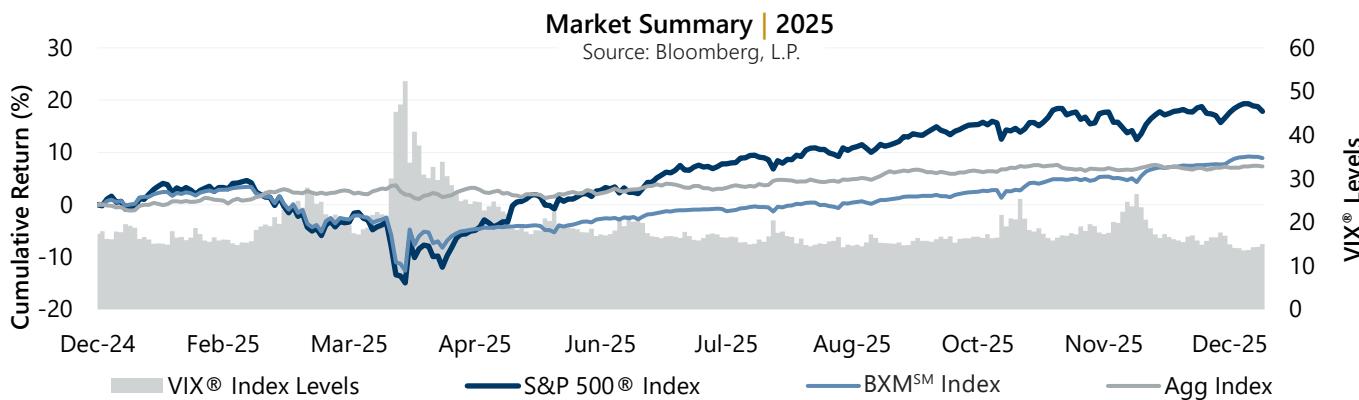


As corporate earnings remained resilient and the U.S. Federal Reserve (the Fed) implemented two additional interest rate cuts, the S&P 500® Index marched to new all-time highs and advanced 2.66% during the fourth quarter. The S&P 500® Index had a strong start to the quarter, climbing 3.09% from the end of September to October 29, before dropping 5.01% from October 29 to November 20 as an extended U.S. government shutdown and uncertainty surrounding Fed policy weighed on investors.



Data released in December filled the gap left by sparse economic reporting during the prolonged government shutdown and reflected a strengthening macroeconomic backdrop, steady inflation, and a shifting labor market. The current estimate of Gross Domestic Product for the third quarter of 2025 increased to 4.3% from the prior estimate of 3.8% - and was 100 basis points better than consensus expectations. The year-over-year November Consumer Price Index, released December 18, was below the consensus estimate while the quarter-over-quarter Personal Consumption Expenditures (PCE) Price Index matched the estimate. With nearly all S&P 500® Index companies reporting, corporate earnings were on track to be positive for the third quarter of 2025. Aggregate operating earnings increased 5.3% quarter-over-quarter and 12.7% year-over-year. Almost 86% of reporting companies either met or exceeded analyst estimates.

U.S. Macroeconomic Data | December Releases

	Period	Current	Estimate	Prior
U.S. Gross Domestic Product Growth	Q3 2025	4.3%	3.3%	3.8%
Unemployment Rate	November	4.6%	4.5%	*
Labor Participation Rate	November	62.5%	62.4%	*
Average Hourly Earnings (YoY)	November	3.8%	3.7%	3.7%
Consumer Price Index (YoY)	November	2.7%	3.1%	*
Core PCE Price Index (QoQ)	Q3 2025	2.9%	2.9%	2.6%

Past performance does not guarantee future results. Data Source: Bloomberg, L.P. *Prior data unavailable due to U.S. government shutdown.

The quarterly spread between S&P 500® Index implied and realized volatility, or the Volatility Risk Premium, was 5.14% - well above the since-1990 average of 3.57%. Implied volatility, as measured by the VIX®, averaged 17.75 in the fourth 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 12.61% for the quarter. The VIX® ended the third quarter at 16.28 before reaching an intra-quarter high of 26.42 on November 20. As the U.S. government reopened and the market advanced, the VIX® retreated to an intra-quarter low of 13.47 on December 24 before ending the quarter at 14.95.

The Cboe® S&P 500 BuyWrite® Index¹ (the BXM®) returned 6.53% in the fourth quarter and 8.91% during the full year. 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 2.60%, 2.92%, and 1.59% in October, November, and December, 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 its level of loss mitigation during periods of market decline.

The BXM® represents a covered call option writing approach and is passive and rules-based, not active. This results in returns that are heavily influenced by the equity market's path and the premiums collected on its written index call options.

The Bloomberg® U.S. Aggregate Bond Index returned 1.10% in the fourth quarter, bringing its full year return to 7.30%. The yield on the 10-year U.S. Treasury Note (the 10-year) ended September at 4.15% and hit an intra-quarter low of 3.95% on October 22 before climbing to an intra-quarter high of 4.19% on December 9. The 10-year ended the quarter at 4.17%.

Important Information

Past performance does not guarantee future results. Sources: Morningstar DirectSM and Bloomberg, L.P. For more information and access to additional insights from Gateway Investment Advisers, LLC, please visit www.gia.com.

1: The BXMSM 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 third Friday of the standard index-option expiration cycle and holding that position until the next expiration.

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