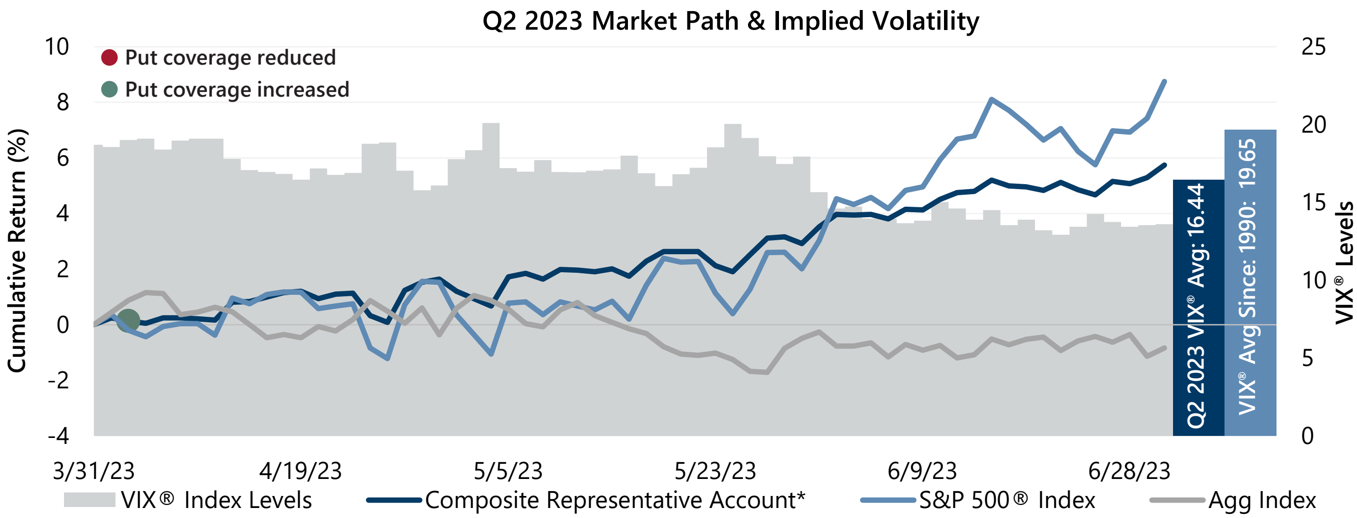
GATEWAY
INVESTMENT ADVISERS, LLC

Index/RA Composite Commentary
Q2 2023

In Brief

- Gateway Index/RA Composite (the Composite) returned 5.82%, net of fees, in the second quarter compared to the 8.74% return of the S&P 500® Index and the -0.84% return of the Bloomberg U.S. Aggregate Bond Index (the Agg). The Composite had its second-best start to a year since its 1988 inception with a year-to-date return of 11.34% compared to the 16.89% and 2.09% returns of the S&P 500® Index and Agg, respectively. (A GIPS® Composite Report is included with this Commentary).
- In June, the Federal Reserve (the Fed) paused its relentless cycle of rate hikes experienced over the past year. Hopes for a continued pause, or even a cut in rates, along with resilient consumer spending, a strong-but-softening labor market, and avoidance of a debt-ceiling-driven government shutdown helped drive the equity market during the quarter.
- Away-from-zero interest rates and robust volatility levels continue to benefit Composite performance. From the start of the quarter through May 4, premiums collected from active index option writing contributed to the Composite's* return of 0.67% while the equity market declined 1.06%. During the market advance from May 4 through quarter-end, the Composite advanced 5.04% relative to the S&P 500® Index advance of 9.91%.
- The S&P 500® Index and the Composite* had an annualized standard deviation of daily returns of 11.88% and 5.40% for the quarter, respectively.
- Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), averaged 16.44 in the second quarter. Average implied volatility exceeded realized volatility, as measured by the standard deviation of daily returns. The VIX® ended the first quarter at 18.70 before climbing to an intra-quarter high of 20.09 on May 4. The VIX® declined to a second quarter low of 12.91 on June 22 and closed the quarter at 13.59.
- Adjustments to the written index call option portfolio during the quarter initially focused on monetizing above-average levels of volatility. As the market advanced later in the quarter, the team was patient in making adjustments to maintain normal market exposure and enhance net cash flow potential.
- The team was active in its management of the portfolio of index put options during the quarter. The team restored full put coverage early in the quarter and focused on maintaining a typical risk profile while managing the cost of downside protection as the market advanced.
- Recency bias among some investors have set expectations that once the Fed conquers inflation, there is potential to return to the low-rate environment experienced during the recent quantitative easing era. Looking back to 1954, this period of ultra-low rates seems to be more of an exception rather than the rule. Gateway's strategies are built for this normalizing rate environment that persistently benefits option writing strategies.



*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 oldest account in the Composite. Source: Bloomberg, L.P.

Market Recap

The S&P 500® Index returned 8.74% in the second quarter of 2023 with monthly returns of 1.56%, 0.43% and 6.61% for April, May and June, respectively. There was much handwringing about the future path of the the Fed's policies to slow the economy and bring down inflation from record heights during the second quarter of 2023. Hopes for a pause, or *even a reversal*, in the Fed's hiking cycle drove markets higher and held volatility lower during the quarter as economic results suggested a new era of monetary policy was showing signs of progress. On May 3, the Fed signaled such hopes could materialize - after increasing the Fed funds rate by 25 basis points to a target range of 5.00% - 5.25%. Then, in June, the Fed paused. Investors seemingly picked up the signal in May, however. The S&P 500® Index began a 9.91% climb on May 4 that lasted through quarter-end.

In light of the Fed's persistent efforts in attempting to control inflation, data released in June showed a resilient but cooling U.S. economy. The third estimate of Gross Domestic Product for the first quarter of 2023 showed that the U.S. continued to grow by an annualized rate of 2.0%, above the consensus expectation of 1.4% and continuing an upward trend. The May unemployment rate of 3.7% was an increase from the prior month and worse than the consensus estimate, while the participation rate held steady at 62.6%. The May Consumer Price Index, released June 13, showed a year-over-year increase of 4.0%, slightly lower than the consensus expectation and continuing a downward trend. First quarter aggregate operating earnings were on track to climb more than 1.6% quarter-over-quarter while decreasing nearly 4.8% year-over-year. With over 99% of S&P 500® Index companies reporting, almost 80% met or exceeded analyst estimates.

Implied volatility, as measured by the VIX®, averaged 16.44 in the second quarter. 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 11.88% for the quarter. The VIX® ended the first quarter at 18.70 before climbing to a second quarter high of 20.09 on May 4. Progress on inflation, Fed decisions and the start of summer vacations contributed to the VIX® declining to a second quarter low of 12.91 on June 22. The VIX® closed the quarter at 13.59.

The Agg returned -0.84% in the second quarter as interest rates resumed their climb following a brief and shallow retreat in response to the threat of a regional banking crisis. The yield on the 10-year U.S. Treasury Note (the 10-year) ended the first quarter at 3.47% before drifting to an intra-quarter low of 3.31% in early April. The 10-year yield rose throughout the quarter to finish June at an intra-quarter high of 3.84%. The yield on the 2-year U.S. Treasury Note exceeded that of the 10-year for the entire quarter, an inversion of its typical relationship that has persisted since July 5, 2022.

Gateway Index/RA Composite Performance

The Composite returned 5.82% in the second quarter compared to the 8.74% return of the S&P 500® Index. The Composite returned 1.56%, 1.39% and 2.77% for April, May and June, respectively, providing consistent loss mitigation and equity market participation throughout the quarter. The Composite had its second-best start to a year since its 1988 inception with a year-to-date return of 11.34%. The S&P 500® Index year-to-date return of 16.89%, ranking as its fifth-best start to a year since 1988. The Agg has returned 2.09% since the start of 2023.

The portfolio performance, contributions, annualized standard deviation and portfolio statistics quoted for the Composite in the following paragraphs are those measured by the net-of-fee returns of a representative account (the Account)[i].

From the start of April through May 4, away-from-zero interest rates and robust volatility contributed to the Account's return of 0.67% compared to the -1.06% return of the S&P 500® Index. Hopes for a pause, or even a reversal, in the Fed hiking cycle helped drive markets higher and volatility lower after the Fed signaled such outcome could materialize during its May meeting. The Fed paused in June, but investors took the hint in May. From May 4 through June 30, the Account returned 5.04% compared to the S&P 500® Index advance of 9.91%.

The Account's index call option writing generated risk-reducing cash flow throughout the quarter and gains on written index call option positions positively contributed to returns in April and May. Gains on purchased index put options also contributed to downside protection during the equity market's shallow decline. However, the Account's call and put option positions both detracted from returns during the quarter, as expected during sharp market advances.

In achieving its low-volatility objective, the Account's annualized standard deviation of daily returns for the quarter was 5.40%, less than half the 11.88% of the S&P 500® Index. The Account exhibited a beta to the S&P 500® Index of 0.44 for the quarter.

Gateway's investment team was active in its management of the Account's index option portfolios during the quarter. Adjustments to the written index call option portfolio focused on maintaining equity market exposure and enhancing cash flow potential through the monetization of robust volatility levels. During periods of market advance, the team exchanged select index call option contracts in advance of their expiration dates for ones with later expiration dates and higher strike prices. The team was active in making adjustments to the index put portfolio during the quarter, as well.

After maintaining put coverage in a range of 80% to 95% since March 28, the team restored full put coverage on April 4. As the market climbed and volatility declined, the team made active adjustments to manage the cost of downside protection and maintain the Account's typical risk profile.

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, 58 days to expiration and annualized premium to earn between 7.5% and 10.0%. In April, the team restored full index put option coverage from a range of 80% and 95% and at the end of the period had a weighted-average strike price greater than 12.5% out-of-the-money, 101 days to expiration and an annualized cost less than 2.5%. Relative to the beginning of the second quarter, this positioning represented slightly lower net cash flow potential and similar market exposure.

Performance & Risk (%)	Q2 2023	YTD 2023	1 Year	3 Year	5 Year	10 Year	Inception (1/1/1988)	Inception Risk[1]
The Composite (Net)	5.82	11.34	12.17	6.49	4.72	4.99	6.83	6.69
S&P 500® Index	8.74	16.89	19.59	14.60	12.31	12.86	10.85	14.74
Agg Index	-0.84	2.09	-0.94	-3.96	0.77	1.52	5.42	4.04

Past performance does not guarantee future results. Periods greater than one year are annualized. Data as of June 30, 2023. Source: Morningstar Direct℠. 1: Based on standard deviation of monthly returns since Composite inception of January 1, 1988. See disclosure and GIPS® Composite Report.

Market Perspective – The Times, They Have Changed

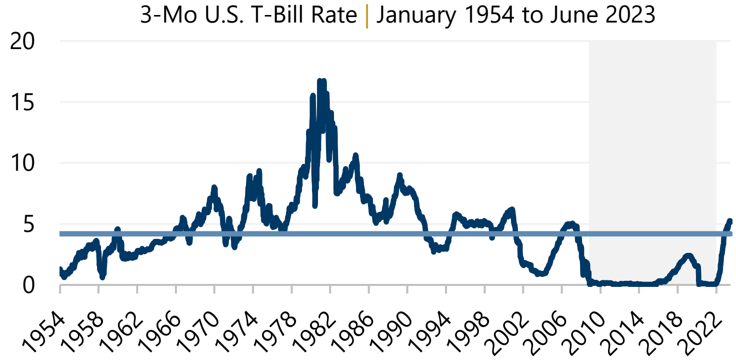
Uncertainty persists around the path of the U.S. economy despite the expected summer lull. With the the Fed pausing rate hikes at their June 14 meeting, investors have seemingly become more comfortable with the upward trajectory of the stock market as expectations rise for a continued pause, or cut. Year-to-date through June 30, the S&P 500® Index returned 16.89% compared to its equally weighted counterpart, the S&P 500® Equal Weight Index, which has only returned 7.03% over the same period. The path and breadth of this advance has been choppy and thin, however. At the end of June, only 28% of the constituents of the S&P 500® Index had year-to-date returns greater than that of the Index. Moreover, 38% had year-to-date returns that were negative.

Meanwhile, volatility has receded in recent weeks in light of the June Fed pause and kickoff to summer. Implied volatility, as measured by the VIX®, ended 2022 at 21.67, higher than its long-term average of 19.65. Implied volatility trended down as the market rallied and finished the second quarter at 13.59. With the VIX® futures curve on June 30 reflecting expectations of implied volatility ranging from 15 to nearly 21 into 2024, persistently elevated implied volatility may continue to be a positive contributor to option writing performance. This could potentially add several percentage points to cumulative premium over a 12-month period, compared to the average level of implied volatility for the five years prior to the pandemic.

On the interest rate front, even with a rate hike pause and data releases that support a less-hawkish path forward, investors should be wary of expecting a return to the recent period of ultra-low rates which seems more an exception rather than a rule. Figure 1 looks back to 1954 and reflects the average rate on a 3-month U.S. Treasury Bill (T-Bill) as 4.18%, compared to an average of 0.47% from October 2008 to December 2021. The 3-month T-Bill ended June 2023 at 5.17%.

Figure 1: Zero Rates Were Exceptional

3-Mo U.S. T-Bill Rate | January 1954 to June 2023

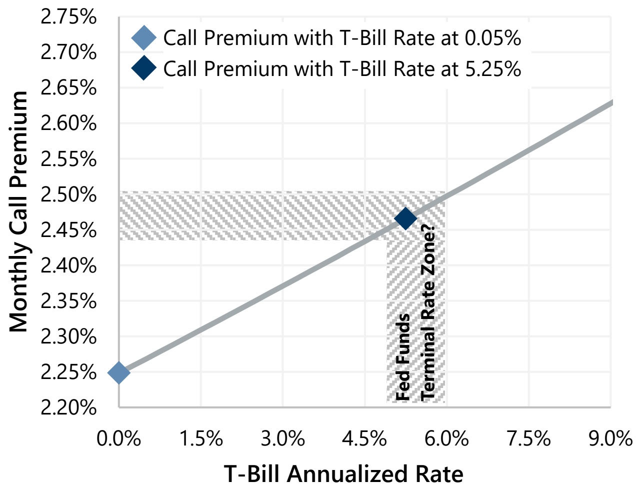


Past performance does not guarantee future results.

As Figure 2 illustrates, when the one-month T-Bill rate is at 0.25%, as it was for so long and so recently, the premium that investors receive for writing one-month at-the-money (ATM) S&P 500® Index call options was around 2.25%. That same call option today is generating nearly 2.50%, and if the Fed does not return a zero-interest rate policy, the interest rate component of option writing strategies could persistently and positively contribute to return moving forward. Additionally, interest rate risks typically associated with fixed income investments may be avoided – offering an alternative that may complement investors allocations to bonds.

Figure 2: One-Month T-Bill Rate Impact on One-Month ATM Call Premium

Standard Black-Scholes Model Assuming Constant Long-Term Average Implied Volatility and No Equity Dividends



Higher interest rates contribute positively to monthly premiums when writing one-month ATM S&P 500® Index call options.

Like a sprinter who is now running a marathon, a lot remains to be seen regarding continued market breadth expansion, monetary policy and the economy. Investment strategies that combine equity market exposure with positive net cash flow, like those managed by Gateway, may benefit if current levels of volatility and interest rates persist, or move higher, as elevated cash flow from option writing premiums are an effective source of lower risk return potential as well as downside protection.

Important Information

i: Represents supplemental information to the GIPS® Composite Report. This representative account was selected as it is the oldest 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.

Past performance does not guarantee 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℠

The S&P 500 Index is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by Gateway Investment Advisers, LLC (Gateway). Standard & Poor's®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Gateway. Gateway's IndexRA Composite is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product nor do they have any liability for any errors, omissions, or interruptions of the S&P 500 Index.

GATEWAY
INVESTMENT ADVISERS, LLC

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
2022	-11.19	-11.73	-18.11	-13.01	10.37	21.16	5.85	6	0.0	6,586	8,593

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(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 0.30% 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, 2022. 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, 2022. The verification and performance examination reports are available upon request.