

Calvert

INVESTMENTS THAT MAKE A DIFFERENCE®

@ E-Delivery Sign-up – details inside



March 31, 2006

Semi-Annual Report

Calvert Income Fund

A UNIFI Company™



INVESTMENTS
THAT MAKE A DIFFERENCE®



Choose Planet-friendly E-delivery!



Sign up now for on-line statements, prospectuses, and fund reports. In less than five minutes you can help reduce paper mail and lower fund costs.

Just go to **www.calvert.com**, click on My Account, and select the documents you would like to receive via e-mail.

If you're new to account access, you'll be prompted to set up a personal identification number for your account. Once you're in, click on the E-delivery sign-up at the bottom of the Account Portfolio page and follow the quick, easy steps.

TABLE OF CONTENTS

President's Letter	
1	
Portfolio Management Discussion	
4	
Shareholder Expense Example	
8	
Schedule of Investments	
10	
Statement of Assets and Liabilities	
20	
Statement of Operations	
21	
Statements of Changes in Net Assets	
22	
Notes to Financial Statements	
24	
Financial Highlights	
29	
Explanation of Financial Tables	
33	
Proxy Voting and availability of Quarterly Portfolio Holdings	
35	
Basis for Board's Approval of Investment Advisory Contract	
35	



Dear Shareholder:

Over the past six months ended March 31, 2006, the U.S. economy and fixed-income markets have shown resilience while facing challenges from higher energy prices, the ongoing war in Iraq, rising interest rates and the aftermath of rebuilding from the Gulf coast hurricanes.

Despite these challenges, we appear to be in a period of healthy economic growth with moderate inflation. In February 2006, Ben Bernanke took over the reins at the Federal Reserve as Chairman, largely continuing Greenspan's policy of paced Fed funds rate increases to control inflation and economic growth.

The Impact of Rate Increases

As the Fed pushed short-term rates higher—up 1% to 4.75% over the reporting period—the yield curve, which had been inverted (a situation where interest rates for shorter-term securities are higher than those for longer-term ones) flattened, with interest rates rising across all maturities—from short-term money market rates to long-term Treasury bonds.

Bond prices saw a general decline by the end of the period, in response to rising rates, while money market investors were rewarded with higher yields. We believe at this point the Fed funds rate is now in “neutral” territory—neither overly accommodative nor restrictive of economic growth and inflation—and the Fed's future actions will be based on how the economy unfolds over the next several months.

Confidence in Our Fixed-Income Expertise

As we look ahead, we believe it's both a rewarding and challenging environment for fixed-income investors. Though bond prices generally decline as rates rise, keep in mind that over the long term, bond fund investors can benefit from the higher

income and yields brought about by rising rates.

Calvert's expertise in the fixed-income markets spans 30 years, covering virtually every type of interest-rate environment. Over this period, our management team for our bond funds has refined its investment process that includes four key strategic components, which we refer to collectively as FourSight.™

Barron's Recognizes Calvert Again

The effectiveness of this strategy has been reflected in our results across many venues, including media appearances by our managers and press accolades. In fact, for the third consecutive year, in a 2006 survey conducted by *Barron's*, Calvert was named among the top 5 taxable bond fund families for the one-year period ended December 31, 2005.¹ Calvert is the only fund family to have achieved a top-5 taxable bond fund family ranking for each of the past three years. You can be assured that our fixed-income management team will strive to deliver this same level of quality and results in the future.

A Long-Term, Disciplined Outlook

In any market, we believe it's wise to adhere to a long-term, well-diversified portfolio strategy that includes bond and money-market funds. We encourage you to work with a financial professional, who can provide important insights into investment markets, as well as the guidance to create and maintain a thoughtful investment strategy.

As Calvert celebrates our 30th anniversary year, I'd like to thank you for your continued confidence in our investment products, and we look forward to continuing to serve you in the years ahead.

Sincerely,



Barbara J. Krumsiek
President and CEO
Calvert Group, Ltd.
April 2006

1. *Mutual funds that invest in bonds are subject to certain risks including interest-rate risk, credit risk, and inflation risk. As interest rates rise, bond prices decrease. *Calvert was ranked #3 out of 65 fund complexes. Results were compiled by Lipper for the eleventh annual Fund Families Survey by Barron's, Feb 6, 2006 issue. Each fund was measured and ranked with its peers in the taxable bond fund category as tracked by Lipper for a one-year period ending 12/31/05. The ranking used a weighted average ranking system to assess asset-weighted performance, net of 12b-1 fees. The asset size of each fund in the taxable bond fund category accounted proportionately for the fund family's ranking in that category. Calvert ranked #1 of 73 fund complexes for the one-year period ended 12/31/04 (Barron's, Feb 7, 2005) and ranked #4 of 75 fund complexes for the one-year period ended 12/31/03 (Barron's, Feb 9, 2004). Investors should carefully consider the investment objective, risks, charges, and expenses of a mutual fund before investing. For a prospectus containing this and other information on any Calvert mutual fund, contact your financial advisor or call 1.800.CALVERT. Please read the prospectus carefully before investing.*



PORTFOLIO MANAGEMENT DISCUSSION



Gregory Habeeb

*Senior Portfolio
Manager*



*Matt Nottingham,
CFA*

Portfolio Manager

of Calvert Asset Management Company

Performance

For the six-month reporting period ended March 31, 2006, Calvert Income Fund Class A shares (at NAV) returned 0.52%.* The benchmark Lehman U.S. Credit Index returned -0.68 % for the same period. Fund outperformance versus the benchmark was the result of our short relative duration, higher credit-quality bias, and several other strategies, as described below.

Investment Climate

During the reporting period, the Federal Reserve (Fed) pushed short-term interest rates higher (up 1% to 4.75%), and the yield curve, which had been inverted (interest rates

*Share return at NAV does not reflect deduction of the Fund's maximum front-end sales charge of 3.75%.

PORTFOLIO STATISTICS

MARCH 31, 2006

INVESTMENT PERFORMANCE (total return at NAV)

	6 MONTHS ENDED 3/31/06	12 MONTHS ENDED 3/31/06
Class A	0.52%	2.97%
Class B	0.17%	2.14%
Class C	0.17%	2.26%
Class I	0.83%	3.64%
Lehman U.S. Credit Index**	(0.68%)	1.83%
Lipper Corporate Debt Funds BBB-Rated Avg.**	(0.05%)	2.22%

MATURITY SCHEDULE

	WEIGHTED AVERAGE	
	3/31/06	9/30/05
	13 years	12 years

SEC YIELDS

	30 DAYS ENDED	
	3/31/06	9/30/05
Class A	4.33%	3.58%
Class B	3.76%	2.97%
Class C	3.80%	3.00%
Class I	5.16%	4.37%

Investment performance does not reflect the deduction of any front-end or deferred sales charge.

** Source: Lipper Analytical Services, Inc.

PORTFOLIO STATISTICS

MARCH 31, 2006

AVERAGE ANNUAL TOTAL RETURNS (with max. load)

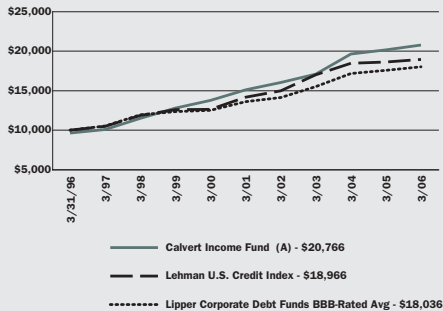
CLASS A SHARES	
One year	(0.89%)
Five year	5.73%
Ten year	7.58%
CLASS B SHARES	
One year	(1.86%)
Five year	5.74%
Since inception (7/31/99)	6.30%
CLASS C SHARES	
One year	1.26%
Five year	5.77%
Since inception (7/31/00)	6.64%
CLASS I SHARES	
One year	3.64%
Five year	7.18%
Since inception (2/26/99)	7.95%

for shorter-term securities had actually been higher than those for longer-term bonds), flattened. That is, interest rates rose across all maturities, from short-term money market funds to long-term Treasury bonds. Money-market rates moved up, with the three-month Treasury-bill rising to 4.63%.¹ Long-term interest rates also increased. The benchmark 10-year Treasury yield rose 0.52%, to 4.86%, and the average 30-year mortgage rate climbed 0.44%, to 6.35%. Yields for corporate and municipal bonds also moved up.² Strong investment from foreign investors, however, kept U.S. long-term bond yields lower than expected.

Despite sharply higher energy prices and a record damaging hurricane season, the economy looks to have grown by a respectable 3.1% pace over the reporting period, as measured by gross domestic product (GDP).³ On average, 188,000 new jobs were created monthly, and the unemployment rate fell 0.4%, to 4.7%.⁴ The core consumer price index (CPI) inflation measure, which excludes volatile food and energy prices, increased at a 2.2% annual pace over the reporting period.⁵

PERFORMANCE COMPARISON

Comparison of change in value of \$10,000 investment. (Source: Lipper Analytics Services, Inc.)



Average annual total returns in the Portfolio Statistics above and the Performance Comparison line graph are with maximum load deducted – they assume reinvestment of dividends and reflect the deduction of the Fund's Class A maximum front-end sales charge of 3.75%, or deferred sales charge as applicable. No sales charge has been applied to the indices used for comparison. However, the Lipper average does reflect the deduction of the category's average front-end sales charge. The value of an investment in Class A shares is plotted in the line graph. The value of an investment in another Class of shares would be different. The graph and table do not reflect the deduction of taxes that a shareholder would pay on the Fund's distributions or the redemption of Fund shares. Past performance is no guarantee of future results.

PORTFOLIO STATISTICS

MARCH 31, 2006

SECTOR DISTRIBUTION % OF TOTAL INVESTMENTS

Asset Backed Securities	6.0%
Bank	7.6%
Brokerage	2.7%
Cash Equivalent	0.5%
Financial Services	12.0%
Government Agency Obligations	5.4%
Government Obligations	28.8%
Industrial	12.1%
Industrial - Finance	4.4%
Insurance	4.0%
Municipal Obligations	8.0%
Real Estate Investment Trust	2.1%
Sovereign Obligations	0.1%
Special Purpose	2.0%
Transportation	0.9%
Utility	3.4%
Total	100%

Portfolio Strategy

Our strategy reflects Calvert's FourSight™ management process, which seeks to deliver competitive results even during difficult markets. With this four-step process, we manage duration, monitor the yield curve, optimize sector allocation, and analyze credit quality. (Duration is a measure of a portfolio's sensitivity to changes in interest rates. The longer the duration, the greater the price change relative to interest-rate movements.)

Through the reporting period, we kept the portfolio positioned to benefit from rising interest rates. Yields across all maturities rose over the six-month period, and the Fund's short relative duration was a strong driver of outperformance. Once again, the Fund's allocation to short- and longer-term floating-rate notes, which are not in the benchmark, helped returns. (Interest rates on floating- or adjustable-rate securities reset periodically — monthly or quarterly, for example — and so can provide a benefit to a portfolio when increases occur in short-term rates such as the Fed funds rate.)

The portfolio's higher-credit-quality bias also remained in place, with a strategic allocation to very-high-quality securities and an underweight to lower-quality, investment-grade bonds. We also allocated approximately 10% of the portfolio to out-of-benchmark, high-yield securities.

Over the reporting period, securities rated AAA and AA did outperform those rated A and BBB, with the latter returning -0.81% versus 0.13% for AAAs.⁶ Returns in below-investment-grade issues were astounding, as reflected in a return of 3.58% for the Lehman U.S. Corporate High Yield Index. The Fund's credit barbell was a strong driver of performance over the reporting period. (A barbell strategy emphasizes investments at both ends

of a spectrum — in this case, credit quality — but places little emphasis on holding issues in the middle portion of the spectrum.)

Outlook

Fed rate hikes have led to a monetary policy that is neither overly accommodative nor restrictive. We believe the target Fed funds rate will reach 5% in spring 2006 before the Fed ceases increases. After that, Fed action will depend on what the data indicate about the economy going forward. In what we view as a very smooth transition from the Greenspan era, Ben Bernanke took over as Fed Chairman on February 1, 2006.

We expect another year of reasonable economic growth in the U.S. Risks to the expansion, however, include a significant slowdown in the housing sector, dampening household consumption. Such a development would tend to push interest rates lower. On the other hand, a pickup in core inflation would push interest rates higher. Also important for U.S. bonds are the actions of the European Central Bank and the Bank of Japan. During the first quarter of 2006, both of these major central banks tightened monetary policy and, in response, global interest rates rose. The U.S. needs to offer relatively high interest rates to continue attracting the foreign investment in U.S. bonds that is required to cover the record- and growing-current-account deficit.

Fund duration has been extended to seek higher yields, moving from slightly under 4 years on September 30, 2005 to 4.25 years on March 31, 2006. We anticipate that the Fund may take on more credit risk, as well, as valuations improve and better compensate investors for the credit risk.

April 2006

- 1. The three-month Treasury-bill yield rose 1.08 percentage points to 4.63%.*
- 2. The Moody's Baa-rated corporate bond yield rose 0.40%, to 6.55%. The yield on the Bond Buyer Index of 20 general obligation municipal bonds increased 0.14%, to 4.53%.*
- 3. In the fourth quarter of 2005, the economy grew 1.6%. The Wall Street Journal Survey of Economic Forecasters consensus is for 4.6% growth in the first quarter of 2006. First-quarter 2006 GDP had not been released at the time of this writing.*
- 4. "Employment Situation Report," U.S. Department of Labor.*
- 5. CPI data available through February 2006.*
- 6. Source: Bloomberg.*

SHAREHOLDER EXPENSE EXAMPLE

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) and redemption fees and (2) ongoing costs, including management fees; distribution (12b-1) fees; and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

This Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (October 1, 2005 to March 31, 2006).

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare the 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) or redemption fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	BEGINNING ACCOUNT VALUE 10/1/05	ENDING ACCOUNT VALUE 3/31/06	EXPENSES PAID DURING PERIOD* 10/1/05 - 3/31/06
CLASS A			
Actual	\$1,000.00	\$1,005.70	\$6.04
Hypothetical <i>(5% return per year before expenses)</i>	\$1,000.00	\$1,018.91	\$6.08
CLASS B			
Actual	\$1,000.00	\$1,001.10	\$9.72
Hypothetical <i>(5% return per year before expenses)</i>	\$1,000.00	\$1,015.22	\$9.79
CLASS C			
Actual	\$1,000.00	\$1,002.30	\$9.51
Hypothetical <i>(5% return per year before expenses)</i>	\$1,000.00	\$1,015.44	\$9.57
CLASS I			
Actual	\$1,000.00	\$1,008.90	\$2.79
Hypothetical <i>(5% return per year before expenses)</i>	\$1,000.00	\$1,022.15	\$2.81

* Expenses are equal to the Fund's annualized expense ratio of 1.21%, 1.95%, 1.90% and 0.56% for Class A, Class B, Class C, and Class I, respectively, multiplied by the average account value over the period, multiplied by 182/365.

SCHEDULE OF INVESTMENTS MARCH 31, 2006

CORPORATE BONDS - 52.2%	PRINCIPAL AMOUNT	VALUE
ACLIC Business Loan Receivables Trust, 5.399%, 10/15/21 (e)(r) .	\$7,791,951	\$7,484,407
AgFirst Farm Credit Bank:		
8.393%, 12/15/16 (r)	16,725,000	18,288,118
7.30%, 10/14/49 (e)	19,950,000	20,229,300
Alliance Mortgage Investments:		
12.14%, 6/1/10 (r)	3,115,125	3,115,125
14.89%, 12/1/10 (r)	16,500,000	16,500,000
American Electric Power Co., Inc., 4.709%, 8/16/07 (r)	2,000,000	1,983,069
Ames True Temper, Inc., 10.00%, 7/15/12	1,350,000	1,128,937
APL Ltd., 8.00%, 1/15/24	13,525,000	13,423,562
Atlantic Mutual Insurance Co., 8.15%, 2/15/28 (e)	49,891,000	29,934,600
Atmos Energy Corp., 4.975%, 10/15/07 (r)	24,962,000	24,956,352
Aurora Military Housing LLC:		
5.605%, 12/15/35 (e)	4,000,000	3,888,960
5.655%, 12/15/41 (e)	5,000,000	4,866,350
Aurora Military Housing II LLC:		
5.625%, 12/15/35 (e)	4,000,000	3,890,800
5.695%, 12/15/47 (e)	10,000,000	9,694,800
5.775%, 12/15/47 (e)	9,725,000	9,453,867
Autopista del Maipo Sociedad, 7.373%, 6/15/22 (e)	21,885,000	23,793,493
BAE Systems Asset Trust, 6.664%, 9/15/13 (e)	24,069,321	25,085,528
BAE Systems Holdings, Inc., 5.149%, 8/15/08 (e)(r)	15,890,000	15,884,926
Banco Santander Chile, 5.22%, 12/9/09 (e)(r)	4,000,000	3,998,920
Barclays Bank plc, 6.278%, 12/29/49 (r)	6,690,000	6,257,358
Bear Stearns Co's, Inc., 5.38%, 10/28/14 (r)	46,520,000	46,544,470
BF Saul, 7.50%, 3/1/14	13,150,000	13,445,875
BNSF Funding Trust I, 6.613%, 12/15/55	12,259,000	11,928,890
Brandywine Operating Partnership LP, 5.415%, 4/1/09 (r)	8,485,000	8,489,435
Brascan Corp., 7.125%, 6/15/12	14,825,000	15,862,439
Chase Funding Mortgage Loan, 4.045%, 5/25/33	4,800,000	4,728,245
Chatham Centre LLC VRDN, 4.95%, 4/1/22 (r)	1,600,000	1,600,000
Chevy Chase Bank FSB, 6.875%, 12/1/13	7,686,000	7,935,795
Chugach Electric Association, Inc., 6.55%, 3/15/11	2,780,000	2,903,538
Cinergy Global Resources, Inc., 6.20%, 11/3/08 (e)	3,500,000	3,606,356
Citibank Credit Card Issuance Trust, 4.75%, 10/22/12	3,000,000	2,952,013
CitiFinancial, 6.75%, 7/1/07	3,365,000	3,425,300
Citigroup, Inc., 5.125%, 2/14/11	6,000,000	5,925,768
CNL Funding, Inc., 7.721%, 8/25/09 (e)	7,386,877	7,471,376
Comcast Corp.:		
5.90%, 3/15/16	3,700,000	3,630,684
6.50%, 11/15/35	11,000,000	10,688,187
Convergys Corp., 4.875%, 12/15/09	7,000,000	6,688,402
Countrywide Asset-Backed Certificates, 5.268%, 11/25/34 (r)	12,728,397	12,789,690
Countrywide Financial Corp., 5.26%, 4/1/11 (r)	58,200,000	58,133,082
Countrywide Home Loans, Inc., 4.689%, 4/12/06 (r)	2,000,000	1,999,874
Credit Suisse First Boston USA, Inc., 5.00%, 12/9/08 (r)	1,000,000	1,000,996
Crown Castle Towers LLC, 4.643%, 6/15/35 (e)	39,250,000	37,662,110
CSX Corp., 4.99%, 8/3/06 (r)	24,937,000	24,956,600

CORPORATE BONDS - CONT'D	PRINCIPAL AMOUNT	VALUE
Daimler-Chrysler North American Holding Corp.:		
5.10%, 11/17/06 (r)	\$8,850,000	\$8,854,316
5.33%, 3/13/09 (r)	5,000,000	4,998,884
Deluxe Corp., 5.125%, 10/1/14	9,200,000	7,567,000
Dime Community Bancshares, Inc.:		
9.25%, 5/1/10 (e)	2,000,000	2,218,773
9.25%, 5/1/10	500,000	554,693
Dominion Resources, Inc.:		
5.265%, 9/28/07 (r)	16,180,000	16,201,702
5.687%, 12/1/25	6,800,000	6,823,672
Duke Realty LP, 5.195%, 12/22/06 (r)	12,900,000	12,897,921
E*Trade Financial Corp.:		
8.00%, 6/15/11	9,150,000	9,516,000
7.375%, 9/15/13	1,750,000	1,793,750
7.875%, 12/1/15	5,490,000	5,819,400
Eastern Energy Ltd., 6.75%, 12/1/06 (e)	3,850,000	3,885,243
Enterprise Mortgage Acceptance Co. LLC:		
Interest Only, 1.24%, 1/15/25 (e)(r)	80,135,967	3,042,683
6.90%, 10/15/25 (e)	24,204,259	10,286,810
First Republic Bank, 7.75%, 9/15/12	7,307,500	7,849,722
First Tennessee Bank:		
5.316%, 12/8/08	10,750,000	10,716,269
5.65%, 4/1/16	4,750,000	4,695,280
Ford Motor Credit Co.:		
6.50%, 1/25/07	1,645,000	1,636,002
5.795%, 9/28/07 (r)	14,690,000	14,110,839
7.68%, 11/2/07 (r)	45,400,000	44,490,348
General Motors Acceptance Corp.:		
5.645%, 5/18/06 (r)	6,270,000	6,255,685
4.25%, 1/15/07	100,000	96,794
6.75%, 12/1/14	7,400,000	6,644,419
7.02%, 12/1/14 (r)	36,915,000	33,335,220
Glitnir Bank, 4.76%, 10/15/08 (e)(r)	9,750,000	9,748,530
Global Signal:		
Trust II, 4.232%, 12/15/14 (e)	11,900,000	11,462,248
Trust III, 5.361%, 2/15/36 (e)	21,950,000	21,630,188
Golden Securities Corp., 4.93%, 12/2/13 (e)(r)	22,478,346	22,453,762
Golden State Petroleum Transport Corp., 8.04%, 2/1/19	13,166,000	13,735,429
Goldman Sachs Group, Inc.:		
5.385%, 3/22/16 (r)	11,700,000	11,717,597
6.345%, 2/15/34	15,752,000	15,620,660
HBOS Treasury Services plc, 6.413%, 9/29/49 (e)(r)	11,100,000	10,397,936
HCA Inc., 7.125%, 6/1/06	6,160,000	6,174,971
Health Care REIT, Inc., 6.20%, 6/1/16	3,020,000	3,009,970
HRPT Properties Trust, 5.517%, 3/16/11 (r)	12,900,000	12,891,834
IKON Receivables LLC, 4.989%, 12/17/07 (r)	13,343	13,343
Impac CMB Trust:		
5.168%, 10/25/33 (r)	4,027,729	4,062,997
5.138%, 9/25/34 (r)	5,794,856	5,806,439
5.078%, 4/25/35 (r)	16,505,285	16,559,973
5.128%, 4/25/35 (r)	5,914,394	5,939,989
5.088%, 5/25/35 (r)	25,430,626	25,519,735
5.138%, 8/25/35 (r)	18,454,749	18,456,458

CORPORATE BONDS - CONT'D	PRINCIPAL AMOUNT	VALUE
Independence Community Bank Corp., STEP, 3.75% to 4/1/09, floating rate thereafter 4/1/14 (r)	\$15,350,000	\$14,511,175
Ingersoll-Rand Co. Ltd., 6.015%, 2/15/28	10,340,000	10,966,001
Interpool Capital Trust, 9.875%, 2/15/27	47,283,000	46,337,340
Interpool, Inc., 7.35%, 8/1/07	1,525,000	1,551,687
Jackson National Life Global Funding, 4.671%, 4/20/07 (e)(r) ...	5,000,000	4,997,024
Johnson Controls, Inc., 5.25%, 1/15/11	3,000,000	2,951,472
JP Morgan Chase & Co., 4.92%, 10/28/08 (r)	72,800,000	72,742,721
Kimco Realty Corp., 4.88%, 8/1/06 (r)	9,900,000	9,901,930
Land O'Lakes Capital Trust I, 7.45%, 3/15/28 (e)	38,445,000	32,101,575
Lehman Brothers Holdings E-Capital Trust I, 5.55%, 8/19/65 (e)(r)	2,890,000	2,885,087
Lehman Brothers Holdings, Inc., 4.93%, 9/8/08 (r)	7,157,000	7,074,231
Lennar Corp., 5.27%, 8/20/07 (r)	17,560,000	17,553,977
Leucadia National Corp., 7.00%, 8/15/13	27,875,000	27,979,531
Lumbermens Mutual Casualty Co.:		
9.15%, 7/11/26 (e)(m)*	51,271,000	961,331
8.30%, 12/1/37 (e)(m)*	33,720,000	632,250
8.45%, 12/1/97 (e)(m)*	1,000,000	18,750
Mangrove Bay Pass-Through Trust, STEP, 6.102%, to 7/15/13, floating rate thereafter 7/15/33 (e)(r)	2,300,000	2,221,501
Masco Corp., 5.12%, 3/9/07 (e)(r)	18,000,000	18,039,978
Meridian Funding Co. LLC:		
5.27%, 8/30/07 (e)(r)	13,220,000	13,226,676
4.741%, 10/6/08 (e)(r)	20,568,215	20,574,262
5.089%, 10/15/14 (e)(r)	39,250,000	39,262,874
Merrill Lynch & Co., Inc., 7.00%, 1/15/07	4,680,000	4,726,269
Michigan Consolidated Gas Co., 7.21%, 5/1/07	500,000	509,559
Mid-Atlantic Family Military Communities LLC:		
5.24%, 8/1/50 (e)	2,500,000	2,345,575
5.30%, 8/1/50 (e)	17,245,000	16,218,750
Midwest Family Housing LLC:		
5.531%, 1/1/51 (e)	4,250,000	4,026,110
5.581%, 1/1/51 (e)	4,720,000	4,504,438
NationsBank Cap Trust III, 5.15%, 1/15/27 (r)	1,500,000	1,445,457
Nationwide Health Properties, Inc.:		
6.00%, 5/20/15	13,455,000	13,128,431
6.90%, 10/1/37	6,090,000	6,367,322
6.59%, 7/7/38	1,890,000	1,931,063
New Valley Generation V, 4.929%, 1/15/21	2,499,014	2,396,689
New York State Community Statutory Trust II, 8.29%, 12/28/31 (e)(r)	3,500,000	3,535,000
Noble Group Ltd., 6.625%, 3/17/15 (e)	26,550,000	23,895,000
Odyssey Re Holdings Corp.:		
7.65%, 11/1/13	12,500,000	12,461,189
6.875%, 5/1/15	10,835,000	10,208,874
Orkney Re II plc, 7.50%, 12/21/35 (e)(r)	19,550,000	19,550,000
Overseas Private Investment Corp., 4.05%, 11/15/14	2,900,800	2,749,146
Overseas Shipholding Group, Inc., 7.50%, 2/15/24	26,965,000	26,965,000

CORPORATE BONDS - CONT'D	PRINCIPAL AMOUNT	VALUE
Pacific Pilot Funding Ltd., 5.351%, 10/20/16 (e)(r)	\$6,362,152	\$6,344,249
Pedernales Electric Cooperative, 5.952%, 11/15/22 (e)	4,400,000	4,438,016
Pepco Holdings, Inc., 5.445%, 6/1/10 (r)	5,000,000	4,993,692
Pioneer Natural Resources Co., 5.875%, 7/15/16	24,030,000	22,736,145
Preferred Term Securities IX Ltd., 5.269%, 4/3/33 (e)(r)	1,000,000	1,009,350
Preferred Term Securities XIX Ltd., 5.31%, 3/22/38 (e)(r)	10,250,000	10,250,000
Premium Asset Trust, 4.80%, 10/8/09 (e)(r)	21,700,000	21,712,326
Prudential Holdings LLC, 7.245%, 12/18/23 (e)	8,385,000	9,437,955
Public Service Electric & Gas Co., 6.375%, 5/1/08 (r)	1,000,000	1,019,250
Public Service Enterprise Group, Inc., 5.305%, 9/21/08 (r)	30,600,000	30,629,590
Public Steers Trust, 6.646%, 11/15/18	4,951,313	4,446,898
Puget Sound Energy Inc., 7.02%, 12/1/27	571,000	648,529
RBS Capital Trust I, 5.779%, 9/29/49 (r)	26,280,000	26,340,970
RC Trust I, 7.00%, 5/15/06	22,750,000	22,977,500
Reed Elsevier Capital, Inc., 5.24%, 6/15/10 (r)	5,700,000	5,698,818
Residential Capital Corp.:		
6.335%, 6/29/07 (r)	130,380,000	131,388,880
6.07%, 11/21/08 (r)	41,480,000	41,954,386
Sabre Holdings Corp., 6.35%, 3/15/16	13,870,000	13,498,025
Simon Property Group LP, 7.00%, 7/15/09	2,865,000	2,987,710
Skyway Concession Co. LLC, 5.24%, 6/30/17 (e)(r)	5,000,000	4,995,630
SLM Student Loan Trust, 5.13%, 12/15/17 (r)	7,575,453	7,612,270
Southern California Gas Co., 4.99%, 12/1/09 (r)	5,900,000	5,898,100
Sovereign Bancorp, Inc.:		
5.10%, 3/1/09 (e)(r)	8,735,000	8,727,429
4.80%, 9/1/10 (e)	5,000,000	4,828,683
Sovereign Bank:		
4.00%, 2/1/08	9,350,000	9,141,897
STEP, 4.375%, to 8/1/08, floating thereafter 8/1/13 (r)	13,000,000	12,618,864
SPARCS Trust 99-1, STEP, 0.00% to 4/15/19, 7.697% thereafter to 10/15/97(e)(r)	26,500,000	8,436,566
Spieker Properties LP, 6.75%, 1/15/08	8,255,000	8,419,830
St. Paul Travelers Co's, Inc., 5.01%, 8/16/07	5,000,000	4,975,593
Sterling Equipment, Inc., 6.125%, 9/28/19	337,919	350,977
TIERS Trust:		
8.45%, 12/1/17 (n)*	8,559,893	128,398
STEP, 0.00% to 4/15/18, 7.697% thereafter to 10/15/97 (e)(r)	11,001,000	3,024,388
STEP, 0.00% to 10/15/28, 7.697% thereafter to 10/1/97 (r)	15,000,000	1,655,580
STEP, 0.00% to 10/15/33, 7.697% thereafter to 10/15/97 (e)(r)	12,295,000	833,838
Toll Road Investors Partnership II LP, Zero Coupon:		
2/15/11 (e)	7,600,000	5,809,957
2/15/19 (e)	5,000,000	2,354,580
2/15/45 (e)	644,291,758	75,942,669
Tyco International Group SA, Participation Certificate Trust,		
4.436%, 6/15/07 (e)	9,250,000	9,099,456
United Parcel Services, Inc., 4.241%, 3/27/50 (r)	2,030,000	2,031,694
UnumProvident Corp., 5.997%, 5/15/08	1,800,000	1,799,995
Verizon Communications, Inc., 4.879%, 8/15/07 (r)	30,700,000	30,702,534
Verizon North, Inc., 5.634%, 1/1/21 (e)	4,785,000	4,469,450

CORPORATE BONDS - CONT'D	PRINCIPAL AMOUNT	VALUE
Verizon Pennsylvania, Inc.:		
8.35%, 12/15/30	\$4,590,000	\$5,051,964
8.75%, 8/15/31	2,370,000	2,718,147
Vodafone Group plc:		
5.05%, 12/28/07 (r)	7,250,000	7,254,082
5.257%, 6/15/11 (r)	6,500,000	6,504,688
Wachovia Capital Trust III, 5.80%, 3/15/42 (r)	16,750,000	16,413,241
Westfield Capital Corp Ltd., 4.98%, 11/2/07 (e)(r)	21,000,000	21,052,836
William Street Funding Corp., 5.134%, 4/23/09 (e)(r)	19,000,000	19,152,372
World Financial Network, Credit Card Master Note Trust,		
5.119%, 5/15/12 (r)	3,900,000	3,925,822
Xerox Corp, 6.40%, 3/15/16	3,500,000	3,495,625
Total Corporate Bonds (Cost \$2,214,276,370)		<u>2,143,115,770</u>

TAXABLE MUNICIPAL OBLIGATIONS - 8.2%

Alabaster Alabama GO Bonds:		
5.36%, 4/1/18	475,000	459,501
5.38%, 4/1/19	780,000	752,443
5.40%, 4/1/20	840,000	805,753
5.45%, 4/1/21	880,000	838,420
Alameda California Corridor Transportation Authority Revenue Bonds, Zero Coupon:		
10/1/09	5,155,000	4,273,289
10/1/10	16,230,000	12,734,545
Baltimore Maryland General Revenue Bonds:		
5.03%, 7/1/13	1,460,000	1,420,157
5.05%, 7/1/14	1,520,000	1,474,506
5.07%, 7/1/15	1,340,000	1,296,182
5.27%, 7/1/18	2,435,000	2,366,333
Bartow-Cartersville Georgia Joint IDA Revenue Bonds:		
5.55%, 11/1/20	3,970,000	3,842,682
5.91%, 11/1/26	2,000,000	1,926,200
Boynton Beach Florida Community Redevelopment Agency Tax Allocation Revenue Bonds, 5.10%, 10/1/15	1,585,000	1,549,702
Brownsville Texas Utility System Revenue Bonds:		
5.084%, 9/1/16	2,000,000	1,913,200
5.204%, 9/1/17	2,275,000	2,186,662
5.304%, 9/1/19	2,000,000	1,913,680
California Statewide Communities Development Authority Revenue Bonds, Zero Coupon:		
6/1/15	1,205,000	727,724
6/1/17	1,835,000	983,707
6/1/19	1,975,000	937,730
Chambers County Alabama IDA Revenue VRDN, 4.83%, 2/1/28 (r)	1,200,000	1,200,000
Chicago Illinois GO Bonds:		
5.30%, 1/1/14	1,940,000	1,915,614
5.375%, 1/1/16	5,850,000	5,777,518
Dallas Texas GO Bonds, STEP, 5.25%, 2/15/24 (r)	4,890,000	4,847,359
Detroit Michigan GO Bonds:		
4.96%, 4/1/20	9,500,000	8,802,225
5.15%, 4/1/25	17,655,000	16,229,888

TAXABLE MUNICIPAL OBLIGATIONS - CONT'D	PRINCIPAL AMOUNT	VALUE
Eugene Oregon Electric Utilities Revenue Bonds, Zero Coupon, 8/1/25	\$1,500,000	\$501,885
Fairfield California Pension Obligation Revenue Bonds, 5.34%, 6/1/25	1,960,000	1,875,994
Florida State First Governmental Financing Commission Revenue Bonds:		
5.05%, 7/1/14	285,000	276,470
5.10%, 7/1/15	300,000	290,835
Fort Wayne Indiana Redevelopment District Revenue Bonds, 5.24%, 6/1/21	1,175,000	1,122,806
Grant County Washington Public Utility District No. 2 Revenue Bonds:		
4.76%, 1/1/13	400,000	385,868
5.11%, 1/1/13	1,210,000	1,184,251
5.29%, 1/1/20	2,415,000	2,341,246
5.48%, 1/1/21	990,000	982,268
Hoffman Estates Illinois GO Bonds, 5.15%, 12/1/17	1,135,000	1,085,037
Howell Township New Jersey School District GO Bonds, 5.30%, 7/15/19	660,000	643,368
Indiana State Bond Bank Revenue Bonds:		
5.22%, 1/15/18	2,510,000	2,430,383
5.38%, 7/15/18	780,000	765,508
5.32%, 1/15/19	3,595,000	3,481,326
5.44%, 7/15/19	3,030,000	2,979,126
5.49%, 7/15/20	3,170,000	3,126,539
Inglewood California Pension Funding Revenue Bonds:		
4.79%, 9/1/11	235,000	227,402
4.82%, 9/1/12	250,000	240,417
4.90%, 9/1/13	260,000	249,064
4.94%, 9/1/14	275,000	262,812
4.95%, 9/1/15	285,000	271,032
Jersey City New Jersey GO Bonds, 5.38%, 9/1/16	7,755,000	7,693,115
Kalamazoo Michigan Building Authority GO Bonds, 5.00%, 10/1/20	730,000	691,755
Kansas City Missouri Airport Revenue Bonds, 5.125%, 9/1/17 ..	4,485,000	4,336,188
Long Beach California Bond Finance Authority Revenue Bonds:		
5.34%, 8/1/35	5,000,000	4,595,600
5.44%, 8/1/40	5,000,000	4,563,250
Malibu California Integrated Water Quality Improvement COPs:		
5.82%, 7/1/26	850,000	838,967
5.88%, 7/1/32	2,320,000	2,294,967
Metropolitan Washington DC Airport Authority System Revenue Bonds:		
5.59%, 10/1/25	2,785,000	2,745,982
5.69%, 10/1/30	2,835,000	2,739,517
Mississippi State Development Bank SO Revenue Bonds:		
5.04%, 6/1/20 Project A	1,940,000	1,807,595
5.04%, 6/1/20 Project B	990,000	922,432
5.375%, 1/1/22	1,265,000	1,219,966
5.60%, 1/1/26	1,470,000	1,394,207
New York State MMC Corp. Revenue VRDN, 4.80%, 11/1/35 (r)	10,915,000	10,915,000
New York State Sales Tax Asset Receivables Corp. Revenue Bonds:		
3.60%, 10/15/08	1,500,000	1,441,620
4.06%, 10/15/10	1,000,000	949,450
Northwest Washington Electric Energy Revenue Bonds:		
4.06%, 7/1/09	1,150,000	1,107,163
4.49%, 7/1/11	2,500,000	2,398,100

TAXABLE MUNICIPAL OBLIGATIONS - CONT'D	PRINCIPAL AMOUNT	VALUE
Oakland California Redevelopment Agency Tax Allocation Bonds:		
5.653%, 9/1/21	\$19,635,000	\$19,381,709
5.827%, 9/1/26	7,295,000	7,206,293
Oceanside California Pension Obligation Revenue Bonds:		
4.95%, 8/15/16	2,215,000	2,112,800
5.14%, 8/15/18	2,760,000	2,626,278
5.20%, 8/15/19	3,070,000	2,921,995
5.25%, 8/15/20	3,285,000	3,131,755
Oconomowoc Wisconsin Area School District GO Bonds,		
5.44%, 3/1/21	780,000	753,691
Oregon School Boards Association GO Bonds,		
Zero Coupon, 6/30/06	7,585,000	7,486,850
Philadelphia Pennsylvania IDA Revenue Bonds,		
Zero Coupon, 4/15/19	3,375,000	1,624,725
Philadelphia Pennsylvania School District GO Bonds,		
5.09%, 7/1/20	7,990,000	7,570,365
Pomona California Pension Refunding PO Revenue Bonds,		
5.832%, 7/1/35	29,625,000	28,451,258
Rio Rancho New Mexico Event Center Revenue Bonds,		
5.00%, 6/1/20	3,260,000	3,061,075
Sacramento City California Financing Authority Tax Allocation Revenue Bonds:		
5.11%, 12/1/13	1,235,000	1,197,604
5.54%, 12/1/20	23,120,000	22,352,416
San Jose California Redevelopment Agency Tax Allocation Bonds:		
5.10%, 8/1/20	3,960,000	3,718,044
5.46%, 8/1/35	5,300,000	4,822,788
Santa Cruz County California Redevelopment Agency Tax Allocation Revenue Bonds, 5.60%, 9/1/25	1,815,000	1,760,604
Thousand Oaks California Redevelopment Agency Tax Allocation Bonds:		
5.00%, 12/1/12	675,000	654,898
5.00%, 12/1/13	710,000	683,687
5.00%, 12/1/14	745,000	714,135
5.125%, 12/1/15	785,000	755,751
5.125%, 12/1/16	830,000	796,020
5.25%, 12/1/21	4,000,000	3,783,120
5.375%, 12/1/21	4,880,000	4,702,026
University of Central Florida COPs:		
5.125%, 10/1/20	2,750,000	2,561,983
5.375%, 10/1/35	14,980,000	13,549,260
Utah State Housing Corp. Military Housing Revenue Bonds:		
5.392%, 7/1/50	11,735,000	10,916,132
5.442%, 7/1/50	3,990,000	3,712,416
Vigo County Indiana Industrial Redevelopment Authority Revenue Bonds, 5.30%, 2/1/21	2,750,000	2,580,408
West Contra Costa California Unified School District COPs:		
5.03%, 1/1/20	3,190,000	2,993,656
5.15%, 1/1/24	3,630,000	3,355,173
Wilkes-Barre Pennsylvania GO Bonds:		
5.28%, 11/15/19	1,715,000	1,636,350
5.48%, 11/15/24	4,435,000	4,230,680
 Total Taxable Municipal Obligations (Cost \$348,639,881) ..		 <u>336,359,476</u>

**U.S. GOVERNMENT AGENCIES AND
INSTRUMENTALITIES - 5.1%**

	PRINCIPAL AMOUNT	VALUE
Central American Bank For Economic Integration AID Bonds, Guaranteed by the United States Agency of International Development, 6.79%, 10/1/10	\$4,078,893	\$4,157,982
Fannie Mae, 5.50%, 12/25/16	5,848,949	5,771,983
Federal Home Loan Bank:		
Discount Notes, 4/3/06	27,300,000	27,293,023
4.60%, 10/26/07	29,600,000	29,454,341
Freddie Mac:		
5.125%, 12/15/13	79,323,809	78,010,897
4.10%, 1/28/14 (<i>r</i>)	5,000,000	4,780,641
5.625%, 11/23/35	16,770,000	16,102,034
Ginnie Mae, 11.00%, 10/15/15	621	681
Small Business Administration:		
5.038%, 3/10/15	6,965,820	6,730,470
4.94%, 8/10/15	23,611,816	22,643,387
5.408%, 2/10/16	13,800,000	13,646,113
 Total U.S. Government Agencies and Instrumentalities (Cost \$212,292,338)		 <u>208,591,552</u>

U.S. TREASURY - 28.1%

United States Treasury Bonds:		
5.375%, 2/15/31	23,274,000	24,503,157
4.50%, 2/15/36	3,000,000	2,814,375
United States Treasury Notes:		
2.625%, 11/15/06	20,000,000	19,728,125
3.625%, 6/30/07	12,000,000	11,814,375
2.75%, 8/15/07	86,000,000	83,581,250
4.00%, 8/31/07	28,100,000	27,766,313
4.00%, 9/30/07	25,000,000	24,687,500
4.25%, 10/31/07	57,500,000	56,951,953
4.25%, 11/30/07	13,900,000	13,758,828
4.375%, 12/31/07	43,000,000	42,657,344
4.625%, 2/29/08	9,000,000	8,963,437
4.625%, 3/31/08	4,000,000	3,984,375
4.125%, 8/15/10	25,000,000	24,308,593
4.50%, 2/28/11	18,065,000	17,799,671
4.75%, 3/31/11	2,000,000	1,994,063
4.00%, 2/15/15	110,000	103,091
4.25%, 8/15/15	12,680,000	12,079,681
4.50%, 11/15/15	430,329,000	417,553,595
4.50%, 2/15/16	370,614,000	360,444,804
 Total U.S. Treasury (Cost \$1,170,622,539)		 <u>1,155,494,530</u>

REPURCHASE AGREEMENTS - 0.5%	PRINCIPAL AMOUNT	VALUE
State Street Bank Repurchase Agreement, 4.15%, 4/3/06	\$20,000,000	\$20,000,000
(Repurchase proceeds \$20,006,916)		
(Collateral: \$20,603,771, U.S. Treasury Bonds, 4.625%, 5/15/06)		
 Total Repurchase Agreements (Cost \$20,000,000)		<u>20,000,000</u>
 EQUITY SECURITIES - 3.7%	SHARES	
BAC Capital Trust VIII, Preferred	515,000	12,343,932
Conseco, Inc.:		
Preferred	1,077,900	32,013,630
Warrants (strike price \$27.60/share, expires 9/10/08)*	4,955	15,312
First Republic Preferred Capital Corp., Preferred (e)	6,050	6,655,000
Ford Motor Co. Capital Trust II, Preferred	106,200	3,191,310
ING Groep NV, Preferred	149,600	3,650,240
Manitoba Telecom Services, Inc.	8,310	305,944
MFH Financial Trust I, Preferred (e)	400,000	39,600,000
Richmond County Capital Corp., Preferred (e)	75	7,532,813
Roslyn Real Estate Asset Corp., Preferred	222	22,200,000
Willis Lease Finance Corp., Preferred	100,000	1,012,000
Woodbourne Pass-Through Trust, Preferred (e)	258	<u>25,937,063</u>
 Total Equity Securities (Cost \$150,570,620)		<u>154,457,244</u>
 TOTAL INVESTMENTS (Cost \$4,116,401,748) - 97.8%		4,018,018,572
Other assets and liabilities, net - 2.2%		<u>89,023,089</u>
NET ASSETS - 100%		<u>\$4,107,041,661</u>

FUTURES	# OF CONTRACTS	EXPIRATION DATE	UNDERLYING FACE AMOUNT AT VALUE	UNREALIZED APPRECIATION (DEPRECIATION)
Purchased:				
2 Year U.S. Treasury Notes . . .	977	06/06	\$199,170,610	\$15,448
10 Year U.S. Treasury Notes . .	2160	06/06	229,803,750	(1,379,024)
Total Purchased				<u>(\$1,363,576)</u>
Sold:				
U.S. Treasury Bonds	1616	06/06	176,396,500	\$3,270,753
5 Year U.S. Treasury Notes . . .	248	06/06	25,900,500	113,325
Total Sold				<u>\$3,384,078</u>

* Non-income producing security.

(e) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

(m) The Illinois Insurance Department prohibited Lumbermens from making interest payments. This security is no longer accruing interest.

(n) The Illinois Insurance Department prohibited Lumbermens from making interest payments. This TIERS security is based on interest payments from Lumbermens. This security is no longer accruing interest.

(r) The coupon rate shown on floating or adjustable rate securities represents the rate at period end.

Abbreviations:

COPs: Certificates of Participation

FSB: Federal Savings Bank

GO: General Obligation

IDA: Industrial Development Authority

LLC: Limited Liability Corporation

LP: Limited Partnership

MFH: Multi-Family Housing

PO: Pension Obligation

REIT: Real Estate Investment Trust

SO: Special Obligation

STEP: Stepped coupon bond for which the coupon rate of interest will adjust on specific future date(s).

VRDN: Variable Rate Demand Note

See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

MARCH 31, 2006

ASSETS

Investments in securities, at value (Cost \$4,116,401,748) - see accompanying schedule	\$4,018,018,572
Cash	1,379,869
Receivable for securities sold	217,666,488
Receivable for futures variation margin	276,209
Receivable for shares sold	21,216,313
Interest and dividends receivable	36,755,902
Collateral at Broker for futures (Cash)	549,080
Other assets	101,238
Total assets	4,295,963,671

LIABILITIES

Payable for securities purchased	175,950,770
Payable shares redeemed	8,078,276
Payable to Calvert Asset Management Company, Inc.	2,122,391
Payable to Calvert Administrative Services Company	981,369
Payable to Calvert Shareholder Services, Inc.	66,795
Payable to Calvert Distributors, Inc.	1,260,756
Accrued expenses and other liabilities	461,653
Total liabilities	188,922,010
NET ASSETS	\$4,107,041,661

NET ASSETS CONSIST OF:

Paid-in capital applicable to the following shares of beneficial interest, unlimited number of no par shares authorized:	
Class A: 205,649,584 shares outstanding	\$3,499,635,410
Class B: 18,975,665 shares outstanding	320,909,849
Class C: 20,006,105 shares outstanding	337,897,474
Class I: 3,583,034 shares outstanding	60,062,206
Undistributed net investment income	1,743,726
Accumulated net realized gain (loss) on investments	(16,844,313)
Net unrealized appreciation (depreciation) on investments	(96,362,691)
NET ASSETS	\$4,107,041,661

NET ASSET VALUE PER SHARE

Class A (based on net assets of \$3,403,356,313)	\$16.55
Class B (based on net assets of \$313,605,933)	\$16.53
Class C (based on net assets of \$330,848,798)	\$16.54
Class I (based on net assets of \$59,230,617)	\$16.53

See notes to financial statements.

STATEMENT OF OPERATIONS

SIX MONTHS ENDED MARCH 31, 2006

NET INVESTMENT INCOME

Investment Income:	
Interest income	\$99,351,145
Dividend income (net of foreign taxes withheld of \$9,991)	5,707,681
Total investment income	105,058,826
Expenses:	
Investment advisory fee	7,473,046
Administrative fees	5,504,735
Transfer agency fees and expenses	4,260,506
Distribution plan expenses:	
Class A	3,948,443
Class B	1,663,593
Class C	1,510,765
Trustees' fees and expenses	137,668
Custodian fees	209,527
Registration fees	76,490
Reports to shareholders	440,169
Professional fees	29,696
Accounting fees	212,267
Miscellaneous	61,773
Total expenses	25,528,678
Fees paid indirectly	(159,837)
Net expenses	25,368,841
NET INVESTMENT INCOME	79,689,985

REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) on:	
Investments	(8,449,632)
Foreign currency transactions	(57)
Futures	(536,914)
	(8,986,603)
Change in unrealized appreciation (depreciation) on:	
Investments	(55,319,131)
Foreign currency transactions	(81)
Futures	1,774,976
	(53,544,236)
NET REALIZED AND UNREALIZED GAIN (LOSS)	(62,530,839)
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$17,159,146

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

INCREASE (DECREASE) IN NET ASSETS	SIX MONTHS ENDED MARCH 31, 2006	YEAR ENDED SEPTEMBER 30, 2005
Operations:		
Net investment income	\$79,689,985	\$106,804,543
Net realized gain (loss)	(8,986,603)	47,009,850
Change in unrealized appreciation (depreciation)	(53,544,236)	(31,091,332)
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	17,159,146	122,723,061
Distributions to shareholders from		
Net investment income:		
Class A Shares	(66,747,233)	(88,121,717)
Class B Shares	(5,768,793)	(9,450,632)
Class C Shares	(5,354,184)	(6,801,026)
Class I Shares	(1,440,264)	(2,464,298)
Net realized gain:		
Class A Shares	(39,781,578)	(61,213,775)
Class B Shares	(4,325,380)	(9,320,599)
Class C Shares	(3,789,652)	(6,053,091)
Class I Shares	(747,623)	(1,762,206)
Total distributions	(127,954,707)	(185,187,344)
Capital share transactions:		
Shares sold:		
Class A Shares	825,261,071	1,240,299,896
Class B Shares	13,426,624	32,123,271
Class C Shares	80,287,878	101,040,637
Class I Shares	10,418,639	13,532,739
Reinvestment of distributions:		
Class A Shares	82,906,701	112,473,260
Class B Shares	7,030,845	12,851,904
Class C Shares	5,140,584	7,060,721
Class I Shares	2,183,822	4,226,504
Redemption fees:		
Class A Shares	26,017	51,059
Class B Shares	973	6
Class C Shares	4,657	575
Shares redeemed:		
Class A Shares	(390,457,510)	(637,048,837)
Class B Shares	(44,163,873)	(64,516,330)
Class C Shares	(31,749,748)	(49,365,585)
Class I Shares	(13,676,780)	(22,025,539)
Total capital share transactions	546,639,900	750,704,281
TOTAL INCREASE (DECREASE) IN NET ASSETS	435,844,339	688,239,998
NET ASSETS		
Beginning of period	3,671,197,322	2,982,957,324
End of period (including undistributed net investment income of \$1,743,726 and \$1,364,215, respectively.)	\$4,107,041,661	\$3,671,197,322

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

CAPITAL SHARE ACTIVITY	SIX MONTHS ENDED MARCH 31, 2006	YEAR ENDED SEPTEMBER 30, 2005
Shares sold:		
Class A Shares	49,163,764	72,478,531
Class B Shares	799,872	1,877,875
Class C Shares	4,790,016	5,910,130
Class I Shares	622,072	790,130
Reinvestment of distributions:		
Class A Shares	4,952,587	6,600,180
Class B Shares	420,430	755,142
Class C Shares	307,377	414,830
Class I Shares	130,538	248,016
Shares redeemed:		
Class A Shares	(23,266,738)	(37,282,050)
Class B Shares	(2,634,351)	(3,776,524)
Class C Shares	(1,892,833)	(2,889,030)
Class I Shares	(813,721)	(1,295,692)
Total capital share activity	<u>32,579,013</u>	<u>43,831,538</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE A — SIGNIFICANT ACCOUNTING POLICIES

General: The Calvert Income Fund (the Fund), a series of The Calvert Fund, is registered under the Investment Company Act of 1940 as a non-diversified, open-end management investment company. The operations of each series are accounted for separately. The Fund offers four classes of shares of beneficial interest. Class A shares are sold with a maximum front-end sales charge of 3.75%. Class B shares are sold without a front-end sales charge. With certain exceptions, the Fund will impose a deferred sales charge at the time of redemption, depending on how long investors have owned the shares. Class C shares are sold without a front-end sales charge. With certain exceptions, the Fund will impose a deferred sales charge on shares sold within one year of purchase. Class B and Class C shares have higher levels of expenses than Class A shares. Class I shares require a minimum account balance of \$1,000,000. The \$1 million minimum initial investment may be waived for certain institutional accounts, where it is believed to be in the best interest of the Fund and its shareholders. Class I shares have no front-end or deferred sales charge and have lower levels of expenses than Class A shares. Each class has different: (a) dividend rates due to differences in Distribution Plan expenses and other class specific expenses, (b) exchange privileges and (c) class specific voting rights.

Security Valuation: Net asset value per share is determined every business day as of the close of the regular session of the New York Stock Exchange (generally 4:00 p.m. Eastern time). The Fund uses independent pricing services approved by the Board of Trustees to value their investments wherever possible. Securities for which market quotations are available are valued at last sale price or official closing price on the primary market or exchange in which they trade. Municipal securities are valued utilizing a matrix system (which considers such factors as security prices, yields, maturities and ratings) furnished by dealers through an independent pricing service. Foreign securities are valued based on quotations from the principle market in which such securities are normally traded. If events occur after the close of the principle market in which foreign securities are traded, and before the Fund's net asset value determination, that are expected to materially affect the value of those securities, then they are valued at their fair value taking these events into account. Short-term notes are stated at amortized cost, which approximates fair value. The Fund may invest in securities whose resale is subject to restrictions. Investments for which market quotations are not available or deemed not reliable are fair valued in good faith under the direction of the Board of Trustees.

In determining fair value, the Board considers all relevant qualitative and quantitative information available. These factors are subject to change over time and are reviewed periodically. The values assigned to fair value investments are based on available information and do not necessarily represent amounts that might ultimately be realized. Further, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

At March 31, 2006, no securities were fair valued in good faith under the direction of the Board of Trustees.

Repurchase Agreements: The Fund may enter into repurchase agreements with recognized financial institutions or registered broker/dealers and, in all instances, holds underlying securities with a value exceeding the total repurchase price, including accrued interest. Although risk is mitigated by the collateral, the Fund could experience a delay in recovering its value and a possible loss of income or value if the counterparty fails to perform in accordance with the terms of the agreement.

Options: The Fund may write or purchase option securities. The option premium is the basis for recognition of unrealized or realized gain or loss on the option. The cost of securities acquired or the proceeds from securities sold through the exercise of the option is adjusted by the amount of the premium. Risks from writing or purchasing option securities arise from possible illiquidity of the options market and the movement in the value of the investment or in interest rates. The risk associated with purchasing options is limited to the premium originally paid.

Futures Contracts: The Fund may enter into futures contracts agreeing to buy or sell a financial instrument for a set price at a future date. Initial margin deposits of either cash or securities as required by the broker are made upon entering into the contract. While the contract is open, daily variation margin payments are made to or received from the broker reflecting the daily change in market value of the contract and are recorded for financial reporting purposes as unrealized gains or losses by the Fund. When a futures contract is closed, a realized gain or loss is recorded equal to the difference between the opening and closing value of the contract. The risks associated with entering into futures contracts may include the possible illiquidity of the secondary market which would limit the Fund's ability to close out a futures contract prior to the settlement date, an imperfect correlation between the value of the contracts and the underlying financial instruments, or that the counterparty will fail to perform its obligations under the contracts' terms.

Short Sales: The Fund may use a hedging technique that involves short sales of U.S. Treasury securities for the purposes of hedging interest rate risk. Any short sales are covered with an equivalent amount of high-quality, liquid securities.

Security Transactions and Net Investment Income: Security transactions are accounted for on trade date. Realized gains and losses are recorded on an identified cost basis and may include proceeds from litigation. Dividend income is recorded on the ex-dividend date or, in the case of dividends on certain foreign securities, as soon as the Fund is informed of the ex-dividend date. Distributions received on securities that represent a return of capital or capital gain are recorded as a reduction of cost of investments and/or as a realized gain. Interest income, which includes amortization of premium and accretion of discount on debt securities, is accrued as earned. Investment income and realized and unrealized gains and losses are allocated to separate classes of shares based upon the relative net assets of each class. Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivables when the collection of all or a portion of interest has become doubtful. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectibility of interest is reasonably assured. Expenses arising in connection with a class are charged directly to that class. Expenses common to the classes are allocated to each class in proportion to their relative net assets.

Foreign Currency Transactions: The Fund's accounting records are maintained in U. S. dollars. For valuation of assets and liabilities on each date of net asset value determination, foreign denominations are converted into U.S. dollars using the current exchange rate. Security transactions, income and expenses are translated at the prevailing rate of exchange on the date of the event. The effect of changes in foreign exchange rates on securities and foreign currencies is included in the net realized and unrealized gain or loss on securities and foreign currencies.

Distributions to Shareholders: Distributions to shareholders are recorded by the Fund on ex-dividend date. Dividends from net investment income are paid monthly. Distributions from net realized capital gains, if any, are paid at least annually. Distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles; accordingly, periodic reclassifications are made within the Fund's capital accounts to reflect income and gains available for distribution under income tax regulations.

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Actual results could differ from those estimates.

Redemption Fees: The Fund charges a 2% redemption fee on redemptions, including exchanges, made within 30 days of purchase in the same Fund (within five days for Class I shares). The redemption fee is paid to the Fund, and is accounted for as an addition to paid-in capital. The fee is intended to discourage market-timers by ensuring that short-term trading costs are borne by the investors making the transactions and not the shareholders already in the Fund.

Expense Offset Arrangements: The Fund has arrangements with its custodian banks whereby the custodian's and transfer agent's fees may be paid indirectly by credits earned on the Fund's cash on deposit with the banks. These credits are used to reduce the Fund's expenses. Such deposit arrangements may be an alternative to overnight investments.

Federal Income Taxes: No provision for federal income or excise tax is required since the Fund intends to continue to qualify as a regulated investment company under the Internal Revenue Code and to distribute substantially all of its taxable earnings.

NOTE B — RELATED PARTY TRANSACTIONS

Calvert Asset Management Company, Inc. (the Advisor) is wholly-owned by Calvert Group, Ltd. (Calvert), which is indirectly wholly-owned by UNIFI Mutual Holding Company. The Advisor provides investment advisory services and pays the salaries and fees of officers and Trustees of the Fund who are employees of the Advisor or its affiliates. For its services, the Advisor receives a annual fee, payable monthly based on the following annual rates of average daily net assets: .40% on the first \$2 billion, and .375% over \$2 billion.

Calvert Administrative Services Company, an affiliate of the Advisor, provides administrative services to the Fund for an annual fee, payable monthly. Classes A, B, and C shares pay an annual rate of .30% on the first \$3 billion and 0.25% over \$3 billion. Class I shares pay an annual rate of .10%, based on their average daily net assets.

Calvert Distributors, Inc., an affiliate of the Advisor, is the distributor and principal underwriter for the Fund. Distribution Plans, adopted by Class A, B and C shares, allow the Fund to pay the Distributor for expenses and services associated with the distribution of shares. The expenses paid may not exceed .50%, 1.00% and 1.00% annually of the Fund's average daily net assets of Class A, B and C, respectively. Class I shares do not have Distribution Plan expenses.

The Distributor received \$389,065 as its portion of commissions charged on sales of the Fund's Class A shares for the six months ended March 31, 2006.

Calvert Shareholder Services, Inc. (CSSI), an affiliate of the Advisor, is the shareholder servicing agent for the Fund. For its services, CSSI received a fee of \$353,357 for the six months ended March 31, 2006. Boston Financial Data Services, Inc. is the transfer and dividend disbursing agent.

Each Trustee of the Fund who is not an employee of the Advisor or its affiliates receives an annual retainer of \$32,000 (\$25,000 prior to January 1, 2006) plus up to \$1,500 for each Board and Committee meeting attended. Trustee's fees are allocated to each of the funds served.

NOTE C — INVESTMENT ACTIVITY

During the period, cost of purchases and proceeds from sales of investments, other than short-term and U.S. government securities, were \$2,890,248,355 and \$2,858,232,295, respectively. U.S. Government security purchases and sales were \$7,995,890,741 and \$7,282,157,816, respectively.

The cost of investments owned at March 31, 2006 for federal income tax purposes was \$4,130,593,094. Net unrealized depreciation aggregated \$112,574,522, of which \$26,583,384 related to appreciated securities and \$139,157,906 related to depreciated securities.

The Fund may sell or purchase securities to and from other funds managed by the Advisor, typically short-term variable rate demand notes. Interportfolio transactions are primarily used for cash management purposes. Interportfolio transactions are made pursuant to Rule 17a-7 of the Investment Company Act of 1940. For the six months ended March 31, 2006, such purchase and sales transactions were \$139,640,000 and \$188,435,000, respectively.

NOTE D — LINE OF CREDIT

A financing agreement is in place with all Calvert Group Funds (except for the Calvert Social Investment Fund's Balanced and Enhanced Equity Portfolios, the CVS Calvert Social Balanced Portfolio and the CVS Ameritas Index 500 Portfolio) and State Street Corporation (SSC). Under the agreement, SSC provides an unsecured line of credit facility, in the aggregate amount of \$50 million (\$25 million committed and \$25 million uncommitted), accessible by the Funds for temporary or emergency purposes only. Borrowings under this committed facility bear interest at the overnight Federal Funds Rate plus .50% per annum. A commitment fee of .10% per annum is incurred on the unused portion of the committed facility, which is allocated to all participating funds. The Fund had no loans outstanding pursuant to this line of credit at March 31, 2006. For the six months ended March 31, 2006, borrowings by the Fund under the Agreement were as follows:

AVERAGE DAILY BALANCE	WEIGHTED AVERAGE INTEREST RATE	MAXIMUM AMOUNT BORROWED	MONTH OF MAXIMUM AMOUNT BORROWED
\$250,085	5.20%	\$12,296,763	March 2006

FINANCIAL HIGHLIGHTS

CLASS A SHARES	PERIODS ENDED		
	MARCH 31, 2006	SEPTEMBER 30, 2005	SEPTEMBER 30, 2004
Net asset value, beginning	\$17.03	\$17.37	\$17.53
<i>Income from investment operations</i>			
Net investment income .....	.35	.57	.53
Net realized and unrealized gain	(.26)	.09	.65
Total from investment operations .....	.09	.66	1.18
<i>Distributions from</i>			
Net investment income	(.35)	(.57)	(.54)
Net realized gain	(.22)	(.43)	(.80)
Total distributions	(.57)	(1.00)	(1.34)
Total increase (decrease) in net asset value	(.48)	(.34)	(.16)
Net asset value, ending	\$16.55	\$17.03	\$17.37
Total return*	0.52%	3.95%	7.03%
<i>Ratios to average net assets: ^A</i>			
Net investment income	4.25% (a)	3.36%	3.08%
Total expenses	1.22% (a)	1.20%	1.21%
Expenses before offsets	1.22% (a)	1.20%	1.21%
Net expenses	1.21% (a)	1.19%	1.20%
Portfolio turnover	282%	742%	824%
Net assets, ending (in thousands)	\$3,403,356	\$2,976,466	\$2,309,621

CLASS A SHARES	YEARS ENDED		
	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002	SEPTEMBER 30, 2001
Net asset value, beginning	\$16.14	\$17.48	\$16.66
<i>Income from investment operations</i>			
Net investment income .....	.79	1.03	1.14
Net realized and unrealized gain (loss)	1.48	(.71)	.98
Total from investment operations	2.27	.32	2.12
<i>Distributions from</i>			
Net investment income	(.78)	(1.04)	(1.14)
Net realized gain	(.10)	(.62)	(.16)
Total distributions	(.88)	(1.66)	(1.30)
Total increase (decrease) in net asset value	1.39	(1.34)	.82
Net asset value, ending	\$17.53	\$16.14	\$17.48
Total return*	14.51%	1.93%	13.31%
<i>Ratios to average net assets: ^A</i>			
Net investment income	4.69%	6.21%	6.66%
Total expenses	1.21%	1.12%	1.10%
Expenses before offsets	1.21%	1.12%	1.10%
Net expenses	1.21%	1.11%	1.08%
Portfolio turnover	1,046%	1,540%	2,645%
Net assets, ending (in thousands)	\$1,673,699	\$1,490,514	\$945,671

FINANCIAL HIGHLIGHTS

CLASS B SHARES	PERIODS ENDED		
	MARCH 31, 2006	SEPTEMBER 30, 2005	SEPTEMBER 30, 2004
Net asset value, beginning	\$17.01	\$17.35	\$17.52
<i>Income from investment operations</i>			
Net investment income .....	.29	.45	.41
Net realized and unrealized gain (loss)	(.26)	.09	.64
Total from investment operations .....	.03	.54	1.05
<i>Distributions from</i>			
Net investment income	(.29)	(.45)	(.42)
Net realized gain	(.22)	(.43)	(.80)
Total distributions	(.51)	(.88)	(1.22)
Total increase (decrease) in net asset value	(.48)	(.34)	(.17)
Net asset value, ending	\$16.53	\$17.01	\$17.35
 Total return*	 0.17%	 3.22%	 6.20%
<i>Ratios to average net assets: A</i>			
Net investment income	3.48% (a)	2.60%	2.37%
Total expenses	1.96% (a)	1.94%	1.95%
Expenses before offsets	1.96% (a)	1.94%	1.95%
Net expenses	1.95% (a)	1.93%	1.93%
Portfolio turnover	282%	742%	824%
Net assets, ending (in thousands)	\$313,606	\$346,829	\$373,648

CLASS B SHARES	YEARS ENDED		
	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002	SEPTEMBER 30, 2001
Net asset value, beginning	\$16.13	\$17.47	\$16.66
<i>Income from investment operations</i>			
Net investment income .....	.66	.89	1.00
Net realized and unrealized gain (loss)	1.48	(.71)	.98
Total from investment operations	2.14	.18	1.98
<i>Distributions from</i>			
Net investment income	(.65)	(.90)	(1.01)
Net realized gain	(.10)	(.62)	(.16)
Total distributions	(.75)	(1.52)	(1.17)
Total increase (decrease) in net asset value	1.39	(1.34)	.81
Net asset value, ending	\$17.52	\$16.13	\$17.47
 Total return*	 13.67%	 1.14%	 12.38%
<i>Ratios to average net assets: A</i>			
Net investment income	3.94%	5.42%	5.74%
Total expenses	1.94%	1.94%	1.93%
Expenses before offsets	1.94%	1.94%	1.93%
Net expenses	1.94%	1.93%	1.91%
Portfolio turnover	1,046%	1,540%	2,645%
Net assets, ending (in thousands)	\$369,355	\$321,562	\$144,580

FINANCIAL HIGHLIGHTS

CLASS C SHARES	PERIODS ENDED		
	MARCH 31, 2006	SEPTEMBER 30, 2005	SEPTEMBER 30, 2004
Net asset value, beginning	\$17.02	\$17.35	\$17.52
<i>Income from investment operations</i>			
Net investment income .....	.29	.45	.41
Net realized and unrealized gain (loss)	(.26)	.10	.64
Total from investment operations .....	.03	.55	1.05
<i>Distributions from</i>			
Net investment income	(.29)	(.45)	(.42)
Net realized gain	(.22)	(.43)	(.80)
Total distributions	(.51)	(.88)	(1.22)
Total increase (decrease) in net asset value	(.48)	(.33)	(.17)
Net asset value, ending	\$16.54	\$17.02	\$17.35
Total return*	0.17%	3.29%	6.23%
<i>Ratios to average net assets: A</i>			
Net investment income	3.56% (a)	2.66%	2.39%
Total expenses	1.91% (a)	1.91%	1.92%
Expenses before offsets	1.91% (a)	1.91%	1.92%
Net expenses	1.90% (a)	1.90%	1.91%
Portfolio turnover	282%	742%	824%
Net assets, ending (in thousands)	\$330,849	\$285,889	\$231,952

CLASS C SHARES	YEARS ENDED		
	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002	SEPTEMBER 30, 2001
Net asset value, beginning	\$16.13	\$17.47	\$16.67
<i>Income from investment operations</i>			
Net investment income .....	.67	.89	.98
Net realized and unrealized gain (loss)	1.48	(.71)	.95
Total from investment operations	2.15	.18	1.93
<i>Distributions from</i>			
Net investment income	(.66)	(.90)	(.97)
Net realized gain	(.10)	(.62)	(.16)
Total distributions	(.76)	(1.52)	(1.13)
Total increase (decrease) in net asset value	1.39	(1.34)	.80
Net asset value, ending	\$17.52	\$16.13	\$17.47
Total return*	13.72%	1.09%	12.09%
<i>Ratios to average net assets: A</i>			
Net investment income	3.98%	5.40%	5.32%
Total expenses	1.89%	1.97%	2.09%
Expenses before offsets	1.89%	1.97%	2.09%
Net expenses	1.88%	1.96%	2.06%
Portfolio turnover	1,046%	1,540%	2,645%
Net assets, ending (in thousands)	\$194,686	\$159,007	\$38,185

FINANCIAL HIGHLIGHTS

CLASS I SHARES	PERIODS ENDED		
	MARCH 31, 2006	SEPTEMBER 30, 2005	SEPTEMBER 30, 2004
Net asset value, beginning	\$17.02	\$17.36	\$17.53
<i>Income from investment operations</i>			
Net investment income . . . . .	.41	.69	.64
Net realized and unrealized gain	(.27)	.09	.64
Total from investment operations . . . . .	.14	.78	1.28
<i>Distributions from</i>			
Net investment income	(.41)	(.69)	(.65)
Net realized gain	(.22)	(.43)	(.80)
Total distributions	(.63)	(1.12)	(1.45)
Total increase (decrease) in net asset value	(.49)	(.34)	(.17)
Net asset value, ending	\$16.53	\$17.02	\$17.36
Total return*	0.83%	4.66%	7.65%
<i>Ratios to average net assets:</i> ^A			
Net investment income	4.89% (a)	3.98%	3.74%
Total expenses . . . . .	.57% (a)	.55%	.56%
Expenses before offsets . . . . .	.57% (a)	.55%	.56%
Net expenses . . . . .	.56% (a)	.55%	.56%
Portfolio turnover	282%	742%	824%
Net assets, ending (in thousands)	\$59,231	\$62,013	\$67,736

CLASS I SHARES	YEARS ENDED		
	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002	SEPTEMBER 30, 2001
Net asset value, beginning	\$16.13	\$17.46	\$16.63
<i>Income from investment operations</i>			
Net investment income . . . . .	.89	1.06	1.22
Net realized and unrealized gain (loss)	1.49	(.66)	.97
Total from investment operations	2.38	.40	2.19
<i>Distributions from</i>			
Net investment income	(.88)	(1.11)	(1.20)
Net realized gain	(.10)	(.62)	(.16)
Total distributions	(.98)	(1.73)	(1.36)
Total increase (decrease) in net asset value	1.40	(1.33)	.83
Net asset value, ending	\$17.53	\$16.13	\$17.46
Total return*	15.31%	2.46%	13.81%
<i>Ratios to average net assets:</i> ^A			
Net investment income	5.22%	6.70%	7.40%
Total expenses . . . . .	.57%	.61%	.68%
Expenses before offsets . . . . .	.57%	.61%	.68%
Net expenses . . . . .	.56%	.60%	.66%
Portfolio turnover	1,046%	1,540%	2,645%
Net assets, ending (in thousands)	\$54,842	\$33,782	\$14,311

^A Total expenses do not reflect amounts reimbursed and/or waived by the Advisor or reductions from expense offset arrangements. Expenses before offsets reflect expenses after reimbursement and/or waiver by the Advisor but prior to reductions from expense offset arrangements. Net expenses are net of all reductions and represent the net expenses paid by the Fund.

(a) Annualized.

* Total return is not annualized for periods less than one year and does not reflect deduction of any front-end or deferred sales charge.

See notes to financial statements.

EXPLANATION OF FINANCIAL TABLES

SCHEDULE OF INVESTMENTS

The Schedule of Investments is a snapshot of all securities held in the fund at their market value, on the last day of the reporting period. Securities are listed by asset type (e.g., common stock, corporate bonds, U.S. government obligations) and may be further broken down into sub-groups and by industry classification.

STATEMENT OF ASSETS AND LIABILITIES

The Statement of Assets and Liabilities is often referred to as the fund's balance sheet. It lists the value of what the fund owns, is due and owes on the last day of the reporting period. The fund's assets include the market value of securities owned, cash, receivables for securities sold and shareholder subscriptions, and receivables for dividends and interest payments that have been earned, but not yet received. The fund's liabilities include payables for securities purchased and shareholder redemptions, and expenses owed but not yet paid. The statement also reports the fund's net asset value (NAV) per share on the last day of the reporting period. The NAV is calculated by dividing the fund's net assets (assets minus liabilities) by the number of shares outstanding. This statement is accompanied by a Schedule of Investments. Alternatively, if certain conditions are met, a Statement of Net Assets may be presented in lieu of this statement and the Schedule of Investments.

STATEMENT OF NET ASSETS

The Statement of Net Assets provides a detailed list of the fund's holdings, including each security's market value on the last day of the reporting period. The Statement of Net Assets includes a Schedule of Investments. Other assets are added and other liabilities subtracted from the investments total to calculate the fund's net assets. Finally, net assets are divided by the outstanding shares of the fund to arrive at its share price, or Net Asset Value (NAV) per share.

At the end of the Statement of Net Assets is a table displaying the composition of the fund's net assets. Paid in Capital is the money invested by shareholders and represents the bulk of net assets. Undistributed Net Investment Income and Accumulated Net Realized Gains usually approximate the amounts the fund had available to distribute to shareholders as of the statement date. Accumulated Realized Losses will appear as negative balances. Unrealized Appreciation (Depreciation) is the difference between the market value of the fund's investments and their cost, and reflects the gains (losses) that would be realized if the fund were to sell all of its investments at their statement-date values.

STATEMENT OF OPERATIONS

The Statement of Operations summarizes the fund's investment income earned and expenses incurred in operating the fund. Investment income includes dividends earned from stocks and interest earned from interest-bearing securities in the fund. Expenses incurred in operating the fund include the advisory fee paid to the investment advisor, administrative services fees, distribution plan expenses (if applicable), transfer agent fees, shareholder servicing expenses, custodial, legal, and audit fees, and the printing and postage expenses related to shareholder reports. Expense offsets (fees paid indirectly) are also shown. Credits earned from offset arrangements are used to reduce the fund's expenses. This statement also shows net gains (losses) realized on the sale of investments and the increase or decrease in the unrealized appreciation (depreciation) on investments held during the period.

STATEMENT OF CHANGES IN NET ASSETS

The Statement of Changes in Net Assets shows how the fund's total net assets changed during the two most recent reporting periods. Changes in the fund's net assets are attributable to investment operations, distributions and capital share transactions.

The Operations section of the report summarizes information detailed in the Statement of Operations. The Distribution section shows the dividend and capital gain distributions made to shareholders. The amounts shown as distributions in this section may not match the net investment income and realized gains amounts shown in the Operations section because distributions are determined on a tax basis and certain investments or transactions may be treated differently for financial statement and tax purposes. The Capital Share Transactions section shows the amount shareholders invested in the fund, either by purchasing shares or by reinvesting distributions, and the amounts redeemed. The corresponding numbers of shares issued, reinvested and redeemed are shown at the end of the report.

FINANCIAL HIGHLIGHTS

The Financial Highlights table provides a per-share breakdown per class of the components that affect the fund's net asset value for current and past reporting periods. The table provides total return, total distributions, expense ratios, portfolio turnover and net assets for the applicable period. Total return is a measure of a fund's performance that encompasses all elements of return: dividends, capital gain distributions and changes in net asset value. Total return is the change in value of an investment over a given period, assuming reinvestment of any dividends and capital gain distributions, expressed as a percentage of the initial investment. Total distributions include distributions from net investment income and net realized gains. Long-term gains are earned on securities held in the fund more than one year. Short-term gains, on the sale of securities held less than one year, are treated as ordinary dividend income for tax purposes. The expense ratio is a fund's cost of doing business, expressed as a percentage of net assets. These expenses directly reduce returns to shareholders. Portfolio turnover measures the trading activity in a fund's investment portfolio – how often securities are bought and sold by a fund. Portfolio turnover is affected by market conditions, changes in the size of the fund, the nature of the fund's investments and the investment style of the portfolio manager.

PROXY VOTING

The Proxy Voting Guidelines of the Calvert Funds that the Fund uses to determine how to vote proxies relating to portfolio securities are provided as an Appendix to the Fund's Statement of Additional Information. The Statement of Additional Information can be obtained free of charge by calling the Fund at 1-800-368-2745, by visiting the Calvert website at www.calvert.com; or by visiting the SEC's website at www.sec.gov.

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on the Fund's website at www.calvert.com and on the SEC's website at www.sec.gov.

AVAILABILITY OF QUARTERLY PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available on the SEC's website at www.sec.gov. The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

BASIS FOR BOARD'S APPROVAL OF INVESTMENT ADVISORY CONTRACT

The Board of Trustees, and by a separate vote, the disinterested Trustees, approved the continuance of the Investment Advisory Agreement between the Trust with respect to the Fund and the Advisor on December 7, 2005.

In evaluating the Investment Advisory Agreement, the Board of Trustees considered a variety of information relating to the Fund and the Advisor. The disinterested Trustees reviewed a report prepared by the Advisor regarding various services provided to the Fund by the Advisor and its affiliates. Such report included, among other things, information regarding the Advisor's personnel and the Advisor's revenue and cost of providing services to the Fund, and a separate report prepared by an independent third party, which provided a statistical analysis comparing the Fund's investment performance, expenses, and fees to comparable mutual funds. The disinterested Trustees were separately represented by independent legal counsel with respect to their consideration of the reapproval of the Investment Advisory Agreement. Prior to voting, the disinterested Trustees reviewed the proposed continuance of the Investment Advisory Agreement with management and also met in private sessions with their counsel at which no representatives of management were present.

In the course of their deliberations regarding the Investment Advisory Agreement, the Trustees considered the following factors, among other things: the nature, extent and quality of the services provided by the Advisor including the personnel providing such services; the Advisor's financial condition; the level and method of computing the Fund's

advisory fee; comparative performance, fee and expense information for the Fund; the profitability of the Calvert Group of Funds to the Advisor; the direct and indirect benefits, if any, derived by the Advisor from the relationship with the Fund, the effect of the Fund's growth and size on the Fund's performance and expenses; the affiliated distributor's process for monitoring sales load breakpoints; the Advisor's compliance programs and policies; the Advisor's performance of substantially similar duties for other funds; and any possible conflicts of interest.

In considering the nature, extent and quality of the services provided by the Advisor under the Investment Advisory Agreement, the Board of Trustees reviewed information provided by the Advisor relating to its operations and personnel, including, among other things, biographical information on the Advisor's investment, supervisory and professional staff and descriptions of its organizational and management structure. The Trustees also took into account similar information provided periodically throughout the previous year by the Advisor as well as the Trustees' familiarity with management through Board of Trustees' meetings, discussions and other reports. The Trustees considered the Advisor's management style and its performance in employing its investment strategies, as well as its current level of staffing and overall resources. The Advisor's administrative capabilities, including its ability to supervise the other service providers for the Fund, were also considered. The Trustees concluded that they were satisfied with the nature, extent and quality of services provided to the Fund under the Investment Advisory Agreement.

In considering the Fund's performance, the Board of Trustees noted that the Board reviews on a quarterly basis detailed information about the Fund's performance results, portfolio composition and investment strategies. The Trustees also reviewed various comparative data provided to them in connection with their consideration of the renewal of the Investment Advisory Agreement, including, among other information, a comparison of the Fund's total return with its Lipper index and with that of other mutual funds deemed to be in its peer group by the independent third party in its report. This comparison indicated that for the three- and five-year annualized periods ended June 30, 2005, the Fund outperformed its Lipper index and that the Fund's performance was above the median of its peer group. The Fund underperformed its Lipper index and its performance was below the median of its peer group for the one-year period ended June 30, 2005. The Trustees noted the Fund's strong performance over time. Based upon their review, the Trustees concluded that the Fund's performance has been satisfactory.

In considering the Fund's fees and expenses, the Board of Trustees compared the Fund's fees and total expense ratios with various comparative data for the funds in its peer group. Among other things, the data indicated that the Fund's advisory fee was below the median of its peer group and total expenses were above the median of its peer group. The Board noted management's discussion of the Fund's expenses. Based upon their review, the Board of Trustees determined that the advisory fee was reasonable in view of the high quality of services received by the Fund and the other factors considered.

In reviewing the overall profitability of the advisory fee to the Fund's Advisor, the Board also considered the fact that affiliates provide shareholder servicing and administrative services to the Fund for which they receive compensation. The information considered by the Board included Calvert's operating profit margin information both before and

after tax expenses with respect to the services that the Advisor and its affiliates provide to the Calvert Group of Funds complex. The Trustees reviewed the profitability of the Advisor's relationship with the Fund in terms of the total amount of annual advisory fees it receives with respect to the Fund and whether the Advisor had the financial wherewithal to continue to provide a high level of services to the Fund. The Trustees also considered that the Advisor derives reputational and other indirect benefits. Based upon their review, the Trustees concluded that the Advisor's level of profitability from its relationship with the Fund was reasonable.

The Board considered that the advisory fee schedule for the Fund contains a breakpoint that reduces the fee rate on assets above a specified level, noting that the Fund currently reflects this economy of scale. The Board also noted management's discussion of other potential economies of scale with respect to other expenses from which the Fund could benefit in the future.

In reapproving the Investment Advisory Agreement, the Board of Trustees, including the disinterested Trustees, did not identify any single factor as controlling, and each Trustee attributed different weights to various factors.

CONCLUSIONS

The Trustees reached the following conclusions regarding the Investment Advisory Agreement, among others: (a) the Advisor has demonstrated that it possesses the capability and resources to perform the duties required of it under the Investment Advisory Agreement; (b) the Advisor maintains appropriate compliance programs; (c) performance of the Fund is satisfactory in relation to the performance of funds with similar investment objectives and to relevant indices; (d) the Advisor is likely to execute its investment strategies consistently over time; and (e) the Fund's advisory expenses are reasonable in relation to those of similar funds and to the services to be provided by the Advisor. Based on their conclusions, the Trustees determined that reapproval of the Investment Advisory Agreement would be in the interests of the Fund and its shareholders.

Protecting your privacy



Your relationship with us is important.

Please take time to review this statement about our privacy policies with existing and former customers. We do not disclose any non-public personal information about our customers to anyone, except as permitted by law.

YOUR PRIVACY IS A TOP PRIORITY.

You have shared personal and financial information with us:

- Information we receive from you on applications or other forms, such as your name, address, social security number, assets and income; and
- Information about your transactions with us, our affiliates or others, such as your account balance, payment history and parties to transactions;

We use this information to provide our products and services to you, and to assist you in achieving your financial goals. We promise to protect the security, privacy and use of your personal and financial information, including account and transaction details.

YOUR INFORMATION IS SHARED ONLY IN LIMITED WAYS AND FOR SPECIFIC PURPOSES.

We do not currently share your information with affiliates in the Calvert and the Ameritas Acacia Companies; however, we reserve the right to do so. Also, we may disclose information we collect to companies that perform administrative or marketing services on our behalf, such as transfer agents, or printers and mailers that assist us in the distribution of materials, or others as permitted by law, in order to:

- provide you with faster, more comprehensive service, and
- implement security measures and fight fraud for your continued protection

Calvert does not give or sell information about you or your accounts to any other company, individual or group. However, governmental agencies, regulatory authorities and other entities may have access to such information if permitted by law.

THE PRODUCTS AND SERVICES YOU USE ARE DELIVERED IN A SECURE ENVIRONMENT.

Whether you use automated telephone capabilities or the Internet, you can feel confident that we employ security measures that are appropriate to each technology. For more information on Internet-specific privacy and security measures, please visit our Web site at www.calvert.com.

**KEEPING YOUR PERSONAL INFORMATION
ACCURATE AND CURRENT IS A VITAL CONCERN.**

We strive to keep your personal and financial information accurate. If you believe that our records are incorrect or out of date, please notify us by contacting Investor Relations at **800.368.2745** and we will make any necessary corrections.

EMPLOYEE ACCESS TO YOUR INFORMATION IS LIMITED.

Our employees have limited access to shareholder information based on their job function. This enables them to assist you in completing transactions, obtaining additional information about our products and resolving any problems that might arise. All employees are instructed to use the strict standards of care outlined in Calvert's confidentiality rules. Employees who do not conform to Calvert's confidentiality rules are subject to disciplinary actions that may include dismissal.

YOUR PRIVACY PREFERENCES WILL BE RESPECTED.

Since your financial needs change and our financial products are continually developing, we may contact you to determine if we can be of additional service to you. Most of our shareholders appreciate hearing about our new offerings and choose to continue to do so. If you have additional questions about these policies, please call Investor Relations at **800.368.2745**.

This notice is subject to change.

Created on 02-05-01

Revised 08-20-04

This page intentionally left blank.

CALVERT INCOME FUND

TO OPEN AN ACCOUNT

800-368-2748

YIELDS AND PRICES

Calvert Information Network
(24 hours, 7 days a week)

800-368-2745

SERVICE FOR EXISTING ACCOUNT

Shareholders: 800-368-2745

Brokers: 800-368-2746

TDD FOR HEARING IMPAIRED

800-541-1524

BRANCH OFFICE

4550 Montgomery Avenue
Suite 1000 North
Bethesda, Maryland 20814

REGISTERED, CERTIFIED OR OVERNIGHT MAIL

Calvert Group
c/o BFDS
330 West 9th Street
Kansas City, MO 64105

WEB SITE

<http://www.calvert.com>

PRINCIPAL UNDERWRITER

Calvert Distributors, Inc.
4550 Montgomery Avenue
Suite 1000 North
Bethesda, Maryland 20814

This report is intended to provide fund information to shareholders. It is not authorized for distribution to prospective investors unless preceded or accompanied by a prospectus.

CALVERT'S FAMILY OF FUNDS

TAX-EXEMPT MONEY MARKET FUNDS

CTFR Money Market Portfolio

TAXABLE MONEY MARKET FUNDS

First Government Money Market Fund
CSIF Money Market Portfolio

MUNICIPAL FUNDS

CTFR Limited-Term Portfolio
CTFR Long-Term Portfolio
CTFR Vermont Municipal Portfolio
National Muni. Intermediate Fund
California Limited-Term Municipal Fund

TAXABLE BOND FUNDS

CSIF Bond Portfolio
Income Fund
Short Duration Income Fund
Long-Term Income Fund

EQUITY FUNDS

CSIF Enhanced Equity Portfolio
CSIF Equity Portfolio
Calvert Large Cap Growth Fund
Capital Accumulation Fund
CWV International Equity Fund
New Vision Small Cap Fund
Calvert Social Index Fund
Calvert Small Cap Value Fund
Calvert Mid Cap Value Fund

BALANCED AND ASSET ALLOCATION FUNDS

CSIF Balanced Portfolio
Calvert Conservative Allocation Fund
Calvert Moderate Allocation Fund
Calvert Aggressive Allocation Fund



**PRINTED ON RECYCLED PAPER
USING SOY-BASED INKS**