

EVEN WITH A STRONG THIRD-QUARTER MARKET RALLY, GATEWAY INDEX/RA CONTINUES TO BENEFIT FROM ABOVE-AVERAGE OPTION PREMIUM CASH FLOW

MARKET BACKGROUND

Supported by signs of recovery following the market bottom in March 2009, the financial markets continued their rally in the third quarter. Ample market liquidity and improving economic indicators led the S&P 500 Index to deliver a total return of 15.61% for the quarter. Despite this robust rally, sobering realities such as stubbornly high levels of unemployment and growing Federal deficits persist.

Despite some signs of economic recovery, capacity utilization levels remained near historic lows. The very low risk of resurgent inflation in combination with such low capacity utilization was cited by Federal Reserve Board Chairman Bernanke in his September report to Congress to justify the Board's stance on maintaining a low interest rate environment. The prospect of an extended period of low interest rates from the nation's central banks further supported the fixed income markets. The Barclays Capital U. S. Aggregate Bond Index delivered a total return of 3.74% for the third quarter of 2009.

Perceived risk, as represented by the Chicago Board Options Exchange Volatility Index (the "VIX"), remained relatively steady. The VIX closed at 25.61 on September 30, down slightly from its close of 26.35 on June 30, but above its historic average.

GATEWAY INDEX/RA REVIEW

Gateway Index/RA delivered a total return of 4.10%, net of fees, for the third quarter, following the total return of 6.10% achieved in the second quarter of 2009. Performance during the third quarter benefited from elevated levels of call option premiums, further bolstered by a rising stock market. In a flat-or-rising market environment, the Gateway strategy will generally be able to capture more option premium and deliver it as total return as opposed to using such premium to help offset declining stock prices as occurred in the first quarter 2009. The market rally has thus allowed Gateway to retain its premium cash flow.

MARKET PERSPECTIVE

The financial crisis and its aftermath have had a dramatic impact on the capital markets over the past nine months. Before the full shape of government-sponsored rescue plans became known, stock markets plummeted to lows not seen since 1998. As the effects of recovery-oriented policies began to materialize, credit markets thawed and stock markets advanced dramatically.

From November 1, 2007 through September 30, 2009, the S&P 500 Index has declined by 28.50%. Over the same time period, Gateway Index/RA declined by 12.10%, net of fees, offsetting over 55% of the market's loss. An explosive 58.25% rally for the S&P 500 Index which occurred since the March 9, 2009 market bottom has reduced an otherwise much wider gap from its 2007 high. However, with this rally occurring in such a short period of time, equity investors may be rightfully wary. The tendency toward caution may be reinforced by the lack of strong fundamental data necessary to validate the rally. At a minimum, it appears that equity markets may require some time to revert to their long-term historic average annual return levels.

Interest rates have seen a significant drop since the market peak nearly two years ago. Short-term yields have plunged from approximately 4% to near 1%. Intermediate- and long-term yields have declined as well. Just as prospects for increasing yields may seem remote today, prospects for strong returns from bonds over the next five-to-ten years seem problematic.

As of September 30, 2009, the three-year cumulative return of Gateway Index/RA, net of fees, is down less than 2%, and the five- and ten-year cumulative returns for Gateway Index/RA, net of fees, significantly exceed those of the S&P 500 Index for the same time periods. Moreover, if the market has at least stabilized for now, Gateway is in position to continue to profit from elevated levels of option premium. Having experienced lower losses and less turbulence than equity investors, long-term Gateway investors have experienced a clear benefit from Gateway's conservative approach to equity investing.

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EVEN WITH A STRONG THIRD-QUARTER MARKET RALLY, GATEWAY INDEX/RA CONTINUES TO BENEFIT FROM ABOVE-AVERAGE OPTION PREMIUM CASH FLOW (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 SEPTEMBER 30, 2009			
	GATEWAY INDEX/RA (NET OF FEES)	Barclays Capital U. S. Aggregate Bond Index	S&P 500 Index
One Year	-8.27%	10.56%	-6.91%
Three Years	-0.53	6.41	-5.43
Five Years	2.94	5.13	1.01
Ten Years	3.20	6.30	-0.16
Since 1/1/88	7.94	7.46	9.37