

Hedged Long/Short Extension

Overview

The Hedged Long/Short Extension strategy combines long/short extension and concentrated risk management into a **single, integrated account** - offering a simplified solution for risk-conscious, tax-aware investors facing unique investment challenges.

Risk & Income Objectives

- Preserve wealth with option-based downside protection
- Generate cash flow from disciplined option selling programs
- Use exchange-traded options for flexibility, liquidity, and transparency



Return & Tax Objectives

- Manage benchmark exposures and market risk
- Build a stronger, more resilient portfolio with potential for pre- and post-tax alpha
- Generate losses to offset embedded gains with tax-aware diversification



Philosophy

Unrealized gains on concentrated positions can be risky and create difficult, expensive paths to diversification and traditional long-only tax-loss harvesting strategies may fail to generate consistent losses over time.

Long/short extensions can accelerate diversification, offering potential consistent tax benefits. Options can mitigate concentrated risks and potentially provide additional value through downside protection or income generation.

- **Risk Management**
- **Income**
- **Tax-Efficiency**

Portfolio Construction

Comprehensive Solutions Designed Through Client Collaboration

Design strategy to achieve client-specific goals through collaborative discussions and proposal process.



Select a Benchmark

Choose a best-fit benchmark or use the default, S&P 500® Index



Determine Leverage

Many investors default to 145/45 but there are options including: 130/30, 175/75, 200/100, or 225/125



Identify Concentration Risk

Hedging concentrated positions with options can mitigate single-stock risk while the extension is established

Discuss Tax Objective

Investors can customize the strategy to address their unique needs:

- *Loss maximization*
- *Integrate concentrated positions in a tax neutral manner*
- *Reduce tracking error using realized losses*
- *Use realized losses to gradually decrease leverage*



- 1 **Fund Extension**
- 2 **Hedge Concentration**
- 3 **Harvest Losses**
- 4 **Diversify Tax-Efficiently**

Single Manager Approach Offers Simplification and Cost Reduction

A single, extensively experienced investment manager can help simplify account setup, offer greater flexibility, and consolidate reporting - helping to enhance liquidity and transparency.



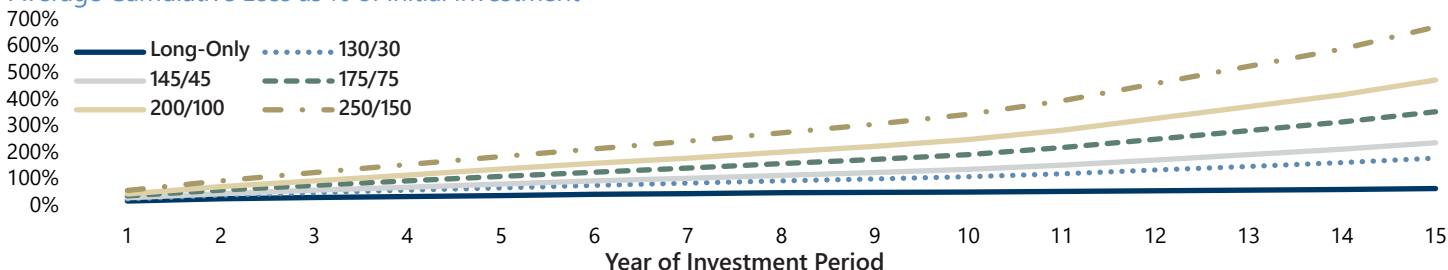
Hedged Long/Short Extensions Can Address Fading Tax Benefits & Concentration Risk

Traditional strategies may face diminishing returns as a portfolio appreciates over time - limiting the potential to offset capital gains.

Extensions offer potential for substantial and lasting tax benefits that accumulate over time.

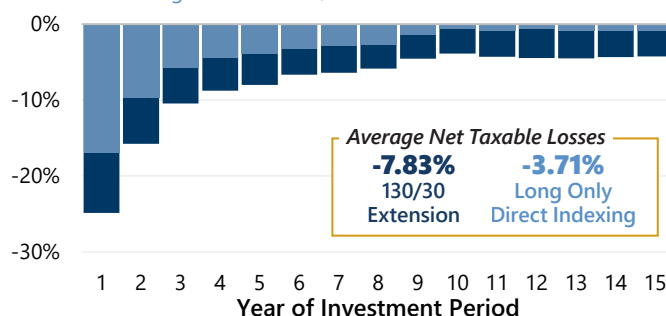
Impact of Extension Level¹

Average Cumulative Loss as % of Initial Investment



Tax Loss Benefits Over Time¹

Average Net Tax Gain / Loss as % of Account Value



Option Strategies Can Add Value

Single stock options can provide additional income and reduce single-name risk while protecting gains.

Covered Call

- Seeks yield enhancement
- Aims to reduce volatility
- Offers strategic exit plan



Put Purchase

- Seeks insurance against decline for an upfront premium
- Unlimited potential upside



Protective Collar

- Seeks protection against decline with low to zero cost
- Aims to reduce volatility
- Offers strategic exit plan



Understanding Payoff Illustrations

- Underlying with Options (Blue line)
- Underlying (Grey line)
- Spot Price (Blue dot)
- Call Strike (Yellow dot)
- Put Strike (Red dot)

Why Gateway?

A Legacy of Innovation

Gateway's ability to combine long/short extension with option overlays **in a single account** is a unique, integrated, and straightforward solution to address challenging investment scenarios.

Since 1977, Gateway has provided quantitatively driven equity strategies and options-based solutions for risk-conscious, tax-aware investors. As an affiliate of Natixis Investment Managers, LLC, Gateway focuses on leveraging its extensive experience in managing customized portfolios while Natixis offers dedicated, institutional-level relationship management services.



Questions?

Reach out to your Natixis representative or contact Gateway at invest@gia.com. We look forward to working with you and your team!