



SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 33653; 812-14993]

Calvert Fund, et al.

October 2, 2019

AGENCY: Securities and Exchange Commission (the “Commission”).

ACTION: Notice.

Notice of application for an order under sections 6(c) and 17(b) of the Investment Company Act of 1940 (“Act”) for exemptions from section 17(a) of the Act, and under section 17(d) of the Act and rule 17d-1 thereunder to permit certain joint transactions.

Summary of Application: Applicants request an order (“Requested Order”) to permit certain registered investment companies to invest a portion of their assets in certain fixed rate notes issued in connection with a community investment program sponsored by an affiliated non-profit corporation.

Applicants: Calvert Fund, Calvert Impact Fund, Inc., Calvert Management Series, Calvert Responsible Index Series, Inc., Calvert Social Investment Fund, Calvert Variable Series, Inc., Calvert World Values Fund, Inc. (collectively, the “Calvert Funds”), and Calvert Research and Management (“CRM” and, collectively with the Calvert Funds, the “Applicants”).

Filing Dates: The application was filed on December 27, 2018 and amended on May 29, 2019.

Hearing or Notification of Hearing: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving applicants with a copy of the request,

personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on October 28, 2019, and should be accompanied by proof of service on the applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Pursuant to rule 0-5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090. Applicants: the Calvert Funds, 1825 Connecticut Ave NW, Suite 400, Washington, DC 20009 and Katy D. Burke, Calvert Research and Management, Two International Place, Boston, MA 02110.

FOR FURTHER INFORMATION CONTACT: Jill Ehrlich, Senior Counsel, at (202) 551-6819, or David J. Marcinkus, Branch Chief, at (202) 551-6821 (Division of Investment Management, Chief Counsel's Office).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained via the Commission's website by searching for the file number, or an applicant using the Company name box, at <http://www.sec.gov/search/search.htm> or by calling (202) 551-8090.

Applicants' Representations:

1. Each Calvert Fund is registered under the Act as an open-end management investment company that offers one or more series of shares. Calvert Fund, Calvert Management Series, and Calvert Social Investment Fund are each organized as a business trust under the laws of the Commonwealth of Massachusetts. Calvert World Values

Fund, Inc., Calvert Responsible Index Series, Inc., Calvert Variable Series, Inc., and Calvert Impact Fund, Inc. are each organized as corporations under the laws of the state of Maryland. All of the Calvert Funds are advised by CRM, an investment adviser registered under the Investment Advisers Act of 1940 (the “Advisers Act”).¹ CRM is a business trust established under the laws of the Commonwealth of Massachusetts.

2. Although each of the Calvert Funds has distinct investment objectives and policies, a guiding philosophy of each Calvert Fund is an interest in fostering environmental, social, and governance (“ESG”) initiatives by investing a small percentage of its net assets pursuant to special non-principal investment strategies, including high social impact (“HSI”) investment opportunities such as the CIN Program (as defined below). HSI investments may be made by the Calvert Funds in a variety of ways, including through the purchase of debt securities. The registration statement of any Fund relying on the Requested Order will include disclosure designed to inform investors about the risks that may be associated with HSI investing, including the fact that such investments may offer a rate of return below the market rate prevailing at the time of the investment.

¹ Applicants request that the order apply not only to the Applicants, but that it also extend to any other existing or future series of the Calvert Funds and to any existing or future registered investment management companies or series thereof (collectively with the Calvert Funds, the “Funds” and each a “Fund”) that are, or may in the future be, advised by CRM or any entity controlling, controlled by, or under common control (within the meaning of section 2(a)(9) of the Act) with CRM, or any successor in interest to any such entity (each and collectively, the “Adviser”). For purposes of the Requested Order, “successor” is limited to any entity that results from a reorganization into another jurisdiction or a change in the type of business organization. The Adviser of each Fund will be an investment adviser registered under the Advisers Act. All entities that currently intend to rely on the Requested Order have been named as Applicants, and any other entity that relies on the Requested Order in the future will comply with the terms and conditions of the application.

3. Calvert Impact Capital, Inc. (“CIC”)² is a non-profit corporation that was organized for the purpose of, among other things, making loans to (and other investments in) organizations aligned with CIC’s mission and increasing public awareness and knowledge of the concept of socially responsible investing. CIC focuses its work on offering investors the ability to support organizations that strengthen communities and sustain the planet. Applicants state that CIC is exempt from registration as an investment company under section 3(c)(10)(A) of the Act.

4. The Community Investment Notes Program (the “CIN Program”) sponsored by CIC is designed to provide financing solutions to organizations seeking to address an array of social and environmental problems. In connection with the CIN Program, CIC issues notes³ with fixed rates of interest to domestic individuals and institutional investors (“Noteholders”). CIC currently offers the notes to investors with various set terms and interest rates. A potential investor can select the particular note in which it would like to invest from the current offerings based on the term of the note and corresponding fixed interest rate (currently ranging from zero to four percent). The operating expenses associated with the administration of CIC’s CIN Program are treated by CIC as part of its general operating expenses, and there is no fee assessed upon Noteholders for their investment in the notes.

5. From 1998 to 2016, the Calvert Funds’ HSI investments included the acquisition of notes (the “Existing Notes”) issued through the CIN Program in accordance with an exemptive order issued by the Commission in 1998 (the “1998

² Effective October 31, 2017, Calvert Social Investment Foundation, Inc. changed its legal name to Calvert Impact Capital, Inc.

³ Applicants state that such notes are exempt from registration under section 3(a)(4) of the Securities Act of 1933.

Order”).⁴ The 1998 Order permitted certain Calvert Funds to invest a portion of their assets in the Existing Notes.⁵ The Calvert Funds’ former investment adviser, Calvert Investment Management, Inc. (“CIM”) was the adviser to the registrants relying on the 1998 Order. The Calvert Funds stopped relying on the 1998 Order to make additional investments in notes issued through the CIN Program following the purchase, on December 30, 2016, by CRM of substantially all of the business assets of CIM. Following this transaction, CRM became the Calvert Funds’ investment adviser on December 31, 2016.

6. From 1998 to 2016, the Boards of Directors/Trustees (collectively, the “Funds’ Board”) of the Calvert Funds that invested in the Existing Notes and other HSI investments gained experience with respect to the oversight of HSI investing. CRM and the Funds’ Board have determined that the ability to continue to invest through the CIN Program would be appropriate for the Calvert Funds, including making additional investments in notes issued by CIC through the CIN Program (such notes together with the Existing Notes, the “Notes”).

7. The Funds’ Board has authorized each Calvert Fund to invest up to 3% of its net assets in HSI investments. The decision to participate in the CIN Program would be made by the Adviser in a manner consistent with the investment objectives and policies adopted by the Funds’ Board, disclosure provided to the Funds’ shareholders, the fiduciary duties of the Adviser, and subject to the oversight of the Funds’ Board. The

⁴ Investment Company Act Release Nos. 23306 (July 8, 1998) (notice) and 23376 (Aug. 4, 1998) (order).

⁵ As of December 31, 2018, the Existing Notes held by the Calvert Funds represented \$54.12 million of the approximately \$410.10 million in notes issued pursuant to the CIN Program. This amount represents approximately 13% of the notes issued pursuant to the CIN Program and approximately 37% of the \$145.81 million of notes maturing in 2019.

Adviser would not receive any compensation for the Funds' investments in the Notes (aside from the potential impact on a Fund's asset-based advisory fee). Information about the Calvert Funds' investments in the CIN Program is presented to the Funds' Board on a quarterly basis, thereby mitigating potential conflicts that CRM may have with the CIN Program.

8. Responsibility for the business, property, and affairs of CIC is vested in its Board of Directors (the "CIC Board"). The CIC Board and the Funds' Board share certain common trustees/directors, as described in the application. Currently, there is one common trustee/director between the CIC Board (comprised of thirteen directors) and the Funds' Board (comprised of eight directors/trustees). Further, CRM supports CIC in a number of ways. CRM has licensed use of the Calvert name to CIC and has committed to make an annual \$250,000 donation to CIC in each of five consecutive years beginning in 2018. Additionally, in response to requests from intermediaries for information about impact investing or CIC, representatives of a limited purpose broker-dealer affiliated with CRM may direct such intermediaries to CIC.⁶

Applicants' Legal Analysis

In light of the overlapping Board members, the Calvert Funds' ownership in the Notes, and the other potential means of affiliation described in the application, CIC may be deemed to be an affiliated person of each of the Calvert Funds for purposes of section 17(a) and 17(d) of the Act. Additionally, because the Calvert Funds are affiliated persons of one another through their common investment adviser, each of the Funds might be deemed to be participating in a joint transaction with each other Fund through

⁶ Neither CRM nor the affiliated broker-dealer would receive any compensation in connection with the foregoing activity, and neither CRM nor the affiliated broker-dealer anticipates involvement in suitability determinations or in selling the Notes directly to individuals or organizations on an agency basis.

investments in the Notes within the scope of section 17(d). Applicants submit that the Requested Order would be consistent with the standards of sections 6(c), 17(b), and 17(d) of the Act and rule 17d-1 under the Act.

Applicants' Conditions

Applicants agree that the Requested Order will be subject to the following conditions:

1. The Funds' Board will be responsible for reviewing the CIN Program not less frequently than annually. The Funds may continue to participate in the CIN Program through investment in the Notes only if, at the time of such review, the Funds' Board concludes that (i) continued participation in the CIN Program by the Funds remains consistent with the investment objectives and policies of each of the Funds; and (ii) such participation is not on a basis that is less advantageous than that of other Noteholders of the same class.

2. The Funds will invest in the Notes only in accordance with the investment objectives, policies and restrictions of the applicable Fund as disclosed in its registration statement, and the Funds will not be permitted to acquire the Notes to an extent greater than that which is permitted under the terms of their prospectus at the time of such investment and any limits approved by those members of the Funds' Board who are not "interested persons" of the Funds as defined by section 2(a)(19) of the Act.

3. The Adviser will not invest in CIC by directly purchasing Notes for its own account. Neither the Adviser nor any entity controlling, controlled by, or under common control with (within the meaning of section 2(a)(9) of the Act) the Adviser will receive any compensation for the Funds' investment in the Notes or for services provided

to CIC in connection with the Funds' investment in the Notes, provided that: (i) the market value of the Notes in which the Funds may, from time to time, invest will be included in the calculation of any investment advisory fee payable by a Fund to its Adviser pursuant to the terms of an investment advisory contract that satisfies the requirements of section 15(a) of the Act and subject to section 36 of the Act, where such fee is calculated based on a percentage of the average daily net assets of any such Fund; and (ii) in response to requests from intermediaries for information about impact investing or CIC, representatives of an entity affiliated with the Adviser may direct such intermediaries to CIC, provided that such activities would not affect the value of, or interest paid under the terms of, any Note purchased by a Fund in reliance on the Requested Order.

4. All Noteholders will participate in the income (losses) generated by the assets underlying the Notes in proportion to their respective investments.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Jill M. Peterson,

Assistant Secretary.

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