Active Index-Option Overwrite Composite Commentary
Q4 2019

In Brief

- The Gateway Active Index-Option Overwrite Composite (the Composite) returned 5.06%, net of fees, for the fourth quarter compared to the 4.33% return of the Cboe® S&P 500 BuyWrite℠ Index[1] (the BXM℠) and 9.07% return for the S&P 500® Index. For the full year, the Composite returned 17.42%, net of fees, compared to the 15.68% and 31.49% return of the BXM℠ and S&P 500® Index, respectively. (A GIPS® Composite Report is included with this Commentary.)

- Fourth quarter annualized standard deviations of daily returns for the S&P 500® Index, the BXM℠ and the Composite* were 9.43%, 7.20% and 5.73%, respectively.

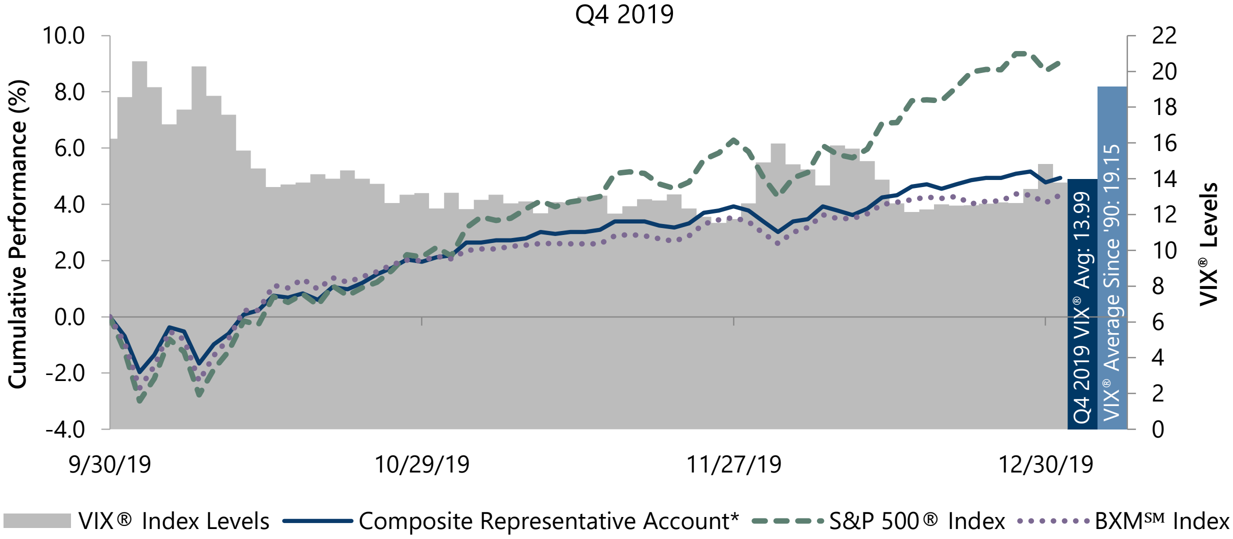
- Outperformance for the quarter relative to the BXM℠ was primarily due to the Composite's diversified and active option writing approach which provided consistent exposure during market advances and more option writing cash flow, while the BXM℠'s passive, single contract approach resulted in decreasing market exposure and less cash flow during rising markets.

- Removal of trade uncertainty helped propel the S&P 500® Index upward as phase one negotiations between the U.S. and China were finalized and set to be signed in early 2020, the United States-Mexico-Canada Agreement advanced to the Senate, and a decisive U.K. election brought the Brexit process closer to an end.

- The Cboe® Volatility Index® (the VIX®) averaged 13.99 for the fourth quarter of 2019 and 15.39 for the full year, both below its historical average of 19.15. The 2019 closing high for the VIX® was 25.45 on January 3, as the equity market began its recovery from near bear market territory in December 2018. The 2019 low for the VIX® was 11.54 on November 26 and it closed the year at 13.78. Average implied volatility exceeded realized volatility for the year as the S&P 500® Index had a 12.47% annualized standard deviation of daily returns, while the Composite* had a standard deviation of 7.69%.

- Despite a strong equity market advance in 2019, implied volatility levels remained above the historic lows set in 2017. This helped the BXM℠ and the Cboe® S&P 500 PutWrite℠ Index (the PUT℠) deliver their best annual returns since 2009 even though the VIX® was persistently below its historical average throughout the year. Option writing returns were also supported by a positive spread between implied and realized volatility in all but one month of 2019.

Market Path & Implied Volatility
Q4 2019



Source: Bloomberg, L.P. *The portfolio performance reflected for the Composite is that measured by a representative account. This information represents supplemental information to the GIPS® Composite Report. This representative account was selected as it is the largest account in the Composite.

1: The BXM℠ is a passive total return index designed to track the performance of a hypothetical buy-write strategy on the S&P 500® Index. The construction methodology of the index includes buying an equity portfolio replicating the holdings of the S&P 500® Index and selling a single one-month S&P 500® Index call option 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 expiration.

Market Recap

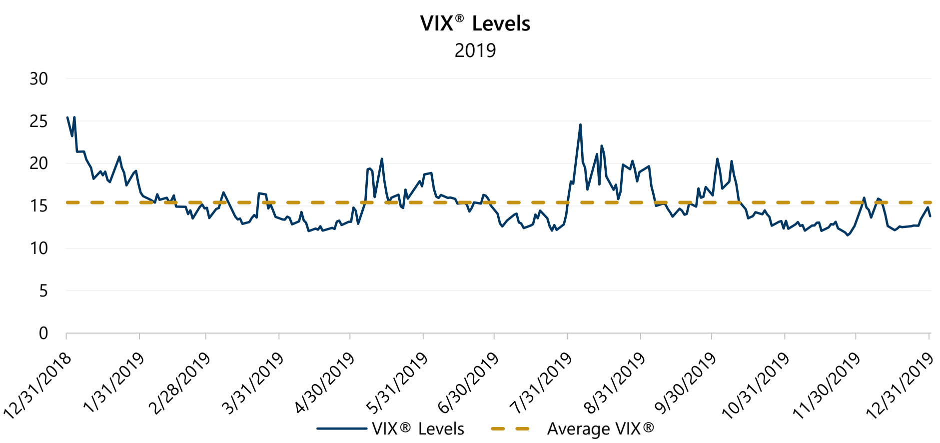
The S&P 500® Index returned 9.07% for the fourth quarter of 2019, resulting in a return of 31.49% for the year. The fourth quarter advance was steady with the S&P 500® Index posting returns of 2.17%, 3.63% and 3.02% in October, November and December, respectively.

Fourth quarter returns were buoyed by increasing clarity around U.S. trade negotiations. Specifically, 'phase one' negotiations between the U.S. and China were finalized and set to be signed in early 2020. Additionally, the United States-Mexico-Canada Agreement advanced to the Senate for ratification after Democrats in the House of Representatives agreed to modifications negotiated with the Trump Administration and a decisive U.K. election brought the Brexit process closer to an end. The domestic economic environment showed strength on many fronts. On December 20, the final read of Q3 GDP growth came in at 2.1%, at the top of consensus estimates. The unemployment rate settled the quarter at 3.5%, a 50-year low, after nonfarm payrolls crushed expectations. A tight employment situation and a confident consumer led the year-over-year change for the November Consumer Price Index to 2.1%, at the top of expectations and in line with the Federal Reserves (the Fed) 2% target. On the corporate front, third quarter earnings declined less than 1% quarter-over-quarter and grew nearly 2% year-over-year. Though earnings shrank in aggregate for the quarter, results were better than expected with nearly 82% of reporting companies meeting or exceeding analyst estimates.

The fourth quarter market advance, combined with a first quarter return of 13.65%, drove the S&P 500® Index to its best annual return since 2013 and an annual return of over 30% for just the fifth time in the last three decades. The strong first quarter return followed steep losses in the fourth quarter of 2018 that were primarily driven by concerns of overly tight monetary conditions in the face of slowing global economic growth. After four rate hikes in 2018 and expectations of more in 2019, the first quarter recovery was fueled by the Fed rhetoric indicating a potential policy shift. The year began with talk of fewer-than-expected rate hikes in 2019 plus a slower reduction in the size of the Fed's balance sheet. Fed policy ultimately evolved into three rate cuts and a resumption of balance sheet growth in the second half of the year.

Between the first and fourth quarters of 2019, the equity market advance was choppy and moderate as the market processed uncertainty over Fed policy, trade and the global economy. Though the S&P 500® Index returned 6.08% over the course of the second and third quarters, it experienced two sizeable drawdowns of 6.62% and 5.99%, occurring from May 3 through June 3 and July 26 through August 14, respectively. The first drawdown was driven by unease over trade and global economic growth as tensions between the U.S., China and Mexico escalated in concert with slowing growth in China. The equity market was particularly volatile during the second drawdown as the S&P 500® Index had three separate one-day declines of over 2.50% in August. The last time a month included three one-day declines of that magnitude was September 2011 when the equity market was reeling from the credit rating downgrade of U.S. government debt. Despite these mid-year pullbacks and persistent concern over U.S. monetary policy, global trade, and economic growth, implied volatility levels were persistently below their historical average in 2019.

The VIX® averaged 13.99 for the fourth quarter of 2019 and 15.39 for the full year, both below its historical average of 19.15. The 2019 closing high for the VIX® was 25.45 on January 3, as equity markets recovered from nearly-bear market territory in December 2018. The 2019 low for the VIX® was 11.54 on November 26, amidst strong returns in the equity market, before it closed the year at 13.78. Consistent with its typical relationship, average implied volatility exceeded realized volatility, as measured by the annualized standard deviation of daily returns for the S&P 500® Index, which was 12.47% for the year. The implied versus realized volatility relationship was consistent throughout 2019 with average implied volatility exceeding realized volatility in 11 months. The singular exception was August, when realized volatility averaged 22.70% while the implied volatility response to the market's large drawdown and sharp daily losses was muted, resulting in a VIX® average of just 18.98 for the month.



Source: Bloomberg, L.P.

The BXM℠ had a return of 4.33% for the fourth quarter, underperforming the S&P 500® Index by 474 basis points (bps) and bringing its return to 15.68% for 2019. On the third Friday of each month, the BXM℠ wrote a new index call option as the option it wrote the previous month expired. The premiums the BXM℠ collects on written options have significant influence on its return potential over a period when the market advances and help to mitigate losses during market declines. Premiums collected as a percentage of the BXM's℠ underlying value were 1.17%, 1.26% and 1.02% in October, November and December, respectively. With monthly returns of 2.06%, 1.29% and 0.92%, the BXM℠ underperformed the S&P 500® Index in each month of the quarter, with the largest differentials occurring in November and December as the equity markets advanced at a well-above-average rate. Premiums collected by the BXM℠ were consistent with the low and downward trending volatility levels present in the fourth quarter. During the second and third quarter equity market drawdowns, the premiums collected by the BXM℠ provided downside protection relative to the S&P 500® Index during each drawdown period. The BXM℠ declined 3.57% and 4.57%, compared to the S&P 500® Index decline of 6.62% and 5.99%, during the May 3 through June 3 and July 26 through August 14 drawdowns, respectively.

The Bloomberg Barclays U.S. Aggregate Bond Index returned 0.18% for the fourth quarter of 2019, resulting in a return of 8.72% for the year. The yield on the 10-year U.S. Treasury Note (the 10-year) ended the third quarter at 1.66% and rose to a fourth quarter high of 1.94% on November 8 before falling to end the year at 1.92%. Over 2019, the yield on the 10-year generally declined as the Fed shifted back into accommodative monetary policy after an attempt to normalize in 2018. During the tumultuous month of August, the spread between the 2- and 10-year U.S. Treasury Notes reflected an inverted yield curve with the 2-year yield exceeding the 10-year yield by 5 bps. As equity market volatility subsided, the spread between the 2- and 10-year turned positive and widened to a 2019 high of 35 bps on December 31.

Gateway Active-Index Option Overwrite Composite Performance

The Composite returned 5.06%, net of fees, for the fourth quarter, outpacing the BXM℠ by 73 bps and bringing its 2019 return to 17.42%, net of fees. Outperformance relative to the BXM℠ was primarily due to the Composite's diversified and active call writing approach which provided consistent exposure to the advancing market and more option writing cash flow for the quarter while the BXM℠'s passive, single contract approach resulted in decreasing market exposure during market advances and less cash flow.

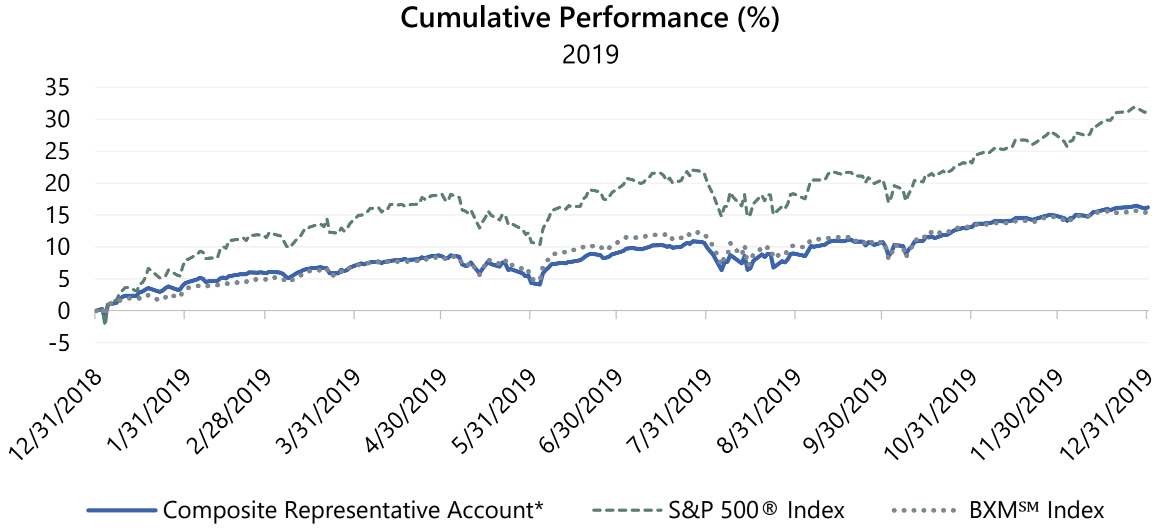
The portfolio performance contributions, annualized standard deviation, and portfolio statistics quoted for the Composite in the following paragraphs are those measured by a representative account.*

The Composite's underlying equity portfolio contributed a total return of 9.37% in the fourth quarter, a performance differential of positive 30 bps relative to the S&P 500® Index. The Composite's written index call option positions detracted from returns during each month of the quarter, consistent with expectations during periods when the market advances with below-average implied volatility. In achieving its low-volatility objective, the Composite's annualized standard deviation of daily returns for the quarter was 5.73% compared to 9.43% and 7.20% for the S&P 500® Index and the BXM℠, respectively. The Composite exhibited a beta to the BXM℠ of 0.76 for the quarter.

Gateway's index call option activity throughout the fourth quarter focused on exchanging contracts in advance of their expiration dates for ones with later expiration dates and higher strike prices. This was in an effort to maintain a typical amount of equity market exposure as the market advanced while taking measures to protect the Composite from the potentially adverse impact of a sharp reversal in market direction.

At the end of the quarter, index call options were sold against over 95% of the equity portfolio's value and had a weighted average strike price between 1.5% in-the-money and 1.5% out-of-the-money, 57 days to expiration and annualized premium to earn of between 7.5% and 10.0%. Relative to the beginning of the quarter, this positioning represented less potential net cash flow and lower market exposure.

In addition to outperforming the BXM℠ in the fourth quarter, the Composite also outperformed the BXM℠ in the third quarter of the year. Specifically, the Composite returned 1.75% in the third quarter, compared to a 0.56% return for the BXM℠. The Composite's active call writing approach allowed it to collect higher premiums by utilizing longer-dated index call options than the contracts the BXM℠ had exposure to for much of the quarter. The Composite slightly underperformed the BXM℠ in the first quarter with a return of 6.76% compared to the 6.77% return of the BXM℠. The Composite trailed in the second quarter with a return of 1.93% while the BXM℠ returned 3.28%. As equity markets retreated in May, the Composite replaced select written index call options for contracts with lower strike prices to maintain typical market exposure as the market declined. This resulted in lower market exposure relative to the BXM℠ during a brief but significant intra-month advance, resulting in underperformance for the month of May. Similarly, the Composite underperformed in June primarily due to less market exposure than the BXM℠ over the first three weeks of the month. May's market decline resulted in the BXM's℠ single written option being well out-of-the-money at the beginning of June whereas the Composite's portfolio of written options had a lower weighted-average strike price. The lower weighted-average strike price resulted in less market exposure and a lower return as the market rallied over the first three weeks of June. Most of the Composite's third quarter outperformance came during September's market advance, which followed a market decline in August. Outperformance in September was primarily due to active adjustments to the Composite's portfolio of written index call options that allowed it to maintain equity market exposure as the market advanced over the first half of the month. The BXM's℠ static approach resulted in decreasing market exposure as the S&P 500® Index advanced past the strike price of its single written index option.



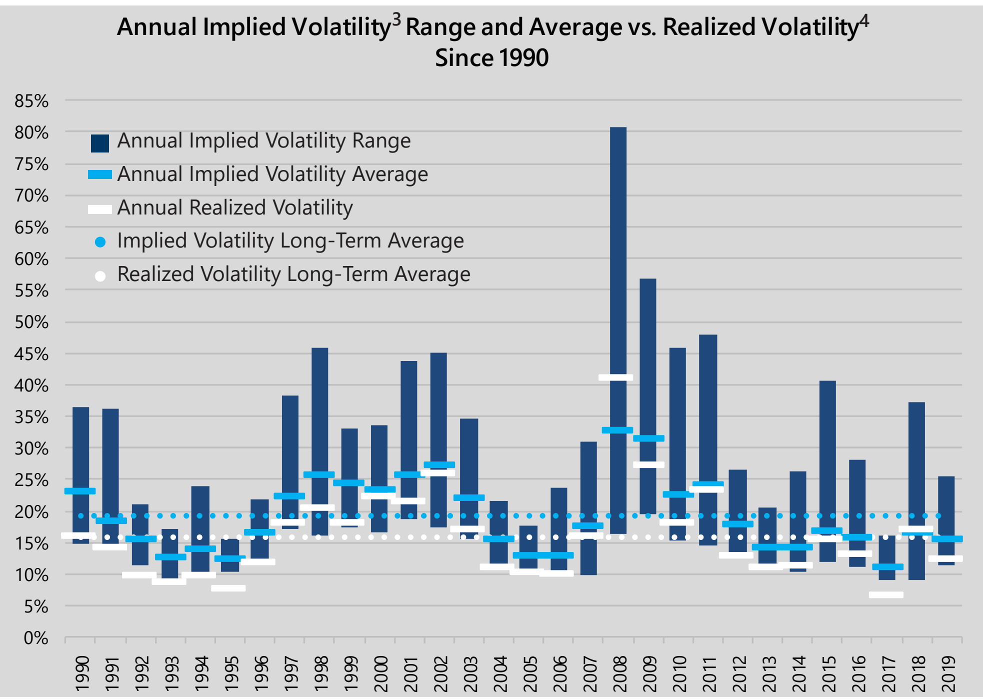
Average Annual Performance (%)	1 Year	3 Years	5 Years	10 Years	Since Inception[2]
Gateway Active Index-Option Overwrite Composite (Net)	17.42	8.09	7.71	9.02	6.88
BXM℠ Index	15.68	7.58	7.00	7.05	5.32
S&P 500® Index	31.49	15.27	11.70	13.56	10.22

*The portfolio performance reflected for the Composite is that measured by a representative account. This information represents supplemental information to the GIPS® Composite Report. This representative account was selected as it is the largest account in the Composite.
2: Inception of Gateway Active Index-Option Overwrite Composite is April 1, 2008. Sources: Morningstar Direct℠ and Gateway Investment Advisers, LLC. Periods over one year are annualized. Past performance is no guarantee of future results. See GIPS® Composite Report included with this commentary.

Market Perspective

Implied volatility moderated in 2019, after spending much of 2017 at or near record lows and experiencing extreme highs during two volatility spikes in 2018. In 2019, the VIX® adhered to the usual pattern of falling during market advances and increasing during market pullbacks. However, with a 2019 closing low of 11.54 on November 26 and a closing high of 25.45 on January 3, it did not collapse to record lows during the strong equity market advances in Q1 and Q4, nor did it spike to extremes during the market drawdowns of Q2 and Q3.

Though the range of implied volatility was more moderate in 2019, it maintained the persistent below-average trend of recent years. The VIX® averaged 15.39 for the year, below its long-term average of 19.15. Despite below-average implied volatility



3: Implied volatility shown is based on the VIX® daily closing values. 4: Realized volatility is based on the standard deviation of daily returns for the S&P 500® Index. Source: Bloomberg, L.P.

levels, option writing indexes such as the BXM℠ and the PUT℠ delivered returns that were not only above their long-term averages but also their best annual returns since 2009. The lack of a collapse in implied volatility despite strong equity market advances helped option writing returns in 2019. Option writing returns were also helped by a positive spread between implied and realized volatility. Realized volatility, based on the standard deviation of daily returns for the S&P 500® Index, came in at 12.47% for 2019, about three percentage points lower than average implied volatility. Notably, the relationship between implied and realized volatility returned to normal in 2019 after flipping in 2018 for the first time since 2009. Moreover, the relationship was persistent throughout the year with monthly averages for implied exceeding realized volatility in all but one month of the year.

What roles can option writing strategies play in investor portfolios in this environment? If current market and economic trends continue in 2020, then both the equity bull market and the U.S. economic expansion are poised to enter their 12th consecutive year in March and July, respectively. While the economic expansion has already set a record for duration, the equity market begins 2020 just a year-and-a-half shy of the longest bull market on record. A continuation of economic expansion, the equity bull market and the low volatility trend is uncertain due to several potential threats including domestic politics, geopolitical tensions and monetary policy challenges.

For investors who anticipate that recent market tranquility is temporary, option writing strategies that seek to consistently deliver lower risk and less downside than the equity market may be an appealing way to reduce equity market exposure and risk.

Investors with a more sanguine outlook may find the absolute return and risk-adjusted return potential of option writing strategies appealing relative to other lower volatility investments. A possible continuation of richer-than normal option pricing combined with low realized volatility creates the potential for option writing strategies to deliver attractive risk-adjusted returns with lower-than-normal volatility. Attractive risk-adjusted returns never go out of style and, in the current environment of low interest rates with the potential to rise over time, there are possible advantages to seek returns through allocations to option writing strategies. If low or rising interest rates keep bond market returns depressed, diversified investors may benefit from investments that do not have interest rate sensitivity and can complement intermediate to long-term bonds' historical profile of low volatility and attractive risk-adjusted returns.

In either application, option writing exposure to richly-priced implied volatility has the potential to generate attractive risk-adjusted returns over the long-term.

Important Information

All data as of December 31, 2019, unless noted otherwise.

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

Gateway Investment Advisers, LLC (Gateway) is an independent registered adviser and a successor in interest to Gateway Investment Advisers, L.P. as of February 15, 2008. Performance information for Gateway Active Index-Option Overwrite Composite (the Composite) shown in this illustration is an asset-weighted composite of discretionary accounts under Gateway's management which share the same investment objectives and hedging strategies.

The Composite was created on April 1, 2008.

The Composite's net of fee performance results reflect the reinvestment of dividends and other earnings and reflect the deduction of investment advisory fees.

The effectiveness of Gateway's strategy might be reduced if the portfolio doesn't correlate to the performance of the index underlying its option positions. Rebalancing of a portfolio may involve tax consequences.

Selling index call options can reduce the risk of owning stocks, 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 call 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.

Past performance is no guarantee of future results. A more detailed description of Gateway's standardized fees is included in Form ADV, Part 2.

The GIPS® Composite Report for the Gateway Active Index-Option Overwrite Composite is included with this document. Additional copies are available upon request by calling 513.719.1100.

Data sources: Gateway Investment Advisers, LLC, Bloomberg, L.P. and Morningstar Direct℠

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Gateway Active Index-Option Overwrite Composite

GIPS® Composite Report

Year End	Annual Performance Results				3-Year Standard Deviation			Number of Composite Accounts	Composite Assets (millions)	Firm Assets (millions)
	Composite Gross	Composite Net	S&P 500® Index	BXM℠ Index	Composite	S&P 500® Index	BXM℠ Index			
9 Months Ended 12/31/2008	-19.54%	-19.72%	-30.43%	-26.10%	N/A	N/A	N/A	1	$492	$7,071
2009	15.15	14.78	26.46	25.91	N/A	N/A	N/A	1	502	7,188
2010	13.30	12.91	15.06	5.86	N/A	N/A	N/A	1	516	7,699
2011	6.73	6.33	2.11	5.72	11.26%	18.97%	13.66%	1	496	8,081
2012	11.46	11.02	16.00	5.20	8.54	15.30	11.56	4	717	10,517
2013	14.91	14.46	32.39	13.26	6.28	12.11	9.39	4	1,233	12,475
2014	7.64	7.26	13.69	5.64	4.37	9.10	6.07	5	2,263	12,239
2015	5.98	5.57	1.38	5.24	5.37	10.62	6.52	6	2,404	12,210
2016	9.10	8.74	11.96	7.07	5.83	10.74	6.68	4	2,627	11,601
2017	13.83	13.44	21.83	13.00	5.47	10.07	5.83	4	2,665	12,559
2018	-4.86	-5.18	-4.38	-4.77	6.79	10.95	7.48	3	2,298	11,641
2019	17.85	17.42	31.49	15.68	7.41	12.10	7.95	2	1,486	10,950

N/A: The gross 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.

Gateway Active Index-Option Overwrite Composite contains fully discretionary hedged equity accounts that hold common stock and sell index call options on at least 95% of the underlying stock value. Indexes utilized for call option activity are U.S. domestic equity indexes that include all sectors of the economy. This call activity reduces volatility and provides cash flow. The creation and inception date of the Gateway Active Index-Option Overwrite Composite was April 1, 2008.

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

Performance results are expressed in U. S. dollars. Returns are presented gross and net of actual management fees and include the reinvestment of all income. Past performance is not indicative of future results. The 3-year standard deviation is calculated using gross returns. Net of fee performance was calculated using actual management fees. The current investment management fee schedule is as follows: 0.85% on the first $5 million; 0.65% on the next $5 million; 0.50% on the next $40 million; and 0.45% on assets in excess of $50 million. 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, 2019. A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. The Gateway Active Index-Option Overwrite Composite has had a performance examination for the periods April 1, 2008 through December 31, 2019. The verification and performance examination reports are available upon request.

Policies for valuing portfolios, calculating performance and preparing GIPS® reports are available upon request. Gateway's lists of composite descriptions and broad distribution pooled funds are also available upon request.