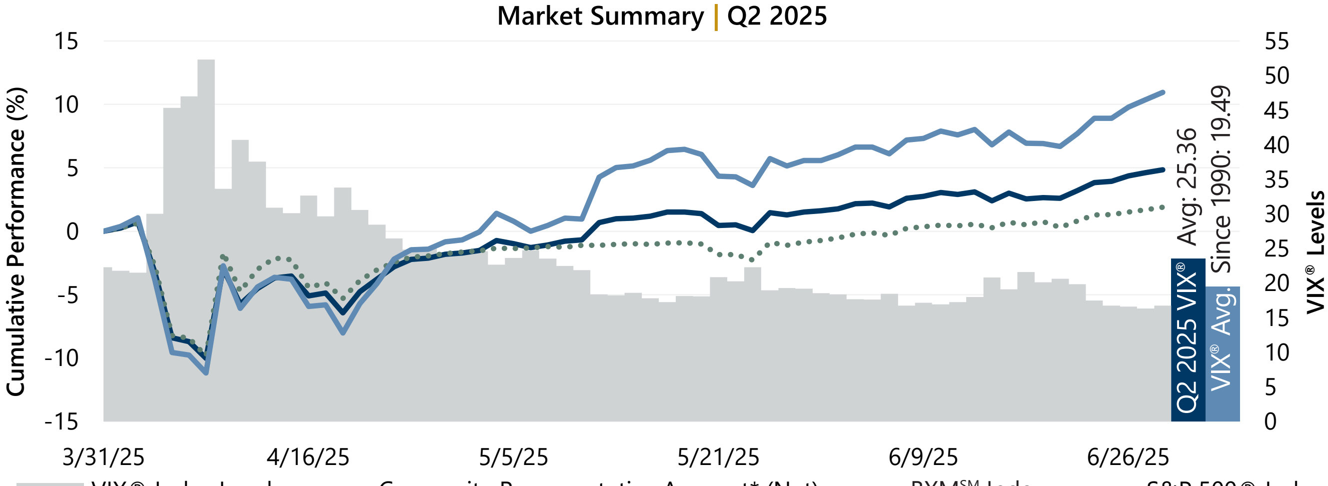
In Brief

- The Gateway Active Index-Option Overwrite Composite (the Composite) returned 5.10%, net of fees, in the second quarter relative to the S&P 500® Index return of 10.94%. During the quarter, net of fees, the Composite outperformed its benchmark, the Cboe® S&P 500 BuyWrite℠ Index (the BXM℠), which returned 1.90%. Year-to-date, the Composite has returned 2.68%, net of fees, relative to the S&P 500® Index return of 6.20% and the BXM℠ return of -1.25%. A GIPS® Composite Report is included with this Commentary.
- Markets recovered from the Liberation Day tariff tantrum in impressive form and are back at all-time highs as trade negotiations have progressed. The full market drawdown occurred from February 19 to April 8, in which the S&P 500® Index declined 18.75%. From April 8 through quarter-end, the equity market recovered with an eye-popping 24.92% advance.
- The Composite* provided 326 basis points (bps) of loss mitigation during the market's February 19 to April 8 decline with a net return of -15.49%. Benefitting from crisis-like levels of volatility and normalized interest rates, the Composite* captured a majority of the equity market advance with a net return of 16.50% from April 8 through quarter-end.
- The S&P 500® Index, the BXM℠, and the Composite* had an annualized standard deviation of daily returns of 30.39%, 25.36%, and 23.92% for the quarter, respectively.
- Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), averaged 23.56 in the second quarter. The VIX® ended the first quarter at 22.28 before reaching an intra-quarter high of 52.33 on April 8 – its highest closing level since 2020. As the market recovered, the VIX® retreated to an intra-quarter low of 16.32 on June 27 before ending the quarter at 16.73.
- During the quarter, the portfolio management team focused on maintaining cash flow and managing weighted average strike price of the index call option portfolio. As the market rallied, adjustments focused on managing time to expiration and weighted-average strike price in an effort to enhance cash flow and maintain typical market exposure.
- With stocks and bonds moving in lockstep, traditional diversification is being put to the test. Uncertainty over the next Federal Reserve Chair and the direction of monetary policy clouds the outlook for interest rates further, forcing investors to seek a new kind of ballast for their portfolio. To navigate this environment, options-based strategies can offer a compelling alternative, designed to perform well amid an environment of positive interest rates and generous portions of future uncertainty.

Market Summary | Q2 2025



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

Past performance does not guarantee future results. *The portfolio performance and standard deviation reflected for the Composite are those measured by a representative account. This information represents supplemental information to the GIPS® Composite Report.

Market Recap

After a negative first quarter of 2025 and near-bear market territory in April, the S&P 500® Index advanced 10.94% in the second quarter with returns of -0.68%, 6.29%, and 5.09% in April, May, and June, respectively. The quarterly advance brought the year-to-date return of the S&P 500® Index to 6.20%. Markets recovered from the Liberation Day tariff tantrum in impressive form and are back at all-time highs as trade negotiations have progressed. From the close of the first quarter through April 8, the S&P 500® Index declined 11.19%. From April 8 through quarter-end, the equity market recovered with an eye-popping 24.92% advance.

Data released in June reflected a resilient economic backdrop with signs of stable inflation. The current estimate of Gross Domestic Product for the first quarter of 2025 was below the prior estimate and consensus expectations. The year-over-year May Consumer Price Index, released June 11, was in line with consensus estimate and slightly higher than the prior period. The quarter-over-quarter Personal Consumption Expenditures (PCE) Price Index was also slightly higher than the consensus estimate and prior period. With nearly all S&P 500® Index companies reporting, corporate earnings are on track to be positive for the first quarter of 2025. Aggregate operating earnings increased 1.2% quarter-over-quarter and 9.6% year-over-year. More than 82% of reporting companies either met or exceeded analyst estimates.

U.S. Macroeconomic Data | June Releases

	Period	Current	Estimate	Prior
U.S. Gross Domestic Product Growth	Q1 2025	-0.5%	-0.2%	-0.2%
Unemployment Rate	May	4.2%	4.2%	4.2%
Labor Participation Rate	May	62.4%	62.6%	62.6%
Average Hourly Earnings (YoY)	May	3.9%	3.7%	3.8%
Consumer Price Index (YoY)	May	2.4%	2.4%	2.3%
Core PCE Price Index (QoQ)	Q1 2025	3.5%	3.4%	3.4%

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

Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), averaged 23.56 in the second quarter. In a reversal of its typical relationship, realized volatility reached 30.39% for the quarter, as measured by the standard deviation of daily returns for the S&P 500® Index, and exceeded average implied volatility for the period. The VIX® ended the first quarter at 22.28 before reaching an intra-quarter high of 52.33 on April 8. As the market recovered, the VIX® retreated to an intra-quarter low of 16.32 on June 27 before ending the quarter at 16.73.

The BXM℠ represents a covered call option 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 options.

The BXM℠ returned 1.90% in the second quarter, bringing its year-to-date return to -1.25%. The premiums the BXM℠ collected as a percentage of its underlying value provided loss mitigation and are an important component of performance. The premiums the BXM℠ collected as a percentage of the BXM℠'s underlying value were 3.45%, 2.07%, and 2.00% in April, May, and June, respectively. The rules-based timing of the BXM℠'s option writing and the level of premiums collected as a percentage of its underlying value contributed significantly to the BXM℠'s participation in periods of advance and level of loss mitigation during periods of market decline. From the start of the quarter through April 8, the BXM℠ declined 9.83% relative to the S&P 500® Index, providing 136 basis points of loss mitigation. From April 8 to quarter-end, the BXM℠ returned 13.00% relative to the 24.92% return of the S&P 500® Index.

The Bloomberg® U.S. Aggregate Bond Index (the Agg) Index returned 1.21% in the second quarter, bringing its year-to-date return to 4.02%. The yield on the 10-year U.S. Treasury Note (the 10-year) ended March at 4.21% and reached an intra-quarter low of 3.99% on April 4 before touching an intra-quarter high of 4.60% on May 21. The 10-year ended the quarter at 4.23%.

Gateway Active-Index Option Overwrite Composite Performance

The Composite returned 5.10%, net of fees, in the second quarter relative to the S&P 500® Index return of 10.94% and the BXM℠ return of 1.90%. Since the start of 2025, the Composite has returned 2.68%, net of fees, relative to the 6.20% return of the S&P 500® Index and the -1.25% of the BXM℠. Net of fees, the Composite returned -1.62%, 3.52%, and 3.20% in April, May, and June, respectively. The Composite's active and diversified approach resulted in a typical amount of market exposure throughout the quarter while the passive, rules-based timing of the BXM℠'s replacement of its single written index call option contract resulted in the BXM℠ having varied and unpredictable levels of market exposure.

After near-bear market territory in April, markets recovered from the tariff tantrum in impressive form and are back at all-time highs. Most of the equity drawdown occurred from the start of April through April 8, when the S&P 500® Index dropped 11.19%. However, the full drawdown occurred from February 19 through April 8 over which time the S&P 500® Index declined 18.75%. From April 8 through quarter-end, the equity market recovered with an eye-popping 24.92% advance.

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[i].

The Composite provided 326 bps of loss mitigation during the market's February 19 to April 8 decline with a return of -15.49%. The BXM℠ returned -15.46% during the same period. Benefitting from crisis-like levels of volatility and normalized interest rates, the Composite captured a majority of the equity market advance with a return of 16.50% from April 8 through quarter-end, compared to the BXM℠ return of 13.00%.

Index call option writing generated risk-reducing cash flow throughout the second quarter but detracted from returns, as expected during periods of rapid market advance. In achieving its low-volatility objective, the Composite's annualized standard deviation of daily returns for the quarter was 23.92% compared to 30.39% and 25.36% for the S&P 500® Index and the BXM℠, respectively. The Composite exhibited a beta to the S&P 500® Index of 0.78 for the quarter.

Gateway's portfolio management team was active in managing the index option portfolio. During the quarter, the investment team focused on taking advantage of equity market weakness and higher implied volatility levels by adjusting the written index call option portfolio to enhance cash flow and maintain typical market exposure. As the equity market recovered, the team focused on managing weighted average strike prices and time to expiration. The diversified and active index call option writing approach generated risk-reducing cash flow throughout the quarter, and relative to the broad equity market, delivered loss mitigation during market declines while supporting participation during periods of advance.

At the end of the quarter, index call options were sold against over 95% of the equity portfolio's value with a weighted average strike price between 1.5% in-the-money and 1.5% out-of-the-money, 55 days to expiration, and annualized premium to earn between 10.0% and 12.5%. Relative to the beginning of the quarter, this positioning represented lower market exposure and slightly less net cash flow potential.

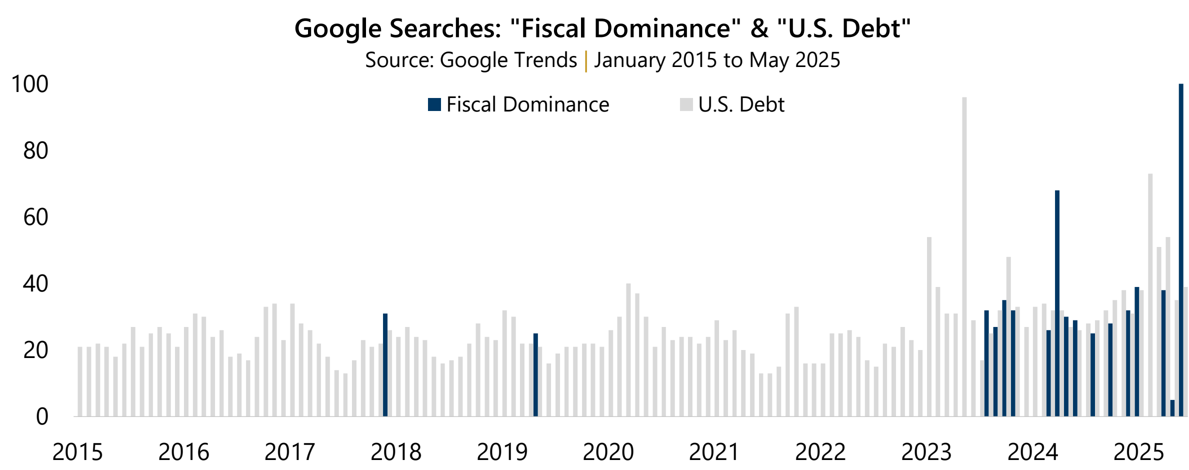
Performance & Risk (%)	Q2 2025	1 Year	3 Year	5 Year	10 Year	15 Year	Inception Return[1]	Inception Risk[1,2]
The Composite (net)	5.10	9.16	13.71	11.74	8.56	9.67	7.67	10.29
BXM℠ Index	1.90	10.25	9.39	10.16	6.42	7.60	5.53	11.42
S&P 500® Index	10.94	15.16	19.71	16.64	13.65	14.86	11.53	15.89

Past performance does not guarantee future results. Periods greater than one year are annualized. Data as of June 30, 2025. Source: Morningstar Direct℠.
1: Composite inception date is April 1, 2008. 2: Based on standard deviation of monthly returns.

Market Perspective - Dominating Deficits

Credit Check

The topic of fiscal dominance - when fiscal deficits are so large that it renders the U.S. Federal Reserve (the Fed) monetary policy ineffective - has generated much interest lately. On May 16th, Moody's downgraded the credit rating of the United States from Aaa to Aa1 (and changed their outlook to stable from negative). While the tariff tantrum could have been blamed, the change in rating was due to concerns about the existing growing mountain of debt from the U.S. Federal Government which has been driven by persistently high fiscal spending and budget deficits.



Past performance does not guarantee future results.

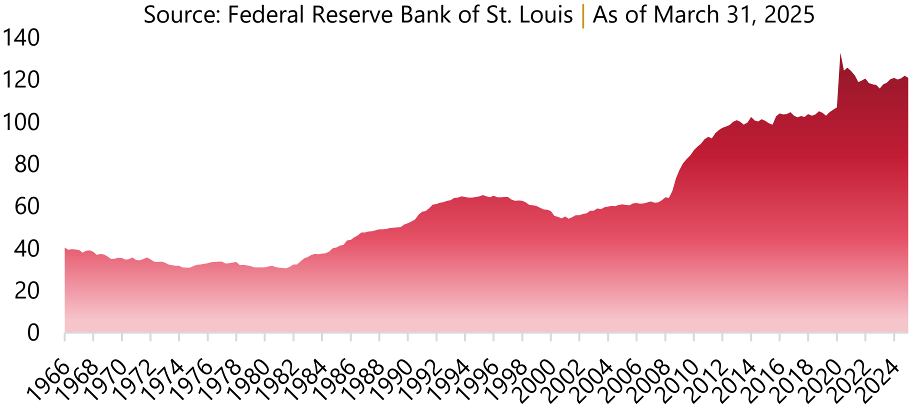
The concerns are also growing beyond the fringes of public discourse. In February 2025, as discussed in [When the Bills are Due](), Fed Chairman Powell acknowledged their limited capacity for managing long-term rates, mentioning the central bank has "some influence" but mostly no control over longer-term rates. More recently, when discussing the spiraling national debt with Bloomberg, L.P., J.P. Morgan Chase CEO Jamie Dimon ominously warned:

"You are going to see a crack in the bond market, OK?"

- Jamie Dimon

U.S. Debt as % of GDP

Source: Federal Reserve Bank of St. Louis | As of March 31, 2025



A review of the data highlights his concerns. Mr. Dimon, nearing 70, has witnessed much more fiscally responsible times. In fact, it was not until the debt crisis in 2012 that the debt-to-Gross Domestic Product (GDP) ratio reached 100%. This followed the first downgrade of U.S. Debt by a major ratings company, Standard & Poor's, who cited that recent budget controls fell "short of what is needed to stabilize the government's fiscal situation..."

In 2025, a return to 100% debt-to-GDP could be considered positive compared to the last five years. The debt as a percentage of GDP has been above 100% since the third quarter of 2015 and since the pandemic response in Q1 2020, the ratio has not been below 115%. At the end of March 2025 U.S. debt-to-GDP was over 120%.

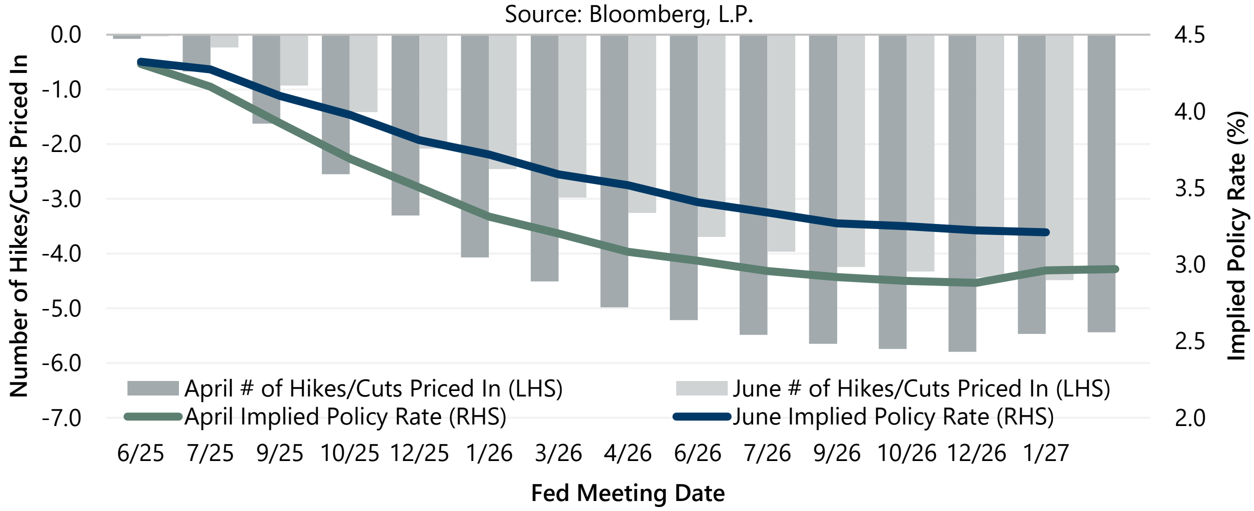
Fiscal Focus

As the debt and deficit dominate, the Fed's ability to fight inflation might be impaired. Deficit spending is a form of economic stimulus that could add to inflation, and while longer term inflation expectations have come down, longer term yields have not – much to the chagrin of fixed income investors. 10-year inflation expectations, as measured by 10-year inflation swaps, peaked in April 2022 at 3.14%. At that time, the 10-year Treasury yielded 2.94%. At the end of May 2025, 10-year inflation expectations were lower at 2.49% while the 10-year Treasury was yielding 4.40% - for a spread of 191 bps. The average spread between the two since July 2004 is 52 bps.

Since the end of April, the Fed Funds Futures market has shifted expectations of interest rate cuts further out in time. Additionally, the projected low in short-term interest rates (post implied Fed rate cuts) is now approximately 50 bps higher as of June 10.

Fed Fund Futures Expectations - April vs. June

Source: Bloomberg, L.P.



Is this all due to concerns about the fiscal situation? Given recent headlines, it is quite possibly so:

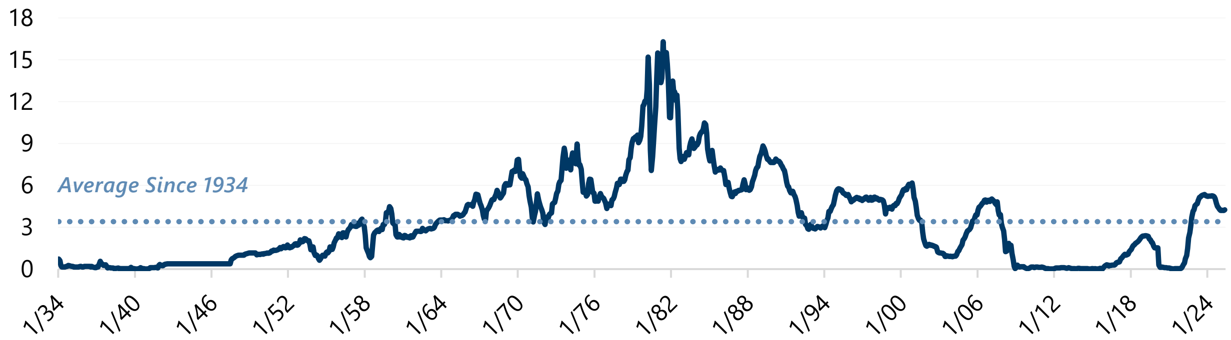
> ***"Long-Bond Revolt Pressures 60/40 Comeback in Chaotic Market"***
> ***"Buyers' Strike Rocks US Long Bond as DoubleLine, Pimco Stay Away"***
> ***"'Most Unloved Bonds' Turn Routine US Auction Into Crucial Test"***
>
> *- Bloomberg, L.P.*

Rates Matter

In a nutshell, all this reinforces a point made many times within Gateway's *Perspective* - the near-zero, low-rate environment that investors became accustomed to post-Great Financial Crisis is not likely to return anytime soon. Rather, rates may likely settle into somewhat of a range around current, more average levels. As of June 10, the implied Fed Funds Rate is 3.21% for January 2027 and in line with the average 90-day Treasury Bill (T-Bill) yield since 1934 of 3.41%.

Near-Zero Rates Were Exceptional

Jan. 1934 to May 2025 | Source: Federal Reserve Bank of St. Louis



A backdrop of normalized interest rates is a supportive tailwind for Gateway's options-based strategies. Higher short-term rates enhance premiums collected when selling (writing) index call options while simultaneously lowering the cost of protective index put options.

The added pressure on interest rates also highlights the diversification benefits of options-based strategies, such as those offered by Gateway. Upward pressure on longer-term rates dampens the effectiveness of fixed income allocations as a form of portfolio diversification; however, higher rates are beneficial to option pricing. This allows options-based strategies to reduce risk, enhance cash flow, and offer a diversified return stream.

Consider data since 1988 that shows stocks and bonds (as measured by the S&P 500® Index and the Agg Index) are positively correlated when viewed over a rolling 36-month timeframe. Data suggests the prospect for a return to more average levels of interest rates could continue contributing to positive stock/bond correlation. Short-term rates averaged 4.01% when rolling 36-month correlation was positive compared to 1.54% when correlation was negative.

Get Balanced with Gateway

While fixed income continues to play an important role in many portfolios, investors should also consider a ballast amidst an environment where positive stock/bond correlation persists. Investors looking to enhance diversification may benefit from options-based strategies, which are poised to benefit from away-from-zero or rising interest rates as well as periods of heightened volatility.

Option writing premiums can be an effective source of income and/or provide a lower risk return potential. Compared to levels prior to 2022, cash flow from writing a one-month at-the-money index call option has increased significantly and provides strong return potential during market advances and attractive downside protection during market declines. Strategies employing these approaches, such as those managed by Gateway since 1977, may be well positioned in the current environment to provide investors with the potential to generate attractive risk-adjusted returns over the long-term.

Important Information

[i] Represents supplemental information to the GIPS® Composite Report.

Past performance does not guarantee future results. For more information and access to additional insights from Gateway Investment Advisers, LLC, please visit www.gia.com.

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 Gateway Active Index-Option Overwrite 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 on April 1, 2008.

The Composite's 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.

A more detailed description of Gateway's standardized fees is included in Form ADV, Part 2.

The GIPS® Composite Report for the Gateway Active Index-Option Overwrite Composite is included with this document. Additional copies are available upon request by calling 513.719.1100.

Data sources: Gateway Investment Advisers, LLC, Federal Reserve Bank of St. Louis, Bloomberg, L.P., and Morningstar Direct℠.

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Gateway Active Index-Option Overwrite Composite Disclosure

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Gateway Active Index-Option Overwrite Composite

GIPS® Composite Report

Year End	Annual Performance Results				3-Year Standard Deviation			Number of Composite Accounts	Composite Assets (millions)	Firm Assets (millions)
	Composite Gross	Composite Net	S&P 500® Index	BXM℠ Index	Composite	S&P 500® Index	BXM℠ Index			
9 Months Ended 12/31/2008	-19.54%	-19.72%	-30.43%	-26.10%	N/A	N/A	N/A	1	$492	$7,071
2009	15.15	14.78	26.46	25.91	N/A	N/A	N/A	1	502	7,188
2010	13.30	12.91	15.06	5.86	N/A	N/A	N/A	1	516	7,699
2011	6.73	6.33	2.11	5.72	11.26%	18.97%	13.66%	1	496	8,081
2012	11.46	11.02	16.00	5.20	8.54	15.30	11.56	4	717	10,517
2013	14.91	14.46	32.39	13.26	6.28	12.11	9.39	4	1,233	12,475
2014	7.64	7.26	13.69	5.64	4.37	9.10	6.07	5	2,263	12,239
2015	5.98	5.57	1.38	5.24	5.37	10.62	6.52	6	2,404	12,210
2016	9.10	8.74	11.96	7.07	5.83	10.74	6.68	4	2,627	11,601
2017	13.83	13.44	21.83	13.00	5.47	10.07	5.83	4	2,665	12,559
2018	-4.86	-5.18	-4.38	-4.77	6.79	10.95	7.48	3	2,298	11,641
2019	17.85	17.42	31.49	15.68	7.41	12.10	7.95	2	1,486	10,950
2020	9.03	8.57	18.40	-2.75	12.33	18.80	14.72	2	1,491	9,963
2021	19.04	18.52	28.71	20.47	11.44	17.41	13.93	2	1,695	11,556
2022	-10.81	-11.22	-18.11	-11.37	14.16	21.16	15.75	2	1,448	8,593
2023	19.79	19.26	26.29	11.82	11.18	17.54	10.37	2	1,723	8,828
2024	17.51	16.98	25.02	20.12	11.15	17.4	9.89	2	1,829	9,416

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-Option Overwrite Composite contains fully discretionary hedged equity accounts that hold common stock and sell index call options on at least 95% of the underlying stock value. Indexes utilized for call option activity are U.S. domestic equity indexes that include all sectors of the economy. This call activity reduces volatility and provides cash flow. The creation and inception date of the Gateway Active Index-Option Overwrite Composite was April 1, 2008.

For comparison purposes the 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 Cboe® S&P 500 BuyWrite℠ Index (BXM℠ Index), a passive total return index designed to track the performance of a hypothetical buy-write strategy on the S&P 500® Index.

Performance results are expressed in U. S. dollars. Returns are presented gross and net of actual management fees and include the reinvestment of all income. Past performance is not indicative of future results. 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: 0.425% on the first $5 million; 0.325% on the next $5 million; 0.25% on the next $40 million; and 0.225% 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, 2024. 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 Active Index-Option Overwrite Composite has had a performance examination for the periods April 1, 2008 through December 31, 2024. 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.