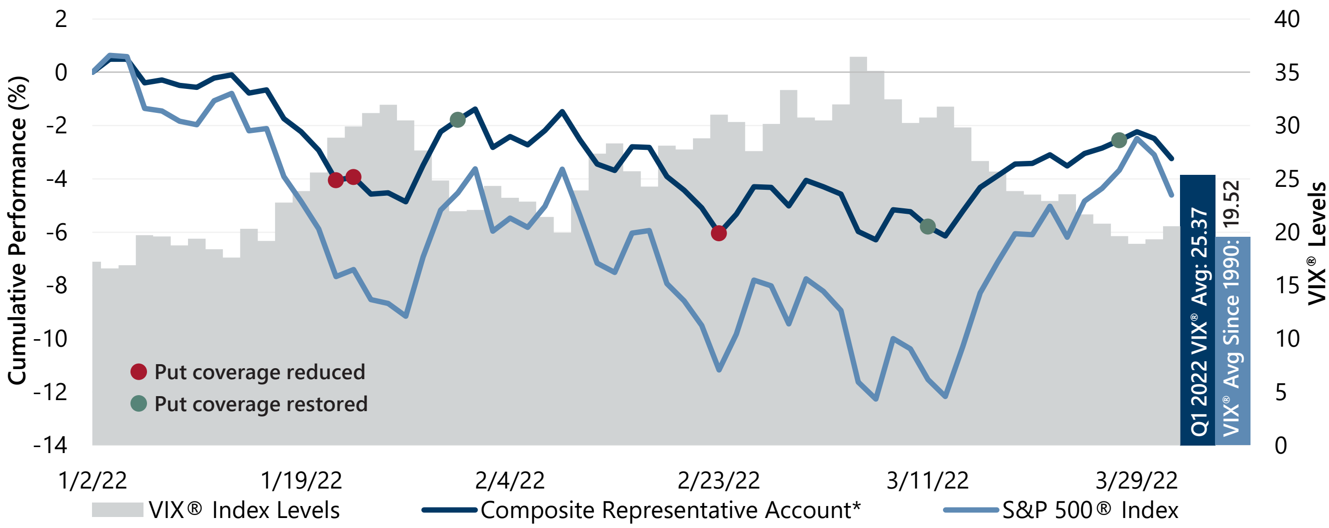
In Brief

- Gateway Index/RA Composite (the Composite) returned -3.15%, net of fees, in the first quarter compared to the -4.60% return of the S&P 500® Index and the -5.93% return of the Bloomberg U.S. Aggregate Bond Index (the Agg). (A GIPS® Composite Report is included with this Commentary).
- War in Ukraine paired with rising interest rates, record inflation and skyrocketing oil prices led the market to a 12.82% loss from its year-to-date peak on January 3 through March 8.
- With monthly net returns of -2.21%, -2.10% and 1.16% for January, February and March, respectively, most of the Composite's outperformance was the result of significant downside protection provided during the equity market's steep decline from January through early-March.
- Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), averaged 25.37 in the first quarter of 2022. Average implied volatility was higher than realized volatility, as measured by the standard deviation of daily returns for the quarter. The VIX® opened the year at its intra-quarter low of 16.60, climbed to an intra-quarter high of 36.45 on March 7, then closed the quarter at 20.56.
- The S&P 500® Index and the Composite* had an annualized standard deviation of daily returns of 21.48% and 11.17% for the quarter, respectively.
- As the equity market trended down through March 8, Gateway's investment team focused on written index call option portfolio adjustments that lowered weighted-average strike price to maintain market exposure consistent with the Composite's typical profile while taking advantage of elevated implied volatility to enhance cash flow potential.
- The team was active in its management of the Composite's portfolio of index put options during the quarter, making several changes to the put coverage level in an effort to monetize very high implied volatility while maintaining the Composite's typical risk profile.
- With a return of -9.08%, traditional portfolio allocation of 60% S&P 500® Index and 40% Agg provided less than 400 basis points (bps) of loss mitigation during the S&P 500® Index's drawdown from January 3 through March 8. The 71% participation in the equity market's loss was the traditional portfolio's largest capture of a peak-to-trough equity market drawdown of 10% or more in over 45 years.

Q1 2022 Market Path & Implied Volatility



Source: Bloomberg, L.P.

*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.

Market Recap

The S&P 500® Index returned -4.60% in the first quarter of 2022 with monthly returns of -5.17%, -2.99% and 3.71% for January, February and March, respectively. War in Ukraine paired with rising interest rates, record inflation and strict sanctions on Russia that helped drive oil above $100 per barrel drove the market to a 12.82% loss from its year-to-date peak on January 3 through March 8. As investors digested their growing list of concerns, the market staged a late-quarter rally and partial recovery, climbing 8.73% from March 8 through quarter-end.

U.S. macroeconomic data released in March revealed a stable macroeconomic environment and strong corporate earnings despite global turmoil. The third estimate of Gross Domestic Product for the fourth quarter of 2021 showed that the U.S. economy grew at an annualized rate of 6.9%, below the consensus expectation. The unemployment rate was slightly better than the consensus estimate, declining from 4.0% in January to 3.8% in February while the participation rate ticked up to 62.3%. The February Consumer Price Index, released March 10, showed no signs of slowing down with a year-over-year increase of 7.9% which matched the consensus expectation. Fourth quarter aggregate operating earnings were on track to climb over 9% quarter-over-quarter while increasing more than 70% year-over-year. With over 99% of companies reporting, more than 79% met or exceeded analyst estimates.

Implied volatility, as measured by the VIX® averaged 25.37 in the first quarter of 2022. Consistent with its typical relationship, average implied volatility exceeded realized volatility, as measured by the standard deviation of daily returns for the S&P 500® Index, which was 21.48% for the quarter. The first quarter's 3.9 percentage point spread between S&P 500® Index realized volatility and average implied volatility, often referred to as the Volatility Risk Premium, was above its historical quarterly average of 3.7% for the seventh quarter in a row. The Ukraine Crisis drove volatility conditions back to levels not seen since 2020 as trailing 10-day realized volatility reached its highest reading since November 2020. While the VIX® response to the steep equity market decline was somewhat muted in comparison to levels seen during past market drops of similar size, it did produce a rare persistence of readings in the 30s. From February 28 through March 14 the VIX® closed above 30 on 11 consecutive days, the longest streak since June 2020. Prior to 2020, the preceding instance of VIX® closing above 30 for 10 or more consecutive days was in November 2011. The VIX® opened the quarter at its intra-quarter low of 16.60 and reached an intra-quarter high of 36.45 on March 7, and ended the quarter at 20.56.

The Agg declined 5.93% in the first quarter of 2022 as interest rates leapt higher. The Agg has posted negative returns in 13 of the last 24 months including six of the seven months in which the S&P 500® Index return was negative. The yield on the 10-year U.S. Treasury Note (the 10-year) started 2022 at its intra-quarter low of 1.63%, climbed to its intra-quarter high of 2.47% on March 25, and ended the quarter at 2.34%. The yield curve flattened significantly over the quarter as the quarter-end yield on the 2-year U.S. Treasury Note was nearly equal to the yield on the 10-year.

Gateway Index/RA Composite Performance

The Composite returned -3.15%, net of fees, in the first quarter, providing 145 bps of loss mitigation relative to the S&P 500® Index. With monthly net returns of -2.21%, -2.10% and 1.16% for January, February and March, respectively, most of the Composite's outperformance came in January.

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]

Throughout the quarter, the Composite provided equity market participation and consistent loss mitigation. From January 3 through March 8, the Composite provided 607 bps of loss mitigation relative to the S&P 500® Index with a return of -6.75%. As the S&P 500® Index advanced 8.73% from March 8 through quarter-end, the Composite returned 3.25%, lagging the rapid advance of the market, as expected.

The Composite's underlying equity portfolio returned -4.30% for the quarter, a positive performance differential of 30 bps relative to the S&P 500® Index. The Composite's index call option writing generated risk-reducing cash flow throughout the quarter and gains on written index call option positions contributed to downside protection in January and February. Gains on purchased index put options also contributed to downside protection in the first two months of the quarter, however, the Composite's call option and put option positions both detracted from returns in March, as expected during sharp market advances.

In achieving its low-volatility objective, the Composite's annualized standard deviation of daily returns for the quarter was 11.17%, significantly less than the 21.48% for the S&P 500® Index. The Composite exhibited a beta to the S&P 500® Index of 0.51 for the quarter.

As the equity market trended down through March 8, adjustments to the written index call option portfolio focused on lowering the weighted-average strike price to maintain market exposure that is consistent with the Composite's typical profile while taking advantage of elevated implied volatility to enhance cash flow potential. As the market advanced during the end of the quarter, the investment team exchanged select index call option contracts well in advance of their expiration dates for ones with later expiration dates and higher strike prices These adjustments were made to benefit from the relatively elevated volatility priced into later-dated contracts.

As the equity market began to decline early in the quarter and implied volatility climbed, Gateway's investment team closed out two index put option positions during the third week of January. The adjustments were made to monetize higher volatility being priced into index put contracts and to preserve index put gains in the event of a sudden and sharp market recovery, while maintaining the Composite's typical risk profile. This brought put coverage down from full put coverage to a range of 65% to 80%, a level maintained until February 1, at which time the investment team increased the weighted-average strike price of the put portfolio while increasing put coverage, moving to a range of 80% to 95%. As the market resumed its drop in February and implied volatility climbed back into the 30s, put gains were monetized while reducing put coverage to a range of 65% to 80% again on February 23. The investment team incrementally added index put options at two points during the quarter-end market advance. The first increase came on March 11 and the second instance restored the Composite to full put coverage on March 28. In addition to adjustments to put coverage, the investment team managed the cost of downside protection throughout the quarter by trading select put option contracts in advance of their expirations while keeping weighted-average time to expiration relatively extended.

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, 52 days to expiration and annualized premium to earn between 12.5% and 15.0%. Index put options covered more than 95% of the portfolio and had a weighted-average strike price between 10.0% and 12.5% out-of-the-money, 79 days to expiration and an annualized cost between 2.5% and 5.0%. Relative to the beginning of the quarter, this positioning represented increased net cash flow potential and slightly higher market exposure.

Performance & Risk (%)	Q1 2022	1 Year	3 Year	5 Year	10 Year	Inception (1/1/1988)[1]	Inception Risk[1,2]
The Composite (Net)	-3.15	4.75	7.15	5.83	5.40	7.04	6.44
S&P 500® Index	-4.60	15.65	18.92	15.99	14.64	11.25	14.44
Bloomberg U.S. Aggregate Bond Index	-5.93	-4.15	1.69	2.14	2.24	5.80	3.75

All performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. Data as of March 31, 2022. Source: Morningstar Direct℠. 1: 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. 2: Based on standard deviation of monthly returns since Composite inception of January 1, 1988.

Market Perspective – Is the Bond Market Broken?

A once-reliable asset class for yield, low-volatility total return, diversification and risk reduction, bonds have struggled to deliver on any of these measures recently.

- Real yields on U.S. Treasuries are negative at all maturities.
- The Agg ended the first quarter of 2022 with a larger loss than the S&P 500® Index, and negative returns over the trailing one- and two-year periods.
- The Agg has posted negative monthly returns in 13 of the last 24 months, including six of the seven months in which the equity market return was negative.
- The traditional 60/40** mix of stocks and bonds had a loss of 9.08% from January 3 to March 8 while a stocks-only portfolio lost 12.82%. The 71% participation in the equity market's loss was the traditional portfolio's largest capture of a peak-to-trough equity market drawdown of 10% or more in over 45 years.

Equity Market Drawdowns Greater than 10% Since 1976

Drawdown Peak	Drawdown Valley	Market Drawdown*	60 / 40** Return	60 / 40** Capture Ratio
1/3/2022	3/8/2022	-12.82%	-9.08%	71%
1/2/1990	1/30/1990	-10.04%	-6.70%	67%
10/7/2007	3/9/2009	-55.03%	-35.64%	65%
1/28/2018	2/8/2018	-10.10%	-6.52%	65%
2/19/2020	3/23/2020	-33.79%	-21.54%	64%
7/18/1999	10/17/1999	-11.80%	-7.43%	63%
7/16/1990	10/17/1990	-12.04%	-6.97%	58%
10/7/1997	10/27/1997	-10.75%	-6.37%	59%
9/29/1987	12/30/1987	-29.58%	-17.42%	59%
7/20/2015	8/25/2015	-19.36%	-11.18%	58%
9/20/2018	12/24/2018	-19.19%	-11.05%	58%
7/19/1998	8/31/1998	-12.71%	-7.03%	55%
11/3/2015	2/11/2016	-47.41%	-25.19%	53%
9/4/2000	10/9/2002	-18.25%	-10.98%	60%
1/30/1977	3/30/1978	-14.26%	-7.55%	53%
5/1/2011	10/3/2011	-18.64%	-9.62%	52%
12/30/1980	8/16/1982	-16.52%	-2.64%	16%

Periods greater than one-year are annualized. Past performance is no guarantee of future results. Source: Morningstar Direct℠. *Market data reflects results of the S&P 500® Index. **60 / 40 is comprised of 60% S&P 500® Index / 40% Agg.

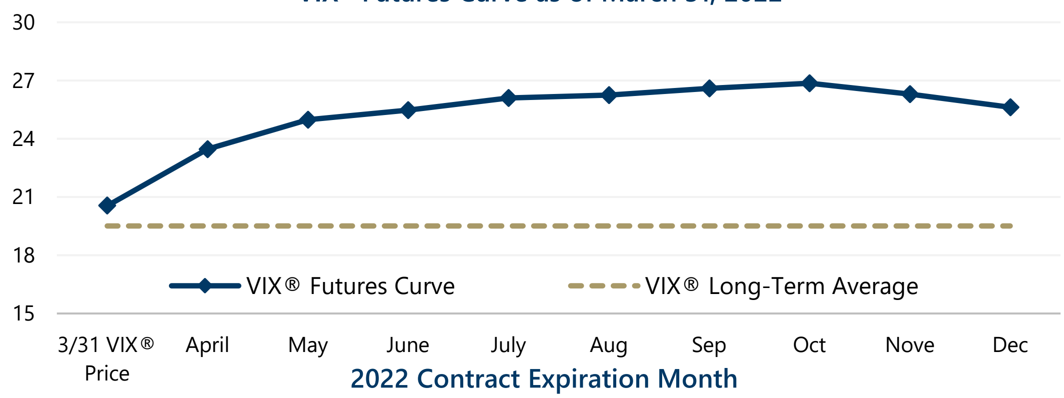
For investors interested in being less reliant on bonds for risk reduction, the first quarter 2022 results for the Cboe® S&P 500 BuyWrite℠ Index and Cboe® S&P 500 PutWrite℠ Index illustrate the potential benefits of managing risk and generating cash flow with index option writing in an elevated implied volatility environment. After experiencing less than half the loss of the S&P 500® Index from January 3 to March 8, both indexes had strong participation in the equity market's quarter-end rally, which brought their year-to-date returns into positive territory in late March.

Well-above-average implied volatility levels resulted in monthly option writing premiums for the indexes that were greater than 2% in each month of the quarter. The above-average premium levels facilitated the option-writing indexes' downside protection from the beginning of the quarter through March 8 and the strong participation in the equity market's quarter-end rally.

Though implied volatility, as measured by the VIX®, trended down from its first quarter 2022 closing high of 36.45 as the market rallied in March, it remained above its long-term average of 19.52 at quarter-end with a closing price of 20.56 on March 31.

Conditions remain supportive of elevated implied volatility levels as many of the concerns that drove volatility in the first quarter, including the war in Ukraine, record inflation and the pace of monetary tightening, have yet to be resolved. The VIX® futures curve at quarter-end also reflected market expectations that implied volatility will remain elevated, with contracts expiring in June through December all pricing at 25 or higher.

VIX® Futures Curve as of March 31, 2022



Source: Bloomberg, L.P.

Utilizing index options for risk reduction and risk-adjusted return enhancement may have appeal for investors who are no longer satisfied with what the bond market has to offer. Low-volatility equity strategies that rely on cash flow from index option selling to both mitigate equity market losses as well as participate in equity market advances, like those managed by Gateway since 1977, may be a suitable alternative for investors who want to reduce their exposure to bonds without increasing overall portfolio risk.

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.

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 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 U.S. Aggregate Bond Index	3-Year Standard Deviation: Composite	S&P 500® Index	Bloomberg 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
2020	8.03	7.34	18.40	7.51	8.62	18.80	3.40	9	0.1	7,486	9,963
2021	12.35	11.71	28.71	-1.54	7.89	17.41	3.40	8	0.1	8,523	11,556

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 U. S. Aggregate Bond Index, previously known as 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 December 31, 2021. 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 December 31, 2021. 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.