Gateway Active Index-Option Overwrite Composite Commentary

Q2 2016

EQUITY MARKETS

The S&P 500® Index gained 2.46% for the second quarter, bringing its year-to-date return to 3.84%. The United Kingdom (UK) referendum on whether to exit from the European Union (EU) took place on June 23rd and was a significant element of the market backdrop as the date approached. Market action was muted prior to the vote with monthly returns for the S&P 500® Index of 0.39% and 1.80% in April and May, respectively. Despite a sharp two-day selloff of 5.34% after a majority of British voters surprised the market with the decision to exit the EU, a swift recovery over the last three days of the month allowed the S&P 500® Index to eke out a gain of 0.26% for June.

The equity market traded sideways for nearly the first two months of the quarter until a strong advance was sparked on May 24th. The advance was driven by opinion polls showing a majority of Britons favored staying in the EU and by the strongest U.S. data on monthly new home sales since 2008. This propelled the S&P 500® Index to a quarter-to-date return of 3.33% through June 8th, resulting in a 16.71% advance from the 2016 market low on February 11th. From June 8th through June 27th, the S&P 500® Index declined 5.52% before nearly fully recovering with a three-day 4.95% rally to end the quarter.

Though over 72% of the 499 S&P 500® Index companies which reported earnings after March 31st exceeded analysts' estimates, aggregate operating earnings declined by 11.56% year-over-year, the fifth consecutive quarter of year-over-year operating earnings decline. The final estimate of first quarter 2016 GDP growth was revised from 0.8% to 1.1%, which exceeded analysts' consensus estimates.

The Chicago Board Options Exchange (CBOE®) S&P 500 BuyWrite Index (the BXM℠), had a return of 3.20% for the second quarter, bringing its year-to-date return to 2.43%. With monthly returns of 0.44%, 1.58% and 1.15%, the BXM℠'s outperformance relative to the S&P 500® Index for the quarter was primarily due to the downside protection the BXM℠ delivered during the market selloff after the UK referendum.

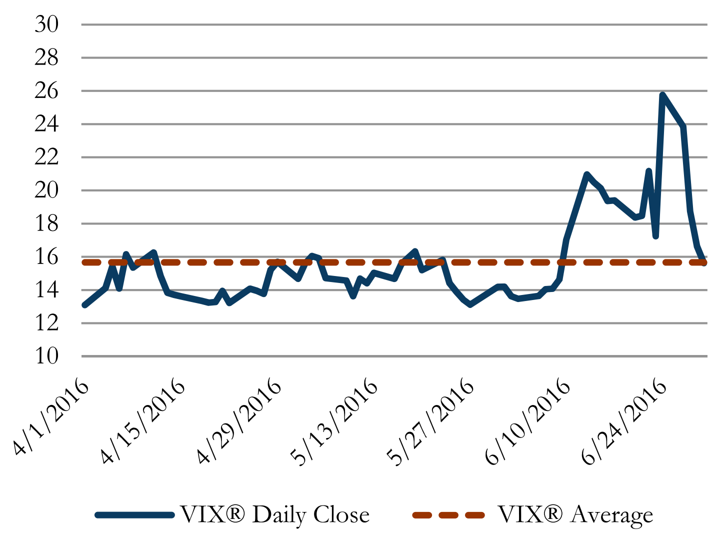
[1] The CBOE® S&P 500 BuyWrite℠ Index (the BXM℠) is a passive total return index designed to track the performance of a hypothetical buy-write strategy on the S&P 500® Index. The construction methodology of the index includes buying an equity portfolio replicating the holdings of the S&P 500® Index and selling a single one-month S&P 500® Index call option with a strike price approximately at-the-money each month on the Friday of the standard index-option expiration cycle and holding that position until the next expiration.

The BXM℠ declined 2.93% from June 23rd to June 27th, providing 241 basis points (bps) of downside protection as compared to the S&P 500® Index's decline of 5.34% for that same period. The downside protection was from a combination of the premium the BXM℠ received for writing its July-expiration index call option on June 17th and the fact that its index call option was over 2% in-the-money at the index's closing value on June 23rd.

On the third Friday of each month in the quarter, as the previous month's BXM℠ index call option expired, the premiums collected when the BXM℠ wrote its new index call option had significant influence on the relative return and downside protection provided by the BXM℠ over the course of the quarter. Premiums collected as a percentage of the underlying value of the BXM℠'s were 1.24%, 1.38% and 1.66% in April, May and June, respectively. Rising premiums were consistent with higher levels of implied volatility later in the quarter.

Implied volatility, as measured by the Chicago Board Options Exchange Volatility Index® (the VIX®), averaged 15.68 for the quarter, exceeding S&P 500® Index realized volatility (as measured by its annualized standard deviation of daily returns) which was 13.89%. The VIX® rose from 13.10 on April 1st to a closing high of 25.76 on June 24th before declining to end the quarter at 15.63.

VIX®



Datasource: Bloomberg, L.P.

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FIXED INCOME MARKET

The Barclays U.S. Aggregate Bond Index (the Aggregate) returned 2.21% for the second quarter, bringing its year-to-date return to 5.31%. The yield on the 10-year U.S. Treasury Note declined from 1.77% on March 31st to a low of 1.44% on June 27th, just 5 bps from its all-time low of 1.39% registered in July of 2012. The rate rose slightly as the equity market recovered and ended the quarter at 1.47%.

GATEWAY ACTIVE INDEX-OPTION OVERWRITE COMPOSITE PERFORMANCE

The Gateway Active Index-Option Overwrite Composite (net of fees) (the Composite) returned 2.89% for the second quarter, underperforming the BXM℠ by 31 bps and bringing its year to date return to 2.28%. The Composite outperformed its BXM℠ benchmark by 17 bps and 12 bps in April and May respectively, but underperformed in June with a return of 0.56% versus 1.15% for the BXM℠.

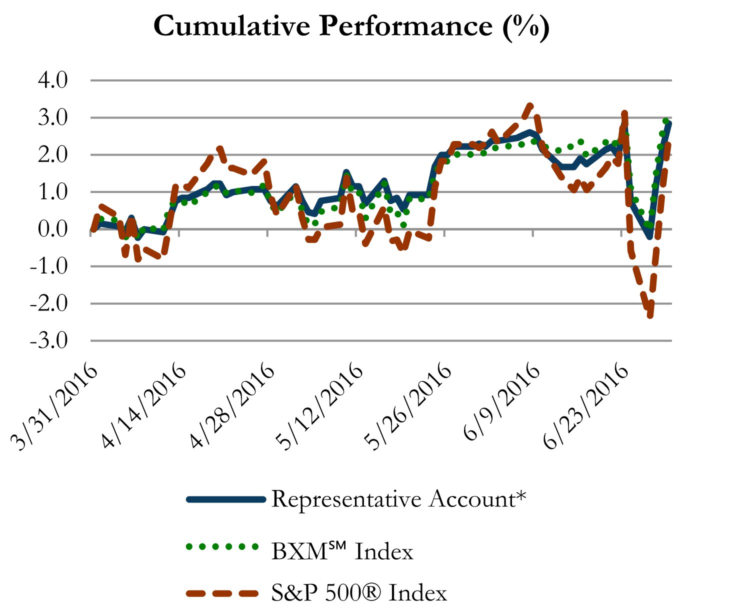
The partial period returns, portfolio performance contributions, annualized standard deviation and portfolio statistics quoted for the Composite in the following paragraphs are those measured by a representative account.*

Most of the underperformance for the Composite versus the BXM℠ came as the market declined from June 8th through June 27th. Over that period, the Composite declined 2.74%, underperforming the BXM℠ by 38 bps. The BXM℠'s performance advantage was primarily the result of the Composite having a lower weighted-average strike price for its portfolio of index call options relative to that of the BXM℠'s index call options over this period, the latter of which were in-the-money for nearly the entire period of market decline. Having in-the-money index call options significantly reduced the BXM℠'s market exposure and helped it offset more of the market's decline as compared to the Composite.

The Composite's index call option portfolio contributed positively to returns in April and June, but detracted from return in May.

*Represents supplemental information to the GIPS-compliant presentation. This representative account was selected as it is the largest account in the Composite.

The Composite's annualized standard deviation of daily returns for the quarter was 7.58% as compared to 8.33% for the BXM℠ and 13.89% for the S&P 500® Index. The Composite exhibited a beta to the BXM℠ of 0.89 for the quarter.



Datasource: Morningstar Direct℠

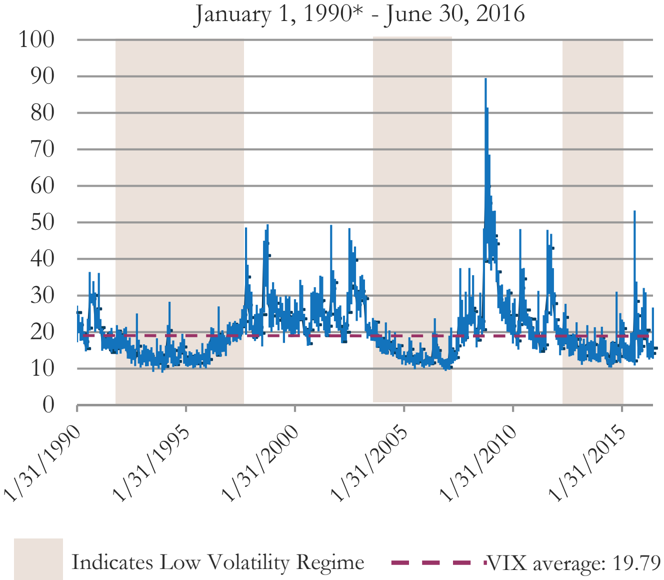
Gateway's index call option decisions in April and May focused on maintaining equity market exposure by trading select contracts well in advance of their expiration dates and raising the Composite's average strike price of its option portfolio as the market continued its advance from the market bottom in February. As the UK referendum approached in June, Gateway's index call option activity focused on taking advantage of moderately elevated implied volatility while extending time to expiration. Post-Brexit trades focused on lowering the portfolio's weighted-average strike price and taking advantage of highly elevated shorter-term implied volatility while guarding against the potential adverse impact of a sharp, short-term recovery.

As of June 30th, the Composite's diversified equity portfolio was over 95% hedged with index call options with average strike prices between 1.5% and 2.5% in-the-money, average time to expiration of 21 days and annualized premium to earn of 7.5% to 10%. Relative to the beginning of the quarter, this positioning represented similar market exposure and similar net cashflow potential.

MARKET PERSPECTIVE

For nearly a year, Gateway Investment Advisers, LLC has held the view that the market may have transitioned to what could be a multi-year period of elevated market volatility. Gateway's view has been influenced by two key factors, the first being the historical pattern of the equity market volatility cycle. In the past, the high and low phases of the volatility cycle have lasted three to six years, with high volatility phases typically lasting longer than low volatility phases. The extreme spike in market volatility last August was another defining event in the volatility cycle.

VIX®
High-Low-Close
January 1, 1990* - June 30, 2016



*January 1, 1990 is first date of available VIX data.
Datasource: Bloomberg, L.P.

The second factor is that recent drivers of equity market volatility, such as the Federal Reserve's monetary policy evolution, supply and demand dynamics in global energy markets and uncertainty over Chinese economic growth, are phenomena that are unlikely to be resolved in the near future and are more likely to be resolved over a timeframe measured in years.

U.K's historic referendum on June 23rd that immediately roiled global markets with the country's surprise decision to exit the European Union introduces another potential multi-year driver of elevated market volatility.

Last month's vote was the first decision point in what could ultimately be a lengthy series of negotiations which may generate additional decision points with uncertain outcomes. This may keep market participants anxious and markets potentially volatile.

Gateway's investment philosophy places little value on trying to anticipate whether the UK's decision will ultimately be good or bad for the UK or the rest of the world. Consistent with the firm's investment approach, Gateway will not attempt to anticipate in what direction the market may move as the Brexit process unfolds.

Gateway does believe, however, that in whichever direction the market heads over the next few years, there is a distinct likelihood that it will include elevated levels of volatility and the possibility of additional volatility spikes similar to the one that occurred the day following the UK vote. Gateway's experienced team of investment professionals have implemented the firm's investment strategy through extended phases of volatility in the past. Gateway remains confident that sticking with the firm's consistent approach will allow Gateway's investors to participate should the equity market advance, while mitigating severe and sudden declines should equity market conditions deteriorate.

Standard Performance

Average Annual Performance					
As of June 30, 2016					
	One Year	**Three Years**	**Five Years**	**Return Since Inception***	**Risk** Since Inception***
Active Index-Option Overwrite (Net)	3.35%	7.43%	7.92%	5.58%	10.50%
BXM℠ Index	3.99%	7.14%	6.97%	4.28%	12.20%
S&P 500® Index	3.99%	11.66%	12.10%	8.09%	16.19%

*Inception of Gateway Active Index-Option Overwrite Composite is April 1, 2008
** Standard deviation is based on monthly performance

Periods over one year are annualized.
Datasource: Morningstar Direct℠ and Gateway Investment Advisers, LLC
Past performance is no guarantee of future results.

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Gateway Investment Advisers, LLC
Gateway Active Index-Option Overwrite Composite
Annual Disclosure Presentation

Year End	Annual Performance Results: Composite Gross	Composite Net	S&P 500®	BXM	Composite 3-Year Std. Dev.	S&P 500® 3-Year Std. Dev.	BXM 3-Year Std. Dev.	Number of Composite Accounts	Composite Assets (millions)	Firm Assets (millions)
9 months ended 12/31/08	-19.65%	-20.09%	-30.43%	-26.10%	N/A	N/A	N/A	1	$ 492	$7,071
2009	14.56	13.74	26.46	25.91	N/A	N/A	N/A	1	502	7,188
2010	13.03	12.22	15.06	5.86	N/A	N/A	N/A	1	516	7,699
2011	6.51	5.63	2.11	5.72	11.20%	18.97%	13.66%	1	496	8,081
2012	11.32	10.48	16.00	5.20	8.51	15.30	11.56	4	717	10,517
2013	14.84	14.10	32.39	13.26	6.25	12.11	9.39	4	1,233	12,475
2014	7.63	7.03	13.69	5.64	4.35	9.10	6.07	5	2,263	12,239
2015	5.87	5.22	1.38	5.24	5.37	10.62	6.52	6	2,404	12,210

N/A: The 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. Accounts invest in a stock portfolio that seeks to track the performance of the S&P 500® Index. The call options sold are S&P 500® Index call options. This call activity reduces volatility and provides cash flow. The Gateway Active Index-Option Overwrite Composite was created April 1, 2008. Prior to January 1, 2014, the Gateway Active Index-Option Overwrite Composite was named the Gateway Equity Premium Income Composite.

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, beginning January 1, 2014, the CBOE S&P 500 BuyWrite Index (the BXM Index), a passive total return index designed to track the performance of a hypothetical buy-write strategy on the S&P 500® Index. The BXM Index was added as a secondary index as it is viewed to be representative of the Composite strategy.

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 current investment management fee schedule is as follows: 0.85% on the first $5 million; 0.65% on the next $5 million; 0.50% on the next $40 million; and 0.45% 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 March 31, 2016.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Gateway Active Index-Option Overwrite Composite has been examined for the periods April 1, 2008 through March 31, 2016. The verification and performance examination reports are available upon request.

Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. A list of composite descriptions is also available upon request.