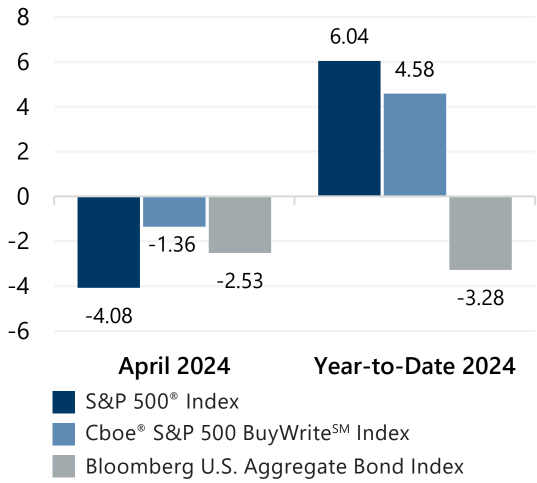
The equity market was challenged in April as economic data and stickier than expected inflation pushed the U.S. Federal Reserve (the Fed) further away from prior suggestions that interest rate cuts would be appropriate in 2024. April marked the first monthly decline for the S&P 500® Index since October 2023. From the close of March through April 19, the S&P 500® Index booked a new year-to-date maximum drawdown of 5.40% before attempting to recover before month's end. From April 19 to April 29, the S&P 500® Index climbed 3.01%. However, the equity market ended the month on a sour note and declined 1.57% on the last day of the month, April 30.

Total Return (%)
Source: Morningstar Direct℠



Data released in April showed a softening macroeconomic backdrop with stubborn inflation. The first estimate of Gross Domestic Product for the first quarter of 2024 was a significant deceleration from the prior quarter and well below the consensus estimate. The year-over-year March Consumer Price Index, released April 10, was higher than the previous reading and above consensus estimates. The quarter-over-quarter PCE Price Index, a Fed favorite, showed an increase of 3.7%, outpacing the prior reading and consensus expectations. Corporate earnings showed some resilience, with first quarter aggregate operating earnings on track to climb 1.3% quarter-over-quarter and 8.1% year-over-year. With just under 57% of S&P 500® Index companies reporting, nearly 83% have met or exceeded analyst estimates.

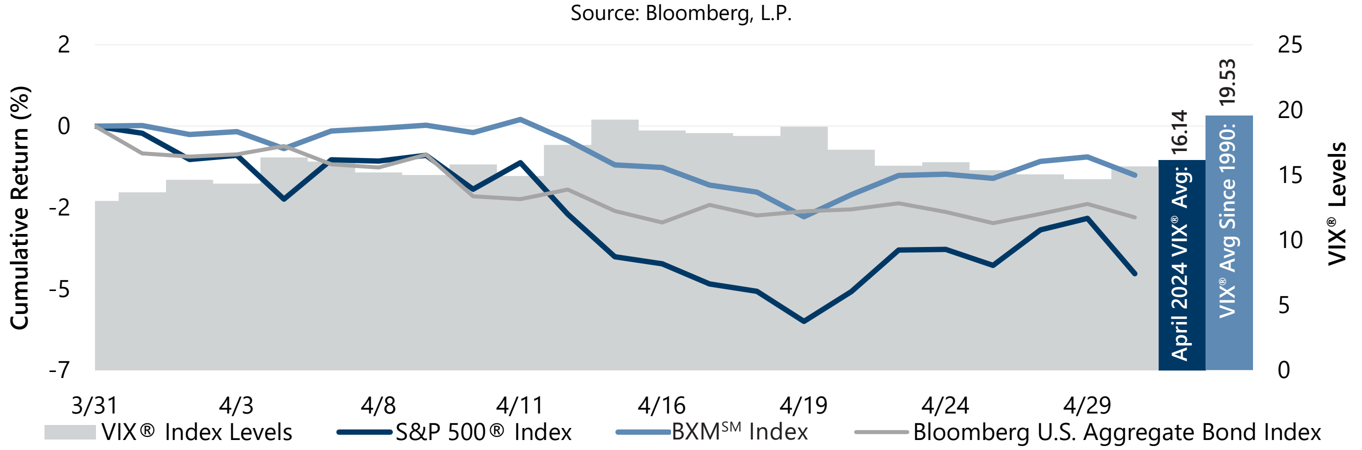
U.S. Macroeconomic Data | April Releases

	Period	Current	Estimate	Prior
U.S. Gross Domestic Product Growth	Q1 2024	1.6%	2.5%	3.4%
Unemployment Rate	March	3.8%	3.8%	3.9%
Pariticipation Rate	March	62.7%	62.6%	62.5%
Average Hourly Earnings (YoY)	March	4.1%	4.1%	4.3%
Consumer Price Index (YoY)	March	3.5%	3.4%	3.2%
Core PCE Price Index (QoQ)	Q1 2024	3.7%	3.4%	2.0%

Source: Bloomberg, L.P.

Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), averaged 13.71 in the first 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 10.97% for the quarter. The VIX® ended December at 12.45 before drifting to an intra-quarter low of 12.44 on January 11. The VIX® reached an intra-quarter high of 15.85 on February 13 and closed the quarter at 13.01.

Market Summary | April 2024
Source: Bloomberg, L.P.



The BXM℠ represents a covered call writing approach. The BXM℠ is passive and rules-based, not active, which results in potential returns that are significantly influenced by the path of the equity market and the premiums collected on its written index call option.

The Cboe® S&P 500 BuyWrite℠ Index[1] (the BXM℠) returned -1.36% in April, bringing its year-to-date return to 4.58%. The premiums the BXM℠ collected as a percentage of its underlying value provided downside loss mitigation. After March's equity market advance, the BXM℠ entered April with relatively low market exposure which increased until the market's April 19 low, at which time the BXM℠ wrote its new index call option with a May expiration and reset its market exposure. From the close of March to April 19, the BXM℠ offset 289 basis points of downside protection with a return of -2.51% relative to the -5.40% decline of the S&P 500® Index. The BXM℠ collected a premium of 1.72% when writing its new index option on April 19, which supported returns through the remainder of the month. From April 19 to month-end, the BXM℠ returned 1.18% while the S&P 500® Index returned 1.39%.

The Bloomberg U.S. Aggregate Bond Index returned -2.53% in April, bringing its year-to-date return to -3.28%. The yield on the 10-year U.S. Treasury Note (the 10-year) ended March at 4.20% and hit an April low of 4.31% on April 1. As the Fed dialed back hopes of rate cuts, the yield on the 10-year climbed to a 2024 high of 4.70% on April 25 before closing the month at 4.68%. In a historical inversion that has persisted since July 5, 2022, the yield on the 2-year U.S. Treasury Note exceeded that of the 10-year for the month.

IMPORTANT INFORMATION

Past performance does not guarantee future results. Sources: Morningstar Direct℠ and Bloomberg, L.P. For more information and access to additional insights from Gateway Investment Advisers, LLC, please visit www.gia.com. **1:** The BXM℠ is a passive total return index designed to track the performance of a hypothetical buy-write strategy on the S&P 500® Index. The construction methodology of the index includes buying an equity portfolio replicating the holdings of the S&P 500® Index and selling a single one-month S&P 500® Index call option 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.