Gateway Active Index-Option Overwrite Composite Commentary

Q3 2015

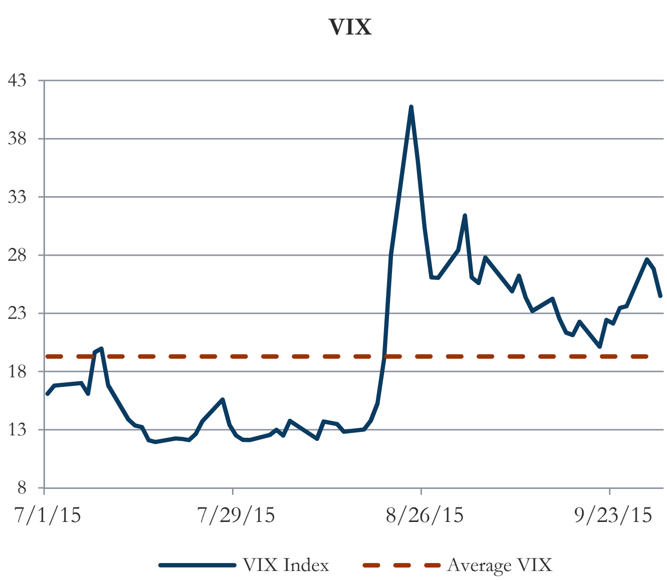
EQUITY MARKETS

The S&P 500® Index had a return of -6.44% for the third quarter, bringing its year-to-date return to -5.29%. The negative result ended the market's streak of 10 consecutive positive quarters and was the worst quarterly loss since the third quarter of 2011. The S&P 500® Index had a positive return of 2.10% in July but lost 6.03% and 2.47% in August and September, respectively. The market declined as concerns grew about the impact of a slowing Chinese economy and the effect that may have on global economic growth and U.S. monetary policy.

July's advance came as an €86 billion bailout package between Greece and its European creditors passed a series of votes in the Greek parliament. That helped bring the S&P 500® Index to its year-to-date and third quarter peak on July 20th. Soon after, the domestic equity market began to soften following renewed weakness in a Chinese equity market that had staged a brief rally after falling over 30% from its peak. On August 10th, the People's Bank of China (PBoC) revalued the yuan, allowing it to depreciate approximately 2% in U.S. Dollar (USD) terms in a single day. While the yuan has not been officially pegged to the USD since 2005, the PBoC has closely managed the value of the yuan relative to the USD. The revaluation drove losses in international markets that were initially resisted by the domestic equity market. Amid growing concerns over a slowdown in Chinese economic growth, the S&P 500® Index lost 8.95% from the market close on Wednesday, August 19th through the close on Monday, August 24th, its largest 3-day loss since October 2008. It found its low for the quarter on August 25th at 12.04% below its July 20th peak.

Though the market was negative for the month of September, the S&P 500® Index managed an advance of 3.03% from the August low through quarter-end. August ended with a strong rally sparked in part by a comment from New York Federal Reserve President William Dudley indicating that the case for a September increase in policy interest rates was less compelling. However, as the September 17th statement from the Federal Reserve Open Markets Committee (FOMC) meeting approached, the market advance began to lose steam and market direction ultimately turned negative, seemingly along with sentiment on the idea of the FOMC holding off on raising interest rates. Even though the FOMC voted against a rate increase, from the close on September 16th through month-end, the S&P 500® Index lost 3.71%.

Implied volatility, as measured by the Chicago Board Options Exchange (CBOE) Volatility Index (the VIX), averaged 19.31 for the third quarter. The measure closed below its long-term average of 20 every day of the quarter until the three-day market plunge of nearly 9% drove it to an intra-day high of 53.29 and a closing high of 40.74 on August 24th. The intra-day high was higher than the peak VIX values associated with 9-11 (9/21/01), the bankruptcy of Lehman Brothers (9/18/08), the flash crash (5/6/10) and the downgrade of U.S. government debt by Standard & Poor's (8/8/11). After peaking on August 24th, the VIX did not close below 20 for the remainder of the quarter. In a reversal of the typical relationship, realized volatility exceeded average implied volatility for the quarter. The S&P 500® Index's realized volatility (as measured by its annualized standard deviation of daily returns) was 21.29%.



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The CBOE S&P 500 BuyWrite Index (the BXM) had a return of -2.38% for the third quarter, bringing its year-to-date return to 1.20%. The BXM outperformed the S&P 500® Index in each month of the quarter with returns of 2.80%, -4.84% and -0.21% for July, August and September, respectively.

The outperformance of the BXM relative to the S&P 500® Index was aided by both the timing of the option expiration cycle and the elevated implied volatility levels of August and September. Market declines began or accelerated within days of the BXM rolling to new option contracts on the third Friday of each month in the quarter. This timing was beneficial to the BXM, as rolling to a new contract improved its ability to deliver downside protection just as that protection was needed. In addition, due to the dramatic increase in implied volatility, the premiums received by the BXM in August and September had annualized rates of over 25%, more than double the premium it received in July. The higher premiums provided more cushion during the market's steepest declines.

FIXED INCOME MARKET

The Barclays U.S. Aggregate Bond Index (the Aggregate) returned 1.23% for the third quarter, resulting in a year-to-date return of 1.13%. The return of the Aggregate was positive in July and September but negative in August, the month with the largest loss for the equity market. The yield on the 10-year U.S. Treasury Note decreased from 2.35% on June 30th to 2.04% on September 30th. The bellwether index yield reached a low for the quarter of 2.00% on August 24th but quickly advanced to 2.29% by September 16th as the equity market advanced from its lows. After the FOMC voted to maintain its zero interest rate policy, the rate declined steadily to quarter end.

[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.

GATEWAY ACTIVE INDEX-OPTION OVERWRITE COMPOSITE PERFORMANCE

The Gateway Active Index-Option Overwrite Composite (net of fees) (the Composite) returned -3.17% for the quarter, underperforming the BXM by 79 basis points (bps) and bringing its year-to-date performance to 0.83%. Most of the Composite's underperformance came during the market's advance in July when the BXM's July index call option had a higher strike price than the weighted-average strike price of the Composite's index call option portfolio, giving the BXM more exposure to the market's advance than the Composite. The Composite's July return of 2.07% underperformed the BXM by 73 bps. The Composite outperformed the BXM by 6 bps in August and underperformed by 16 bps in September.

With implied volatility elevated early in July, the Gateway investment management team found opportunities to add premium to the call option portfolio while maintaining the Composite's relative risk profile. Later in the month, as implied volatility decreased, expiring contracts were rolled into short-dated call options where volatility had relatively rich pricing. As the market plummeted in mid-August, the team focused on index call option decisions that would add significant cashflow potential and maintain diversification of expiration dates while not deviating significantly from the Composite's typical risk profile.

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.*

The Composite declined 8.79% from the market peak on July 20th to its bottom on August 25th. The option management decisions during this intra-quarter period contributed to the Composite's outperformance of 325 bps and 78 bps relative to the S&P 500® Index and the BXM, respectively, over the same period.

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

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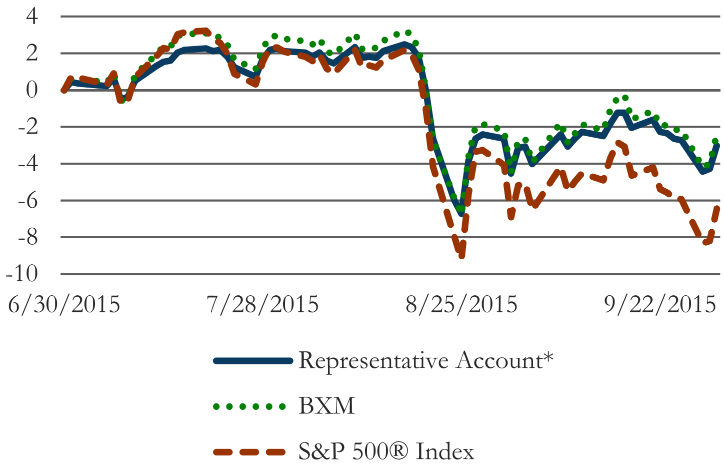
Cumulative Performance (%)



With implied volatility consistently above its long-term average over the course of September, the focus of Gateway's index call option management decisions was balancing opportunities that would add significant cashflow to the Composite portfolio while protecting the portfolio from the potentially adverse effects of a sharp market move in either direction.

Call options detracted from the Composite's return in July but contributed positively in August and September. The option management decisions in late August and September helped the Composite return 3.97% from the August 25th market low through quarter-end. Though this resulted in underperformance of 74 bps relative to the BXM, the Composite outperformed the S&P 500® Index by 94 bps. The Composite's annualized standard deviation of daily returns for the quarter was 15.53% compared to 18.20% and 21.29% for the BXM and S&P 500® Index, respectively.

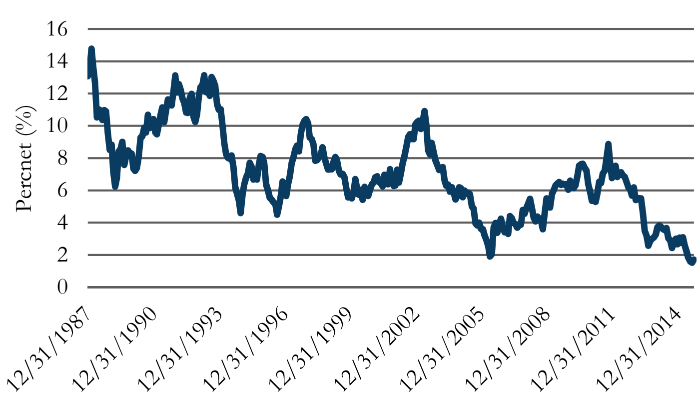
As of September 30th, the Composite's diversified equity portfolio was nearly 100% hedged with index call options with average strike prices between 1.5% in-the-money and 1.5% out-of-the-money, average time to expiration of 26 days and annualized premium to earn of 25% to 30%. Relative to the beginning of the quarter, this positioning represented similar market exposure and significantly increased net cashflow potential.

MARKET PERSPECTIVE

The third quarter of 2015 reminded investors that equity markets can deliver steep losses. After advancing for nearly four years without a decline of 10% or more, the S&P 500® Index lost 12.04% from July 20th to August 25th. The last decline of more than 10% started on April 29th, 2011 and ended on October 3rd, 2011 after a drop of nearly 19%.

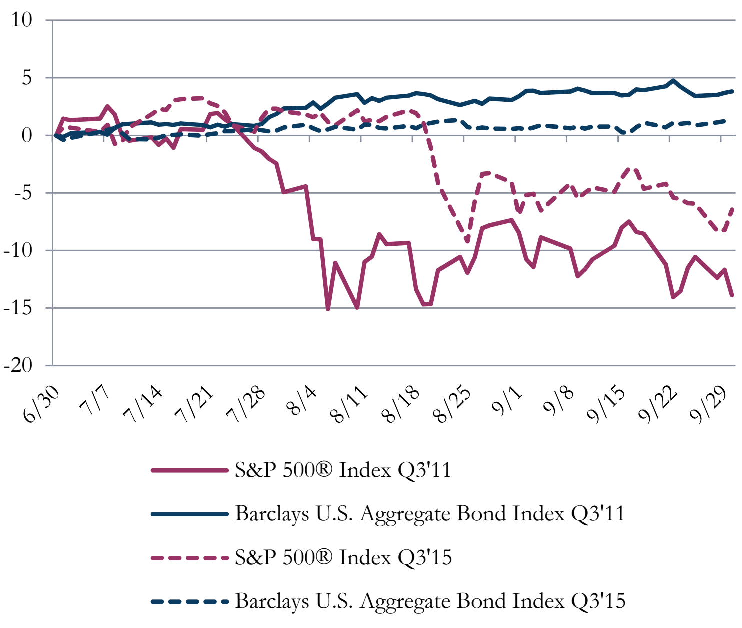
The third quarter also reminded investors that low interest rates combined with the prospect of shifting monetary policy has changed the nature of fixed income markets. Historically, high quality bonds have been a source of income, total return, volatility dampening and protection against equity market losses. In the current environment, it is becoming increasingly difficult for high quality bonds to deliver on these objectives. Low interest rates have clearly reduced the income that high quality bonds produce. In addition, as we've noted in previous Market Perspectives, the annualized rates of return for high quality bonds have come down along with interest rates (see chart). The three-year annualized return for the Barclays U.S. Aggregate Bond Index (the Aggregate) fell below 2% in June of this year and has remained below this return as of September 30, 2015.

Barclays U.S. Aggregate Bond Index
36 Month Rolling Performance



In addition, the prospect of rising interest rates may be muting the "flight to quality" response that typically benefits holders of high quality fixed income instruments when equity markets swoon. The third quarter of this year was the largest loss for the S&P 500® Index since the third quarter of 2011 when Standard & Poor's downgraded U.S. Government debt. Even in an environment defined by a deterioration in credit quality at the very top of the credit spectrum, the Aggregate returned 3.82% in the third quarter of 2011 as investors flocked to the relative safety of bonds over the volatility of stocks. In the third quarter of this year, the Aggregate returned just 1.23%, less than one-third of the return from the volatile period four years earlier. As shown in the cumulative return chart comparing the two quarterly periods, the bond market's return in 2011 was largely sustained while in 2015 it was smaller and temporary. In fact, most of the Aggregate's return came after September 17th 2015 when the FOMC voted not to raise short-term interest rates and continue on with its zero interest rate policy.

Q3 2011 and Q3 2015
Cumulative Performance (%)



One could conclude that investors who manage risk exclusively with high quality bonds may be sacrificing not only return but may also be facing diminishing prospects for high quality bonds to produce the other benefits they have historically delivered. With wide spread anticipation of rising interest rates, investors may be disappointed by a lackluster bond market response to future equity declines. Low-volatility equity strategies may provide investors greater participation in equity market returns over the long-term than traditional portfolios of stocks combined with high quality bonds. Low-volatility equity strategies may also potentially offer healthier downside protection from steep equity losses if expectations of rising interest rates persist at the time of the next equity market downturn.

Datasource: Bloomberg, L.P. and Morningstar Direct℠

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

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 June 30, 2015.

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, 2015. 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.