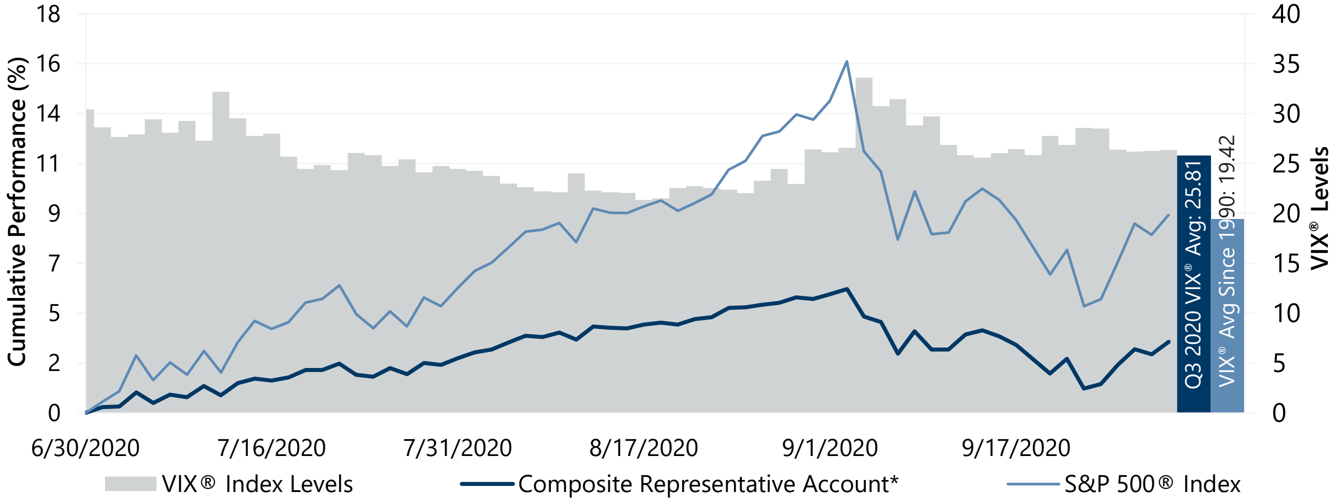
GATEWAY
INVESTMENT ADVISERS, LLC

Index/RA Composite Commentary

Q3 2020

In Brief

- Gateway Index/RA Composite (the Composite) returned 3.32%, net of fees, in the third quarter compared to the 8.93% return of the S&P 500® Index and the 0.62% return of the Bloomberg Barclays U.S. Aggregate Bond Index. (A GIPS® Composite Report is included with this Commentary).
- The S&P 500® Index climbed above pre-COVID levels during the third quarter, marking new all-time highs as the economy navigated negative economic effects lingering from pandemic mitigation efforts. The climb was put on pause when the S&P 500® Index had a significant drawdown of 9.52% from September 2 through September 23.
- Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), began the third quarter of 2020 at 28.62 before drifting to its intra-quarter low of 21.35 on August 17. The VIX® reached an intra-quarter high of 33.60 on September 3, relatively early into the equity market's September drawdown. The VIX® closed the second quarter at 26.37, well above its historical average of 19.42.
- The S&P 500® Index and the Composite* had an annualized standard deviation of daily returns of 16.90% and 7.42% for the quarter, respectively.
- Historically, equity market volatility has been below-average in presidential election years. Counterintuitively, volatility levels in the last six months of election years have been particularly low, with August, September and December the three lowest-volatility election year months. The well-above-average volatility of September 2020 and the recent shape of the VIX® futures curve suggest that investors should be prepared for a fourth quarter that is significantly different than the typical election year.



*The portfolio performance and annualized 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 largest account in the Composite. Source: Bloomberg, L.P.

Market Recap

The S&P 500® Index returned 8.93% in the third quarter, bringing its year-to-date return to 5.57%. Over the quarter, the S&P 500® Index climbed 5.64% and 7.19% in July and August, respectively, but faced a significant drawdown in September which led to a decline of 3.80% for the month. The S&P 500® Index declined 9.52% from September 2 through September 23. The tech-heavy NASDAQ 100 fared worse with a decline of 12.76% over the same period, as the pullback was driven by losses in many of the technology companies that lead the market's advance from April through August. Despite the September pullback, the S&P 500® Index has climbed 51.75% from its March 23 low through September 30.

Macroeconomic data showed consistent improvement from the negative effects of COVID-19 mitigation efforts. The third estimate of Gross Domestic Product for the second quarter of 2020 showed that the U.S. economy shrunk at an annualized rate of -31.4%, slightly better than the second estimate of -31.7% and within consensus range. The unemployment rate reflected ongoing economic normalization efforts and declined from 10.2% in July to 8.4% in

August, outperforming consensus expectations, while the participation rate climbed to 61.7%. The August Consumer Price Index, released on September 11, showed a 1.3% year-over-year increase, above the consensus estimate of 1.2%. With over 99% of companies reporting, second quarter aggregate operating earnings were on track to decline 9.63% quarter-over-quarter and 18.93% year-over-year. More than 84% of the companies that have reported earnings met or exceeded analyst estimates.

Implied volatility, as measured by the VIX®, averaged 25.81 in the third quarter of 2020. 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 16.90% for the quarter. Implied volatility generally trended down over the first half of the third quarter of 2020 before rising in September. The VIX® began the third quarter of 2020 at 28.62 before dipping to an intra-quarter low of 21.35 on August 17. The VIX® then climbed to its third quarter high of 33.60 on September 3 before closing at 26.37, well above its historical average of 19.42.

The Bloomberg Barclays U.S. Aggregate Bond Index returned 0.62% in the third quarter of 2020, bringing its year-to-date return to 6.79%. The yield on the 10-year U.S. Treasury Note (the 10-year) started the quarter at 0.68% and reached an intra-quarter low of 0.51% on August 4 before climbing to an intra-quarter high of 0.75% on August 27. The yield on the 10-year then drifted lower to close the quarter at 0.68%.

Gateway Index/RA Composite Performance

The Composite returned 3.32%, net of fees, in the third quarter, bringing its year-to-date return to 0.83%. The S&P 500® Index returned 8.93% in the third quarter, bringing its year-to-date return to 5.57%. Throughout the quarter, the Composite provided equity market participation and consistent downside protection with monthly returns, net of fees, of 2.51%, 2.64% and -1.80% for July, August and September, respectively. The Composite's downside protection during September did not make up for its lagging performance in July and August, which was expected due to the above-average equity market advance combined with moderating implied volatility levels.

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.[i]

Despite a relatively muted response from the VIX® to the September 2 through 23 equity market decline, the Composite mitigated more than half the 9.52% decline of the S&P 500® Index with a decline of 4.26% for the period.

The Composite's underlying equity portfolio returned 9.10% for the quarter, a positive performance differential of 17 basis points relative to the S&P 500® Index. The Composite's written index call option positions detracted from returns during the equity market advance in July and August, as expected during periods of sharp market advances and moderating implied volatility. However, index call option writing generated risk-reducing cash flow for the Composite throughout the quarter and gains on written index call option positions contributed to downside protection during September's equity market decline. Index put option positions detracted from the Composite's return in each month of the quarter. Index put option losses are expected in advancing markets like July and August. While the Composite generated gains in put options during the market decline in September, gains were limited due to the relatively muted implied volatility response. In addition, losses during the market advance over the final week of September resulted in a loss overall for the month. In achieving its low-volatility objective, the Composite's annualized standard deviation of daily returns for the quarter was 7.42%, less than half the 16.90% for the S&P 500® Index. The Composite exhibited a beta to the S&P 500® Index of 0.42 for the quarter.

Gateway's investment team was active in adjusting the Composite's written index call option portfolio throughout the quarter. In periods when the equity market advanced, the team focused on exchanging index call options well 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 and protect the Composite from the potentially adverse impact of a sharp reversal in market direction. As markets turned south in September, the investment team took advantage of the relatively elevated volatility levels by making several index call option trades that increased potential cash flow while maintaining a typical risk profile.

The continuation of implied volatility's downtrend created an opportunity to selectively add index put coverage in a cost-effective manner. Over the course of the first two days of July, the investment team increased put coverage from a range of 60% - 65%, in place since June 5, to a range of 65% - 80%. Then, again, on August 4, the investment team increased put coverage to a range of 80% - 95%. Over the remainder of the quarter, the Composite's put coverage range was unchanged, and the weighted-average strike price of the index put option portfolio was adjusted upward.

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% and 2.5% out-of-the-money (OTM), 35 days to expiration and annualized premium to earn between 15.0% and 20.0%. Index put options covered 80% - 95% of the portfolio and had a weighted average strike price between 10.0% and 12.5% OTM, 60 days to expiration and an annualized cost between 5.0% and 7.5%. Relative to the beginning of the quarter, this positioning represented lower net cash flow potential and slightly higher market exposure.

Performance & Risk	Q3 2020	1 Year	3 Year	5 Year	10 Year	Inception (1/1/1988)	Inception Risk[ii]
Gateway Index/RA Composite (net)	3.32%	4.50%	3.20%	5.16%	4.88%	6.91%	6.42%
S&P 500® Index	8.93%	15.15%	12.28%	14.15%	13.74%	10.71%	14.44%
Bloomberg Barclays U.S. Aggregate Bond Index	0.62%	6.98%	5.24%	4.18%	3.64%	6.30%	3.70%

All performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. Data as of September 30, 2020. Source: Morningstar Direct℠.

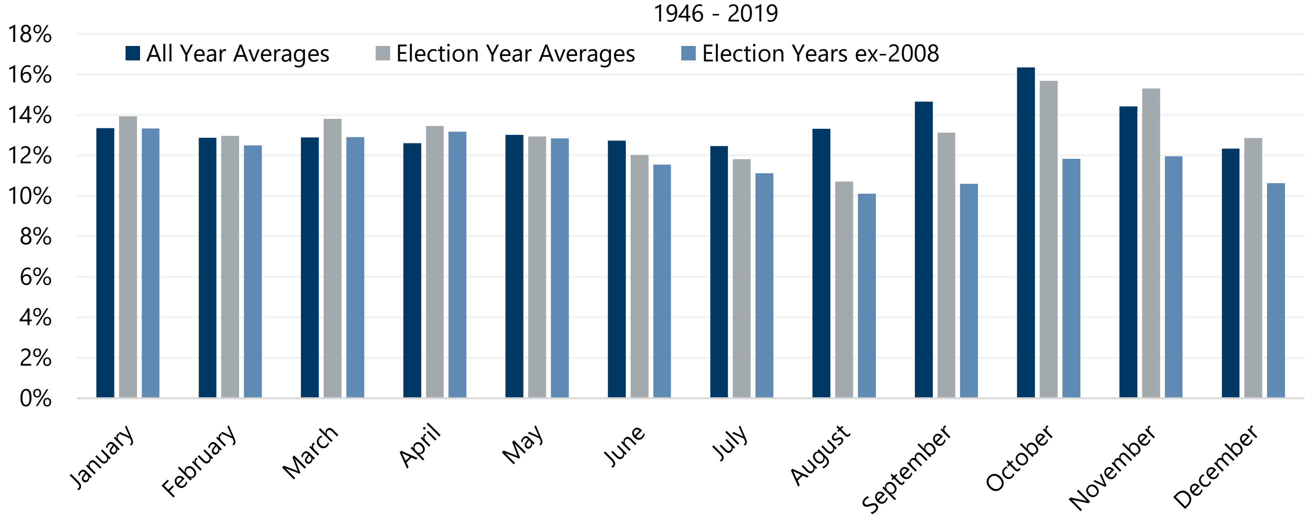
Market Perspective

Typically, presidential election years feature below-average equity market volatility. Volatility levels tend to decline from the first half to the second half of election years, with volatility levels in the first half more similar to non-election years. Needless to say, 2020 has not been typical. Moreover, volatility futures markets are indicating an expectation that abnormal volatility levels will continue over the remainder of the year. How should investors prepare for a potentially volatile fourth quarter?

Figure 1 illustrates the counter intuitive pattern of typical presidential election years. On average, presidential election years experience their highest volatility months in the first four months of the year, followed by declining volatility in the summer months and rising volatility toward year-end, though volatility levels in the last three months have tended to stay below average in most election years. Of course, every year is different and 2008 stands out as a year that did not follow the typical election year pattern. However, the extreme volatility levels in the final months of 2008 were driven far more by the Great Financial Crisis than by election year dynamics. To eliminate the impact of the Great Financial Crisis on the volatility pattern of election years, 2008 was removed from the dataset represented by the light blue bars.

Figure 1: Average Monthly Standard Deviation of S&P 500® Index Daily Returns

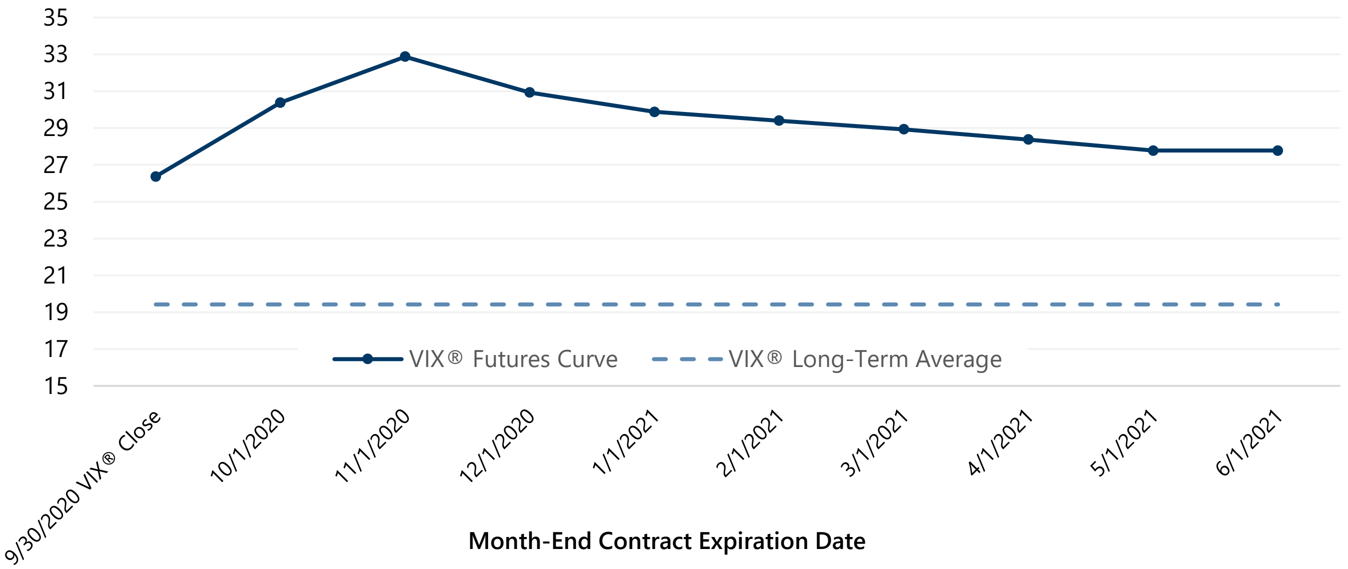
1946 - 2019



Source: Bloomberg, L.P.

One aspect of volatility levels in 2020 has been consistent with the typical pattern of presidential election years: declining volatility in the summer months followed by an increase in September (see *Figure 3*, below). Interestingly, volatility this August was below average, even for an election year, while September volatility was above average, relative to both election years and non-election years. The well-above-average volatility of September and the recent shape of the volatility futures curve suggest that investors should be prepared for a fourth quarter that is significantly different than a typical election year. At the end of September 2020, month-end expirations of the VIX® futures contracts, reflected expectations of above-average volatility for the remainder of the year.

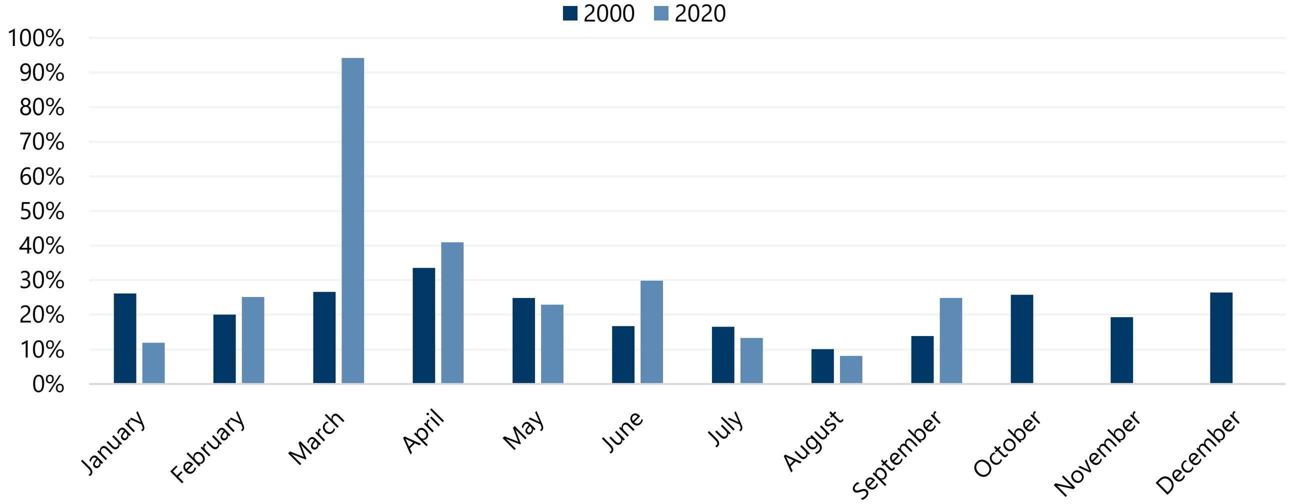
Figure 2: VIX® Futures Curve vs VIX® Long-Term Average
as of September 30, 2020



Source: Bloomberg, L.P.

The year 2000 stands out as a year in which the presidential election had an impact on equity market volatility. It may be an apt comparison to this year as expectations of elevated volatility in the fourth quarter may be associated with the possibility of an uncertain election outcome rather than the market's anticipated response to a clear victory by one candidate. Weeks after election day, the election of 2000 was ultimately decided by a Supreme Court decision that resulted in Florida's electoral college votes being allocated to George W. Bush. Bush's opponent, Al Gore, conceded on December 13, 2000. With the COVID-19 pandemic leading to expanded vote-by-mail options, some investors anticipate greater-than-usual potential for a delay in this year's election results.

Figure 3: Monthly Standard Deviation of S&P 500® Index Daily Returns



Source: Bloomberg, L.P.

In addition to elevated volatility, the fourth quarter of 2000 also featured a decline of 7.82% for the S&P 500® Index, with a November return of -7.88% and a slight loss and a slight gain for the months of October and December, respectively.

Will election results, or lack thereof, lead to higher equity market volatility? As always, Gateway will take a wait-and-see approach rather than try to anticipate the outcome of events and market direction. We believe it is prudent for long-term investors to be prepared to stay invested through a wide range of possible outcomes. Our risk-first approach is focused on keeping the risk profiles of our strategies as consistent as possible. A potential benefit of the elevated volatility that has existed recently is that it has resulted in increased cash flow potential for the option-writing components of our strategies: higher volatility results in higher option premiums and increased cash flow from option writing. Higher cash flow can result in attractive equity market participation in the event that market volatility is expressed to the upside, at the same time, higher cash flow can result in significant downside protection if volatility is associated with a downside event. As the remainder of 2020 unfolds, Gateway's investment team will be vigilantly monitoring option markets for opportunities to enhance cash flow in an effort to help our investors meet their long-term goals.

Important Information

[i] Represents supplemental information to the GIPS® Composite Report. This representative account was selected as it is the largest account in the Composite.

[ii] Based on standard deviation of monthly returns since Composite inception of January 1, 1988.

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 adviser and a successor in interest to Gateway Investment Advisers, L.P. as of February 15, 2008. Performance information for the Gateway Index/RA 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 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.

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

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative 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 Index/RA 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 Index/RA Composite

GIPS® Composite Report

Year End	Annual Performance Results: Composite Gross	Composite Net	S&P 500® Index	Bloomberg Barclays U.S. Aggregate Bond Index	3-Year Standard Deviation: Composite	S&P 500® Index	Bloomberg Barclays U.S. Aggregate Bond Index	Number of Composite Accounts	Composite Dispersion	Composite Assets (millions)	Firm Assets (millions)
1993	8.44%	7.75%	10.08%	9.75%	N/A	N/A	N/A	15	0.7	$348	$408
1994	6.27	5.62	1.32	-2.92	N/A	N/A	N/A	14	0.5	303	660
1995	12.52	11.75	37.58	18.47	4.07%	8.34%	4.30%	12	1.6	283	473
1996	11.83	11.11	22.96	3.63	4.44	9.72	4.65	27	0.9	329	360
1997	13.34	12.58	33.36	9.65	3.83	11.30	4.06	27	1.1	399	476
1998	13.21	12.49	28.58	8.69	5.53	16.24	3.58	44	1.2	686	805
1999	12.94	12.27	21.04	-0.82	5.39	16.76	3.25	76	1.4	1,348	1,470
2000	6.55	6.08	-9.10	11.63	5.30	17.67	3.06	107	1.2	2,052	2,206
2001	-2.69	-3.28	-11.89	8.44	6.29	16.94	3.40	85	0.5	1,853	1,944
2002	-3.87	-4.45	-22.10	10.25	9.41	18.81	3.40	67	0.4	1,651	1,744
2003	12.53	11.84	28.68	4.10	9.70	18.32	4.26	59	0.4	2,029	2,160
2004	7.84	7.22	10.88	4.34	8.35	15.07	4.34	53	0.5	3,350	3,636
2005	5.86	5.17	4.91	2.43	4.09	9.17	4.12	35	0.5	3,879	6,134
2006	11.06	10.35	15.79	4.33	2.64	6.92	3.25	29	0.5	4,569	6,946
2007	8.67	7.99	5.49	6.97	3.10	7.79	2.80	25	0.5	4,780	7,892
2008	-13.39	-13.95	-37.00	5.24	8.41	15.29	4.03	22	1.0	5,073	7,071
2009	7.37	6.70	26.46	5.93	10.36	19.91	4.17	15	0.4	5,054	7,188
2010	5.76	5.11	15.06	6.54	11.01	22.16	4.22	12	0.1	5,552	7,699
2011	3.82	3.16	2.11	7.84	8.27	18.97	2.82	11	0.3	5,729	8,081
2012	5.41	4.74	16.00	4.22	5.84	15.30	2.42	10	0.2	7,424	10,517
2013	9.35	8.64	32.39	-2.02	4.23	12.11	2.75	11	0.2	8,899	12,475
2014	4.23	3.59	13.69	5.97	3.45	9.10	2.67	10	0.3	8,997	12,239
2015	3.20	2.54	1.38	0.55	3.97	10.62	2.92	11	0.2	8,783	12,210
2016	6.23	5.57	11.96	2.65	4.30	10.74	3.02	10	0.3	8,159	11,601
2017	10.73	10.07	21.83	3.54	4.01	10.07	2.81	10	0.2	9,028	12,559
2018	-3.43	-4.04	-4.38	0.01	5.11	10.95	2.88	10	0.1	8,534	11,641
2019	11.97	11.29	31.49	8.72	5.57	12.10	2.91	9	0.2	8,545	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.

Gateway Index/RA Composite contains fully discretionary hedged equity accounts which hold common stock and sell index call options on at least 95% of the underlying stock value. This call activity reduces volatility and provides cash flow. The accounts typically buy index put options that can protect the Composite from a significant market decline that may occur over a short period of time. Indexes utilized for call and put option activity are U. S. domestic equity indexes that include all sectors of the economy. The creation and inception date of the Gateway Index/RA Composite was January 1, 1993. As of June 1, 2009, the Composite definition was refined to more accurately reflect the criteria used to determine membership. No membership changes resulted from the revision.

For comparison purposes the Gateway Index/RA 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 Bloomberg Barclays U. S. Aggregate Bond Index (an unmanaged index of investment-grade bonds with one- to ten-year maturities issued by the U. S. government, its agencies and U. S. corporations).

Performance results are based on fully discretionary accounts under management, including accounts that may no longer be with the firm, and are expressed in U.S. dollars.

Performance returns are presented gross and net of management fees and include the reinvestment of all income. Past performance is not indicative of future results. The annual Composite dispersion presented is an asset-weighted standard deviation calculated using gross returns for the accounts in the Composite the entire year. 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 March 31, 2020. 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 Index/RA Composite has had a performance examination for the periods January 1, 1993 through March 31, 2020. The verification and performance examination reports are available upon request.

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.