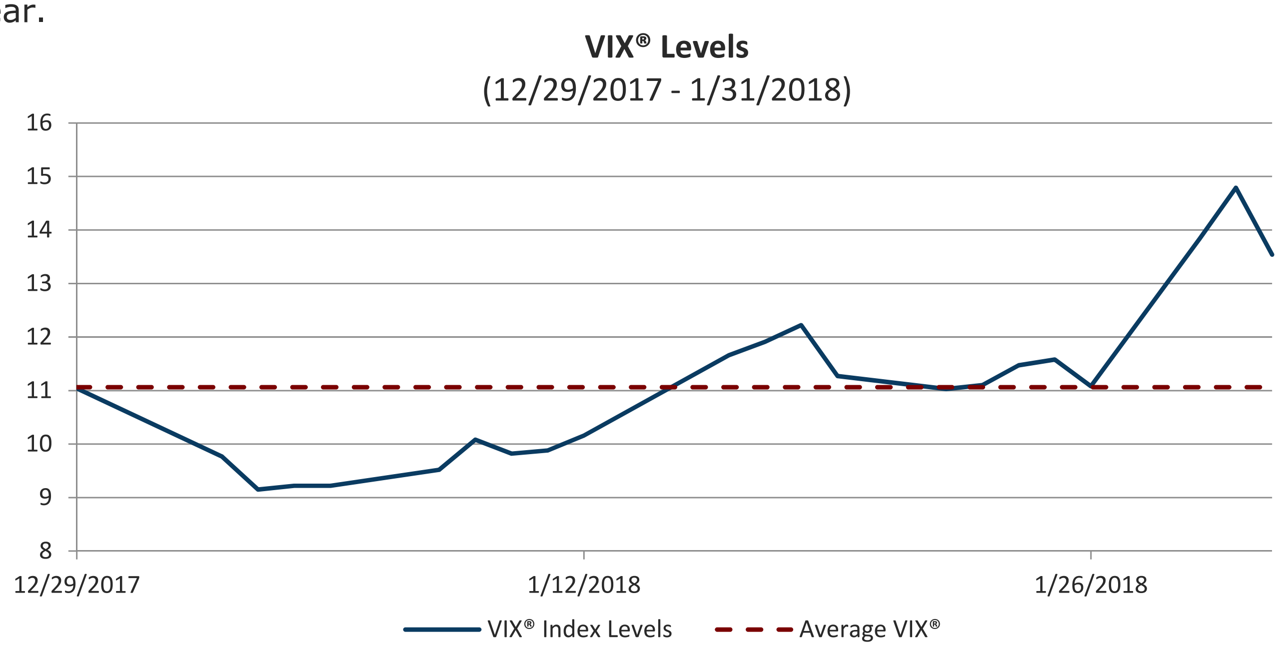
Market Recap

Jan. 2018

The S&P 500® Index advanced 5.73% for January. The strong, low volatility advance of the equity market in Q4 2017 continued over the first three weeks of 2018 as the S&P 500® Index returned 7.55% through January 26th. From January 26th to January 31st, the S&P 500® Index declined 1.69%, including a 1.08% drop on January 30th. The decline on the second last day of the month ended a streak of 112 consecutive market sessions without a daily decline of over 1%, the longest such streak since 1985.

Economic data releases in January were strong as were initial Q4 corporate earnings reports. The first estimate of Q4 GDP growth came in at 2.6%, slightly below consensus estimates, but the report showed consumer spending made a significant contribution to economic growth. The Federal Reserve Open Markets Committee met over the last two days of the month and announced that it sees inflation, which has been stubbornly low, rising this year and stabilizing near its 2% target. It was the last meeting chaired by Janet Yellen and the committee voted to keep the Fed Funds rate target range at 1.25% to 1.50%, as expected.

Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), averaged 11.06 for the month with a closing low of 9.15 on January 3rd. On January 30th, the VIX reached a closing high of 14.79 for the month, a level not seen since mid-August of last year.

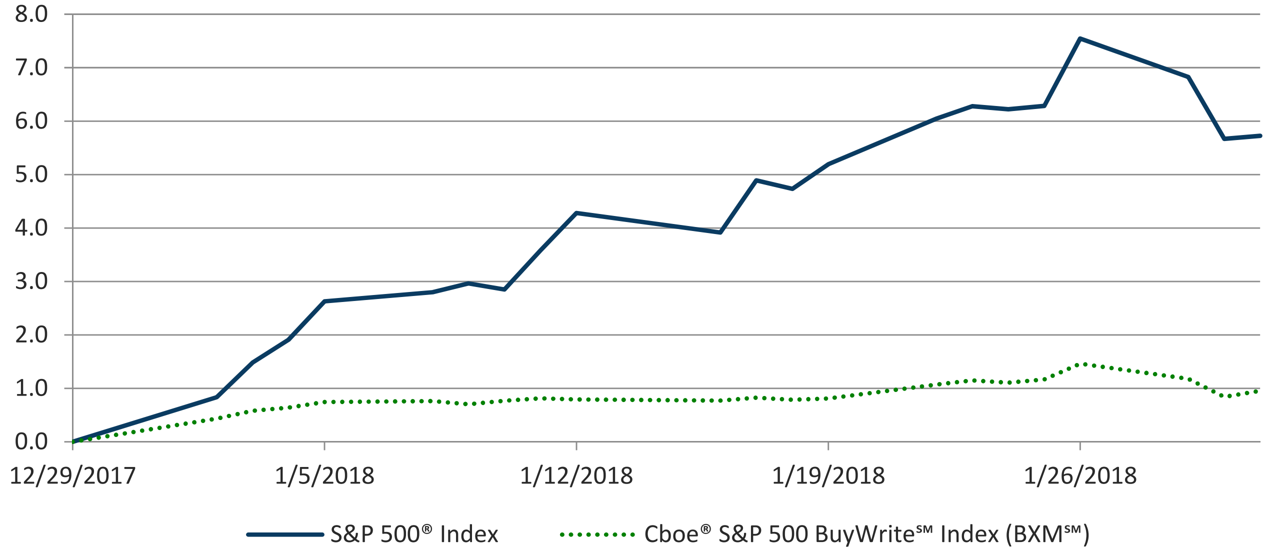


Datasource: Bloomberg, L.P.

GATEWAY INVESTMENT ADVISERS, LLC

The Cboe® S&P 500 BuyWrite℠ Index (the BXM℠) had a return of 0.95% for January. The BXM's℠ underperformance of the S&P 500® Index was primarily due to the low volatility environment combined with a strong equity market advance. Low VIX® levels at the time the BXM℠ wrote its January-expiration index call option on December 15th and its February-expiration index call option on January 19th resulted in low premiums collected and low return potential relative to the subsequent market advances.

Cumulative Performance (%)
(12/29/2017 - 1/31/2018)



Datasource: Bloomberg, L.P. **Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.**

The Bloomberg Barclays U.S. Aggregate Bond Index returned -1.15% for January. The yield on the 10-year U.S. Treasury climbed steadily and relatively sharply over the course of the month from its 2017 year-end level of 2.41% to 2.71% on January 31st.