation of their philosophy and strategies. Bond funds can be designed for either taxable or tax-exempt clients and are usually structured to invest in a wide spectrum of securities including governmental, agency and corporate debt instruments, both foreign and domestic. As with equities, we will analyze public data on the funds and maintain contact with the managers on a regular basis.

For larger clients or those with special needs, Calvert may select individual bonds in lieu of or as a supplement to the use of bond funds. The same criteria regarding average maturity and credit quality are applied in identifying specific issues and constructing the fixed income portfolios in this manner.

Alternative Investment Solutions

Alternative investments represent the third major category of assets employed by Calvert in diversifying client portfolios. Although there are many possible candidates, we emphasize four primary asset classes or strategies:

1. Real estate
2. Managed futures in both commodities and financial instruments
3. Precious metals
4. Specialized investment strategies designed to produce absolute positive returns not totally dependent upon overall market trends.

Each of these asset classes or investment strategies has a distinctive, historic pattern of risk and return that generally differs from that of the equity and bond markets. This low level of correlation can serve as an effective hedge against the inherent volatility exhibited by the common stock portions of client portfolios. Several of these investments can also provide some protection from geo-political turmoil, severe economic disturbances and excessive inflation. By acting as a buffer during periods of financial instability, alternatives may reduce risk and enhance overall portfolio returns over long periods of time. Total exposure to alternative investments can vary from zero to as much as 30% of portfolio assets depending upon specific client needs and circumstances.

Real Estate - Real estate exposure is generally provided by investing in mutual funds specializing in Real Estate Investment Trusts (REIT) which are listed for trade on global stock markets. These trusts own commercial real estate and typically specialize in office buildings, retail malls, medical facilities, apartments or resort/leisure properties. REIT prices are driven by the underlying value of the real estate holdings and the cash flow from rentals that are distributed to investors as dividends. REITs can be bought and sold like common stocks and are highly liquid.

Commodities - Calvert may invest a portion of client assets in pooled funds whose business is trading a diversified portfolio of futures, forward and option contracts on currencies, metals, financial instruments, energy and agricultural commodities. These pooled vehicles can be either open-end mutual funds or organized as partnerships or limited liability corporations. They may be managed by a single or multiple independent commodity trading advisers (CTA) who employ fundamental or technical strategies to take advantage of rising or falling prices. Managed futures pools generally exhibit more volatile performance than traditional investments but offer a unique return pattern when compared to standard equity and fixed income securities. As a consequence, they can enhance overall client results when used in conjunction with the more traditional asset classes. Managed futures pooled vehicles have the disadvantage of higher fees and potential tax liabilities than standard mutual funds and may also have some limitations on the liquidation of client interests. Accordingly, Calvert determines that clients are qualified as being accredited if required under federal securities laws and reviews all relevant risks, advantages and drawbacks with clients prior to committing funds to these instruments. In selecting these investments, Calvert's professional staff engages in significant research into the strategies, capabilities and historic performance of the CTAs managing the funds and monitors monthly performance reports. As with any product managed by a third party, however, we cannot guarantee future returns.

Precious Metals - Client exposure to precious metals is limited to investments in publicly traded equities, mutual funds or Exchange Traded Funds (ETF) having either (a) ownership claims on gold and silver bullion or (b) direct involvement in the ownership and mining of properties believed to contain deposits of gold and silver ore. We do not engage in the direct purchase of bullion or coins. Gold and silver have benefited from a demonstrable increase in global demand, particularly over the past ten years. In addition, they have proven to be an effective hedge against excessive inflation, currency devaluations and

negative geo-political or economic events that have led to losses in the financial markets. Given the inherent volatility of precious metal prices and the unusual application within portfolios, we generally restrict investments in this class to 5% of client assets.

Absolute Return Strategies - Calvert will utilize specialized mutual funds, limited partnerships and limited liability pooled funds managed by multiple third-party advisers employing unique investment strategies designed to generate positive returns regardless of general market conditions. Although each adviser has developed a unique system, absolute return strategies tend to fall under certain categories such as: hedged equity, equity market neutral, convertible bond arbitrage, merger and acquisition arbitrage, distressed debt and global macro. Calvert seeks to identify those multi-manager pooled funds that are carefully designed and managed to produce reasonable returns while offering risks that are less than standard equities. As with managed futures, these investments also charge higher fees and may have tax and liquidity disadvantages relative to traditional stock and bond investments. Accordingly, Calvert will carefully qualify clients for their suitability and review the advantages and disadvantages with clients prior to investing. Our professional staff researches the qualifications and capabilities of the fund advisers and carefully monitors monthly results; however, we cannot guarantee that returns will meet expectations.

Risk of Loss

Any broadly diversified investment program is subject to the risks associated with each of the component parts. Losses can result from broad declines in the financial markets or from disappointments associated with a specific investment. Based upon historic results, the three asset classes that comprise Calvert's investment platform have potential risks that are generally in proportion to their prospective returns. Our advisers work closely with clients to determine the appropriate allocation across these various asset classes that will offer the best probability of achieving the desired balance between risk and return.

Item 9 - Disciplinary Information

Calvert's principals and advisory staff have never been the subject of any disciplinary proceedings or complaints filed by federal or state regulatory authorities. In addition, there are no pending legal or disciplinary events that would be material to an actual or prospective client's evaluation of Calvert Investment Counsel's advisory business or our management.

Item 10 - Other Financial Industry Activities and Affiliations

Calvert Investment Counsel is engaged solely in the business of providing wealth and investment management services to individuals and institutions. Our only means of compensation is through fees paid by clients, and neither Calvert nor any of its staff receive commissions for the sale or representation of products or services pertaining to the management of our client's assets.

Approximately ten years ago, Calvert joined with a consortium of independent investment advisors located across the United States to form National Advisors Holding, Inc. and its federally chartered trust company, National Advisors Trust Company (NATC), to provide low-cost, quality custodial, trading and trust services for the exclusive use of the clients of the sponsoring advisors. As one of almost 100 firms involved with NATC, Calvert is a minority owner and utilizes this platform as the primary custodian for a majority of its client's assets. Calvert does not, directly or indirectly, control and is not controlled by NATC. Calvert derives no financial benefit in the form of (a) fee/revenue sharing for referring clients to NATC or (b) dividends on its shareholdings.

Item 11 - Code of Ethics, Participation or Interest In Client Transactions, and Personal Trading

Code of Ethics

In conformity with the CFA Institute Standards of Professional Conduct, the CFA Institute Task Force recommendations regarding personal securities investing, and the SEC guidelines pertaining to the Investment Advisers Act of 1940, Calvert Investment Counsel requires all employees to acknowledge and comply with Calvert's Code of Ethics and various procedural policies as outlined in Calvert's Compliance Manual. Calvert's Code of Ethics sets Standards of Professional Conduct regarding our employees relationship with and responsibilities to: 1) the Profession, 2) the Employer (Calvert Investment Counsel), 3) Clients and Prospects, and 4) the Investing Public. By adopting a Code of Ethics, Calvert strives to emphasize our employees' fiduciary duty to our clients and uphold the firm's reputation by following the principles of honesty, integrity and professionalism.

Specific topics covered under Calvert Investment Counsel's Code of Ethics regarding the profession include standards regarding the use of professional designations and prohibition against any professional misconduct and/or plagiarism. Regarding the employees' relationship and responsibilities to Calvert Investment Counsel, the Code of Ethics sets standards for disclosure of conflicts as applied to duties and compensation. Supervisors are required to exercise authority to prevent violations of the Code of Ethics. Regarding our relationship with clients and prospects, the Code of Ethics sets standards for procedures for the investment process and interaction/communication with clients and prospects. This covers diligence and thoroughness in investment recommendations and actions, priority of client transactions over personal trading, confidentiality of information, disclosure of any conflicts, and prohibition against misrepresentation and the acceptance of gifts. Regarding Calvert's relationship and responsibilities to the investing public, the code sets standards for use of investment performance and the prohibition against the use of material nonpublic information.

Calvert Investment Counsel will provide a copy of its Code of Ethics any client or prospective client upon request.

Participation or Interest in Client Transactions

Calvert does not own, manage or sponsor limited partnerships, mutual funds or other financial products. As a consequence, all investment and planning recommendations are objectively deemed suitable for client accounts and do not involve any potential conflict of interest.

Personal Trading

Officers and employees of Calvert Investment Counsel may, on occasion, hold positions in securities and funds which are recommended for Calvert portfolios. Any such transactions by employees are unlikely to impact the market prices for securities purchased and sold. Transactions by the advisor or its employees for their own accounts are permissible only after customer orders have been executed and require approval by Calvert principals. Calvert employees' activities are governed by the CFA Institute Code of Ethics, and management monitors personal account activity to assure compliance with CFA Institute standards.

Item 12 - Brokerage Practices

Selection or recommendation of broker/dealers

Unless specified otherwise by the client, Calvert has discretionary authority to select the broker/dealers to be used in executing security trades and commission rates, if any, to be paid.

The vast majority of both equity and mutual fund transactions are executed through the brokerage facilities affiliated with Calvert's two primary custodial platforms: Fidelity Investments and National Advisors Trust. Most stock trades are for 1000 shares or less, and both firms charge deeply discounted commissions averaging \$8-12 per transaction. In our opinion, the electronic order input and completion process offered by both provides competitive and timely execution for the clients' benefit. Mutual fund purchases and sales are also handled by the custodians, with transaction fees waived if the funds chosen have compensation arrangements with the custodian. If no such agreements exist, as is typically the case with no-load funds, the client is charged \$25 per ticket, a standard fee in the industry.

Soft Dollar Practice & Trade Aggregation

As a matter of policy, Calvert will not enter into any "soft dollar" agreements to receive products or services from either the broker/dealer or a third party in return for the payment of commissions generated by security transactions involving client assets. In addition, Calvert will not compensate broker/dealers for client referrals by the direction of security trades.

Under the "Safe Harbor" provisions of Section 28(e) of the Securities Exchange Act of 1934 (Exchange Act), Calvert will occasionally choose to purchase or sell blocks of stock for the aggregated accounts of clients directing us to invest in individual securities. These block trades typically range from 2000-5000 shares, and clients are charged discounted commissions of 3-5 cents per share depending upon the number of shares traded. These commissions are higher than what would have been paid by executing smaller trades in each individual account through the custodial platforms described above; however, Calvert receives valuable research services on the economy, financial markets, industries and the specific securities held in these accounts from the executing broker. While the evaluation of the worth of this research support is subjective in nature, Calvert believes such service to be of substantial value and assistance in the management of the client accounts involved in the transactions.

Given the relatively small size of block trades executed for clients, Calvert is able to complete these transactions during the course of a single day, and all shares and related expenses are allocated across the client accounts on a pro rata basis.

Directed Brokerage

Calvert discourages clients from directing brokerage to a specified broker/dealer. Such arrangements would both increase the cost of transactions and greatly restrict our ability to employ our strategies as outlined in Item 8 which require clients to trade through our custodial platforms.

Item 13 - Review of Accounts

Financial Planning & Wealth Management

The retirement or financial plans provided to our Wealth Management clients are formally updated and reviewed with clients on an annual basis as a minimum. If the client's circumstances or needs undergo

change during the course of a year, plans are revised and reviewed immediately and as frequently as deemed necessary.

Investment & Portfolio Reviews

Calvert's professional staff continuously monitors and reviews all individual securities and mutual funds for important changes that might require action. Firm decisions to buy or sell a security are then executed across all relevant portfolios by the advisers responsible for those accounts.

Individual investment programs are reviewed by the assigned adviser on a monthly basis to assure consistency with asset allocation targets and cash flow needs as outlined in the client's investment policy guidelines. In addition, Calvert's Chief Compliance Officer (CCO) examines current allocations of all client accounts quarterly to verify the portfolios reflect the targets agreed upon with the client.

Calvert advisers offer to meet with clients on a quarterly basis or as frequently as the client desires to perform a thorough review of all investments. We are also available at any time by phone or email to respond to questions or requests.

Reports

Both Calvert and our clients receive monthly statements on all accounts from their qualified custodians. In addition, Calvert maintains parallel records on its own portfolio management software which receives daily electronic downloads of all activity in client accounts from the custodian. As a result, we are able to monitor and update portfolios daily and provide ad hoc reports or updates for our own management purposes or to answer client inquiries.

On a quarterly basis, Calvert prepares a detailed report which includes a complete valuation of all holdings, performance results with relevant comparisons to market benchmarks, a review of all transactions for the period, a summary of any realized gains and losses and a reconciliation of beginning and ending account values. These reports are sent to clients and are the basis for discussion during scheduled meetings.

Item 14 - Client Referrals & Other Compensation

By prior arrangement, qualified individuals who are not direct employees of Calvert Investment Counsel may be registered as Investment Advisor Representatives with the appropriate state regulatory authority in order to solicit and refer clients to Calvert Investment Counsel. These Investment Advisor Representatives generally receive 25% of the first year's fees and 15% of each succeeding years' fees, subject to a minimum requirement of \$500,000 in referred client assets under management. Solicitation agreements, written client disclosures and acknowledgements required under SEC Rule 206 (4)-3 and state regulations are provided to clients and kept on record. Calvert is solely responsible for the payment of such sums from the advisory fee it collects. No referred client will incur any additional expense above and beyond the normal advisory fee.

Item 15 - Custody

Based upon revised SEC regulations, Calvert Investment Counsel is deemed to have implied custody of client assets when any of the firm's staff serves as trustee or co-trustee of an account under our management. As a result of this change in the characterization of custody, we have engaged KBST&M, certified public accountants, to conduct an annual surprise examination of all accounts where Calvert is

deemed to have custody. That audit will include a comparison of client holdings based upon our recordkeeping and that of the qualified custodian that actually holds physical custody of client assets.

All Calvert clients receive monthly or quarterly statements from their qualified custodian and are encouraged to compare these statements with the quarterly portfolio reports prepared by Calvert. Minor variations may occur because of differences in reporting dates, accrual methods applied to interest and dividend income and other factors. In all cases, the custodial statement is the official record for client tax reporting purposes.

Item 16 - Investment Discretion

As disclosed in Item - 4, Calvert has been granted discretionary authority to manage investment portfolios for the majority of our clients. This authority is granted both in Calvert's Advisory Agreement and the custodial documents executed by the client.

In addition, clients generally authorize Calvert to withdraw funds from the account in payment of our fees and to instruct the custodian to send client funds directly to the client.

Item 17 - Voting Client Securities

In accordance with the terms included in our client Advisory Agreement, Calvert Investment Counsel will not be required to take any action, or render any advice, with respect to the voting of portfolio securities. If expressly requested to do so by the client, we will make recommendations on matters we believe may affect the value of an investment. The client will in all events retain the ultimate authority and responsibility with respect to the voting of securities. If Calvert receives a proxy for a security owned by a client, our only obligation with respect to such proxy will be to promptly deliver the proxy to the client.

Item 18 - Financial Information

An investment advisor must provide financial information if:

- a threshold of fee prepayments is met;
- there is a financial condition likely to impair the ability to meet contractual commitments; or
- a bankruptcy has occurred within the past ten years.

Calvert Investment Counsel does not have any items to disclose under these conditions and does not anticipate any adverse financial developments that would materially impair our ability to satisfy our obligations to provide investment advisory services.