Calvert Global Energy Solutions Fund

Key Takeaways

- Global equity markets delivered a solid third quarter of 2024, mainly due to the Federal Reserve's (Fed) first interest rate cut and the new economic stimulus measures in China.
- Against this backdrop, Calvert Global Energy Solutions Fund (the Fund) outperformed the 6.61% return of the benchmark, the MSCI All Country World Index (the Index), during the quarter.
- The energy solution providers sector was the primary contributor to the Fund's relative performance during the period, due to stock selection. However, these gains were partially offset by the Fund's overweight allocation to the sector.
- Overweight allocations to both the energy efficiency providers and renewable energy producers/distributors sectors also helped the Fund's performance.
- On a regional basis, the Fund's underweight to the U.S. supported relative performance over the quarter.

Performance Review

In the quarter period ending September 30, 2024, the Portfolio's I shares returned 9.14% (net of fees)[1], while the benchmark returned 6.61%.

Calvert Global Energy Solutions Fund outperformed its benchmark, the MSCI All Country World Index, for the third quarter. As expected, the Fund performed largely in line with the Calvert Global Energy Research Index (gross of fees, minus cash and Calvert Foundation note exposures).

In terms of sector review, stock selection in the energy solution providers sector was the primary contributor to the Fund's relative performance during the period. Selection in the energy technology providers sector detracted from performance, while all remaining energy sectors supported relative results. On a regional basis, the Fund's lack of exposure to U.S. stocks helped relative returns the most over the quarter.

Market Overview

During the third quarter of 2024, relief finally came to markets in the form of Federal Reserve (Fed) interest rate cuts. The quarter opened with investors worrying that the Fed was waiting too long to lower interest rates and risking a recession. But following a half-point rate cut in September, market commentators were more confident that the Fed was about to stick the landing and bring the U.S. economy in for a soft landing with no recession.

Much of the quarter felt like a suspense story, with investors holding their breath before each release of an inflation or jobs report, wondering what it would take to move the Fed to begin lowering rates.

As the period opened in July, however, the stock market was relatively calm. The tech-fueled rally from the first half of 2024 marched on, with the stock price of chip maker Nvidia, a bellwether of the artificial intelligence (AI) boom, continuing its dizzying upward climb. But around mid-month, stocks began to retreat on investor concerns about the Fed's next move and worries that stock valuations, especially those driven by AI, might have become excessive. Nvidia's share price sank and took the Nasdaq Composite Index down with it.

As July faded into August, several factors combined to turn the market downturn into a rout. The Fed disappointed investors by failing to cut interest rates at its July 30-31 meeting. Just days later, the U.S. Bureau of Labor Statistics reported that job creation in July had been below expectations and unemployment had risen. Investors took this as evidence the Fed was remiss not to cut rates in July, and prepared to blame the central bank for an upcoming recession. In Japan, meanwhile, the Nikkei 225 Index, distressed by a rapid appreciation in the yen, sank 12% on August 5, putting further pressure on equities across the globe.

And then, as quickly as it had started, the market downturn was over. From August 8 through the end of the month, equities — including Nvidia and numerous other AI darlings — generally rallied, encouraged in part by an ongoing slide in the Fed's preferred inflation gauge, the personal consumption expenditures (PCE) price index.

In a speech on August 23, Fed Chair Jerome Powell added further fuel to the rally when he declared, "The time has come for policy to adjust" — virtually ensuring a rate cut at the Fed's next meeting. And indeed on September 18, the Fed announced a larger-than-usual half-point rate cut, as if to confirm it was serious about both fighting inflation and the second half of its dual mandate: promoting maximum employment. Chair Powell stated, "I don't see anything in the economy right now that suggests that the likelihood of a

[1] Source: Calvert. Data as of September 30, 2024. Performance for other share classes will vary.

recession, sorry, of a downturn, is elevated." In response the stock rally accelerated, with the S&P 500 Index closing at a new all-time high on the last trading day of September.

A blockbuster September jobs report, released just days after the third quarter ended, appeared to validate the Fed's September action and confirm the central bank had gotten it right — defeating inflation while keeping employment strong. The U.S. Bureau of Labor Statistics announced employers had added 254,000 jobs in September, blowing past consensus expectations of a 140,000 job gain. Unemployment had fallen to 4.1%, all while PCE inflation dropped to 2.2% in August, the latest number available.

In Europe, meanwhile, where the European Central Bank had already lowered interest rates in June, the FTSE Euro 100 Index advanced 6.67% during the third quarter, while the MSCI EAFE Index rose 7.26% — both besting the S&P 500's quarterly return of 5.89% and the Nasdaq Composite's rise of 2.76%.

In the world's second-largest economy, Chinese stocks, which had been in the doldrums early in the quarter, experienced a sudden, intense rally in late September — sparked by government actions aimed at shoring up tumbling real estate prices and reigniting consumer confidence and spending. The MSCI Golden Dragon Index, a measure of Chinese large- and mid-cap stocks, returned 14.32% for the quarter, outperforming every major U.S. and global equity index.

Contributors

- With the exception of energy technology providers, all other sectors supported the Fund's relative performance during the period.
- Stock selection within the energy solution providers sector was the primary contributor to the Fund's performance during the period. An underweight allocation to Microsoft was the main driver of performance; the stock price was down by 3.61% during the quarter.
- An overweight allocation to energy efficiency providers also helped the Fund's relative returns; however, one-third of these gains were offset by stock selection within the sector. Notable names included Yadea Group Holdings Ltd. and Accelleron Industries AG., whose stocks rose over 40% and 32% during the quarter, respectively.
- Similarly, an overweight position in renewable energy producers/distributors also contributed over the period; however, more than half of the gains were offset by stock selection within the sector. Owning two out-of-benchmark names — Sunrun Inc. and Drax Group Plc — were the top contributors in this sector. Both stocks saw an average increase of 47% over the quarter.
- Two Chinese electric vehicle manufacturers, XPeng, Inc. and NIO Inc., were the top distributors during the quarter; as a result, our overweight allocations to these names contributed to the Fund's relative performance.
- The Fund also benefited from its lack of exposure to the U.S.; meanwhile, stock selections in France, the U.K. and Sweden further boosted the results.

Detractors

- During the third quarter, stock selection within the energy technology providers sector detracted most from the Fund's relative performance, though the Fund's overweight allocation to the sector offset some of these losses. Owning Wolfspeed Inc. and Kempower Oy — both out-of-benchmark holdings — dragged on returns.
- Stock selection in the renewable energy producers/distributors sector also dampened performance. One notable detractor was another out-of-benchmark name, Sao Martinho S.A., whose stock fell over 17% during the period.
- Although the energy solution providers sector delivered the most gains over the quarter, our overweight allocation to the sector dragged down this relative outperformance.
- The exclusion of some top-performing stocks detracted from overall Fund performance. Notable names were Apple, Meta Platforms and Alibaba Group Holding Limited, whose stocks rose 10%, 13% and 56%, respectively, over the third quarter.
- On a regional basis, stock selection in Brazil, Finland and Germany hampered the Fund's performance the most.

Market Outlook

Global equity markets had a volatile start to the third quarter following the Bank of Japan's interest rate hike, but closed the period with gains in both the U.S. and internationally. In the context of relatively healthy economic fundamentals and easing monetary policies in multiple countries over the quarter — and given declining inflation and increasing concerns around the weakening labor market in the U.S. — the Fed finally made the call to reduce the target fed funds rate by 50 basis points (bps) in September, with the market predicting more interest rate cuts by the end of 2024. Meanwhile, the European Central Bank announced a 25-bps rate cut in September to counter economic slowdown in the region, benefiting some interest-rate-sensitive sectors such as real estate and utilities. Among emerging markets, China announced its most aggressive monetary stimulus measures since the pandemic, which caused a jump in the domestic stock market. Although global equity markets seemed to hold firm throughout the quarter, fears of near-term recessions remained given the softer labor market data, increasing global tensions in the Middle East and Europe, and the uncertain outcome of the U.S. presidential election in November. Further, gross domestic product (GDP) growth is expected to continue slowing around the world through the fourth quarter of 2024 and potentially into 2025, further stressing the global economy.

During the third quarter, the energy sector experienced a global decline and was the worst-performing sector in the benchmark. In the U.S., as a result of falling oil and gas prices, production growth has been decreasing, with reduced demand and smaller margins. This has also impacted the global energy market. According to the International Energy Agency (IEA), global oil demand growth has decelerated rapidly, with reported year-over-year gains for the first half of 2024 at their lowest since 2020.[2] However, due to the deepening conflicts in the Middle East, oil prices have rebounded somewhat on fears of disruption to global crude oil supplies. Plans by Saudi Arabia and its allies in the Organization of the Petroleum Exporting Countries to cut oil production in 2025 will likely further pressure prices. In order to build resilience to volatile energy prices, we believe it is critical for the world to shift from traditional energy sources to readily accessible alternative sources, such as renewable energy.

Interest rates are highly correlated to the progress of clean energy projects, which is why these projects have been struggling since the Fed began raising rates. With the trend of global interest rate cuts now underway, and with some indications that they will increase in pace going forward, we are expecting clean energy projects to recover and become more achievable. In late September, the International Renewable Energy Agency (IRENA) reported that 81% of newly commissioned renewable projects in 2023 had lower costs than their fossil fuel alternatives, with solar's global costs, in particular, 56% cheaper than fossil fuel and nuclear options. Our view is that the more cost-competitive renewable energy is, the more investment will likely flow through — leading to greater efficiency and improved technologies. That said, achieving the net-zero goal by 2050[3] will not be possible without support for decarbonization from global policymakers. For example, the U.K. shut down its last coal-fired power plant at the end of September, and the new Labour government is aiming for up to 83% of the country's electricity to be generated from renewable sources by 2050. Furthermore, leveraging artificial intelligence could potentially accelerate the clean energy transition internationally. The need for a global energy transition remains unchanged, and the future continues to look bright.

The Fund's positioning benefits from the long-term investment trends within global energy as supplies shift from being largely fossil-fuel based to a broader spectrum of providers. We believe this transition will likely continue at a rapid pace. Investing in the creation and delivery of clean energy, as well as developing energy-efficient systems and products to reduce energy consumption, is vital.

The diversified[4] nature of Calvert Global Energy Solutions Fund, which seeks to invest in companies developing energy-efficient technologies and demonstrating leadership in reducing their carbon footprint, as well as direct energy suppliers, provides significant upside potential for long-term investors.

Fund Facts

Class I inception	05/31/2007
Class A inception	05/31/2007
Benchmark	MSCI ACWI Index
Class I expense ratio	**Gross 1.18 %**
	Net 0.99 %
Class A expense ratio	**Gross 1.43 %**
	Net 1.24 %

[2] Source: International Energy Agency Oil Market Report, September 2024.

[3] To keep global warming to no more than 1.5°C, as called for in the Paris Agreement, emissions need to be reduced by 45% by 2030 and reach net zero by 2050.

[4] Diversification neither assures a profit nor guarantees against loss in a declining market.

Where the net expense ratio is lower than the gross expense ratio, certain fees have been waived and/or expenses reimbursed. These waivers and/or reimbursements will continue for at least one year from the date of the applicable fund's current prospectus (unless otherwise noted in the applicable prospectus) or until such time as the fund's Board of Trustees acts to discontinue all or a portion of such waivers and/or reimbursements. Absent such waivers and/or reimbursements, returns would have been lower. Expenses are based on the fund's current prospectus, in effect as of the date of this fact sheet. For information on the applicable fund's current fees and expenses, please see the fund's current prospectus. The minimum investment is $1,000 for A Shares and $1,000,000 for I Shares.

Performance (%)

As of September 30, 2024	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR	SINCE INCEPTION
Class I Shares at NAV	5.05	9.14	4.24	13.83	-1.70	11.86	6.37	-0.39
Class A Shares at NAV	4.96	9.02	4.04	13.50	-1.97	11.59	6.04	-0.77
A Shares with Max. 5.25% Sales Charge	-0.59	3.32	-1.42	7.57	-3.72	10.40	5.48	-1.08
MSCI ACWI Index	2.32	6.61	18.66	31.76	8.08	12.18	9.38	6.51
Calvert Global Energy Research Spliced Benchmark	5.30	9.51	4.95	14.46	-0.95	12.99	7.77	0.77
Calvert Global Energy Research Index	5.30	9.51	4.95	14.46	-0.95	12.99	--	--
Alerian Global Alternative Energy Index	6.95	12.91	7.89	17.89	1.33	23.00	12.78	3.45

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the Fund's performance as of the most recent month-end, please refer to calvert.com. Investment returns and principal value will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost.

Returns are net of fees and assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (not annualized). Performance of other share classes will vary.

Top 10 Holdings (% of Total Net Assets)^	FUND
Tesla Inc	0.98
NIO INC - ADR	0.86
Orsted AS	0.85
SSE PLC	0.84
EDP - Energias de Portugal SA	0.84
Brookfield Renewable Partners LP	0.83
XPeng Inc	0.77
Brookfield Renewable Corp	0.77
EDP Renovaveis SA	0.77
Siemens AG	0.77

^ Top 10 Holdings excludes cash and equivalents. Portfolio profile subject to change due to active management.

INDEX INFORMATION: The **MSCI All Country World Index (ACWI)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets.

MSCI indexes are net of foreign withholding taxes. Source: MSCI. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder.

The **Calvert Global Energy Research Index** includes stocks of companies that manage energy in a sustainable manner or are facilitating the move to a more sustainable economy. Calvert Global Energy Research Index returns are net of foreign withholding taxes.

The **Calvert Global Energy Research Spliced Benchmark** is comprised of the Alerian Global Alternative Energy Index (formerly the Ardour Global Alternative Energy Index) prior to October 4, 2016 and Calvert Global Energy Research Index thereafter.

Alerian Global Alternative Energy Index measures the performance of stocks engaged in the field of alternative energy including solar, bioenergy, wind, hydro, and geothermal power sources.

Unless otherwise stated, index returns do not reflect the effect of any applicable sales charges, commissions, expenses, taxes or leverage, as applicable. Historical performance of the index illustrates market trends and does not represent the past or future performance of the fund.

The **S&P 500 Index** measures the performance of the large cap segment of the U.S. equities market, covering approximately 75% of the U.S. Equities market. The Index includes 500 leading companies in leading industries of the U.S. economy. The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. It is used as an indicator of the performance of stocks of technology companies and growth companies. Since both U.S. and non-U.S. companies are listed on the NASDAQ stock market, the index is not exclusively a U.S. index. The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded Blue-Chip Stocks. The **FTSE Euro 100 Index** is an index of the 100 largest companies (by market capitalization) in the European Union. The **MSCI Golden Dragon Index** is an unmanaged index of common stocks traded in China, Hong Kong and Taiwan. MSCI indexes are net of foreign withholding taxes.

The **MSCI EAFE Index** (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the international equity market performance of developed markets, excluding the US & Canada. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The MSCI EAFE Index currently consists of 21 developed market country indices. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

The indexes are unmanaged and do not include any expenses, fees or sales charges. It is not possible to invest directly in an Index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on the index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto.

RISK CONSIDERATIONS: The value of investments held by the Fund may increase or decrease in response to economic, and financial events (whether real, expected or perceived) in the U.S. and global markets. The Fund's performance may not match or correlate to that of its Index, either on a daily or aggregate basis due to factors such as Fund expenses, imperfect correlation, rounding of share prices, changes to the composition of the Index, regulatory policies, high portfolio turnover and the use of leverage (if any). The Fund expects to hold the common stock of each company in the index it is designed to track, regardless of market conditions or individual investment performance, which could cause the Fund to underperform funds that employ an active strategy. Because the Fund concentrates its investments in companies in the sustainable energy solutions industry, the value of Fund shares may fluctuate more than that of a more broadly diversified fund. The value of equity securities is sensitive to stock market volatility. Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical, currency exchange rates or other conditions. Smaller companies are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk than larger, more established companies. Investing primarily in responsible investments carries the risk that, under certain market conditions, the Fund may underperform funds that do not utilize a responsible investment strategy. The Fund is exposed to liquidity risk when trading volume, lack of a market maker or trading partner, large position size, market conditions, or legal restrictions impair its ability to sell particular investments or to sell them at advantageous market prices. The impact of the coronavirus on global markets could last for an extended period and could adversely affect the Fund's performance. No fund is a complete investment program and you may lose money investing in a fund. The Fund may engage in other investment practices that may involve additional risks and you should review the Fund prospectus for a complete description.

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