

EQUITY MARKETS

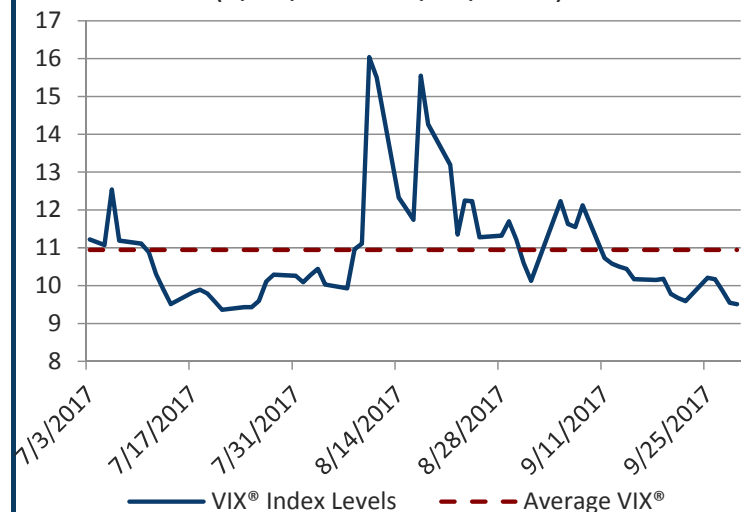
The S&P 500® Index gained 4.48% for the third quarter of 2017, bringing its year-to-date return to 14.24%. The equity market posted positive returns each month of the quarter with the S&P 500® Index returning 2.06%, 0.31% and 2.06% for July, August and September, respectively.

The third quarter began with an advance of 2.54% through August 7th as key trends present in the first half of the year continued. Specifically, data releases indicated economic growth with low inflation and strong corporate profitability, while volatility continued to be very low. Equity market volatility experienced a mild increase in mid-August. After reaching a new year-to-date high on August 7th, the S&P 500® Index underwent its second-largest decline of 2017, a 2.10% downswing that ended on August 18th. The slide included a 1.54% drop on August 17th when concern grew that President Trump could lose several key advisers over his response to protests in Charlottesville, VA that ended in violence. The drop on August 17th was just the fourth time this year that the S&P 500® Index had a one-day loss of over 1%. From its close on August 18th through quarter-end, the S&P 500® Index gained 4.08% as the equity market resumed its steady, low volatility advance. During this time, the market shrugged off three major hurricanes, escalating rhetoric between the Trump Administration and North Korea, and talk from the Federal Reserve (the Fed) signaling that it remained committed to shrinking its balance sheet and ratcheting up interest rates. Contributors to the market's upward momentum included generally positive economic data releases and a tax reform proposal from the Trump Administration that included a significant reduction in the corporate tax rate.

Broad measures of economic growth and corporate profitability were quite strong during the second quarter. Nearly 80% of S&P 500® Index companies reported second quarter earnings that met or exceeded analyst estimates, and aggregate operating earnings grew 4.33% from their March 31st level. Year-over-year earnings grew at a rate of 18.08%, the fastest measure since the third quarter of 2011. The final estimate of second quarter 2017 GDP growth came in at 3.1% which was a slight increase from the initial estimate and in-line with economist expectations. Despite fairly robust growth, measures of inflation remained below the Fed's 2% target, a phenomenon which Fed Chairman Yellen described as a "mystery." Nonetheless, the Fed announced plans to start shrinking its balance sheet in October and signaled the likelihood of a third interest rate hike before the end of the year.

Implied volatility, as measured by the Chicago Board Options Exchange Volatility Index® (the VIX®), averaged 10.94 for the third quarter, the lowest quarterly average over the 111-quarter history of the VIX®, which began in 1990. Implied volatility exceeded S&P 500® Index realized volatility (as measured by its annualized standard deviation of daily returns) of 7.18% for the quarter. The VIX® closed below 10 seventeen times in the third quarter, bringing the year-to-date total for sub-10 closes to 24. Prior to 2017, the VIX® closed below 10 just nine times since its 1990 inception. The closing high for the VIX® during the quarter was 16.04 on August 10th.

VIX® Levels
(6/30/2017 - 9/30/2017)



Datasource: Bloomberg, L.P.

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.

The Chicago Board Options Exchange S&P 500® BuyWrite Index (the BXMSM) had a return of 2.54% for the third quarter, bringing its year-to-date return to 9.93%. The premiums collected when the BXM'sSM new index call options were sold on the third Friday of each month (as the previous months' index call options expired) were a significant determinant of both the BXM'sSM participation in market advances and the amount of downside protection delivered during market declines.

¹ The CBOE® S&P 500 BuyWriteSM Index (the BXMSM) 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.

Premiums collected as a percentage of the BXM'sSM underlying value were 0.74%, 1.24% and 0.83% for July, August and September, respectively. The premiums received were consistent with the extreme low volatility environment that persisted throughout the quarter. Despite the relatively low premiums received, the BXM'sSM monthly returns were 1.32%, 0.28% and 0.92% for July, August and September, respectively. Through August 18th, the BXM'sSM quarter-to-date return of 0.41% kept pace with the S&P 500[®] Index's return of 0.38%. But the equity market's advance over the remainder of the quarter was too rapid relative to the low premiums the BXMSM collected from selling its index call options in August and September. From August 18th through quarter-end, the BXMSM returned 2.13%, lagging the S&P 500[®] Index by 195 basis points (bps).

FIXED INCOME MARKET

The Bloomberg Barclays U.S. Aggregate Bond Index returned 0.85% for the third quarter, bringing its year-to-date return to 3.14%. The yield on the 10-year U.S. Treasury Note ended the second quarter at 2.31% and fell to a third quarter low of 2.04% on September 7th before climbing to end the quarter at 2.33%.

COMPOSITE PERFORMANCE

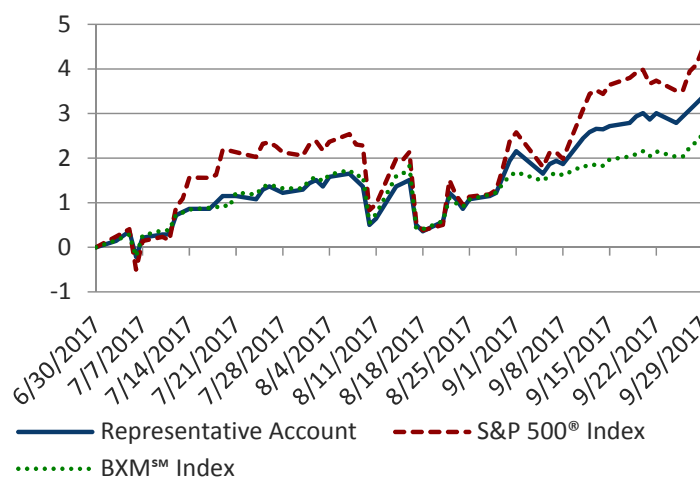
The Gateway Active Index-Option Overwrite Composite (the Composite) returned 3.40%, net of fees, for the third quarter, outperforming the BXMSM by 86 bps and bringing its year-to-date return to 10.21%. With monthly returns of 1.29%, 0.68% and 1.39% for July, August and September, the Composite's outperformance of the BXMSM in August and September more than made up for the Composite's underperformance in July.

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

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

The final equity market advance of the quarter was the main driver of the Composite's outperformance of the BXMSM as Gateway's active and diversified approach to managing the Composite's index call option portfolio added value relative to the static approach of the BXMSM. Specifically, from August 18th through quarter end, the Composite returned 3.01%, outperforming the BXMSM by 88 bps. This was because the Composite could maintain a consistent amount of market exposure and generate more cash flow than the BXMSM was able to generate with its single index call option written on August 18th and September 15th.

Cumulative Performance (%)
(6/30/2017 - 9/30/2017)



Datasource: Bloomberg, L.P.

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.

For the third quarter, the Composite's underlying equity portfolio contributed a total return of 4.73%, resulting in a positive performance differential of 25 bps relative to the S&P 500[®] Index. Although the Composite's index call option portfolio generated risk-reducing cash flow throughout the quarter, it detracted from returns in July and September, primarily due to call premiums earned during those periods being insufficient to keep pace with the equity market's significant advance. The Composite's portfolio of index call options contributed positively to returns in August. The Composite's annualized standard deviation of daily returns for the quarter was 4.50% as compared to 4.67% for the BXMSM and 7.18% for the S&P 500[®] Index. The Composite exhibited a beta to the BXMSM of 0.91 for the quarter.

During the equity market advances at the beginning and end of the quarter, Gateway's investment team focused on increasing the weighted-average strike price of the Composite's index call option portfolio while maintaining a typical level of market exposure. The investment team took advantage of the increase in implied volatility in mid-August by writing new index call options with relatively higher premiums.

As of September 30th, the Composite's diversified equity portfolio was over 95% hedged with index call options with average strike prices between 1.5% in-the-money and 1.5% out-of-the-money, average time to expiration of 34 days and annualized premium to earn of less than 5%. Relative to the beginning of the quarter, this positioning represented less market exposure and lower net cashflow potential.

MARKET PERSPECTIVE

Despite hazards posed by geopolitics, monetary policy and Mother Nature, the low volatility trend in the U.S. market continued unabated in the third quarter. Nearly as remarkable is how quickly volatility has collapsed after the small number of intense spikes in recent years. The Brexit vote on June 23, 2016 was a three-day event in volatility terms. The surprise outcome of the 2016 U.S. presidential election was almost a non-event in terms of volatility. Specifically, the VIX[®] closed just below 20 on the day of the election and reached a high of only 21.5 the day after the election before collapsing to end the day at 14.4. Even the very intense volatility spike in August of 2015, when the VIX[®] shot above 50, was persistently below 20 within a record time span (see table below).

Days from VIX [®] peak until 20-day moving average is below 20			
Year	Event	VIX [®] high	Days
1997	Asian Financial Crisis	48.6	82
1998	Long-Term Capital Management Collapse	49.5	451
2001	9/11	49.4	123
2002	Tech Bust Market Bottom	48.5	239
2008	Great Financial Crisis	89.5	305
2010	Flash Crash	48.2	116
2011	S&P Downgrades US Government Debt	48.0	122
2015	Chinese Yuan Devaluation	53.3	39

As was noted in Gateway's second quarter Market Perspective, steady economic expansion and strong corporate profit growth, along with low correlation across individual stocks, have been important factors driving low realized equity market volatility (standard deviation) and, in turn, low implied volatility. In addition to these relatively recent low volatility drivers, the propensity for volatility to quickly collapse after spikes and unexpected developments suggests that there are higher-level, longer-term phenomenon keeping a damper on volatility. We have identified three long-term drivers that may be contributing to the low volatility phenomenon: the post-crisis financial regulation regime, a decrease in competitive forces and a low rate of corporate investment.

Financial Regulation

Key aspects of post-crisis financial reform include reducing leverage, improving capital quality at systemically important financial institutions and improving transparency. Compliance with the new regulatory regime has resulted in less uncertainty about the 'follow on effects' of negative developments that would otherwise bring a shock to the financial system. Thinking about what John Maynard Keynes called the 'paradox of thrift' can help illustrate why this may be. The paradox of thrift is the idea that when people fall on hard financial times, they rationally become thriftier. When a lot of people fall on hard times and everyone becomes thriftier, a recession can become a depression as economic activity winds down. Something similar can potentially happen in banking which one could label the 'paradox of prudence'. When a bank falls on hard times, the prudent thing to do is reduce leverage, raise credit standards and put less capital at risk. When one bank does this, it results in only a marginal decrease in economic activity. When a negative event occurs - with the potential to broadly impact the entire financial system - there is uncertainty as investors try to determine the degree to which banks will retrench and increase their prudence. In the pre-reform world, with high leverage, low capital quality and little transparency, not only is the degree of uncertainty high, but it can take a considerable amount of time for a clear picture to emerge as to how banks are actually responding. In such a scenario, volatility in capital markets may persist until the picture is clear. In the current post-crisis regulation regime, a high degree of prudence at financial institutions is required at all times. In this new environment, banks don't need to become 'more prudent' in response to negative developments. Furthermore, increased transparency allows for a clearer picture of how banks are responding. One could argue this results in less uncertainty and less volatility.

Decrease in Competitive Forces

Increasing consolidation of existing businesses and low rates of new business formation during much of the current economic expansion may have resulted in less competition for existing businesses. Mergers of competing firms in industries like airlines, hotels and telecommunications can reduce the impact of competitive dynamics in these now highly-consolidated industries, potentially lowering their volatility. Acquisitions that increase the vertical integration of companies like Amazon and certain industries such as biotech and pharmaceuticals can have a similar impact. At the same time these consolidations have been occurring, the collapse in new business formation after the financial crisis of 2008 has potentially resulted in less competitive disruption from new entrants in many industries. In fact, the annual number of startups was near a 40-year low as recently as 2014.* Startup activity increased sharply in 2015, but it is too early to know if that trend will persist or if recently formed businesses will become a competitive threat to incumbent companies that are now very large in many cases.

Low Rates of Corporate Investment

The overall rate of corporate investment during the post-crisis economic recovery and expansion has been among the lowest of all expansions since 1961.** The investment rates for software and information processing equipment have been lower than during any other expansion while growth-oriented investments in research and development and intellectual property have also been growing at very low rates relative to other expansions. Low investment for future growth in combination with profit margins persistently at the high end of their historical range suggest that many companies are prioritizing current profitability over future growth. Without large changes in revenue and profitability that can result as growth-oriented spending succeeds or fails, corporate cash flows may be more stable – thus possibly reducing uncertainty and price volatility.

These three forces could help explain the low volatility environment that has persisted in recent years. However, even if the actual drivers of low volatility are accurately identified, it would not be prudent to conclude that market volatility is a thing of the past. Although these drivers may be entrenched and the circumstances that brought them about are unlikely to change quickly, these forces could be overwhelmed at any time by events that drive volatility up.

Volatility is a cyclical phenomenon and the current low phase of the cycle will come to an end at some point. A return to persistently elevated volatility may happen gradually as the forces keeping volatility low erode, or it could happen suddenly through an external shock to the system. As always, Gateway will avoid incorporating forecasts into its investment approach, nor will it attempt to anticipate how events will unfold. Gateway will continue to apply the market agnostic, risk-averse approach that has served its investors well for nearly 40 years.

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*CNN Money

**Yardeni Research, Inc.

Standard Performance

Average Annual Performance					
As of September 30, 2017					
	One Year	Three Years	Five Years	Return Since Inception*	Risk** Since Inception*
Active Index-Option Overwrite (Net)	13.74%	8.59%	9.25%	7.04%	9.86%
BXM SM Index	12.84%	7.10%	7.64%	5.23%	11.42%
S&P 500 [®] Index	18.61%	10.81%	14.22%	9.36%	15.22%

*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 DirectSM and Gateway Investment Advisers, LLC

Past performance is no guarantee of future results. For important disclosures, please refer to page 6.

GATEWAY INVESTMENT ADVISERS, LLC
GATEWAY ACTIVE INDEX-OPTION OVERWRITE COMPOSITE
ANNUAL DISCLOSURE PRESENTATION

Year End	Annual Performance Results				Composite 3-Year Std. Dev.	S&P 500® 3-Year Std. Dev.	BXM SM Index 3-Year Std. Dev.	Number of Composite Accounts	Composite Assets (millions)	Firm Assets (millions)
	Composite		S&P	BXM SM						
	Gross	Net	500®	Index						
9 months ended 12/31/08	-19.54%	-19.72%	-30.43%	-26.10%	N/A	N/A	N/A	1	\$ 492	\$7,071
2009	15.15	14.78	26.46	25.91	N/A	N/A	N/A	1	502	7,188
2010	13.30	12.91	15.06	5.86	N/A	N/A	N/A	1	516	7,699
2011	6.73	6.33	2.11	5.72	11.26%	18.97%	13.66%	1	496	8,081
2012	11.46	11.02	16.00	5.20	8.54	15.30	11.56	4	717	10,517
2013	14.91	14.46	32.39	13.26	6.28	12.11	9.39	4	1,233	12,475
2014	7.64	7.26	13.69	5.64	4.37	9.10	6.07	5	2,263	12,239
2015	5.98	5.57	1.38	5.24	5.37	10.62	6.52	6	2,404	12,210
2016	9.10	8.74	11.96	7.07	5.83	10.74	6.68	4	2,627	11,601

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. Indexes utilized for call option activity are U.S. domestic equity indexes that include all sectors of the economy. 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 BuyWriteSM Index (the BXMSM Index), a passive total return index designed to track the performance of a hypothetical buy-write strategy on the S&P 500® Index. The BXMSM 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 annual Composite dispersion, if applicable, is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year.

Net of fee performance was calculated using actual management fees. 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 June 30, 2017.

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 June 30, 2017. 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.