GATEWAY
INVESTMENT ADVISERS

A New Hand at the Helm

Gateway Market Perspective - July 2026

Key Takeaways

- Kevin Warsh succeeded Jerome Powell as Chair of the U.S. Federal Reserve (the Fed). Transitions of Fed Chair have historically contributed to S&P 500® Index drawdowns and spikes in implied volatility, as measured by the Cboe® Volatility Index (the VIX®). The severity of such drawdowns has often been tied to inflation, policy-credibility concerns, and communication clarity — and the Warsh transition has the potential to combine several of these risk factors, at once.
- Since Chair Warsh was announced to take the helm, market rate expectations have swung from pricing-in multiple interest rate cuts by year-end 2026 to pricing-in a hike.
- The same higher-inflation, higher-rate, higher-volatility regime that has unsettled past transitions has historically been a tailwind for options-based strategies, such as those offered by Gateway. During these periods, cash flow from options can benefit from both elevated volatility and higher short-term yields.

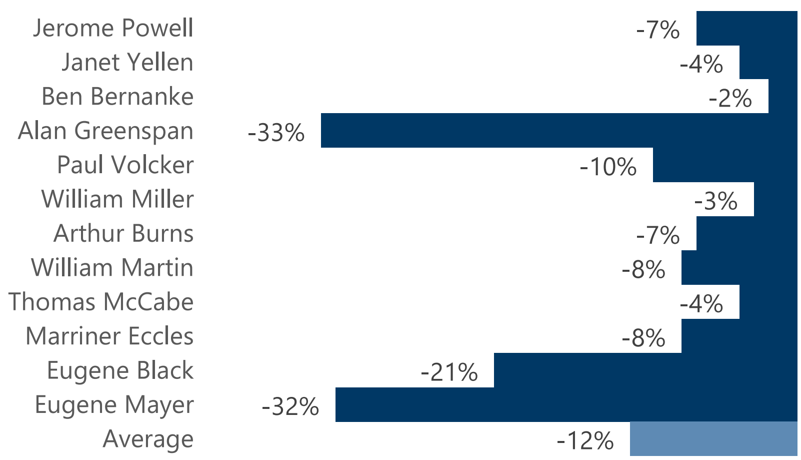
A History of Turbulent Handoffs

Markets rarely accept a new Fed chair calmly. Since 1930, the S&P 500® Index has logged three-month drawdowns ranging from just -2% under Ben Bernanke to -33% under Alan Greenspan.

The pattern that emerges may be less about the individual at the podium than the conditions surrounding the handoff: transitions that occur during periods of elevated inflation, fragile policy credibility, or ambiguous communication have tended to produce the sharpest drawdowns and the most persistent volatility, while calmer macro backdrops have allowed even consequential leadership changes to pass with comparatively little market disruption.

3-Month Drawdown Following Fed Transition

S&P 500® Index Return | Since January 1930
Source: Bloomberg®, L.P.



Why This Transition May Be Different

The transition to Chair Warsh, announced at the end of January 2026 and sworn in on May 22, 2026, potentially carries several risk factors historically associated with larger drawdowns and increased volatility:

- Policy Uncertainty Amidst Changing Communication Style
Warsh has signaled a shakeup at the Fed, including skepticism toward forward guidance tools such as the infamous dot plot — a metric investors have referenced to estimate the direction of Fed policy.

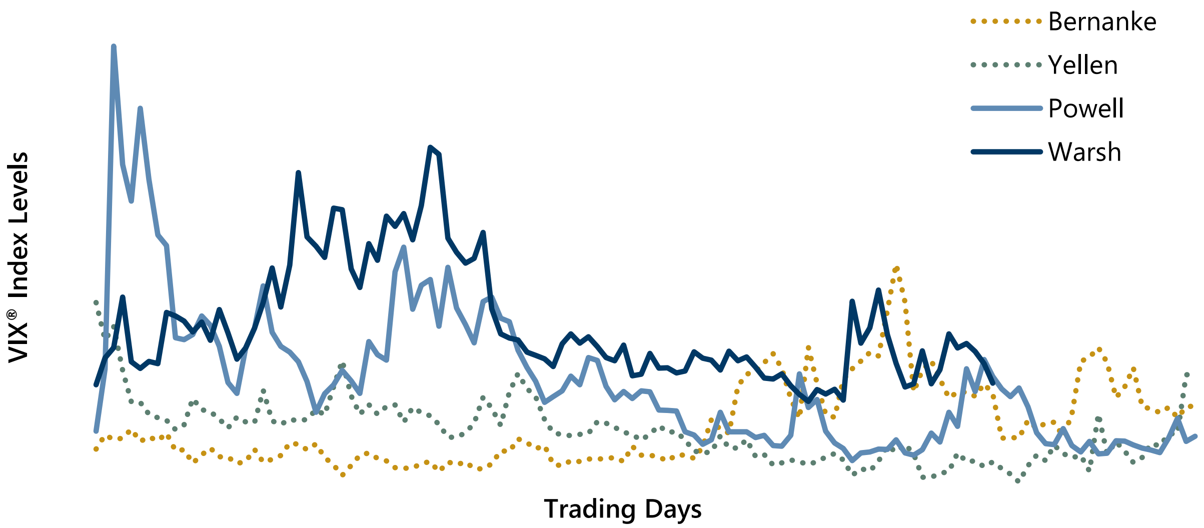
- Economic Backdrop Driving Persistent Inflation
The change in communication comes against an unfriendly macroeconomic backdrop, which has led to rates being held steady so far during 2026. The Fed recently signaled the possibility of rate hikes as it monitors the inflationary impact of the middle east conflict.

Taken together, the historical record suggests this transition combines structural communication uncertainty with genuine macro stress, resulting in a dramatic repricing of rate expectations - from roughly 100 bps of cuts priced-in by the end of February to about 25 bps of hikes priced-in by mid-June - alongside a VIX® that has popped to a high of 31.05 since Warsh's appointment.

Volatility, as measured by the VIX®, has tended to spike in the first one to three months after the announcement of a new Fed chair, though the magnitude is also influenced by the prevailing macro backdrop at the time of transition. For example, the spike in implied volatility after Warsh was announced was heavily influenced by the impact from turmoil in Iran.

Implied Volatility During Fed Transition

VIX® Levels | First 6-Months Following Recent Fed Chair Announcements
Source: Bloomberg®, L.P.



Volatility, Inflation, and the Case for Income

With interest rates and inflation potentially remaining elevated relative to the post-Global Financial Crisis environment, positive correlation between stocks and bonds — measured on a rolling 36-month basis — may also persist. From January 1988 to June 2026, periods of positive stock-bond correlation have coincided with average inflation of 3.19% and 90-day Treasury bill (T-bill) yields of 4.00%. This compares to average inflation of 2.26% and 90-day T-bill yields of 1.54% when the correlation has been negative. Implied volatility has told a similar story: the VIX® averaged 20.35 during positive stock-bond correlation regimes; above the 18.25 average during negative correlation regimes.

Stock-Bond Correlation Regimes (From January 1, 1988 to June 30, 2026)

Regimes Averages	Inflation Rate	Yield 90-Day T-Bill	VIX®
Positive Correlation	3.2%	4.00%	20.35%
Negative Correlation	2.3%	1.54%	18.25%

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

Although the past does not predict the future, the combination of higher inflation, higher rates, and higher volatility has historically been favorable for Gateway's option-based strategies, which offer the potential to draw enhanced levels of cash flow from both option premium and short-term yield. Option strategy performance, relative to stocks and bonds, has improved alongside higher inflation and short-term rates, with return-capture ratios increasing across these higher-rate, higher-inflation regimes.

Index/RA Has Benefitted from Positive Stock-Bond Correlation

On a rolling 12-month basis, the Gateway Index/Risk-Adjusted (RA) Composite (The Composite) has returned an average of 8.25%, net of fees, when stocks and bonds were positively correlated, versus 4.81%, net of fees, when they were negatively correlated. The pattern holds when isolating rates and inflation individually: average rolling 12-month net-of-fee returns have been 10.50% when 90-day T-bill yields were above 3%, versus 3.98% when yields were below 3%. The strategy averaged an 8.62% net-of-fee return when inflation ran between 2% and 4%, and 8.94% when inflation exceeded 4%, versus just 3.49% when inflation was under 2%.

The Composite's performance relative to stocks and bonds has improved alongside higher inflation and short-term rates, with its return-capture ratio increasing in both absolute and relative terms across these higher-rate, higher-inflation regimes.

Relative Performance by Inflation/Interest Rate Regime
January 1, 1988 to June 30, 2026

Regime	*Average Rolling 12-Month Return*			*Capture Ratio*	
	Index/RA (net)	*S&P 500® Index*	*Bloomberg® U.S. Aggregate Bond Index (the Agg)*	*S&P 500® Index*	*Agg Index*
Stock-Bond Correlation: *Positive*	8.25%	15.43%	5.47%	54%	151%
Stock-Bond Correlation *Negative*	4.81%	8.64%	4.86%	56%	99%
90-Day T-Bill Yield > 3%	10.50%	16.17%	5.70%	65%	184%
90-Day T-Bill Yield < 3%	3.98%	9.22%	4.57%	43%	87%
Inflation < 2%	3.49%	9.03%	5.65%	39%	62%
Inflation 2%-4%	8.62%	15.06%	5.90%	57%	146%
Inflation > 4%	8.94%	10.71%	3.41%	83%	262%

Performance (%)	1 Year	3 Year	5 Year	10 Year	Inception Return*
The Composite (Net)	12.35	11.37	7.13	7.13	7.18
S&P 500® Index	22.32	20.61	13.41	15.51	11.58
Agg Index	3.79	4.16	0.08	1.54	5.32

Past performance does not guarantee future results. Periods less than one year are not annualized. Data as of June 30, 2026. Source: Morningstar Direct℠ and Bloomberg® Index Services Limited. See the Important Information section for the full disclosure.
*Composite inception date is January 1, 1988.

The Bottom Line

The Warsh transition arrives with a potential combination of risk factors that were absent for many prior Fed handoffs — a structural shift away from forward guidance, an FOMC still wary of cutting into elevated inflation, and a geopolitical shock complicating the policy outlook.

History suggests this mix has the potential to keep volatility elevated in the months ahead. For risk-conscious investors looking to stay invested and sleep easy, options-based strategies - such as those offered by Gateway – may be ideally positioned to capture cash flow from both elevated implied volatility and higher short-term yields.

Rather than waiting out the uncertainty of a new Fed chair, investors may be better served by strategies built to benefit regardless of it.

Important Information

Past performance does not guarantee future results. Gateway does not provide tax advice. Tax treatment and rates can and do vary over time. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her investment and/or tax advisors. Data sources: Bloomberg, L.P. and Morningstar Direct℠.

The **S&P 500® Index** *is a widely recognized measure of U.S. stock market performance. It is an unmanaged index of approximately 500 common stocks chosen for market size, liquidity and industry group representation, among other factors. You may not invest directly in an index.*

The **Cboe® Volatility Index (the VIX®)** *is a financial benchmark designed to be an up-to-the-minute market estimate of expected volatility of the S&P 500® Index and is calculated by using the midpoint of real-time S&P 500® Index (SPX) option bid/ask quotes. More specifically, the VIX® is intended to provide an instantaneous measure of how much the market thinks the S&P 500® Index will fluctuate in the 30 days from the time of each tick of the VIX®.*

The **Bloomberg® U.S. Aggregate Bond Index (Agg Index)** *is a broad-based index that covers the U.S.-dollar-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, government-related, corporate, mortgage-backed securities, asset-backed securities, and collateralized mortgage-backed securities sectors.*

Equity Market Drawdown *is the negative half of the standard deviation in relation to a stock's price.* **Standard deviation** *is a statistical measure that sheds light on historical volatility.* **Implied Volatility** *is a metric that captures the market's view of the likelihood of changes in a given security's price. Investors can use it to project future moves and supply and demand, and often employ it to price options contracts.*

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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 Quality Income Composite are based on a Gateway internally-funded portfolio that has been in existence since May 1, 2023.

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Gateway Index/RA Composite Disclosure

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 is no guarantee of 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.

Gateway Index/RA Composite
GIPS® Composite Report

Year End	Annual Performance Results				3-Year Standard Deviation			Number of Composite Accounts	Composite Dispersion	Composite Assets (millions)	Firm Assets (millions)
	Composite		S&P 500® Index	Bloomberg U.S. Aggregate Bond Index	Composite	S&P 500® Index	Bloomberg U.S. Aggregate Bond Index				
	Gross	Net									
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
2023	15.50	14.85	26.29	5.53	8.97	17.54	7.24	5	0.2	6,583	8,828
2024	16.16	15.48	25.02	1.25	9.31	17.4	7.83	5	0.1	6,935	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.

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: 0.425% 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 Index/RA Composite has had a performance examination for the periods January 1, 1993 through December 31, 2024. The verification and performance examination reports are available upon request.

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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.