CDC Nvest Funds
Loomis Sayles Funds
399 Boylston Street
Boston, Massachusetts 02116

March 9, 2004

Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Re: File No. S7-03-04
Investment Company Governance Proposals
(Investment Company Act Release No. 26323)

Dear Mr. Katz:

The Independent Trustees of the CDC Nvest Funds and the Loomis Sayles Funds (the "Funds") are submitting this letter in response to the request by the Commission for comments regarding the investment company governance proposals set forth in the above Release.

The Funds consist of 40 portfolios of eight investment companies registered under the Investment Company Act of 1940, with total assets of approximately $9.7 billion. The Funds have eleven Trustees, eight of whom are not "interested persons" of the Funds within the meaning of the Investment Company Act. The Funds are advised by members of the CDC IXIS Asset Management Advisors Group and certain non-affiliated sub-advisers.

We fully support the Commission's objective, as stated in the Release, of enhancing the independence and effectiveness of fund boards. We further support a number of the proposals in the Release, including the requirements for self-evaluations by boards and separate meetings of the independent directors. We previously adopted a self-evaluation process that reviews, among other matters, the effectiveness of our board processes and committee structure, and we regularly meet in executive session. We believe both procedures increase our effectiveness.

However, we believe that two requirements proposed by the Commission should not be adopted. Our views on these proposals, which relate to requirements that boards have an independent chairman and that independent directors constitute at least seventy-five percent of an investment company's board, are discussed separately below.

<u>Independent Chairman of the Board</u>

The Commission proposes to require that a non-interested director either serve as the chairman of the board of directors or otherwise preside over meetings of the board and have "substantially the same responsibilities as would a chairman of the board of directors." In support of the proposal, the Commission states that the board chair "can largely control the board's agenda" and "can have a substantial influence on the fund boardroom's culture." The Release does not describe the duties of the chairman.

We submit that an independent chairman is not necessary for a fund's board to function effectively and in a manner that favors the long-term interests of fund shareholders. Instead, we believe that the boardroom culture is enhanced by the requirement that a majority (or supermajority) of the directors be non-interested directors and by preserving for the independent directors the authority and flexibility to determine how the board operates.

With respect to the independent chairman position, we believe that a chairman would be required to invest significant time and effort working with the fund's management personnel in order to be effective in carrying out the responsibilities of such position. We further believe that this involvement with management could itself interfere with that individual's ability to serve as an effective independent director. Finally, we submit that the chairman position differs significantly from the lead director position in terms of the relationship of the individual in the management and ongoing operations of the fund. Thus, we believe that one or more directors can serve in the latter position and fulfill what appears to be the Commission's expectation from a chairman – but without the same risk of involvement in management that we believe the independent chairman role could entail.

Our boards have established two committees with significant responsibilities for governance and operational matters. The committees consist solely of independent trustees, and the chairs of the committees (together with the committee members) exercise substantive responsibilities without taking part in the actual management of the Funds. We do not see any benefit to our board's operations that would result from an independent chairman. Further, for the reasons described above, we believe that the individual serving in that capacity could be drawn into management of the Funds to such an extent that his or her effectiveness as an independent trustee could be impacted. We also believe that establishment of the independent chairman position would impose additional costs on the Funds, in terms of both compensation for the chairman and services that might be required to support the chairman. Finally, we believe that we currently have an effective role in creating agendas for board and committee meetings and that adoption of this proposal at best would generate an additional layer in this process and at worst would interfere with our operations.

We recognize that fund boards have adopted varying committee and governance structures. We are also aware that some boards have appointed an independent chairman. However, we strongly believe that it would not be in the interests of investment companies and their shareholders for the Commission to mandate the appointment of independent chairmen for all investment companies. We believe that fund boards should be able to evaluate their particular circumstances and that the independent directors of each board should have the ability to determine how that board will operate.

Board Composition Requirements

The Commission proposes in the Release that all registered investment companies have a board of directors whose independent directors constitute at least seventy-five percent of the board. For the reasons discussed below, we recommend that this proposal be revised to require that at least two-thirds of the directors qualify as independent directors.

Our boards, like many mutual fund boards, have operated with a higher percentage of independent directors (or trustees) than has been required by the Investment Company Act. The composition of our boards (with approximately 73% of the members being independent) is consistent with the recommendation in the June 1999 report of the Investment Company Institute's advisory group on best practices for fund directors that at least two-thirds of a fund's directors be independent.

We believe that a board realizes advantages from a structure that requires that at least two-thirds of its members be independent directors. Consistent with the Commission's views, we believe that such a structure enhances both the boardroom culture discussed in the Release and the independent directors' role in overseeing the operations of the fund.

We do not, however, see any similar benefit that results from increasing the required proportion of independent directors from two-thirds to a seventy-five percent level. Instead, we believe that our Funds, and other funds that have followed the ICI's best practices report, could find that compliance with a seventy-five percent requirement, through either a reduction in the number of interested directors or an increase in the number of independent directors, involves potential disruption and time commitments at a time when boards are otherwise focused on implementing the reforms contemplated by recent proposals of the Commission. Further, mutual funds will incur significant costs to the extent that shareholder meetings are required to elect the directors necessary to satisfy rules adopted by the Commission.

If the Commission does adopt new requirements on board composition, we recommend that there be a transition period of at least eighteen months before the effective date of the new requirements in light of the time that may be required to identify and interview prospective candidates and to hold any shareholder meetings that may be required in order to elect the new directors.

We would be pleased to provide any further information the Commission may request relating to the matters addressed above.

Very truly yours,

The Independent Trustees of the CDC Nvest Funds and the Loomis Sayles Funds

Graham T. Allison, Jr.	Kenneth J. Cowan
Edward A. Benjamin	Richard Darman
Daniel M. Cain	Sandra O. Moose
Paul G. Chenault	John A. Shane

By: /s/ Daniel M. Cain
Chair, Audit Committee

By: /s/ Kenneth J. Cowan
Chair, Contract Review
and Governance Committee

Appendix

Independent Trustees of the CDC Nvest Funds
and Loomis Sayles Funds

Graham T. Allison, Jr. – Douglas Dillon Professor and Director of the Belfer Center of Science for International Affairs, John F. Kennedy School of Government, Harvard University

Edward A. Benjamin – retired; formerly Partner, Ropes & Gray

Daniel M. Cain – President and CEO, Cain Brothers & Company, Incorporated (investment banking)

Paul G. Chenault – retired; Trustee, First Variable Life (variable life insurance)

Kenneth J. Cowan – retired; formerly CFO, Blue Cross/Blue Shield of Massachusetts

Richard Darman – Partner, The Carlyle Group (investments)

Sandra O. Moose – President, Strategic Advisory Services (management consulting)

John A. Shane – President, Palmer Service Corporation (venture capital organization)