

MARKET VOLATILITY PREVAILS AS GATEWAY INDEX/RA PRODUCES 6.10%, NET OF FEES, FOR THE SECOND QUARTER 2009

MANAGEMENT DISCUSSION

During the first six months of 2009, economic data provided little assurance that a protracted recovery had begun. Despite massive government and Federal Reserve Board stimulus, the data merely pointed to a slowdown of bad economic news. However, on the positive side, signs that the decline was slowing suggested that perhaps a recovery was indeed in the offing. The stock market, perhaps anticipating such a recovery, rallied strongly from the S&P 500 Index intraday low of 666.79 on March 9, 2009, to close at 919.32 on June 30, 2009. This rally succeeded in pushing the stock market into positive territory for the six months ended June 30, 2009, ending the period up 3.16%.

For the second quarter, the S&P 500 Index posted a strong return of 15.93%. However, even with this rally, from the market peak on October 9, 2007 through June 30, 2009, the S&P 500 Index performance was still -38.74%. While certainly a significant decline for investors holding large equity allocations in their portfolios, it is less than the 47.16% decline it showed from the same point in 2007 through the end of March 2009.

On the heels of the strong second quarter market rally, volatility, as measured by the Chicago Board Options Exchange Volatility Index (the "VIX"), fell during the second quarter from 44.14 on March 31, 2009 to 26.35 on June 30, 2009. While the VIX has receded from levels associated with rapidly-declining markets, it remains above its long-term historical average and in a range favorable to option sellers.

The Barclays Capital U. S. Aggregate Bond Index delivered most of its year-to-date performance in the second quarter, achieving 1.79% of its total 1.91% calendar year-to-date performance. Tempering the enthusiasm for fixed income investments was the overhang of massive fiscal and monetary intervention, which raised the specter of inflation and rising interest rates.

GATEWAY INDEX/RA PERFORMANCE

Based on continued strong cash flow from index option transactions, the Gateway Index/RA composite likewise delivered solid second quarter performance, moving ahead 6.10%, net of fees. After using similar cash flow in the first quarter to soften the decline of the S&P 500 Index, Gateway showed a six-month performance of -0.76%. For the period October 31, 2007 through June 30, 2009, Gateway is down 15.57%, as compared to the 38.16% decline of the S&P 500 Index.

One important aspect of Gateway's performance worth noting is its stability over the last ten years. From June 30, 1999 through June 30, 2009, the S&P 500 Index has been pummeled by two bear market phases with a relatively flat market recovery in between. For that ten-year period, Gateway Index/RA, net of fees, shows a cumulative positive return of 31.55% versus a cumulative decline of 20.16% for the S&P 500 Index.

MARKET PERSPECTIVE

In the second quarter, particularly in its later stages, investors seemed to signal that they were willing to be patient and allow the economic picture to more fully develop. In the absence of strong assurance, caution is likely to continue to permeate investors' thoughts about investing available capital as virtually every risky investment sector came under pressure in 2008. Prevailing uncertainty and caution provide attractive market conditions for Gateway to continue deploying its hedged equity strategy which generates cash inflows from option markets.

For over 21 years, Gateway has provided an attractive risk-reward profile for cautious equity investors. With its stable return profile relative to the S&P 500 Index over the last five-, ten- and twenty-year periods, Gateway has continued to fill its established investment niche. As new investment panaceas come and go, Gateway, with its historical ability to deliver relatively consistent returns while maintaining a comparatively low risk profile, may provide a core holding for investors in their diversified portfolios.

MARKET VOLATILITY PREVAILS AS GATEWAY INDEX/RA PRODUCES 6.10%, NET OF FEES, FOR THE SECOND QUARTER 2009 (CONTINUED)

Gateway Investment Advisers, LLC (“Gateway”) is an independent registered investment adviser and a successor in interest to Gateway Investment Advisers, L.P. as of February 15, 2008. Gateway Index/RA performance in this document is an asset-weighted composite of discretionary accounts under Gateway’s management which share the same investment objectives and hedging strategies.

Gateway Investment Advisers, LLC claims compliance with the Global Investment Performance Standards (GIPS®). The composite was created in January 1993. Prior to January 1, 1993, not all fully discretionary portfolios were represented in composites. Results shown for 1988 through 1992 are those of one representative account.

Gateway Index/RA performance results reflect the deduction of investment advisory fees and the reinvestment of dividends and other earnings. Past performance is no guarantee of future results. A more detailed description of Gateway’s fees is included in Form ADV, Part II.

The Annual Disclosure Presentation for Gateway Index/RA is available on the “Literature” page of this website or by calling 513.719.1100 extension 443.

The S&P 500 Index is a widely recognized measure of performance for the U. S. stock market. The S&P 500 Index figures represent the prices of a capitalization-weighted index of 500 common stocks and assume reinvestment of all dividends paid on the stocks in the index.

The Barclays Capital U. S. Aggregate Bond Index is an index comprised of approximately 6,000 publicly traded bonds including U. S. government, mortgage-backed, corporate and Yankee bonds with an average maturity of approximately 10 years. The index is weighted by the market value of the bonds included in the index. This index represents asset types which are subject to risk, including loss of principal.

Data Source: Gateway Investment Advisers, LLC and Thomson Reuters

AVERAGE ANNUAL TOTAL RETURNS AS OF JUNE 30, 2009			
	GATEWAY INDEX/RA (NET OF FEES)	Barclays Capital U. S. Aggregate Bond Index	S&P 500 Index
One Year	-12.80%	6.06%	-26.21%
Three Years	-0.78	6.43	-8.22
Five Years	2.20	5.02	-2.25
Ten Years	2.78	5.98	-2.23
Since 1/1/88	7.84	7.37	8.75