



**Sophie Horsfall**

Director, Global Equities Group,  
F&C Management Limited

## Calvert International Opportunities Fund

Calvert International Opportunities Fund (Class A shares at NAV) returned -10.82% for the quarter ended June 30, 2010. The Fund outperformed the benchmark MSCI Europe, Australasia, and Far East (EAFE) Small-Mid (SMID) Index (the “Index”), which returned -11.63% for the same period. The Fund’s sector allocation and stock selection both contributed to its outperformance relative to the Index.

### Market Review

A return of risk aversion dictated the path of investment markets in the second quarter, which saw equity markets underperform bonds. Fears that a contagion of government debt default would paralyze the economies in the euro-zone periphery, combined with concerns surrounding the impact of a domestic property slowdown on China’s growth prospects, led to all major equity markets losing ground during the quarter. Despite the escalating concerns about sovereign debt, bond markets were a beneficiary of the slump in investor risk appetite and made gains over the quarter.

### Portfolio Review

The Fund’s sector allocation and stock selection were positive relative performance factors for the Fund during the second quarter. At the sector level, the Fund benefited from its relative overweights to the defensive Utilities and

continued >>>

### HISTORICAL FUND PERFORMANCE

Average Annual Total Returns as of 6/30/2010. Inception Date 5/31/2007.

CALVERT INTERNATIONAL OPPORTUNITIES FUND	QTR	YTD	1YR	3YRS	5YRS	10YRS	SINCE INCEPTION
A Shares at NAV	-10.82%	-8.30%	12.86%	-10.35%	N/A	N/A	-10.14%
A Shares Max Load of 4.75%	-15.07	-12.64	7.53	-11.80	N/A	N/A	-11.55
MSCI EAFE Small Mid Index	-11.63	-8.46	10.25	-13.26	N/A	N/A	-13.17

Source: Calvert Performance Analytics

Gross expense ratio: 2.70%. Net expense ratio: 1.66%. Performance data quoted already reflects deduction of fund operating expenses. Net expense ratio reflects contractual fee waiver and/or expense reimbursement through January 31, 2011.

The performance data quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted. Indexes reflect no deductions for fees or expenses. An investor cannot invest directly in an index. Visit [www.calvert.com](http://www.calvert.com) to obtain performance data current to the most recent month-end.



Consumer Staples sectors, which proved to be among the most resilient sectors in the quarter's volatile markets.

In addition, regional selection was a slightly positive relative performance factor for the Fund, but clearly stock and sector selection were the key performance drivers. We continued to maintain a selective preference for Fund holdings from Asia and the emerging markets. Strong internal growth dynamics continue to be an important driver of many Asian and emerging economies, and this should become increasingly important in an environment of more muted growth in the developed economies of the United States, European countries, and Japan.

At the stock level, cosmetics group Shiseido performed well as a result of resilient demand from China and financial results that were better than analysts' expectations. Education specialist Benesse also had strong financial results and benefited from curriculum reform in Japan. Elsewhere, First Group made a positive contribution to performance as the company's first-quarter results indicated that there are signs of recovery within its Greyhound bus operation.

In terms of holdings that detracted from performance during the quarter, more cyclical positions such as cable producer Nexans and BlueScope Steel had an adverse impact on the Fund as a result of heightened risk aversion and concerns about any possible slowdown in China. Shoppers Drug Market also underperformed amid investor worries about the pricing of generic drugs in Canada.

## Outlook

We plan to maintain an exposure to cyclical companies in the Fund, but with a focus on companies that are poised to benefit from the later stages of an economic recovery and companies exposed to a rebound in enterprise spending. Given that most leading economic indicators have either peaked or seem to be nearing a peak, stock selection should be even more crucial over the next few quarters. We will continue to try to build a portfolio of Fund holdings that we believe offer valuation support, solid long-term growth prospects, and structural growth opportunities. ■

This commentary represents the opinions of its author as of 6/30/10, and may change based on market and other conditions. The author's opinions are not intended to forecast future events, guarantee future results, or serve as investment advice.

As of June 30, 2010, Calvert International Opportunities Fund's holdings included Shiseido (2.57% of the portfolio), Benesse (2.30%), First Group (2.61%), Nexans (1.53%), BlueScope Steel (1.28%), and Shoppers Drug Market (1.27%). Calvert may or may not still invest in, and is not recommending any action on, companies listed. For the most recently available information on individual holdings in each Calvert sustainable and responsible equity fund, visit [www.calvert.com](http://www.calvert.com). Current and future portfolio holdings are subject to market risk.

Investment in mutual funds involves risk, including possible loss of principal invested. You could lose money on your investment in the Fund, or the Fund could underperform, because of the following risks: a) the stock market may fall in value (including stock markets outside the U.S.), causing prices of stocks held by the Fund to fall, b) the individual stocks in the Fund may not perform as expected, and c) the Fund's portfolio management practices may not achieve the desired result. Investing in foreign securities involves additional risks relating to political, social, and economic developments abroad, differences between the regulations that apply to U.S. and foreign issuers and markets, the potential for foreign markets to be less liquid and more volatile than U.S. markets, and currency risk associated with securities that trade or are denominated in currencies other than the U.S. dollar. Prices of small-cap and mid-cap stocks can be more volatile than those of larger, more established companies. Small-cap and mid-cap companies are more likely to have more limited product lines, fewer capital resources, and less depth of management than larger companies.

*For more information on any Calvert fund, please contact your financial advisor, call Calvert at 800.368.2748 or visit [www.calvert.com](http://www.calvert.com) for a free summary prospectus and/or prospectus. An institutional investor should call Calvert at 800.327.2109. An investor should consider the investment objectives, risks, charges, and expenses of an investment carefully before investing. The summary prospectus and prospectus contain this and other information. Read them carefully before you invest or send money.*

Calvert funds are available at NAV for RIAs and Wrap Programs. Not all funds available at all firms.

Calvert mutual funds are underwritten and distributed by Calvert Distributors, Inc., member FINRA, subsidiary of Calvert Group, Ltd.

PC10972-201006

A **UNIFI** Company.