Medium Duration (10 Year) Municipal Bond

MANAGEMENT TEAM
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OBJECTIVE
Seeks to provide a high level of tax-free income, after-tax return, and a lower level of price volatility than long-term bonds

HIGHLIGHTS
- The Municipal Bond team follows a disciplined, research-driven, risk-managed process to seek attractive relative value within the investment grade municipal universe
- Portfolio managers and credit research analysts select securities based on a rigorous internal quantitative and qualitative review. Security selection seeks to exploit sector, state and individual security relative value opportunities
- Interest rate risk is managed by targeting duration exposure within close proximity to the benchmark
- The maturity structure is actively adjusted relative to the benchmark to take advantage of current and anticipated changes to the shape of the yield curve
- Tax implications, including tax loss harvesting, can play an integral role in the relative value analysis conducted to evaluate investment alternatives
- Typical Portfolio Construction
  - Target Maturities: 1 – 17 Years
  - Target Duration: 6 – 7 Years
  - Credit Quality: Investment Grade, Average AA+
  - Sectors: Core Municipal

BENCHMARK
Bloomberg Barclays Managed Money Intermediate Bond Index

Duration and Maturity for equity securities are deemed to be zero.
Diversification does not ensure a profit or guarantee against a loss.
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FACTS
Strategy Inception
Composite Inception
Strategy assets
Composite assets

PORTFOLIO CHARACTERISTICS
Average maturity
Average duration (Modified)
Average duration (Option Adj.)
Average yield
Average credit quality

COMPOSITE PERFORMANCE (%)
CUMULATIVE RETURN
GROSS
3 MO 1.61
YTD 7.06
NET
1.53 6.81
BENCHMARK
1.31 6.29

AVERAGE ANNUALIZED RETURN
1 YEAR
9.18
3.07
3.62
4.14
5.25
BENCHMARK
8.45
2.85
3.61
4.33
5.37

COMPOSITE PERIOD PERFORMANCE (%)

GROSS
NET
BENCHMARK

Performance data shown represents past performance and is no guarantee of future results. Current performance may be lower or higher than quoted. Returns are shown in US dollars and are annualized for one and multi-year periods. Gross returns are net of trading costs. Net returns are gross returns less effective management fees.

There is no guarantee that the investment objective will be realized or that the strategy will generate positive or excess return. Average Yield is Yield to Worst.

For Institutional Use Only. Not For Further Distribution.
<table>
<thead>
<tr>
<th>Composite</th>
<th>Index</th>
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<tbody>
<tr>
<td>AAA</td>
<td>16.6</td>
</tr>
<tr>
<td>AA</td>
<td>54.3</td>
</tr>
<tr>
<td>A</td>
<td>28.7</td>
</tr>
<tr>
<td>BBB</td>
<td>0.3</td>
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<tr>
<td>Below BBB</td>
<td>-</td>
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<tr>
<td>Not Rated</td>
<td>-</td>
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<th>MATURITY DISTRIBUTION (%)</th>
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<tr>
<td>0 to 2 Yrs.</td>
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<td>2 to 4 Yrs.</td>
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<tr>
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<tr>
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<td>10 to 15 Yrs.</td>
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**KEY RISKS**

Credit Risk, Issuer Risk, Interest Rate Risk, Liquidity Risk, Prepayment Risk and Extension Risk. Investing involves risk including possible loss of principal.

Due to rounding, **Sector**, **Credit Quality**, **Duration** and **Maturity** distribution totals may not equal 100%. **Credit Quality** is calculated by the Research team using their own internal methodologies and may result in different calculations than are used by other investment teams at Loomis Sayles and by third parties. **Asset Allocation, "Other"** includes sector not represented by General Obligation bonds, Revenue bonds, or Cash & equivalents. **Sector Distribution, "Other"** generally includes cash and sectors that are not included in the top 10 sectors by market weight. **Municipal markets** may be volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities. **Fixed income securities** may carry one or more of the following risks: credit, interest rate (as interest rates rise bond prices usually fall), inflation and liquidity.

The Medium Duration (10 Year) Municipal Bond Composite consists of all fully discretionary, fee-paying institutional accounts greater than $5 million managed in medium duration municipal fixed-income income style for periods prior to December 31, 2004. Effective January 1, 2005, the composite also includes Separately Managed Accounts (SMA Accounts) managed by Loomis Sayles that meet the composite objective and minimum account size ($5 million) requirement. The Medium Municipal Fixed Income style is composed of taxable client portfolios with target duration between 6 to 8 years. Representative benchmarks may include the Bloomberg Barclays 10 Year Municipal Bond Index, Current Coupon Index, the ICE Bank of America Merrill Lynch 7 to 12 Year Municipal Bond Index, or other indices as determined by client guidelines which reflect client duration targets. Taxable securities may comprise a portion of the portfolio’s investment allocation, but is usually less than 25%. The composite inception date is April 1995; the composite creation date is November 2003. For additional information on this and other Loomis Sayles strategies, please visit our website at www.loomissayles.com.