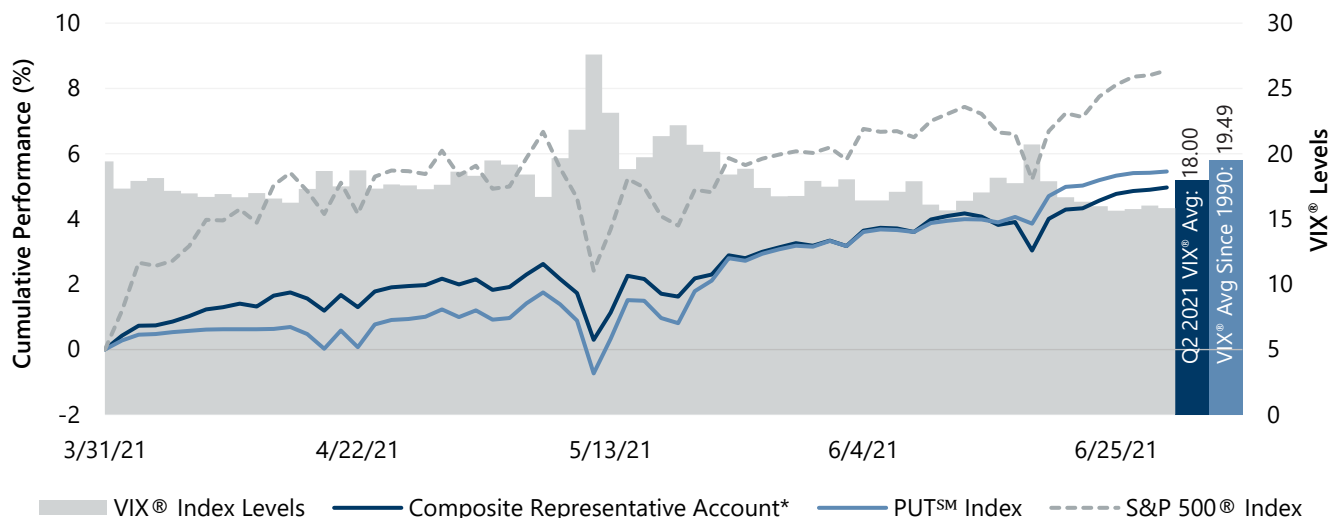


In Brief

- ◆ Gateway Active Index-PutWrite Carve-Out Composite (the Composite) returned 4.91%, net of fees, in the second quarter of 2021 compared to the 5.45% return of the Cboe® S&P 500 PutWriteSM Indexⁱ (the PUTSM) and the 8.55% return of the S&P 500® Index. (A GIPS® Composite Report is included with this Commentary.)
- ◆ Ongoing macroeconomic stabilization paired with additional U.S. fiscal stimulus supported the equity market's rally, which was invariably interrupted throughout the quarter. Renewed concerns regarding the outlook for inflation, ongoing labor market imbalances and the potential for rising interest rates led to brief S&P 500® Index drawdowns of 3.99% from May 7 through May 12 and 2.07% from June 14 to June 18.
- ◆ Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), averaged 18.00 in the second quarter of 2021. Consistent with its normal relationship, average implied volatility exceeded realized volatility, as measured by the standard deviation of daily returns for the quarter. The VIX® began the second quarter of 2021 at 17.33, reached an intra-quarter high of 27.59 on May 12 and an intra-quarter low of 15.62 on June 25. The VIX® closed the second quarter at 15.83.
- ◆ The S&P 500® Index, the PUTSM and the Composite* had an annualized standard deviation of daily returns of 11.16%, 6.39% and 5.98% for the second quarter, respectively.
- ◆ As the equity market advanced through the quarter, Gateway's investment team made active adjustments to select written index put option positions to increase cash flow and provide market exposure that is consistent with the Composite's typical profile.
- ◆ The S&P 500® Index advanced 15.25% over the first half of 2021. The historical record is a mixed bag for years in which the equity market posts a double-digit return in the first six months, which has happened 15 times in the last 40 years. On one hand, in nine of those 15 years, the S&P 500® Index also posted double-digit returns in the second half of the year. On the other hand, the average peak-to-trough drawdown of the S&P 500® Index in the final six months of each of those 15 years was -9.41%.

Market Path & Implied Volatility
Q2 2021



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

Market Recap

The S&P 500® Index returned 8.55% in the second quarter, bringing its year-to-date return to 15.25%. The strong quarter had a pause in the middle as monthly returns came in at 5.34%, 0.70% and 2.33% for April, May and June, respectively. The advance was supported by ongoing stabilization and improvement in macroeconomic data paired with additional fiscal stimulus in the U.S. The equity market's rally was invariably interrupted throughout the quarter by renewed concerns regarding the outlook for inflation, ongoing labor market imbalances and the potential for rising interest rates. These issues led to brief S&P 500® Index drawdowns of 3.99% from May 7 through May 12 and 2.07% from June 14 to June 18.

Macroeconomic data released throughout the quarter reflected a recovering domestic economy as the negative effects of pandemic mitigation efforts began to fade and exposed the remaining progress yet to be made. The third estimate of Gross Domestic Product for the first quarter of 2021 showed that the U.S. grew at an annualized rate of 6.4%, matching the consensus expectation. The unemployment rate declined from 6.1% in April to 5.8% in May, just below the consensus expectation, while the participation rate ticked down to 61.6%. Inflation came in much higher than expected, as the May Consumer Price Index, released on June 10, showed a 5.0% year-over-year increase which was above the consensus estimate for the second month in a row. With over 98% of companies reporting, first quarter aggregate operating earnings were on track to climb nearly 23% quarter-over-quarter while increasing 8.40% year-over-year. More than 88% of the companies that reported earnings met or exceeded analyst estimates.

Implied volatility, as measured by the VIX®, averaged 18.00 in the second quarter of 2021. Consistent with its normal relationship, average implied volatility exceeded realized volatility, as measured by the standard deviation of daily returns for the S&P 500® Index, which was 11.16% for the quarter. Implied volatility was generally rangebound over the period. The VIX® began the second quarter of 2021 at 17.33, reached an intra-quarter high of 27.59 on May 12 and an intra-quarter low of 15.62 on June 25. The VIX® closed the second quarter at 15.83.

The PUTSM returned 5.45% in the second quarter of 2021, underperforming the S&P 500® Index by 310 basis points (bps) and bringing its year-to-date return to 11.77%. With monthly returns of 1.00%, 2.16% and 2.21% in April, May and June, respectively, underperformance relative to the S&P 500® Index in April was the main driver of the PUT'sSM underperformance for the quarter. On the third Friday of each month, the PUTSM writes a new index put option as the option it wrote the previous month expires. The premiumsⁱⁱ the PUTSM collects on its written index put options have significant influence on its return potential during equity market advances and help to mitigate market declines. The premiums the PUTSM collected as a percentage of each respective contract's strike price were 1.62%, 1.75% and 1.57% in April, May and June, respectively. The PUT'sSM underperformance in April was due in part to equity market action in March. With a strong market advance during the final week of March, the PUTSM entered April with very little equity market exposure and time premium-to-earn remaining on its put option that was written in March. From the beginning of April through April 15, the PUTSM could not keep pace with the rapid advance of the equity market as the PUT'sSM 0.63% return lagged the S&P 500® Index by 440 bps during this time period. The premiums the PUTSM collected in April and May helped it generate a higher return over the remainder of the quarter. From April 15 through June 30, the PUTSM returned 4.79%, outperforming the 3.35% return of the S&P 500® Index by 144 bps.

The Bloomberg Barclays U.S. Aggregate Bond Index (the Agg) returned 1.83% in the second quarter of the year as interest rates trended down from the levels witnessed in the first quarter of 2021. The yield on the 10-year U.S. Treasury Note (the 10-year) started the quarter at 1.67%, reached its intra-quarter high of 1.72% on April 2, then drifted to its intra-quarter low of 1.43% on June 10. The 10-year ended the quarter with a yield of 1.47%. On the shorter-end of the yield curve, one-month U.S. Treasury Notes started the second quarter with a yield of 0.01%, drifted to an intra-quarter low of -0.01% during the middle of the quarter, then climbed to an intra-quarter high of 0.05% on June 24. The one-month U.S. Treasury Note ended the quarter with a yield of 0.04%.

Gateway Active Index-PutWrite Composite Performance

The Composite returned 4.91%, net of fees, in the second quarter, bringing its year-to-date net return to 10.65%. The PUTSM returned 5.45% in the second quarter, bringing its year-to-date return to 11.77%. With monthly net returns of 1.96%, 1.22% and 1.65% in April, May and June, respectively, the Composite's outperformance relative to the PUTSM in April did not compensate for its underperformance in May and June.

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.ⁱⁱⁱ

The Composite's active approach resulted in strong outperformance of its benchmark, the PUTSM, when the S&P 500® Index advanced 6.67% from the beginning of the quarter through May 7. Specifically, the Composite returned 2.62% over the same period, 88 bps better than the 1.74% return of the PUTSM, as its active approach maintained greater market exposure and generated more index call writing cash flow than its benchmark. During the equity market pullback from May 7 through May 12, the Composite returned -2.27%, providing 172 bps of downside protection relative to the S&P 500® Index, while the PUTSM returned -2.44% during the same period. From May 12 through quarter-end, the Composite returned 4.66% while the PUTSM returned 6.24%.

For the second quarter, the Composite's underlying Treasury bill portfolio contributed a total return of 0.00%, as ultra-low yields on short-maturity instruments limited the return of the strategy's cash collateral portfolio. The Composite's written index put options contributed positively to returns throughout the quarter.

In achieving its low-volatility objective, the Composite's annualized standard deviation of daily returns for the quarter was 5.98% compared to 11.16% and 6.39% for the S&P 500® Index and the PUTSM, respectively. The Composite exhibited a beta to the S&P 500® Index of 0.51 for the quarter.

Gateway's investment team was active in their response to changes in market conditions and direction throughout the quarter. Early in the quarter, the team focused on exchanging index put options with contracts featuring higher strike prices. This was done incrementally and cautiously to maintain a typical amount of equity market exposure as the market advanced while protecting from the potentially adverse impact of a sharp reversal in market direction. Later in the quarter, the team focused on extending weighted-average time to expiration to take advantage of the relatively elevated implied volatility priced into longer-dated contracts in an effort to maintain the Composite's cash flow potential and typical risk profile.

Throughout the quarter, the full value of the Composite's maximum potential loss on written index put options was secured with Treasury bills and cash. As of quarter-end, 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 48 days and annualized premium to earn between 10.0% and 15.0%. Relative to the beginning of the quarter, this positioning represented similar market exposure and slightly lower cash flow potential.

Performance & Risk (%)	Q2 2021	1 Year	3 Years	5 Years	Inception (4/1/2015)	Inception Risk ¹
The Composite (Net)	4.91	26.62	9.42	9.27	8.46	9.36
PUT SM Index	5.45	29.59	6.28	7.35	7.18	10.52
S&P 500® Index	8.55	40.79	18.67	17.65	14.65	14.62

¹: Based on standard deviation of monthly returns since Composite inception date of April 1, 2015. All performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. Data as of June 30, 2021. Source: Morningstar DirectSM.

Market Perspective: Taking Stock at Mid-Year – What Can Investors Rely On?

Despite concerns over inflation, Federal Reserve policy, imbalances in labor and raw materials markets and COVID-19 variants, the S&P 500® Index advanced 15.25% over the first half of the year. Additionally, equity markets have been relatively calm so far in 2021. The S&P 500® Index's largest peak-to-trough decline for the first half of 2021 was only 4.13%, well below the -13.64% average annual intra-year maximum drawdown of the previous 40 years. What awaits investors in the second half of the year?

The historical record is a mixed bag for years in which the equity market posts a double-digit return in the first six months, which has happened 15 times in the last 40 years. On one hand, in nine of those 15 years, the S&P 500® Index also posted double-digit returns in the second half of the year. On the other hand, the average peak-to-trough drawdown of the S&P 500® Index in the final six months of those 15 years was -9.41%.

Given the mix of calm equity market conditions and strong returns, plus a laundry list of concerns in the background during the first six months of 2021, the adage of expecting the unexpected - including the potential for extreme outcomes at either end of the return spectrum - would seem to apply for the remainder of the year.

Other than calibrating expectations to accommodate a wide range of results, what can investors do to prepare for what lies ahead? In navigating the market's ups and downs to come, there may be benefits to re-positioning portfolios to be less reliant on fixed income.

The Agg has posted negative returns over the year-to-date and one-year periods ended June 30, 2021. If continued economic improvement helps drive the equity market higher in the second half of 2021, that may put upward pressure on interest rates, especially if recent inflation trends continue. This, of course, reduces the likelihood that fixed income returns turn positive.

Many fixed income investors are comfortable with the tradeoff between subdued returns, when conditions are positive for risk taking, in exchange for potentially positive returns when risk taking is penalized. Unfortunately, the fixed income market has not held up its end of this bargain lately. As the following table shows, the Agg delivered losses during the last four equity market drawdowns - even during 2020's fastest bear market decline in history.

Fixed Income Market Performance During Recent Equity Market Drawdowns

Performance (%)	February 19 – March 23, 2020	September 2 – 23, 2020	October 13 – 30, 2020	February 12 – March 4, 2021
S&P 500® Index	-33.79%	-9.52%	-6.84%	-4.13%
Bloomberg Barclays U.S. Aggregate Bond Index	-0.94%	-0.33%	-0.50%	-1.63%

Source: Bloomberg, L.P.

While the future remains uncertain, investors can count on the equity market to remain reliably unpredictable. Given recent results in the fixed income market, investors may well wonder what they can rely on it for. In this environment, investors may benefit from increasing allocations to strategies that use index options to deliver a low-volatility equity profile. These strategies have the potential for consistent participation in equity market advances while mitigating market declines. Index option-based low volatility equity may also have the potential for better long-term returns than fixed income in a low-to-rising interest rate environment. These strategies have been the focus of Gateway's risk-first approach to long-term investing since its founding in 1977.

Important Information

ⁱ The PUTSM is a passive total return index designed to track the performance of a hypothetical portfolio that sells S&P 500® Index put options against collateralized cash reserves held in a money market account. The PUTSM strategy is designed to sell a monthly sequence of S&P 500® Index puts and invest cash at one- and three-month Treasury Bill rates. The monthly sequence entails writing one-month S&P 500® Index 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 expiration. 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 S&P 500® Index puts.

ⁱⁱ 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.

ⁱⁱⁱ Represents supplemental information to the GIPS® Composite Report. This representative account was selected as it is the largest account in the Composite. All data as of June 30, 2021, unless noted otherwise.

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

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. Performance information for Gateway Active Index-PutWrite Carve-Out Composite (the Composite) shown in this illustration is an asset-weighted composite of a portfolio sleeve of certain discretionary accounts under Gateway's management which share the same investment objectives and hedging strategies.

The Composite contains fully discretionary option writing accounts that sell (write) index put options on the S&P 500® Index. 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 U.S. 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 dividends and any other earnings, and was calculated using the Composite's highest tier of the current fee schedule of 0.35%. Fees 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 PutWriteSM 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.

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

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

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GATEWAY INVESTMENT ADVISERS, LLC
GATEWAY ACTIVE INDEX-PUTWRITE CARVE-OUT COMPOSITE
GIPS® COMPOSITE REPORT

Year End	Annual Performance Results				3-Year Standard Deviation			Number of Composite Accounts	% of Composite Assets Representing Carve-Out	Carve- Out Composite Assets (millions)	Firm Assets (millions)
	Carve-Out Composite Gross Returns	Carve-Out Composite Net Returns	PUT SM Index	S&P 500® Index	Carve-Out Composite	PUT SM Index	S&P 500® Index				
9 Months Ended 12/31/2015	4.34%	4.07%	5.94%	0.45%	N/A	N/A	N/A	1	0%	\$ 5	\$ 12,210
2016	8.85	8.48	7.77	11.96	N/A	N/A	N/A	2	98.5	361	11,601
2017	12.42	12.03	10.85	21.83	N/A	N/A	N/A	2	98.6	371	12,559
2018	-5.58	-5.91	-5.93	-4.38	6.95%	7.50%	10.95%	2	98.9	362	11,641
2019	17.32	16.93	13.51	31.49	7.59	7.92	12.10	2	98.8	418	10,950
2020	8.28	7.89	2.13	18.40	12.38	14.03	18.80	2	99.0	458	9,963

N/A: The gross three-year annualized ex-post standard deviation of the Composite 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-PutWrite Composite Account (Standalone Portfolio):

Year End	Annual Performance Results		Standalone Composite Assets (millions)
	Standalone Gross Returns	Standalone Net Returns	
9 Months Ended 12/31/2015	4.34%	4.07%	\$ 5
2016	8.76	8.37	6
2017	12.15	11.75	5
2018	-5.61	-5.96	4
2019	17.15	16.73	5
2020	8.26	7.87	5

Gateway Active Index-PutWrite Carve-Out Composite contains fully discretionary option writing accounts that sell (write) index put options. The written put options are exchange-traded and 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 creation and inception date of the Gateway Active Index-PutWrite Carve-Out Composite was April 1, 2015.

For comparison purposes, the Composite is measured against two indexes: the Cboe® S&P 500 PutWriteSM Index (PUTSM 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 tier of the current fee schedule of 0.35%, applied monthly. Past performance is not indicative of future results. The 3-year standard deviation is calculated using gross returns. Cash is a component of average assets per performance period, which is proportionately split based on the weighting of each carve out sleeve.

The investment management fee for the standalone segregated account managed in the Composite is 0.35%. Actual investment management fees incurred by Composite accounts may vary.

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, 2020. The verification report(s) is/are available upon request. 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. Verification does not provide assurance on the accuracy of any specific performance report. The GIPS® Composite Report for the standalone portfolio within the Gateway Active-Index PutWrite Carve-Out Composite is available upon request.

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Policies for valuing investments, 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.