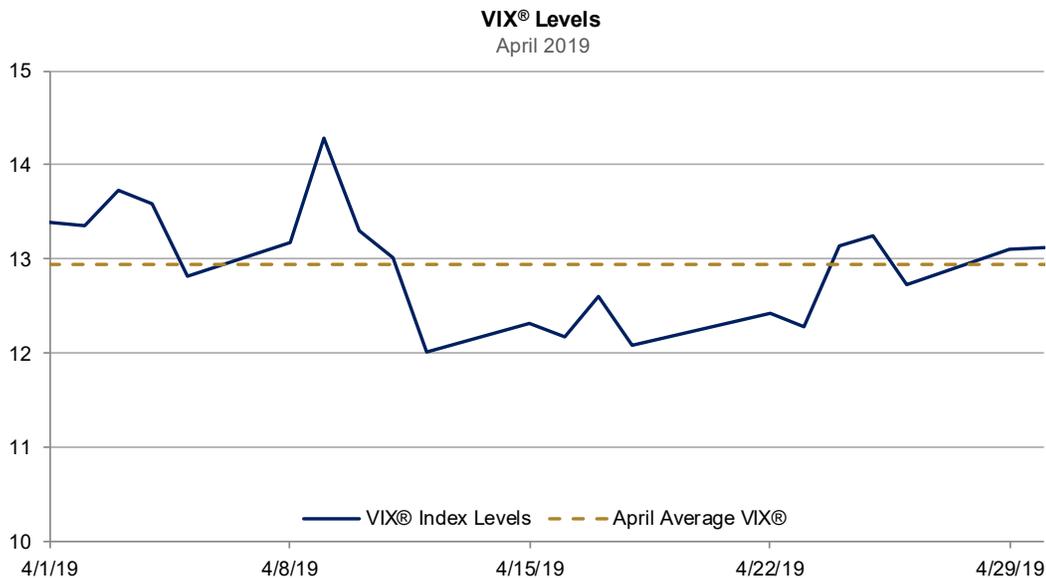


The S&P 500® Index continued its upward march in April with a return of 4.05% for the month, bringing its year-to-date return to 18.25%. The equity market turbulence experienced in 2018 seems like a distant memory with the S&P 500® Index returning an eye-popping 26.13% from its 2018 closing low on December 24 through the end of April. The S&P 500® Index also reclaimed, then surpassed, all-time highs during the month. From its 2018 closing high on September 20, 2018, through the end of April, the S&P 500® Index has returned 1.71%.

The Federal Reserve has eased investors' nerves as it continues to transition toward a dovish stance while global growth, trade policy and geopolitical concerns lessened. The domestic economic backdrop remains solid. Gross Domestic Product growth during the first quarter of 2019 came in at 3.2%, exceeding consensus expectations. Although still early with just 57% of companies reporting, first quarter 2019 aggregate operating earnings growth for S&P 500® Index companies decelerated from prior quarters, as expected. Companies eked out 0.4% growth in the first quarter and 15.1% year-over-year, with over 81% of companies meeting or exceeding analyst estimates. The employment report for March, released on April 5, showed non-farm payroll growth towards the high-end of consensus expectations. The unemployment rate remained at 3.8% in March, with the participation rate slightly decreasing to 63.0%. The March Consumer Price Index, released on April 10, showed a 1.9% year-over-year increase which aligned with expectations.

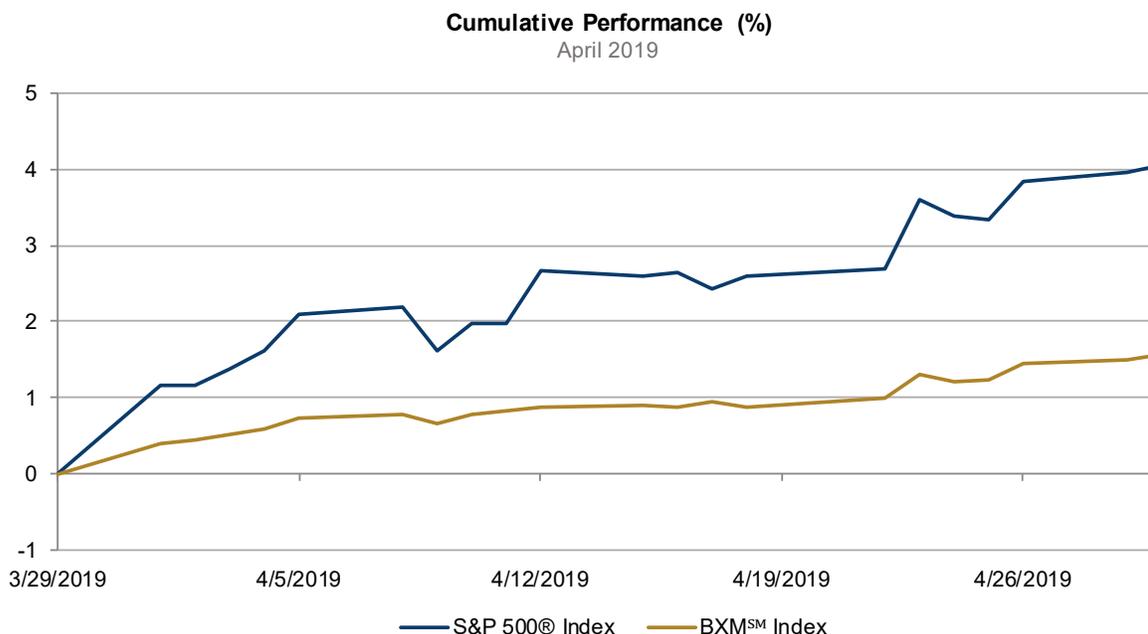
Implied volatility, as measured by the Chicago Board Options Exchange (Cboe®) Volatility Index (VIX®), averaged 12.95 for the month. This level was more than double the 6.14% realized volatility (standard deviation) of the S&P 500® Index. The VIX® opened the month at 13.40, peaked at 14.28 on April 9, before bottoming at 12.01 on April 12. The VIX® generally trended north over the remainder of the month and closed April at 13.12.



Source: Bloomberg, L.P.

The Cboe® S&P 500 BuyWrite<sup>SM</sup> Index (the BXM<sup>SM</sup>) had a return of 1.57% for April, bringing its year-to-date return to 8.44%. The BXM<sup>SM</sup> underperformed the S&P 500® Index by 248 basis points (bps) for the month primarily due to the equity market's rapid advance significantly outpacing the return potential from premiums collected by the BXM<sup>SM</sup> when it wrote index call options on March 15 and April 18. More specifically, the BXM<sup>SM</sup> collected a premium of 1.42% in March when it wrote its index call option with an April expiration. Only a small portion of the return potential provided by the premium

received was realized as the equity market trended sideways over the last two weeks of March. The remaining time premium earned from the beginning of April through April 18 helped the BXM<sup>SM</sup> generate a return of 0.88%, but this was insufficient to keep pace with the 2.59% advance of the S&P 500<sup>®</sup> Index over the same period. On April 18, the BXM<sup>SM</sup> wrote a new index call option with a May expiration and received a premium of 1.17%. This premium helped the BXM<sup>SM</sup> return 0.62% from its closing value on April 17 through month-end, but the BXM's<sup>SM</sup> return lagged the 1.59% return of the S&P 500<sup>®</sup> Index over the same period.



Source: 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 0.03% in April, bringing its year-to-date return to 2.97%. The yield on the 10-year U.S. Treasury Note started the month at 2.50%, peaked at 2.60% on April 17, then ended the month where it began at 2.50%. The low point for the month, 2.47%, came on April 10.

**IMPORTANT INFORMATION**

Sources: Morningstar Direct<sup>SM</sup>, Bloomberg, L.P. **Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.**

The Cboe<sup>®</sup> S&P 500 BuyWrite<sup>SM</sup> Index (the BXM<sup>SM</sup>) is a passive total return index designed to track the performance of a hypothetical buy-write strategy on the S&P 500<sup>®</sup> Index. The construction methodology of the index includes buying an equity portfolio replicating the holdings of the S&P 500<sup>®</sup> Index and selling a single one-month S&P 500<sup>®</sup> 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.

For more information and access to additional insights from Gateway Investment Advisers, LLC, please visit [www.gia.com/insights](http://www.gia.com/insights).