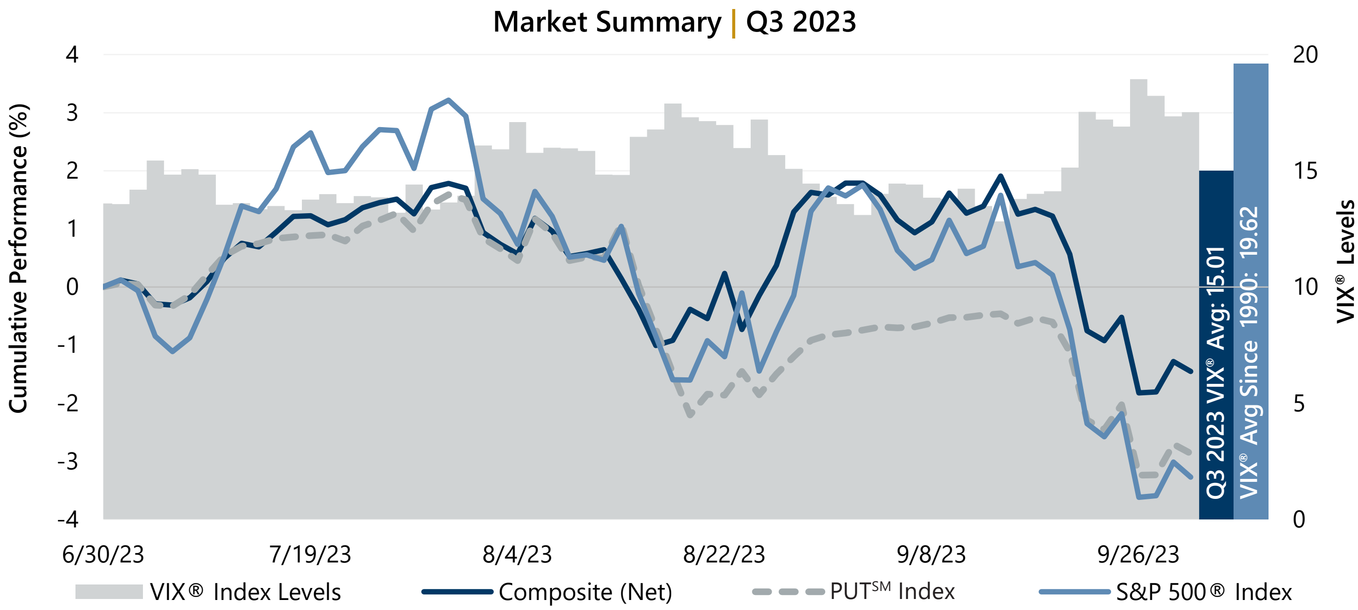
GATEWAY
INVESTMENT ADVISERS, LLC

Active Index-PutWrite Composite Commentary
Q3 2023

In Brief

- Gateway Active Index-PutWrite Composite (the Composite) returned -1.47%, net of fees, in the third quarter compared to the -2.86% return of the Cboe® S&P 500 PutWrite℠ Index[i] (the PUT℠) and the -3.27% return of the S&P 500® Index. The Composite has returned 10.73%, net of fees, since the start of 2023, relative to the 9.31% and 13.07% return of the PUT℠ and the S&P® 500 Index, respectively. (A GIPS® Composite Report is included with this Commentary.)
- After July's advance, the realization of higher-for-longer interest rates seemed to settle-in with investors and the S&P 500® Index returned -6.28% from July 31 through September 30. The Composite provided 310 basis points (bps) of downside protection during the decline with a return of -3.18%, holding up better than the PUT℠ that returned -4.38%.
- The S&P 500® Index, the PUT℠ and the Composite had an annualized standard deviation of daily returns of 10.81%, 6.29% and 7.26% for the third quarter, respectively.
- Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), averaged 15.01 in the third quarter. Average implied volatility exceeded realized volatility, as measured by the standard deviation of daily returns. The VIX® ended the second quarter at 13.59 before drifting to an intra-quarter low of 12.82 on September 14. The VIX® climbed to a third quarter high of 18.94 on September 26 and closed the quarter at 17.52.
- The investment team was patient but opportunistic in its management of the written index put option portfolio. The team incrementally decreased the weighted-average strike price while taking advantage of increases in implied volatility to enhance cash flow potential and maintain typical market exposure.
- Adjustments to the written index put 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.
- As implied volatility reached its 2023 low in September, many market observers contemplated strategies that had potential to benefit from a trend reversal and higher levels of volatility. Unlike shorting volatility through VIX® futures or the like, which could leave investors exposed to significant losses, index options-based strategies that sell volatility are cash-flow positive and could benefit any time volatility rises.



Past performance does not guarantee future results. Source: Morningstar Direct℠ and Bloomberg, L.P.

Market Recap

The S&P 500® Index returned -3.27% in the third quarter of 2023 with monthly returns of 3.21%, -1.59% and -4.77% for July, August and September, respectively. The S&P 500® Index has climbed 13.07% since the start of 2023. An equity market rally in July, a surprise downgrade of U.S. credit by Fitch Ratings and regional bank downgrades, combined with concerns about economic growth in China, drove the S&P 500® Index to return -4.66% from the end of July through August 18. The market rebounded partially, with a 3.41% return from August 18 through September 1. However, as the yield curve continued its shift higher and interest rates maintained new-found heights, the phrase "higher for longer" increasingly settled into investor expectations – and the equity market declined 4.94% from September 1 through quarter-end. The effects of such a rapid rise of interest rates may take time to unfold but seem to be fostering a sense of caution and uncertainty heading into the final quarter of the year.

U.S. Macroeconomic Data | September Releases

	Period	Current	Estimate	Prior
U.S. Gross Domestic Product Growth	Q2 2023	1.7%	2.0%	2.0%
Unemployment Rate	August	3.8%	3.5%	3.5%
Pariticipation Rate	August	62.8%	62.6%	62.6%
Average Hourly Earnings (YoY)	August	4.3%	4.3%	4.4%
Consumer Price Index (YoY)	August	3.7%	3.6%	3.2%

Past performance does not guarantee future results. Source: Bloomberg, L.P.

Despite a persistent war on inflation, rising energy costs contributed to an unwelcome increase in inflation during the quarter while the labor market and macroeconomic backdrop showed signs of softening. The final estimate of Gross Domestic Product for the second quarter of 2023 showed that the U.S. continued to grow by an annualized rate of 1.70%, continuing a downward trend. The August unemployment rate of 3.8% was an increase from the prior month and worse than the consensus estimate, while the participation rate finally ticked up. The August Consumer Price Index, released September 13, showed a year-over-year increase of 3.70%, higher than expectations and the prior month. On the corporate earnings front, second quarter aggregate operating earnings were on track to climb nearly 4.0% quarter-over-quarter, just over 1.5% year-over-year. With almost 99% of S&P 500® Index companies reporting, over 82% met or exceeded analyst estimates.

Implied volatility, as measured by the VIX®, averaged 15.01 in the third 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 10.81% for the quarter. The VIX® ended the second quarter at 13.59 before settling to a 2023 low of 12.82 on September 14. As the equity market softened, the VIX® climbed to an intra-quarter high of 18.94 on September 26 before closing the quarter at 17.52.

The PUT℠ returned -2.86% in the third quarter, compared to the -3.27% return of the S&P 500® Index. This brought the PUT℠ year-to-date return to 9.31%, relative to the S&P 500® Index return of 13.07%. The PUT℠ returned 1.59%, -2.35% and -2.09% in July, August and September, respectively. The premiums the PUT℠ collected as a percentage of its underlying value were 0.98%, 1.47% and 1.13% in July, August and September, respectively.

The PUT℠ is a passive total return index designed to track the performance of a hypothetical portfolio that sells (writes) S&P 500® Index put options against collateralized cash reserves held in a money market account. On the third Friday of each month, the PUT℠ writes a new index put option as the option it wrote the previous month expires. The premiums[ii] the PUT℠ collects on its written index put options have significant influence on its return potential.

The equity market advance in July positioned the PUT℠ to enter August with relatively low market exposure. This passive position was beneficial, providing 92 bps of protection during the equity market decline from the end of July through August 18, when the PUT℠ wrote a new index put option. The PUT℠ wrote a new index put option in August, resetting its market exposure, but this wasn't enough to keep pace with the equity market's late-month rally. Remaining premium from August's written index put option combined with premium collected in September helped provide 280 bps of downside protection during September's market decline.

The Bloomberg U.S. Aggregate Bond Index (the Agg) returned -3.23% in the third quarter as interest rates continued their ascent. The Agg has had a rough go in 2023, concluding a five-month losing streak in September with a year-to-date return of -1.21%. The yield on the 10-year U.S. Treasury Note (the 10-year) ended the second quarter at 3.84% before reaching an intra-quarter low of 3.75% in July. The 10-year yield then rose to reach an intra-quarter high of 4.61% on September 27 before closing September at 4.57%. 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 Active Index-PutWrite Composite Performance

The Composite returned -1.47%, net of fees, in the third quarter, compared to the -2.86% return of the PUT℠. From the start of 2023 through September 30, the Composite has returned 10.73%, net of fees, outpacing the PUT℠ return of 9.31%. The Composite returned, net of fees, 1.78%, -0.21% and -2.99% in July, August and September, respectively, outperforming the PUT℠ in July and August, as well as outperforming the S&P 500® Index in August and September. The Composite's active and diversified approach resulted in a typical amount of market exposure while the passive, rules-based timing of the PUT℠'s replacement of its single written index put option contract resulted in the PUT℠ having variable levels of market exposure.

The Composite provided strong market participation and downside loss mitigation as it continued to benefit from an environment of higher interest rates and robust volatility. The Composite's index put option writing generated risk-reducing cash flow throughout the quarter, and gains on written index put option positions positively contributed to return during July. After a strong July, the S&P 500® Index returned -6.28% from July 31 through September 30. The Composite provided 310 bps of downside protection during this decline with a net of fee return of -3.18%, and the PUT℠ returned -4.38%.

The Composite's index put option writing generated risk-reducing cash flow throughout the quarter and gains on written index put option positions contributed to downside protection during the market's shallow decline at the start of the quarter. Index put option positions positively contributed to returns throughout the quarter.

In achieving its low-volatility objective, the Composite's annualized standard deviation of daily returns for the quarter was 7.26% compared to 10.81% and 6.29% for the S&P 500® Index and the PUT℠, respectively. The Composite exhibited a beta to the S&P 500® Index of 0.65 for the quarter.

Gateway's investment team was active in its management of the Composite's index option portfolio during the quarter. Adjustments to the written index put option portfolio focused on incrementally decreasing the weighted-average strike price while taking advantage of increases in implied volatility to enhance cash flow potential and maintain a typical level of market exposure.

At the end of the quarter, the full value of the Composite's maximum potential loss on written index put options was secured with Treasury bills and cash. The Composite's diversified portfolio of written index put options had a weighted-average strike price greater than 2.5% in-the-money, weighted-average time to expiration of 38 days and annualized premium to earn of less than 2.5%. Relative to the beginning of the quarter, this positioning represented slightly higher market exposure and lower cash flow potential.

Performance & Risk (%)	Q3 2023	YTD 2023	1 Year	3 Years	5 Years	Inception Return[1]	Inception Risk[1]
The Composite (Net)	-1.47	10.73	18.19	7.55	5.37	6.55	9.94
PUT℠ Index	-2.86	9.31	16.82	9.91	4.81	6.42	10.41
S&P 500® Index	-3.27	13.07	21.62	10.15	9.92	11.01	15.77

Periods less than one year are not annualized. Past performance does not guarantee future results. Data as of September 30, 2023. Source: Morningstar Direct℠.
1: Based on monthly returns since Composite inception date of April 1, 2015.

Market Perspective – Don't Get Caught with Your Shorts Down

Shorting vs Selling Volatility - What's The Difference?

So far in 2023 there has been an abundance of headlines driving persistent uncertainty. Risks abound in light of rapid interest rate increases, high inflation, shifts in fiscal and monetary policy, geopolitical tensions and ongoing conflict abroad. Despite the appearance of chaos, implied volatility, as measured by the VIX®, has averaged 17.37 year-to-date – far beyond levels experienced during quantitative easing but below the since 1990 inception average of 19.62.

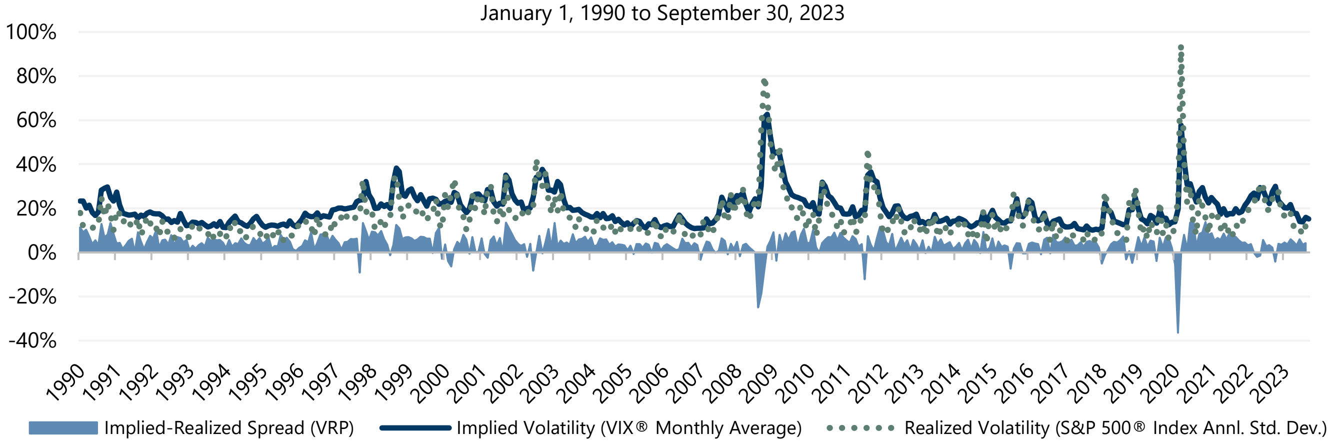
> *Shorting volatility makes a directional bet on volatility with the risk of unlimited potential loss.*
>
> *Selling volatility with options-based approaches generates risk-reducing income, eliminates leverage and limits potential loss.*

During the summer, as volatility receded and the economy remained resilient amidst the Fed's inflation-taming efforts, a number of investors set expectations that volatility would quickly recede after any bout and began betting against short-term futures tied to the VIX®. Shorting volatility is making a directional bet that volatility will remain relatively compressed while exposing investors to unlimited losses and assumes unforeseen events will have a muted impact on volatility. This was a popular strategy in the low-volatility quantitative easing era, during which the Fed managed markets with the utmost caution and implied volatility was routinely very depressed, compared to historical levels.

How to Benefit from Volatility

Some investors may remember how short-volatility strategies turned out after implied volatility suddenly spiked (and did not quickly recede) in early 2018. Spoiler alert: it did not end well. Rather than betting on the direction of volatility and an uncertain future, investors may prefer to contemplate a less-risky approach. Options-based strategies that *sell volatility* may allow investors to capture the difference between realized and implied volatility, or the Volatility Risk Premium (VRP), while generating cash flow. In addition, this type of strategy can be an uncorrelated approach to most other investment strategies and provides diversification to an investment portfolio.

Average Implied Volatility vs. Realized Volatility for S&P 500® Index
January 1, 1990 to September 30, 2023



Higher levels of implied volatility can enhance the potential returns of such a strategy and data suggests that the spread exists in a variety of market conditions, including during periods of lower volatility (and higher rates). Although implied volatility can expand during an equity market advance, it is generally when markets decline that it expands the most. Shorting volatility has the potential to compound losses when markets are down. In contrast, active options-based strategies can take advantage of tumultuous markets. In the case of an equity market decline, premiums collected from writing options can increase. Those premiums can then be used to purchase the underlying basket at lower market prices, enabling the potential to further benefit once the market recovers and asset prices rise.

Time for Experience

Understanding these concepts is crucial to the success of investors considering shorting versus selling volatility. As discussed in *Times Have Changed*, the investing backdrop has been significantly altered over the past year. Interest rates have surged at a breakneck pace, volatility has shifted higher and out of its muted quantitative-easing era range and investors may be weary of expecting a return to an environment of low rates and low volatility. Tested, active options-based approaches have the potential to benefit from these trends while helping reduce risk and enhance portfolio outcomes.

Since 1977, Gateway's investment approach has focused on stability, risk-adjusted performance and long-term growth. Our index option-based strategies have steady track records, consistent risk profiles and are poised to continue benefitting from the current market environment that includes interest rates away from zero, a robust volatility risk premium, and implied volatility persistently in the double-digits.

Important Information

[i] The PUT℠ 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 PUT℠ 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.

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 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 PutWrite℠ 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 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., Federal Reserve Bank of St. Louis and Morningstar Direct℠

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Gateway Active Index-PutWrite Composite

GIPS® Composite Report

Year End	Annual Performance Results: Composite Gross	Composite Net	% of Non-Fee Paying	PUT℠ Index	S&P 500® Index	3-Year Standard Deviation: Composite	PUT℠ Index	S&P 500® Index	Number of Composite Accounts	Composite Assets (millions)	Firm Assets (millions)
9 Months Ended 12/31/2015	4.34%	4.07%	100%	5.94%	0.45%	N/A	N/A	N/A	1	$ 5	$12,210
2016	8.76	8.37	100	7.77	11.96	N/A	N/A	N/A	1	6	11,601
2017	12.15	11.75	100	10.85	21.83	N/A	N/A	N/A	1	5	12,559
2018	-5.61	-5.96	100	-5.93	-4.38	6.89%	7.50%	10.95%	1	4	11,641
2019	17.15	16.73	100	13.51	31.49	7.52	7.92	12.10	1	5	10,950
2020	8.26	7.87	100	2.13	18.40	12.29	14.03	18.80	1	5	9,963
2021	18.93	18.51	100	21.79	28.71	11.22	13.06	17.41	1	4	11,556
2022	-12.11	-12.43	100	-7.66	-18.11	13.77	14.45	21.16	1	2	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. 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 contains fully discretionary option writing accounts that sell (write) index put options. The written put options are 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 Composite was April 1, 2015.

For comparison purposes, the Composite is measured against two indexes: the Cboe® S&P 500 PutWrite℠ Index (PUT℠ 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%. Past performance is not indicative of future results. The 3-year standard deviation is calculated using gross returns.

The investment management fee for the Composite is 0.35%. 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 procedure for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. The Gateway Active Index-PutWrite Composite has had a performance examination for the periods April 1, 2015 through December 31, 2022. 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.