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## Calvert New Vision Small Cap Fund

Calvert New Vision Small Cap Fund (Class A shares at NAV) returned -8.38% for the quarter ended June 30, 2010, outperforming the benchmark Russell 2000 Index, which returned -9.92%. The Fund's relative outperformance was largely the result of strong stock selection in the Financials and Health Care sectors.

### Market Review

After four straight quarters of overall positive returns, the broad stock market took a downward tumble in the second quarter of 2010. Volatility was rampant, and stock prices were steadily beaten down during the period and then knocked out as the quarter came to a close. Many investors seemed to be pulling out of stocks to avoid risk in search of "safe" alternatives like gold. The "flash crash" on May 6 and questions of harm done by high-frequency traders trying to algorithmically game the

		INVESTMENT STYLE		
		VALUE		GROWTH
MARKET CAPITALIZATION	LARGE	-11.78%	-11.57%	-12.11%
	MID	-10.09%	-10.18%	-9.59%
	SMALL	-9.33%	-9.62%	-9.14%

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### HISTORICAL FUND PERFORMANCE

Average Annual Total Returns as of 6/30/2010. Inception Date 1/31/1997.

CALVERT NEW VISION SMALL CAP FUND	QTR	YTD	1YR	3YRS	5YRS	10YRS	SINCE INCEPTION
A Shares at NAV	-8.38%	-5.42%	12.64%	-12.03%	-6.09%	-1.86%	0.27%
A Shares Max load of 4.75%	-12.70	-9.89	7.31	-13.44	-7.00	-2.34	-0.10
Russell 2000 Index	-9.92	-1.95	21.48	-8.60	0.37	3.00	5.16

Source: Calvert Performance Analytics

Expense ratio: 1.97%. Performance data quoted already reflects deduction of fund operating expenses.

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. Index reflects 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.

Performance data prior to March 9, 2007 represents that of the previous manager and not that of Bridgeway.



system are forcing regulators to take notice. Financial markets are under tighter regulatory scrutiny as the days of free markets for big U.S. banks and some other financial institutions appear to be coming to a close. Protecting consumers and avoiding any further bailouts of financial firms are now government priorities.

With so many “macro” situations coming into play, company-level economics were still not the major drivers of stock prices. However, at least the “junk rally” factors of 2009 seem to have significantly abated. For example, the half of the companies in the S&P 500 Index with higher debt levels only slightly outperformed the lower-debt half in the second quarter of 2010. Although their returns were still negative, the more conservative sectors of the economy (such as Consumer Staples and Utilities) were the strongest-performing areas of the S&P 500 Index during this declining market.

As presented on the previous page, according to Morningstar, each “corner” of the domestic stock market had a negative return for the quarter ending June 30, 2010. The average domestic stock declined 10.61% for the period. Overall, the market did punish small-cap stocks a little less than large caps, which benefitted the Fund’s area of specialization.

## Portfolio Review

**Sector and stock analysis.** The Fund’s sector allocations were fairly close in line with the benchmark for the quarter. Stock selection (alpha), most notably in the Financials and Health Care sectors, was the primary factor behind the Fund’s strong relative performance this quarter. The Fund did lose a little ground relative to the benchmark as a result of some stock selections in the Information Technology sector.

**Sidestepping models.** Sidestepping models identify risky stocks that we want to avoid holding in the Fund, which is especially important in small-cap stocks. In the first quarter of 2010, one of our sidestepping models had a very poor showing, meaning that the low-quality stocks it identified (and avoided) significantly outperformed the market—hurting the Fund’s relative performance. In the second quarter, however, that same model did its job and added value to the Fund by helping avoid certain stocks that ultimately underperformed the benchmark.

**Company level performance: best and worst.** Stocks in a variety of industries make up the Fund’s lists of best and worst performers for the June quarter. The Fund’s single biggest contributor to overall performance for the quarter was IDT, while Unisys was the biggest detractor. The

### 10 BEST PERFORMERS FOR THE QUARTER

RANK	COMPANY	INDUSTRY	% RETURN	% OF FUND AS OF 6/30/10
1	IDT	Diversified Telecommunications	96.8%	1.91%
2	Vonage Holding	Diversified Telecommunications	70.4%	1.60%
3	Odyssey Healthcare	Health Care Providers & Services	47.7%	0.00% <sup>1</sup>
4	American Italian Pasta	Food Products	35.5%	0.00% <sup>1</sup>
5	Diamond Management & Technology	Professional Services	32.5%	1.04%
6	American Medical Systems Holdings	Health Care Equipment & Supplies	19.1%	1.58%
7	Evercore Partners	Capital Markets	13.4%	0.00% <sup>1</sup>
8	Sapient Corporation	IT Services	10.9%	0.76%
9	Select Comfort	Specialty Retail	9.8%	1.95%
10	FSI International	Semiconductors	8.3%	1.07%

### 10 WORST PERFORMERS FOR THE QUARTER

RANK	COMPANY	INDUSTRY	% RETURN	% OF FUND AS OF 6/30/10
1	Unisys	IT Services	-47.0%	1.39%
2	Marinemax	Specialty Retail	-43.1%	0.17%
3	LA-Z-Boy	Household Durables	-40.8%	0.64%
4	UTStarcom	Communications Equipment	-34.1%	0.88%
5	Entercom Communications	Media	-31.5%	0.76%
6	Pinnacle Airlines	Airlines	-26.9%	1.18%
7	Crosstex Energy	Oil, Gas, & Consumable Fuels	-26.3%	1.25%
8	Princeline.com	Internet & Catalog Retail	-25.5%	0.00% <sup>1</sup>
9	Glatfelter	Paper & Forest Products	-25.1%	0.34%
10	Biglari Holdings	Hotels, Restaurants & Leisure	-24.4%	0.00% <sup>1</sup>

1. The Fund sold this position during the second quarter. The return shown is for the time period that the Fund held the stock during the quarter, not for the full quarter.

Fund's third-strongest performer for the period, Odyssey Healthcare, was taken over by Gentiva Health Services during the quarter. The takeover was posted in late May at a 34% premium; we subsequently sold the Fund's Odyssey Healthcare position at a gain. At the end of the quarter, the Fund's single largest holding was Amedisys, which is in the Health Care sector.

## Outlook

There was definitely a lot of uncertainty in the market during the second quarter, with unemployment still high and some talk about the possibility of a "double-dip" recession. The turnaround in small-cap stocks—especially small-cap value stocks—over the last year has truly been spectacular. Over the rest of 2010, we would like to see the rally in small-cap stocks resume, although ideally at a more sustainable rate than in late 2009. ■

This commentary represents the opinions of its author as of 6/30/2010, 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 New Vision Small Cap Fund's holdings included Amedisys (2.26% of the Fund) and Gentiva Health Services (0.0%). 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, 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. In addition, prices of small-cap stocks can be more volatile than those of larger, more established companies. Small-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.*

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