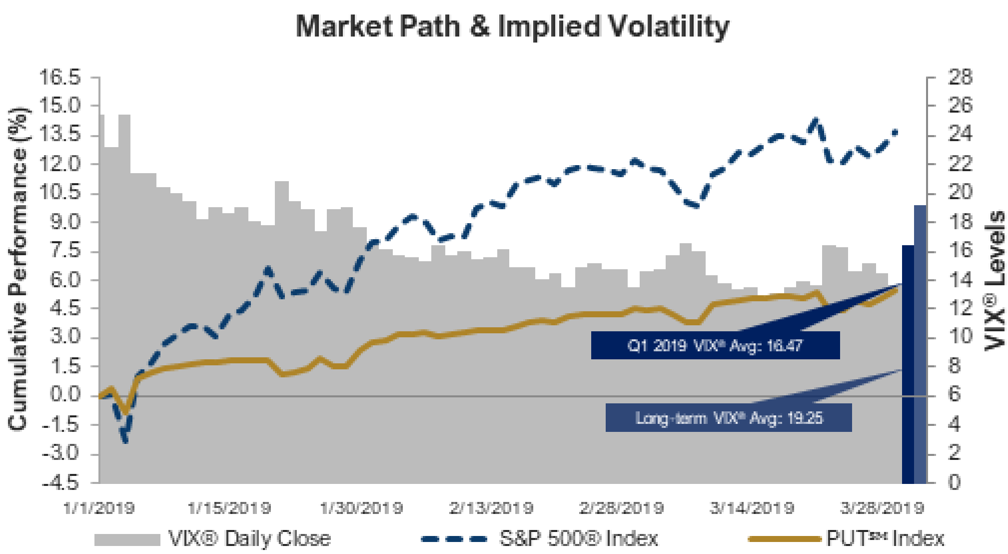
In Brief

- The Gateway Active Index-PutWrite Composite (the Composite) returned 7.30%, net of fees, in the first quarter compared to the 5.48% return of the Cboe® S&P 500 PutWrite℠ Index[1] (PUT℠) and the 13.65% return of the S&P 500® Index.
- The Composite's outperformance relative to PUT℠ was driven by its active approach, which, for much of the quarter, utilized longer-dated index put options than the monthly contracts specified by the passive, rules-based approach of PUT℠.
- Implied volatility drifted lower throughout the quarter and exceeded realized volatility with Chicago Board Options Exchange (Cboe®) Volatility Index (VIX®) averaging 16.47 for the quarter while the annualized standard deviation of the S&P 500® Index was 13.55%.
- The combination of elevated equity valuations, which may be an indicator of increased downside risk, and a flattened yield curve in the bond market, which may limit a continuation of bond market gains fueled by the downtrend in longer-term yields, creates new challenges for long-term investors. In this environment, investors may benefit from increasing allocations to low volatility equity strategies that can provide consistent participation in equity market advances and be a reliable source of protection during equity market declines.



Market Recap

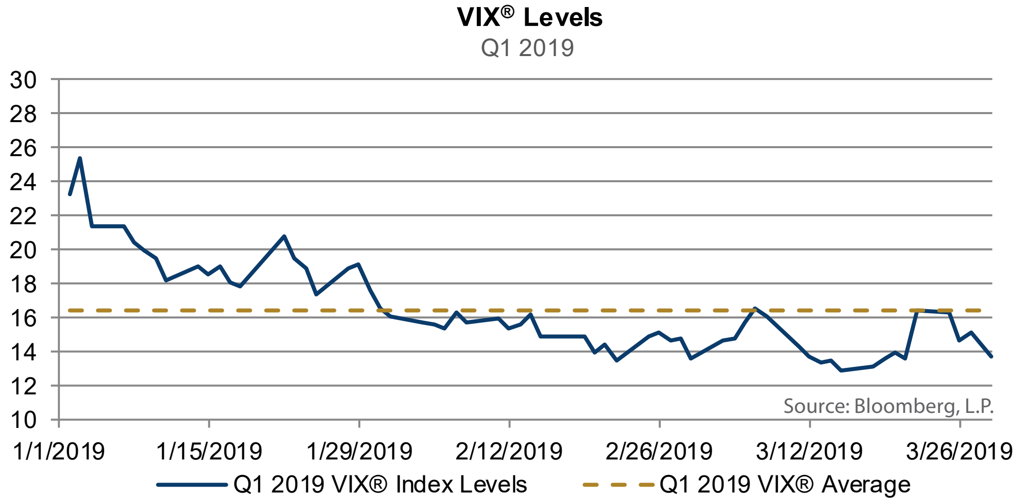
The S&P 500® Index advanced 13.65% in the first quarter of 2019, extending a rally that began after equity markets approached bear territory late in the fourth quarter of 2018 and posting its strongest quarterly return in almost ten years. The first quarter result was front-loaded with January's 8.01% return, the strongest start to a year since 1987, and the upward trend continued with returns of 3.21% and 1.94% for February and March, respectively. Though the S&P 500® Index has returned an impressive 21.22% since December 24, 2018, the equity market has yet to fully recover from the near-bear market decline suffered during the fourth quarter of 2018. Since its all-time high on September 20, 2018, the S&P 500® Index has returned -2.26%.

Throughout the quarter, many of the issues weighing on the market in late 2018 subsided. After concerns of aggressive tightening, the Federal Reserve (the Fed) showed its flexibility while softening its hawkish tone by suggesting fewer rate hikes anticipated in 2019. Additionally, the Fed announced plans in March to slow, then cease, balance sheet reductions before the close of the year. A prolonged government shutdown also seemed to produce negligible effects on an otherwise strong U.S. economy and trade tensions showed signs of easing. Gross Domestic Product growth for the fourth quarter of 2018 came in at 2.2%, in line with consensus expectations. Corporate earnings also remained relatively strong, with over 75% of companies reporting fourth quarter earnings meeting or exceeding analyst estimates and aggregate operating earnings for S&P 500® Index companies growing 21.76% year-over-year. The employment situation improved slightly

1: The PUT℠ is a passive total return index designed to track the performance of a hypothetical portfolio that sells S&P 500® Index (SPX) put options against collateralized cash reserves held in a money market account. The PUT℠ strategy is designed to sell a monthly sequence of SPX puts and invest cash at one- and three-month Treasury Bill rates. The monthly sequence entails writing one-month SPX put options with a strike price approximately at-the-money each month on the Friday of the standard index option expiration cycle and holding that position until the next. The number of put contracts with identical strike prices and expiration dates sold varies from month to month but is limited so that the amount held in Treasury Bills can finance the maximum possible loss from final settlement of the SPX puts.

throughout the quarter with the February unemployment rate declining to 3.8% and the participation rate holding at 63.2%. The February Consumer Price Index, released on March 12, showed a 1.5% year-over-year increase, in line with expectations, and below the 2% level targeted by the Fed.

Implied volatility, as measured by VIX®, averaged 16.47 for the quarter. VIX® exceeded S&P 500® Index realized volatility, as measured by its annualized standard deviation of daily returns, of 13.55% for the quarter. VIX® peaked early in the quarter on January 3 at 25.45 before drifting towards its low point of 12.88 on March 15 and closed the quarter slightly higher at 13.71.



PUT℠ posted a return of 5.48% during the first quarter of 2019. On the third Friday of each month, PUT℠ wrote a new index put option as the option it wrote the previous month expired. The premiums[2] collected on these written put options influence its return potential over a period when the market advances. Premiums collected as a percentage of PUT℠'s underlying value were 1.40%, 1.31% and 1.12% in January, February and March, respectively. With monthly returns of 2.77%, 1.40% and 1.21%, PUT℠ underperformed the S&P 500® Index in each month of the quarter, with the largest differential occurring in January. Premiums collected by PUT℠ did not provide enough return potential to keep pace with the above-average rate of return the equity market exhibited over the course of the quarter.

Meanwhile, the Bloomberg Barclays U.S. Aggregate Bond Index (the Agg) climbed 2.94% in the first quarter. The yield on the 10-year U.S. Treasury Note (10-Year) started the quarter at 2.69%, reaching an intra-quarter high in January of 2.79%, before drifting lower to end the quarter at 2.41%. The low point of the quarter came on March 27 with a yield of 2.37%. The spread between the 2- and 10-year U.S. Treasury Notes narrowed from an intra-quarter high of 20 bps to a low of 12 basis points (bps). Investors witnessed an inversion on the short end of the Treasury yield curve with the 2- and 10-Year first quarter yields at 2.26% and 2.41%, respectively, while the yields on the 1-month, 3-month, and 6-month T-bills ended the quarter higher at 2.42% across the board.

Gateway Active Index-PutWrite Composite Performance

The Composite returned 7.30%, net of fees, for the first quarter, outperforming PUT℠ by 182 bps. With monthly returns of 4.11%, 1.74% and 1.30% for January, February and March, respectively, the Composite outperformed PUT℠ in each month of the quarter.

For the first quarter, the Composite's underlying Treasury bill portfolio contributed a total return of 0.61%. The Composite's index put option portfolio contributed positively to returns in each month of the quarter, though gains were smaller than the monthly returns of S&P 500® Index, as expected when the equity market advances at an above-average rate with below average implied volatility levels.

In managing the Composite's portfolio of written index put options, Gateway's investment team focused on exchanging option contracts well in advance of their expiration dates for contracts with later expiration dates and higher strike prices. This was in an effort to maintain a typical amount of equity market exposure during the market's rapid advance and protect the Composite from the potentially adverse impact of a sharp reversal in market direction.
As of quarter end, the full value of the Composite's maximum potential loss on written index put options was secured with Treasury bills and cash. The Composite's diversified portfolio of written index put options had a weighted-average strike price between 1.5% in-the-money and 1.5% out-of-the-money, weighted-average time to expiration of 26 days and annualized premium to earn between 15.0% to 20.0%. Relative to the beginning of the quarter, this positioning represented slightly lower market exposure and lower net cash flow potential.

2: Premiums are calculated as a percentage of the written index put option's strike price. The number of put options written is limited such that the maximum potential loss of the written puts cannot exceed cash on hand. The writer of an index put option is obligated to deliver cash in an amount equal to the difference between the put contract's strike price and the value of the index at expiration. The maximum potential loss of a written index put option would occur if the value of the index, in this case the S&P 500® Index, fell to zero. Since the writer of an index put option is obligated to deliver cash in an amount equal to the difference between the put contract's strike price and the value of the index at expiration, the maximum potential loss would be equal to the strike price times the number of contracts written.

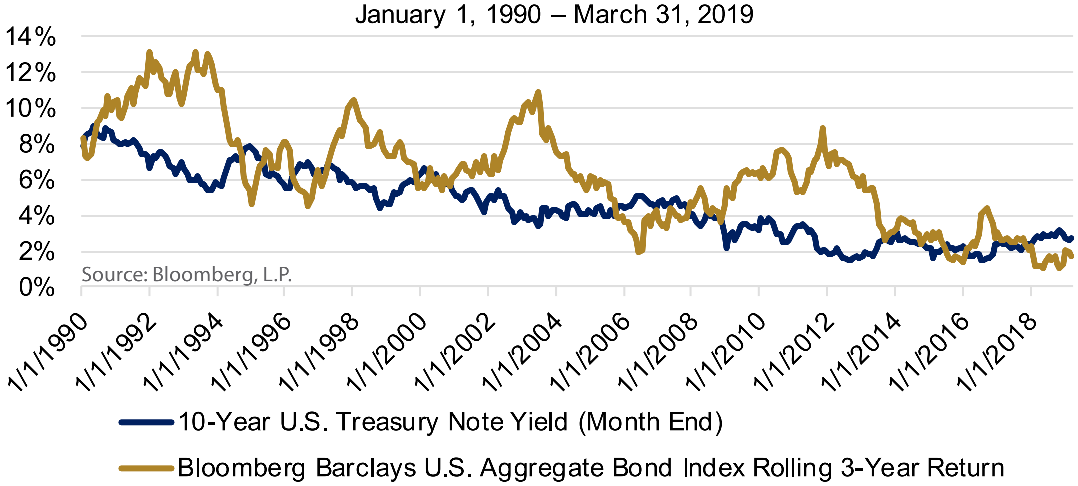
Market Perspective

Roosters typically crow in advance of the sunrise, but that knowledge does not provide much insight on the movement of the heavens. Similarly, the U.S. Treasury yield curve may typically invert in advance of recessions, but that knowledge does not provide much insight into when a recession will likely start, how deeply the economy may entrench or how negative the equity market response will be to economic deterioration. The first quarter of 2019 witnessed the yield on the 10-Year dip below the yield on the 3-month U.S. Treasury Bill for the first time since 2007, therefore, some investors looking for higher definition forecasts from market seers have likely been left wanting.

Should investors alter their long-term plans given current economic and capital market conditions? While a true long-term investment plan should have the ability to remain intact through a recession and/or bear market, investors may be understandably nervous about a test of their long-term mettle seeming to grow more imminent by the day.

The combination of current conditions creates unique challenges for long-term investors intent on maintaining their strategic risk profile. The strong rally in the beginning of the year has returned equity market valuations to the upper end of their historical range. This may be an indicator of increased downside risk – a risk that could be realized in the near to intermediate future, given where we are in the economic cycle. But what if the robust trends of an expanding economy with record-low unemployment, benign inflation and corporate earnings growth continue? How much return would investors leave on the table by reducing exposure to the equity market?

10-Year U.S. Treasury Note Yield vs. Bloomberg Barclays U.S. Aggregate Bond Index Returns
January 1, 1990 – March 31, 2019



Despite positive returns from the Agg over the last two quarters, there is evidence that the bond market has become a less attractive safe haven. When yields were higher, it was possible for investors to garner a decent return while waiting for disaster to strike in the equity market. But, as the adjacent chart shows, as the bellwether 10-Year yield has trended downward, so has the return potential of the bond market.

Moreover, as seen in the following table, the strong first-quarter return for the Agg is consistent with a pattern in recent years (beginning in 2012) when brief periods of falling interest rates have helped generate quarterly returns for the Agg that were well above yields on the 10-Year, while calendar year and multi-year annualized returns for the Agg have rarely exceeded 3.5%. If longer-term yields remain range-bound, investors could expect this pattern to continue.

The combination of elevated equity valuations, which may be an indicator of increased downside risk, and a flattened yield curve in the bond market, which may limit a continuation of bond market gains fueled by the downtrend in longer-term yields, creates new challenges for long-term investors. In this environment, investors may benefit from increasing allocations to low volatility equity strategies that can provide consistent participation in equity market advances and a reliable source of protection during equity market declines. Delivering this profile has been the sole focus of Gateway's risk-first approach to long-term investing for over 40 years.

Bloomberg Barclays U.S. Aggregate Bond Index Returns (%)
2012 - 2019

	Q1	Q2	Q3	Q4	Year
2012	0.30	2.06	1.59	0.21	**4.22**
2013	**-0.12**	**-2.33**	0.57	**-0.14**	**-2.02**
2014	1.84	2.04	0.17	1.79	**5.97**
2015	1.61	**-1.68**	1.23	**-0.57**	0.55
2016	3.03	2.21	0.46	**-2.98**	2.65
2017	0.82	1.45	0.85	0.39	**3.54**
2018	**-1.46**	**-0.16**	0.02	1.64	0.01
2019	2.94				

Source: Bloomberg, L.P.

Important Information

All data as of 03.31.2019, unless noted otherwise.

For more information and access to additional insights from Gateway Investment Advisers, LLC, please visit www.gia.com/insights.

Gateway Active Index-PutWrite Composite contains a fully discretionary option writing account that sells (writes) index put options. The written put options are exchange-traded and fully cash-secured. Indexes utilized for put option activity are liquid U.S. equity indexes that include all sectors of the economy. Put writing activity provides cash flow and equity market correlation. The Composite was created on April 1, 2015. The Composite net of fee performance results reflect the reinvestment of any earnings, and reflect the deduction of a model advisory fee of 0.35%. Fees, including the model advisory fee netted from this Composite, may be less or more than fees that other accounts would pay for this strategy in the future. A more detailed description of Gateway's standardized fees is included in Form ADV, Part 2.

For comparison purposes, the Composite may be measured against the following indexes: Cboe® S&P 500 PutWrite℠ Index (PUT℠ Index), a passive total return index designed to track the performance of a hypothetical put-write strategy on the S&P 500® Index;
S&P 500® Index, a popular indicator of the performance of the large capitalization sector of the U.S. stock market. Performance results are expressed in U. S. dollars;

Selling index put options can reduce the risk of equity market volatility, but limits the opportunity to profit from an increase in the market value of stocks in exchange for up-front cash at the time of selling the put option. Unusual market conditions or the lack of a ready market for any particular option at a specific time may reduce the effectiveness of the Composite's option strategy, and for these and other reasons the Composite's option strategy may not reduce the volatility to the extent desired. Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.

Gateway Investment Advisers, LLC (Gateway) is an independent registered investment adviser and a successor in interest to Gateway InvestmentAdvisers, L.P. as of February 15, 2008.

The Annual Disclosure Presentation for the Gateway Index/RA Composite is included with this document. Additional copies are available upon request by calling 513.719.1100.

Data Source: Gateway Investment Advisers, LLC and Morningstar Direct℠

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GATEWAY INVESTMENT ADVISERS, LLC
GATEWAY ACTIVE INDEX-PUTWRITE COMPOSITE
ANNUAL DISCLOSURE PRESENTATION

Year End	Annual Performance Results					Composite 3-Year Std. Dev	PUT℠ Index 3-Year Std. Dev	S&P 500® Index 3-Year Std. Dev	Number of Composite Accounts	Composite Assets (millions)	Firm Assets (millions)
	Composite Gross	Composite Net	% of Non-Fee Paying	PUT℠ Index	S&P 500® Index						
9 Months Ended 12/31/2015	4.34%	4.07%	100%	5.94%	0.45%	N/A	N/A	N/A	1	$ 5	$ 12,210
2016	8.76	8.37	100	7.77	11.96	N/A	N/A	N/A	1	6	11,601
2017	12.15	11.75	100	10.85	21.83	N/A	N/A	N/A	1	5	12,559
2018	-5.61	-5.96	100	-5.93	-4.38	6.89%	7.50%	10.95%	1	4	11,641

N/A: The three year annualized ex-post standard deviation of the Composite and benchmarks is not presented as 36-month returns are not available. For all periods shown, the Composite has less than six accounts for the full year. As such, the Composite dispersion of portfolio returns is not applicable.

<u>Gateway Active Index-PutWrite Composite</u> contains fully discretionary option writing accounts that sell (write) index put options. The written put options are fully cash-secured. Indexes utilized for put option activity are U.S. domestic equity indexes that include all sectors of the economy. This put writing activity provides cash flow and equity market correlation. The Gateway Active Index-PutWrite Composite was created April 1, 2015. From July 1, 2016 to January 27, 2017, the Composite was named the Gateway Active Index-PutWrite U.S. Composite.

For comparison purposes, the Composite is measured against two indexes: the Cboe® S&P 500 PutWrite℠ Index (PUT℠ Index), a passive total return index designed to track the performance of a hypothetical put-write strategy on the S&P 500® Index and the S&P 500® Index, a popular indicator of the performance of the large capitalization sector of the U.S. stock market.

Performance results are expressed in U.S. dollars. Performance returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the Composite's highest stated model fee of 0.35%. Past performance is not indicative of future results. The annual Composite dispersion, if applicable, is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year.

The investment management fee for the Composite is 0.35%. Actual investment management fees incurred by Composite accounts may vary.

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 claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Gateway has been independently verified for the periods January 1, 1993 through December 31, 2018.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Gateway Active Index-PutWrite Composite has been examined for the periods April 1, 2015 through December 31, 2018. The verification and performance examination reports are available upon request.

Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. A list of composite descriptions is also available upon request.