For NCTR Use Only. Not for Further Distribution.

A Presentation to NCTR 90th Annual Convention

October 2012

Kevin Kearns,

Portfolio Manager

LOOMIS | SAYLES

agenda

I. Where are we?

II. What is the Fed trying to accomplish?

III. Central Bank liquidity… Is it all good?

IV. Business cycle outlook

V. Summary

economic and macro environment outlook

For NCTR Use Only. Not for Further Distribution.

YEAR-END FORECAST

	US Domestic			Global			Western Europe			Asia Pacific			Latin America		
	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E
GDP Growth	1.7%	2.0%	1.9%	2.9%	2.6%	3.0%	1.5%	-0.2%	0.9%	4.3%	5.0%	4.9%	4.2%	3.6%	4.1%
CPI Inflation	3.1%	1.9%	2.0%	3.7%	3.0%	2.9%	2.8%	2.2%	1.9%	3.5%	2.6%	2.7%	6.9%	6.0%	6.3%
Current Account Balance (Billions $)	(466)	(532)	(541)	-	-	-	234.0	263.6	312.9	390	324	334	(66.9)	(86.6)	(101.8)
Interest Rates (10-Year); end of year	**1.89%**	1.50%	2.25%	-	-	-	-	-	-	-	-	-	-	-	-

MACRO ENVIRONMENT

US Economy

- We expect growth to remain sub-2% over the next 12 months as firms anticipate some sort of fiscal austerity (fiscal cliff).
- Growth in real disposable personal income (after inflation & taxes) likely slows to a crawl in 2013 as payroll tax holiday ends.
- Exports continue to slow as the European recession deepens and as the Chinese slowdown is drawn out.
- Fiscal tightening will be a drag on growth in 2013.
- The unemployment rate will remain high and inflation low.
- The Fed is on hold at least through 2014.

Fiscal Uncertainty Across Advanced Economies

- Europe has been enduring tight fiscal policy, particularly in the periphery and in the UK. The US may be headed down a similar path although it continues to avoid addressing its long-term structural issues.
- Legislation due to expire at year end is slated to cause a $500-700 billion fiscal drag (3-4% of GDP) in 2013. Lame duck Congress likely to extend Bush tax cuts into 2013, but the risk of gridlock is significant.
- As gridlock dominates the legislature, long-term planning is difficult, holding back US growth.
- A US fiscal cliff in 2013 is a recession risk.

Credit Cycle

- Decelerating global growth and the stronger dollar has hurt profits.
- Strong US corporate and bank balance sheets should limit default rates in the event of a recession. Maturity wall has been pushed forward.
- Corporate health is strong although nonfinancial debt is increasing while profits and cash flows are slowing.
- Domestic profits to slow in reaction to "sequester" budget cuts (e.g. defense, utilities sectors).
- Political instability, European bank and fiscal deleveraging and bank recapitalizations in Spain could keep tensions very high in Europe.

Risk Expectations & Liquidity Are Driving Markets

- The CRIC Cycle (crisis, response, improvement, complacency) is alive and well.
- Liquidity evaporated in Europe with the end of the 2nd LTRO.
- Austerity and bailout fatigue is coming to a head across Europe.
- Portfolios generally continue to rebalance toward less risky assets.
- Credit creation is decelerating in Europe and China.
- Monetary policy in advanced economies will remain loose for a long time.
- Emerging markets are to face renewed food inflation.

Data source: Loomis Sayles Economics, Bloomberg, Moody's Investors Services, Consensus Economics as of 7/23/2012. Any opinions or forecasts contained herein reflect the subjective judgments and assumptions of the authors only and do not necessarily reflect the views of Loomis, Sayles & Company, L.P., or any portfolio manager. There can be no assurance that developments will transpire as forecasted and actual results will be different. Data and analysis does not represent the actual or expected future performance of any investment product. We believe the information, including that obtained from outside sources, to be correct, but we cannot guarantee its accuracy. The information is subject to change at any time without notice.

2013 real GDP forecasts— street views

For NCTR Use Only. Not for Further Distribution.

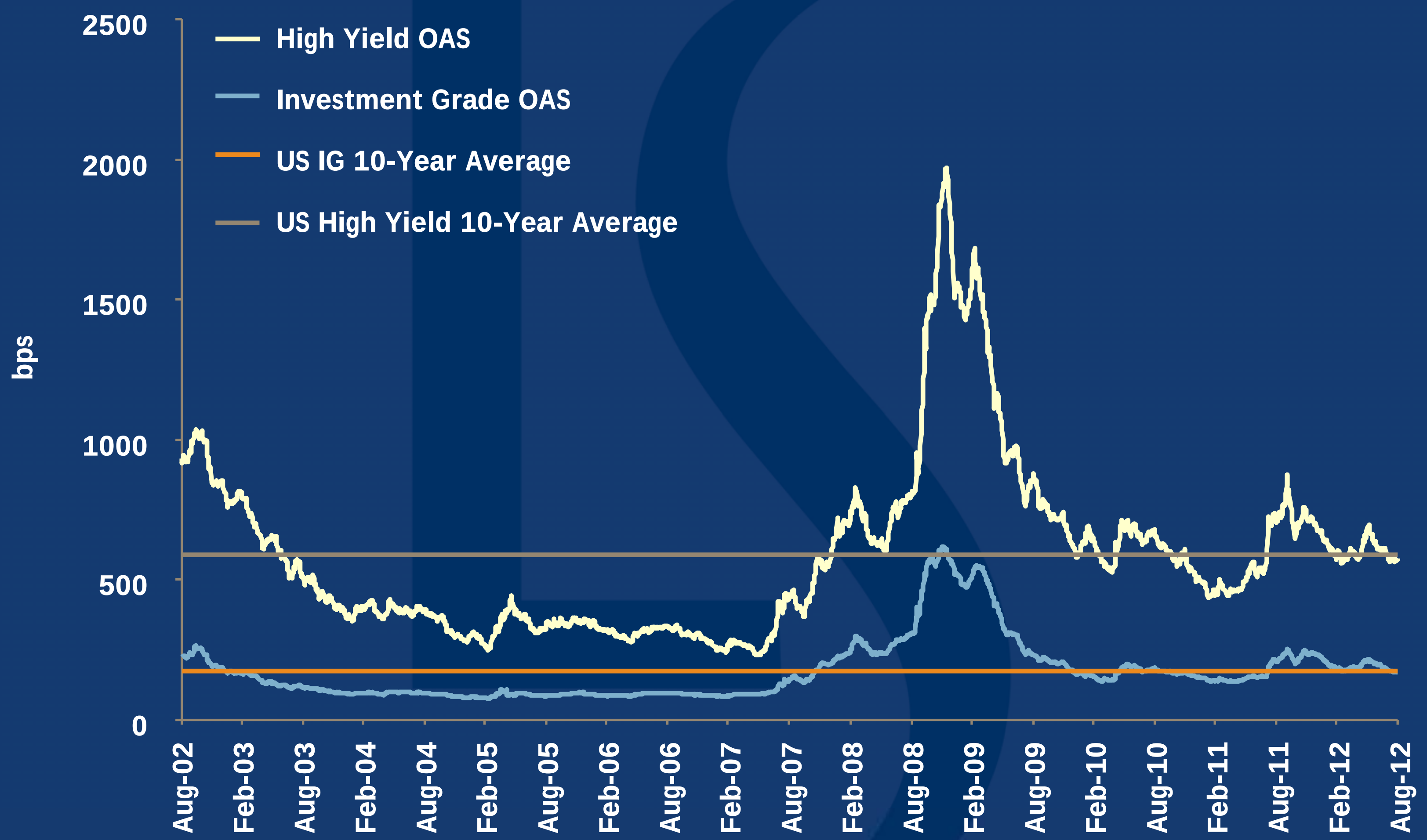
September 18, 2012	Barclays 9.14.12	Credit Suisse 9.13.12	Goldman Sachs 9.18.12	Deutsche Bank 9.12.12	Morgan Stanley 9.7.12	Loomis Sayles 8.1.12	UBS 9.18.12	BAML 9.14.12	Citigroup 8.22.12	JPMorgan 9.14.12	Bloomberg Consensus 9.18.12	Blue Chip 9.10.12	Median	Range
Global	*3.60*	***3.80***	*3.60*	*3.40*	*3.50*	*3.30*	*3.10*	*3.10*	*2.80*	***2.60***	- - -	- - -	3.35	1.00
Developed	1.40	- - -	1.60	**1.70**	1.00	- - -	1.60	**0.80**	1.00	1.20	- - -	- - -	1.30	0.90
Emerging	5.70	- - -	**6.30**	5.60	5.80	- - -	**5.10**	5.20	5.50	5.20	- - -	- - -	5.55	1.20
The Americas														
United States	2.00	2.40	2.00	**2.50**	1.40	2.00	2.30	**1.40**	1.90	2.00	2.05	2.10	2.00	1.10
Canada	2.20	2.30	2.40	**2.70**	**1.80**	2.20	2.30	2.40	2.20	2.10	2.20	2.10	2.20	0.90
Latin America	4.00	3.90	4.20	3.90	3.30	3.50	**4.50**	**2.80**	- - -	3.70	- - -	- - -	3.90	1.70
Argentina	**4.70**	2.50	4.10	2.40	**0.50**	- - -	3.60	- - -	3.00	2.20	2.00	- - -	2.50	4.20
Brazil	4.50	4.00	4.00	4.20	**3.20**	4.20	**4.80**	4.20	3.90	4.10	4.10	4.00	4.10	1.60
Chile	4.70	**3.80**	**5.20**	4.30	4.50	- - -	4.60	4.20	- - -	4.50	4.50	- - -	4.50	1.40
Colombia	4.60	4.80	5.00	4.80	5.20	- - -	4.60	**5.20**	- - -	**4.50**	4.60	- - -	4.80	0.70
Mexico	2.70	**4.10**	4.00	3.50	3.40	3.50	3.40	**2.30**	3.80	3.60	3.50	3.60	3.50	1.80
Peru	6.50	- - -	5.80	6.00	6.20	- - -	6.00	**2.90**	- - -	**7.00**	6.00	- - -	6.00	4.10
Venezuela	2.20	1.50	2.90	3.00	2.80		1.50	**-3.50**	**3.50**	0.00	2.20	- - -	2.20	7.00
Europe														
Euro area	0.50	0.50	**0.60**	0.30	0.00	0.10	0.20	-0.20	**-1.00**	0.20	0.45	0.30	0.25	1.60
France	**0.90**	0.60	0.60	0.00	0.50	- - -	0.40	**-0.30**	-0.20	0.60	0.60	0.50	0.50	1.20
Germany	**1.40**	1.20	1.20	0.80	0.80	- - -	1.10	**0.20**	0.60	1.20	1.10	1.10	1.10	1.20
Italy	-0.30	-0.50	-0.70	-0.40	-1.00	- - -	**-0.20**	-1.30	**-2.20**	-1.00	-0.40	- - -	-0.60	2.40
Spain	-1.40	-1.30	-1.40	**-0.80**	-1.30	- - -	-1.70	-1.70	**-3.30**	-0.90	-1.20	- - -	-1.35	2.50
						- - -								
Poland	2.10	2.80	2.40	**2.00**	2.10	**2.90**	2.50	---	2.20	2.10	2.50	- - -	2.30	0.90
Hungary	1.00	**1.30**	1.20	1.00	**0.70**	1.10	0.80	---	0.80	0.80	1.00	- - -	1.00	0.60
Norway	- - -	2.50	**2.00**	2.00	- - -	1.80	2.10	- - -	**2.90**	- - -	2.40	- - -	2.10	0.90
Sweden	- - -	1.30	**1.90**	1.50	1.40	1.70	**1.20**	- - -	1.90	- - -	1.85	- - -	1.60	0.80
Switzerland	**0.40**	1.50	1.10	1.50	- - -	- - -	**1.40**	- - -	1.00	- - -	1.50	- - -	1.40	1.30
						- - -								
United Kingdom	1.60	1.40	**1.90**	1.80	1.00	0.50	0.80	1.00	**0.50**	1.50	1.15	1.10	1.13	1.40
Asia/Pacific														
Japan	0.90	1.20	1.50	0.80	1.00	1.20	**2.00**	1.20	1.80	0.60	1.20	1.40	1.20	1.20
Australia	2.90	3.20	2.60	**3.60**	3.50	3.30	3.20	3.10	3.40	**2.50**	3.10	2.90	3.15	1.10
New Zealand	- - -	3.00	3.10	**2.70**	- - -	3.10	**3.50**		2.80	2.80	2.90	- - -	2.95	0.80
China	7.60	7.90	8.00	8.20	**8.60**	~5%	7.80	**7.60**	8.00	8.30	8.00	8.20	8.00	1.00
India	7.00	**7.80**	7.00	6.50	6.50		6.50	7.20	6.20	**6.00**	6.00	6.60	6.50	1.80
Indonesia	6.00	6.50	6.40	**6.50**	5.70	6.00	6.10	6.00	6.30	**3.70**	---	- - -	6.05	2.80
Malaysia	**5.10**	5.40	5.30	5.30	3.80	- - -	4.50	4.50	- - -	**2.90**	4.90	- - -	4.90	2.20
Philippines	5.20	4.80	5.30	**6.00**	- - -	5.30	4.50	5.70	- - -	**3.50**	5.20	- - -	5.20	2.50
Singapore	3.00	4.50	4.00	4.00	3.50	3.50	**4.50**	**3.00**	- - -	3.40	3.50	- - -	3.50	1.50
South Korea	**4.00**	3.90	3.50	3.50	3.90	3.25	**3.20**	3.80	3.60	3.30	3.90	3.40	3.55	0.80
Thailand	4.60	**5.00**	4.80	4.20	4.00	- - -	4.50	4.50	- - -	**2.70**	4.60	- - -	4.50	2.30
EEMEA														
South Africa	3.00	**3.90**	3.40	3.60	3.50	**3.00**	2.90	3.30	3.60	3.20	3.20	- - -	3.30	0.90

Data source: Bloomberg and various. This material is provided for informational purposes only and should not be construed as investment advice. Investment decisions should consider the individual circumstances of the particular investor. Any economic opinions or forecasts contained herein reflect the subjective judgments and assumptions of the authors and do not necessarily reflect the views of Loomis, Sayles & Company, L.P. Data and analysis does not represent actual or expected future performance for any Loomis Sayles products. There can be no assurance that developments will transpire as forecasted. Accuracy of data, including that of third parties, is not guaranteed but represents our best judgment and can be derived from a variety of sources. This is not to be copied, reproduced or redistributed.

LOOMIS | SAYLES

bond market environment

US INVESTMENT GRADE AND HIGH YIELD OPTION-ADJUSTED SPREADS



Data source: Barclays; data through 8/31/2012 in basis points. All indexes are unmanaged and do not incur fees. You cannot invest directly in an index.

bond market environment

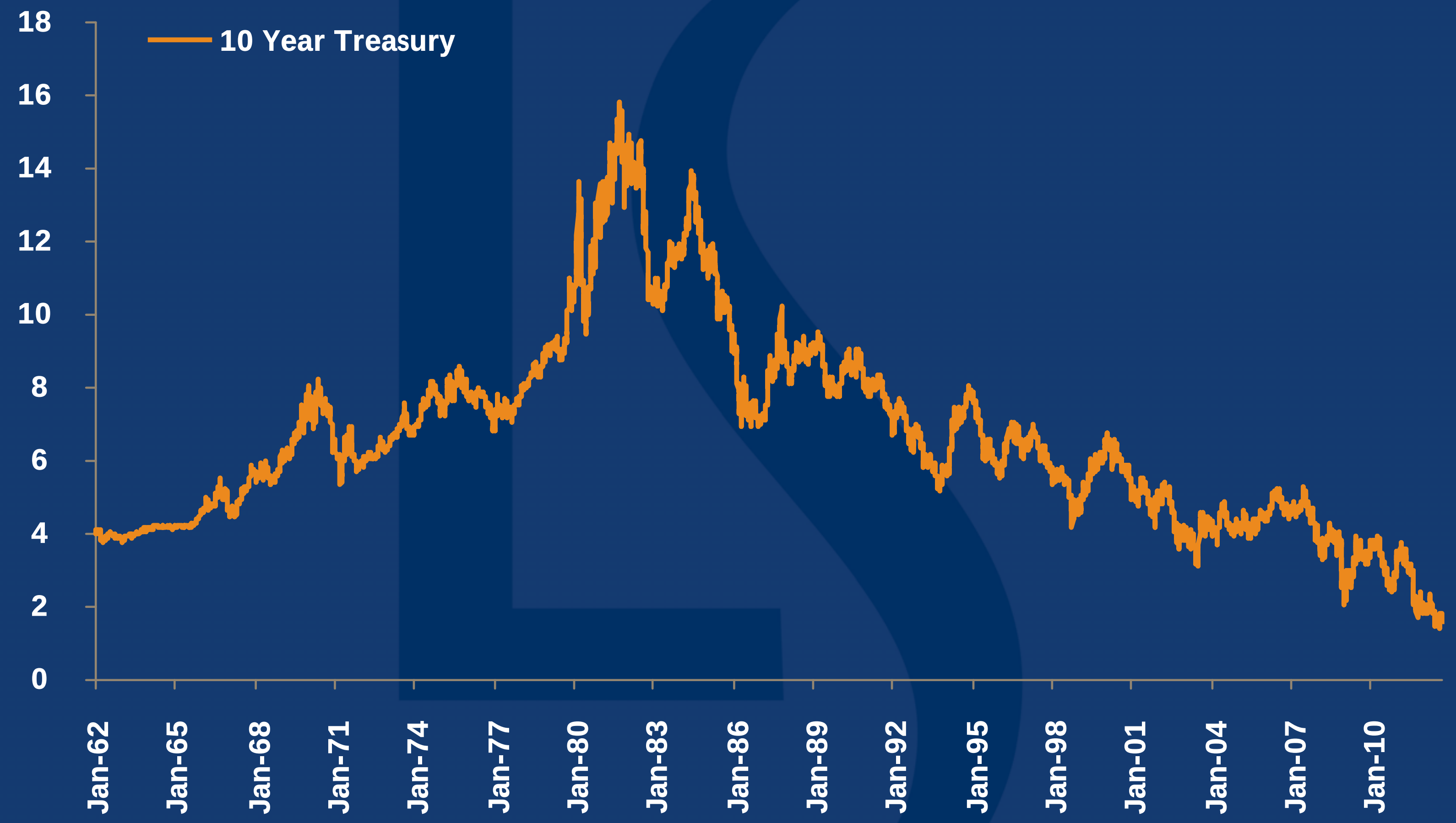
VALUE OF CORPORATE BONDS— 15 YEAR HISTORY OF CREDIT SPREADS

	8/31/2012	8/31/2011	15 Yr Low	15 Yr High	15 Yr Average	Current Spread to Low	Current Spread to High
US Corp IG	172	208	55	607	163	117	(435)
Aaa	59	83	35	412	86	24	(352)
Aa	83	164	37	483	110	46	(400)
A	145	194	51	588	148	94	(442)
Baa	225	248	72	732	208	152	(508)
US Corp HY	575	708	235	1833	582	340	(1258)
Ba	420	540	135	1278	392	285	(858)
B	545	693	228	1742	565	317	(1197)
Caa	912	1026	378	2606	1017	534	(1694)

Data source: Barclays; data through 8/31/2012 in basis points. Averages calculated by Loomis Sayles. All indexes are unmanaged and do not incur fees. You cannot invest directly in an index.

bond market environment

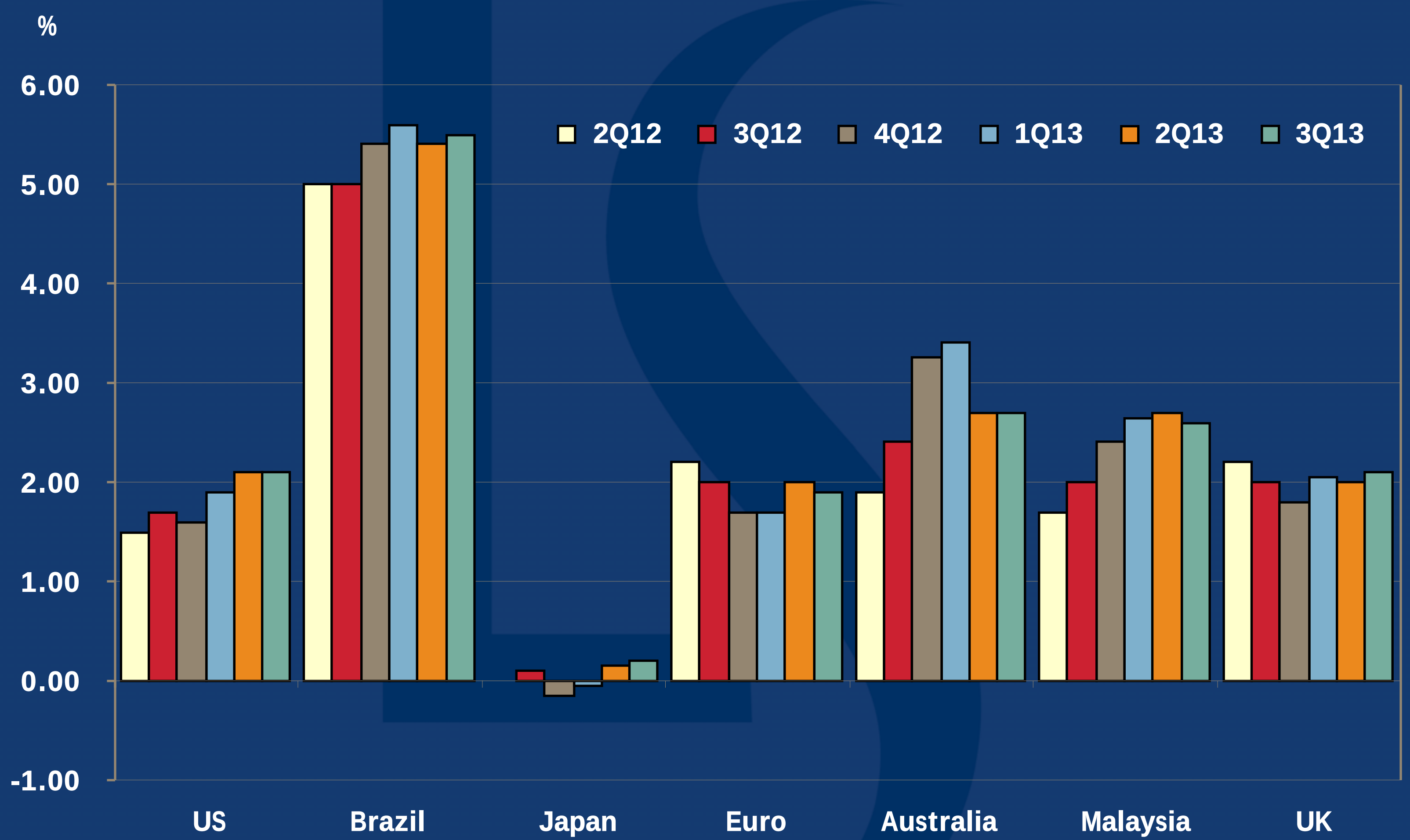
10 YEAR US TREASURY YIELDS



Data source: Bloomberg as of 8/31/2012. This is for informational purposes only and should not be construed as investment advice. We believe the information, including that obtained from outside sources, to be correct, but we cannot guarantee its accuracy. It cannot be copied, reproduced or redistributed without authorization.

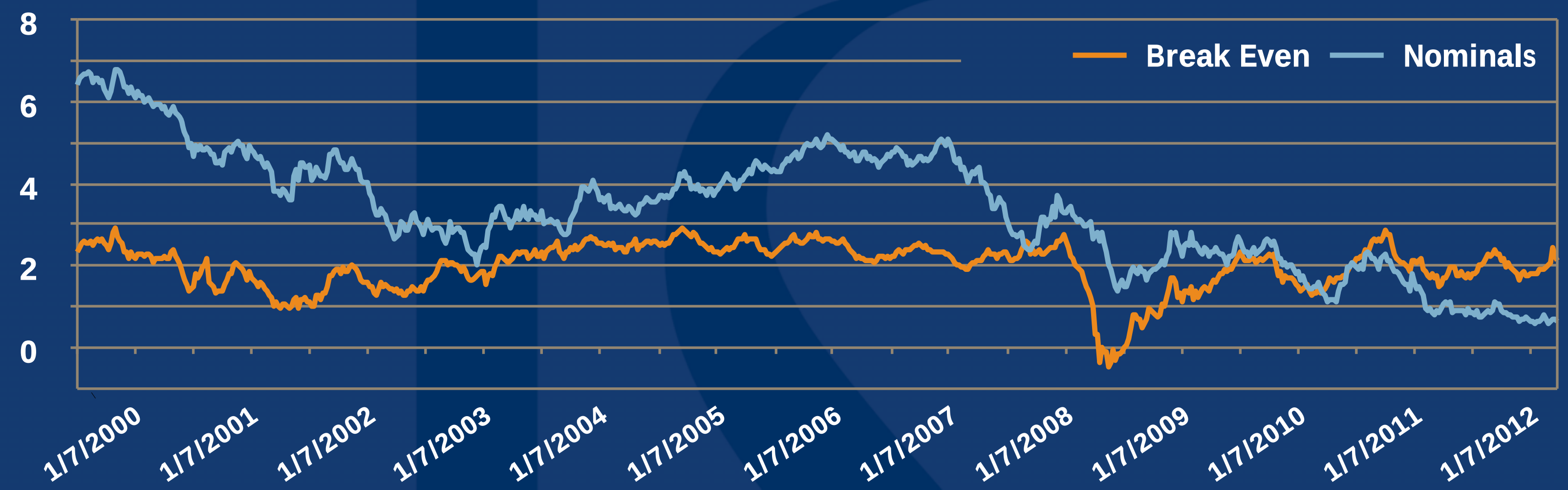
bond market environment

INFLATION FORECASTS AS OF 8/31/2012



Inflation expectations source: Bloomberg Consensus. This is for informational purposes only and should not be construed as investment advice. We believe the information, including that obtained from outside sources, to be correct, but we cannot guarantee its accuracy. It cannot be copied, reproduced or redistributed without authorization. There can be no assurance that developments will transpire as forecasted and actual results will be different. Data and analysis does not represent the actual or expected future performance of any investment product.

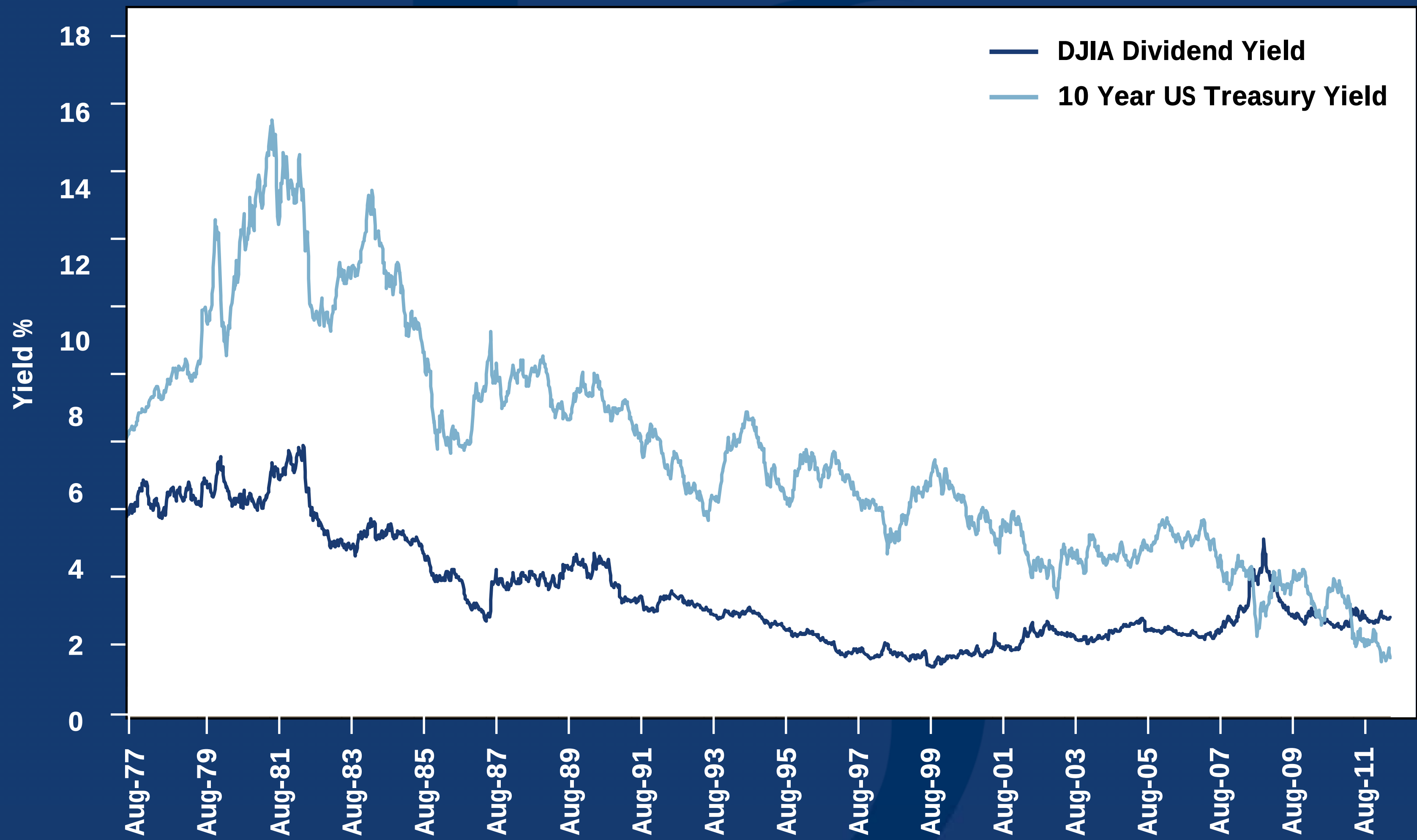
Fed is doing what it wants to do… negative real rates



Data source: Bloomberg, as of 10/1/2012. Real Rates are nominal yields minus break even inflation rates. This is for informational purposes only and should not be construed as investment advice. We believe the information, including that obtained from outside sources, to be correct, but we cannot guarantee its accuracy. It cannot be copied, reproduced or redistributed without authorization.

bond market environment

DOW JONES INDUSTRIAL AVERAGE DIVIDEND YIELD VS. 10 YEAR US TREASURY YIELD



Source: Ned Davis Research Inc, Bloomberg. Data through 8/31/2012. All indexes are unmanaged and do not incur fees. You cannot invest directly in an index.

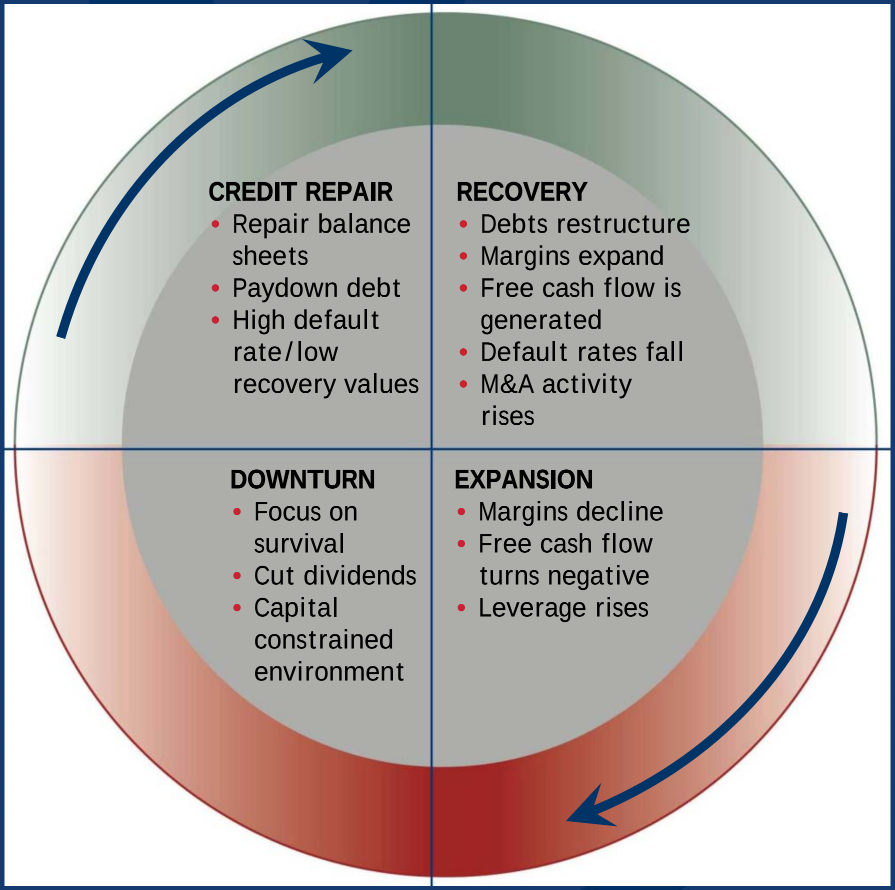
a case for global credit

BUSINESS CYCLE THEORY: CROSS ASSET MACRO PERFORMANCE

Credit performance can be tied to credit cycle states

- **Credit outperforms equity**
- **Emphasis is cycle-specific (financials, technology)**

- **Equity and credit positive**
- **Emphasis on cyclical industries (basic materials)**

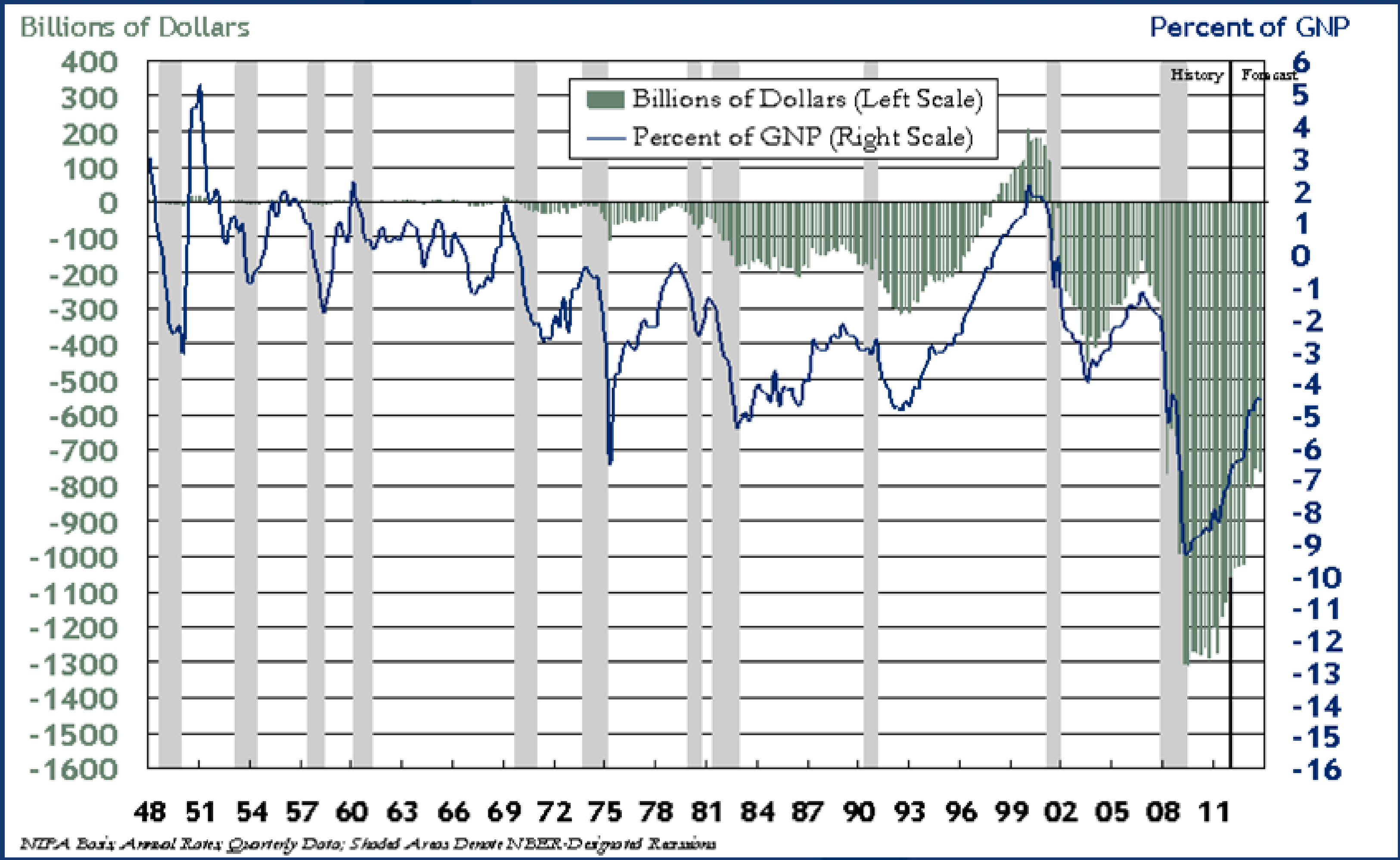


- **Equity and credit negative**
- **Emphasis on defensive industries (consumer staples, utilities)**

- **Equity outperforms Credit**
- **Emphasis on late cycle industries (basic industries, capital goods)**

economic path: up, down or sideways?

FEDERAL GOVERNMENT SURPLUS OR DEFICIT

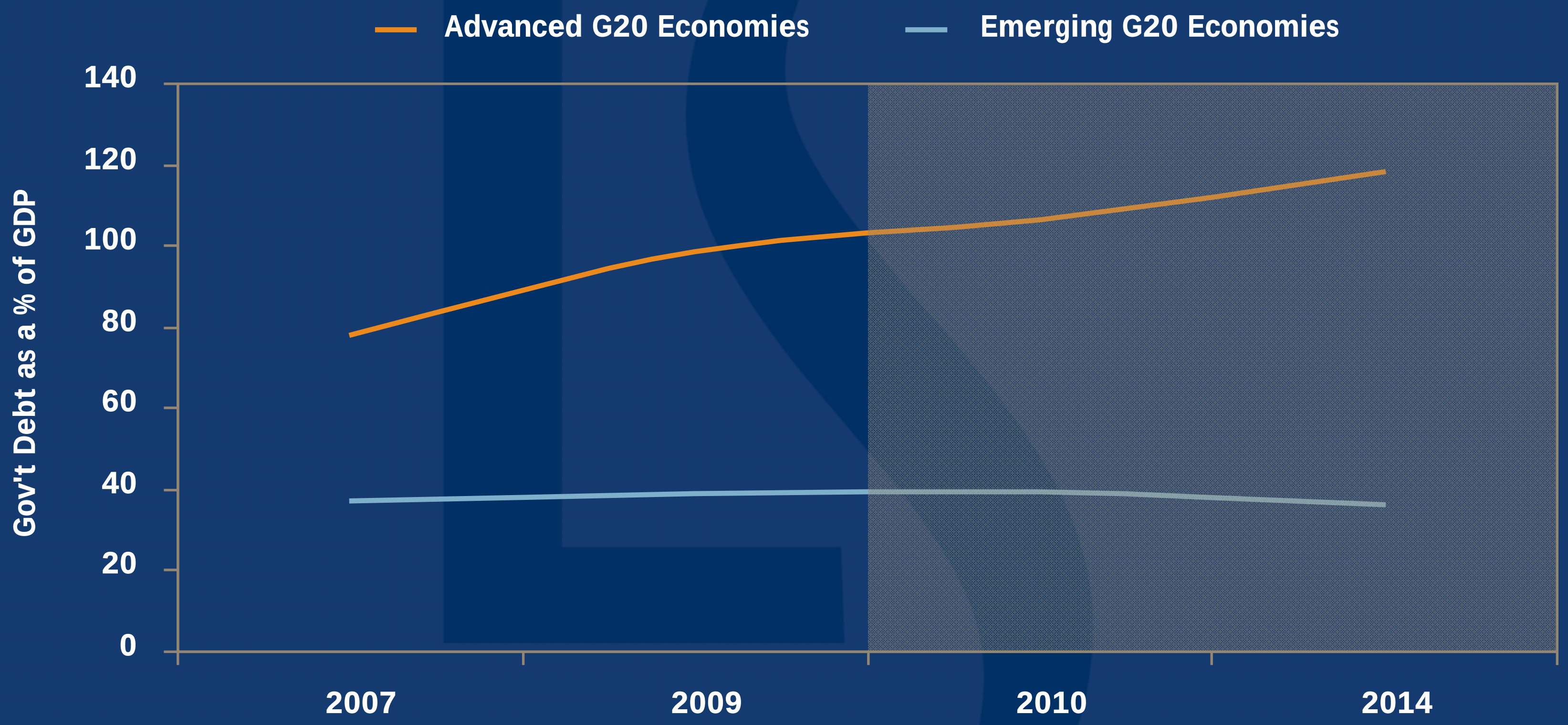


Data source: Commerce Department; Loomis Sayles; history through Q3-2011; forecast through Q4-2013. There can be no assurance that developments will transpire as forecasted and actual results will be different. Data and analysis does not represent the actual or expected future performance of any investment product.

LOOMIS | SAYLES

divergent path of government debt

GENERAL GOVERNMENT DEBT (AS % OF GDP)



Data source: IMF estimates 2007-2009, IMF estimated forecasts 2010 and beyond. There can be no assurance that developments will transpire as forecasted and actual results will be different. Data and analysis does not represent the actual or expected future performance of any investment product.

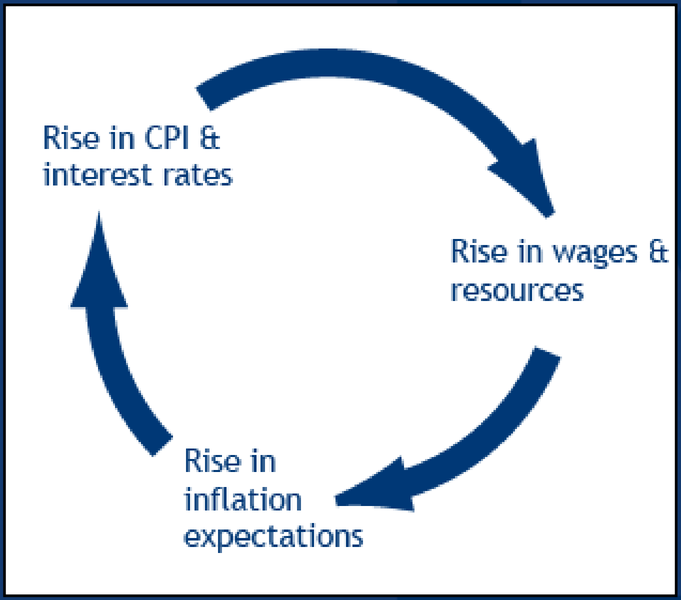
a game plan for highly levered western economies

- Principal choices: cut spending, increase taxes, depreciate currency, increase exports, grow the economy, or default
- Central bankers' playbooks: depreciate currency, increase exports, increase growth, and allow moderate inflation. Can they do it?
- Politics may largely determine when to take the pain and how much will be inflicted
- This could turn into the pre-WWII old normal, ushering in shorter duration business cycles and increased volatility over the next twenty years!

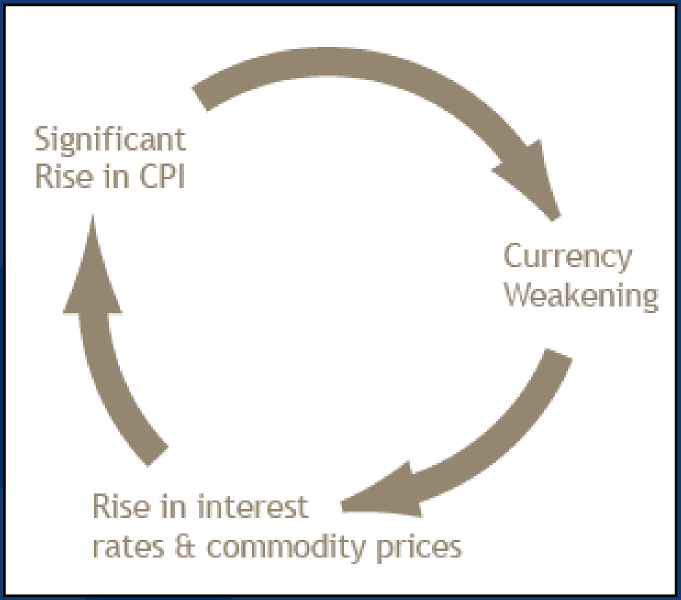
Data source: "This Time is Different Chartbook, Country Histories on Debt, Default and Financial Crisis" by Carmen M. Reinhart. Working paper 15815 for the National Bureau of Economic Research.

debt monetization can create inflation even with 8% unemployment

CLASSIC INFLATION



DEBTFLATION



- Japan
- United States
- United Kingdom
- Italy
- Portugal
- Greece
- Spain
- Ireland

Data source: Loomis Sayles. Product team view as of June 30, 2012. This material is provided by Loomis Sayles for informational purposes only and should not be construed as investment advice. Investment decisions should consider the individual circumstances of the particular investor. This reflects the current opinions of the sector team and views are subject to change at any time without notice. Other industry analysts and investment personnel may have different views and assumptions.

demographics do not favor the advanced G20

	Population (MM)			Over 65 (In Pct)	
	2010	2025 (E)	% Chg	2010	2025 (E)
Pakistan	185	246	24.8%	4.1	5.1
Bangladesh	164	195	15.9%	4	6.1
India	1,214	1,431	15.2%	4.9	7.3
World	**6,908**	**8,011**	**13.8%**	**6.8**	**10.4**
Indonesia	233	263	11.4%	6.1	9
US	318	358	11.2%	13	18.1
Brazil	195	214	8.9%	6.9	11.4
UK	62	67	7.5%	16.6	19.4
China	1,354	1,453	6.8%	8.2	13.4
France	62	66	6.1%	**17**	**22.6**
Germany	96	96	0.0%	**20.5**	**25**
Japan	127	121	-5.0%	**22.6**	**29.7**
Russia	140	132	-6.1%	12.9	17.7

Data source: Actuals and estimates by UN Population Database. As of December 31, 2010. There can be no assurance that developments will transpire as forecasted and actual results will be different.

what can cause a business cycle to end… the central bank is not always in control!

- US economic recovery may depend on a similar recovery of major non-US countries. Can these governments get fiscal and monetary policy correct?

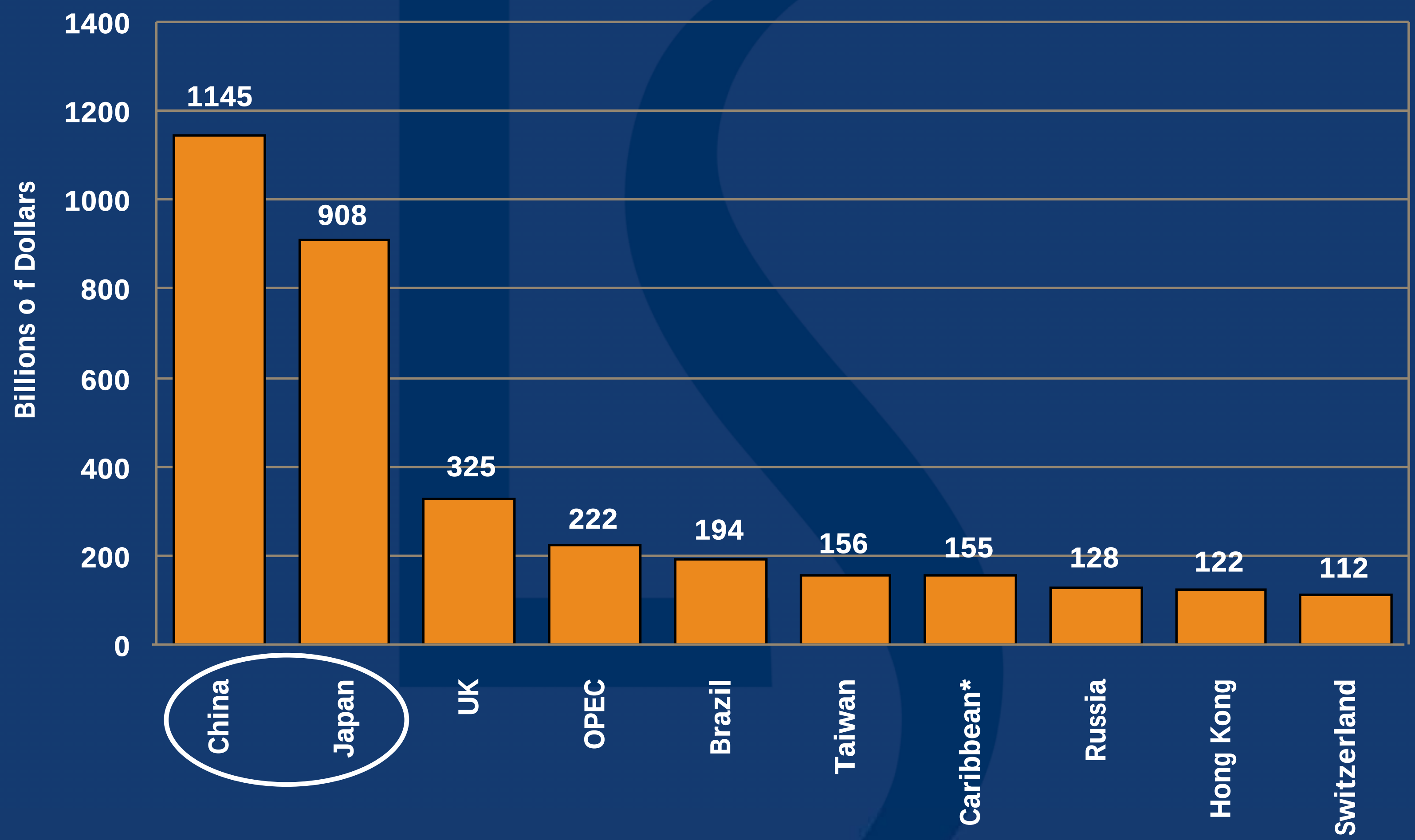
CAUSES OF AMERICAN BUSINESS CYCLES, 1890-1990

	Domestic Real	Foreign Real	Domestic Monetary	Foreign Monetary
Number of Cycles	11	2.5	5.5	5
Months of Lost Production	22.05	3.73	18.15	26.02

Data source: "The Cause of American Business Cycles: An Essay in Economic Historiography", Temin, Peter. As of December 31, 1998.

who's on the hook?

TOTAL FOREIGN HOLDINGS OF US TREASURY SECURITIES



*Caribbean banking centers include: Bahamas, Bermuda, Cayman Islands, Netherlands Antilles & Panama. Data source: US Treasury, history through 3/2011.

should we be worried about political stability?

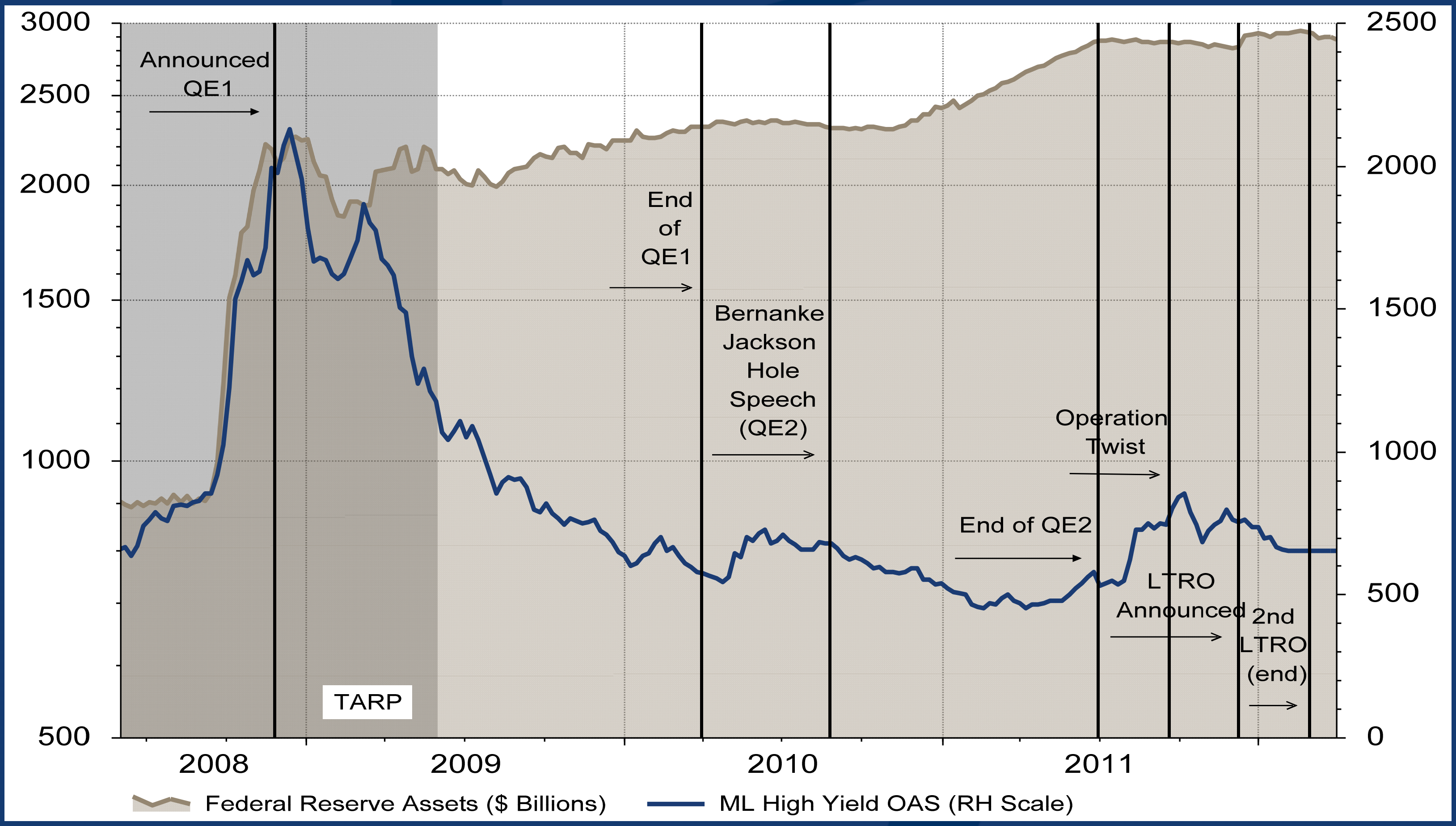
Countries	Real GDP YoY	Date	Real GDP QoQ	Date	Unemploy-ment SA	Date	CPI YoY	Date
Greece	-5.50	3/12	0.2	3/12	22.6	4/12	1.30	6/12
Portugal	-2.20	3/12	-0.1	3/12	15.2	5/12	2.7	6/12
Ireland	1.20	4/12	-0.53	4/12	14.9	6/12	1.7	6/12
Spain	-0.40	6/12	-0.3	6/12	24.6	5/12	1.9	6/12
Germany	1.20	3/12	0.5	3/12	6.8	6/12	1.7	7/12
France	0.30	3/12	0	3/12	10.1	5/12	1.9	6/12
Italy	-1.40	3/12	-0.8	3/12	10.1	5/12	3.3	6/12
United Kingdom	-0.80	6/12	-0.7	6/12	8.1	5/12	2.4	6/12
Eurozone	0.00	3/12	0	3/12	11.1	5/12	2.4	6/12

Data source: Bloomberg, July 2012. This is for informational purposes only and should not be construed as investment advice. We believe the information, including that obtained from outside sources, to be correct, but we cannot guarantee its accuracy. It cannot be copied, reproduced or redistributed without authorization.

For NCTR Use Only. Not for Further Distribution.

Fed balance sheet and high yield OAS

FED ASSETS, HIGH YIELD OAS AND QUANTITATIVE EASING



Source: Federal Reserve, Merrill Lynch, as of July 18, 2012. This is for informational purposes only and should not be construed as investment advice. We believe the information, including that obtained from outside sources, to be correct, but we cannot guarantee its accuracy. It cannot be copied, reproduced or redistributed without authorization.

summary

WE BELIEVE

- Good news:
  - — Low default rates/corporate health/abundance of liquidity/active Central Banks
- Bad news:
  - — Abundance of liquidity/deficits/fiscal policy/growth/demographics
- Still some opportunity in HY, bank loans, CMBS, EMD & currency
- Premium for alpha type and low duration strategies
- Liquidity will likely drive market valuation more than fundamentals
- Can Central Banks solve every problem?… History tells us mistakes can be made