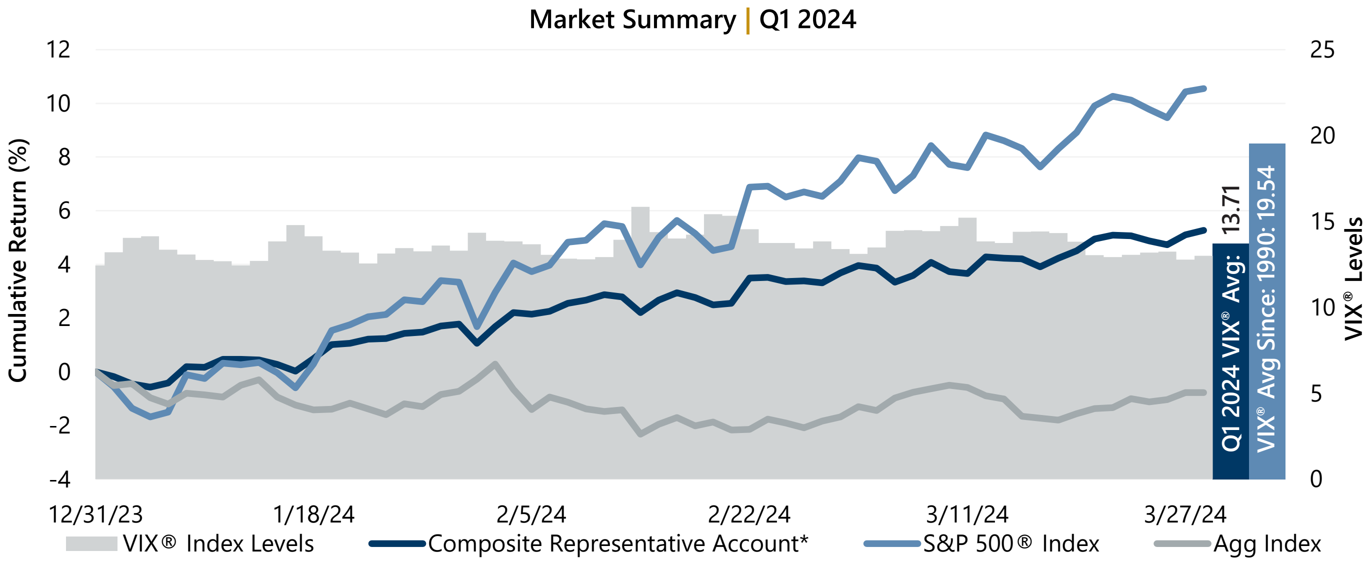
In Brief

- Gateway Index/RA Composite (the Composite) returned 5.37%, net of fees, in the first quarter compared to the 10.56% return of the S&P 500® Index and the -0.78% return of the Bloomberg U.S. Aggregate Bond Index (the Agg). A GIPS® Composite Report is included with this Commentary.
- Momentum from the market rally at year-end 2023 carried into the first quarter of 2024 with the S&P 500® Index reaching fresh all-time highs. The first quarter advance was driven by a rally in AI-related stocks and the U.S. Federal Reserve (the Fed) who had been reassuring investors of potential interest rate cuts in 2024.
- The first quarter advance was only slightly interrupted at the start of the year with an equity market decline of -1.68% from the end of 2023 through January 4. The Composite* provided 111 basis points (bps) of loss mitigation during the brief drawdown period.
- The S&P 500® Index and the Composite* had an annualized standard deviation of daily returns of 10.97% and 4.86% for the quarter, respectively.
- Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), averaged 13.71 in the first quarter and exceeded realized volatility, as measured by the standard deviation of daily returns. The VIX® ended 2023 at 12.45 before dipping to an intra-quarter low of 12.44 on January 11. The VIX® reached an intra-quarter high of 15.85 on February 13 and closed the quarter at 13.01.
- Gateway's investment team was active in their management of the Fund's index option portfolios during the first quarter. During the market's persistent advance, the investment management team increased the weighted-average strike price of both the index call and index put option portfolio while managing weighted-average time to expiration. These adjustments were made in an effort to enhance cash flow while maintaining typical market exposure and risk profile.
- Despite an artificial intelligence and election-year sideshow, the Fed remains at center stage. Expectations entering 2024 were for the central bank to cut interest rates in the first quarter, with continued cuts throughout the year. As of the end of March 2024, no cuts have come to fruition. In an ongoing game of expectations versus reality, where interest rates may simply settle into a range more in line with historical averages, options-based strategies are poised to continue benefitting from an uncertain future and away-from-zero interest rates.



Past performance does not guarantee future results. Source: Bloomberg, L.P. *The portfolio performance and standard deviation reflected for the Composite are those measured by a representative account. This information represents supplemental information to the GIPS® Composite Report. This representative account was selected as it is the oldest account in the Composite.

Market Recap

The equity market's 10.56% rally during the first quarter of 2024 resulted in the S&P 500® Index reaching a new all-time high. The S&P 500® returned 1.68%, 5.34%, and 3.22% in January, February, and March, respectively. After a year-to-date maximum drawdown of just -1.68%, from the start of the year through January 4, the market persistently advanced during the quarter. The market was driven, in part, by enthusiasm surrounding AI-related technology and an ongoing optimism that the Fed will follow through with suggestions of multiple interest rate cuts during the remainder of 2024.

Macroeconomic data released during March showed continued resilience in the U.S. economy with stubborn inflation. The third estimate of Gross Domestic Product for the fourth quarter of 2023 showed an acceleration from the prior reading and outpaced the consensus estimate. The February Consumer Price Index released March 12 was higher than the previous reading and above consensus estimates. Corporate earnings reflected resilience, with fourth quarter aggregate operating earnings on track to climb 1.7% quarter-over-quarter and 8.4% year-over-year. With over 99% of S&P 500® Index companies reporting, nearly 79% met or exceeded analyst estimates.

U.S. Macroeconomic Data | March Releases

	Period	Current	Estimate	Prior
U.S. Gross Domestic Product Growth	Q4 2023	3.4%	3.2%	3.2%
Unemployment Rate	February	3.9%	3.7%	3.7%
Paritications Rate	February	62.5%	62.6%	62.5%
Average Hourly Earnings (YoY)	February	4.3%	4.3%	4.5%
Consumer Price Index (YoY)	February	3.2%	3.1%	3.1%

Past performance does not guarantee future results. Source: Bloomberg, L.P.

Implied volatility, as measured by the VIX®, averaged 13.71 in the first quarter. Consistent with its typical relationship, average implied volatility exceeded realized volatility, as measured by the standard deviation of daily returns for the S&P 500® Index, which was 10.97% for the quarter. The VIX® ended December at 12.45 before drifting to an intra-quarter low of 12.44 on January 11. The VIX® reached an intra-quarter high of 15.85 on February 13 and closed the quarter at 13.01.

The Agg returned -0.78% in the first quarter, with monthly returns of -0.27%, -1.41%, and 0.92% in January, February, and March, respectively. The yield on the 10-year U.S. Treasury Note (the 10-year) ended 2023 at 3.88% from which the yield would rise to an intra-quarter high of 4.32% in late February, and again in mid-March, before closing the first quarter at 4.20%. In a historical inversion that has persisted since July 5, 2022, the yield on the 2-year U.S. Treasury Note exceeded that of the 10-year throughout the first quarter.

Gateway Index/RA Composite Performance

The Composite returned 5.37%, net of fees, in the first quarter compared to the 10.56% return of the S&P 500® Index. The Composite returned 1.09%, 2.63%, and 1.56%, net of fees, while the S&P 500® Index returned 1.68%, 5.34%, and 3.22% in January, February, and March, respectively.

The portfolio performance, contributions, annualized standard deviation, and portfolio statistics quoted for the Composite in the following paragraphs are those measured by the net-of-fee returns of a representative account (the Account)[i].

The S&P 500® Index entered the year with a brief decline, from year-end 2023 to January 4, before reaching new all-time highs. The Account provided 111 bps of loss mitigation with a return of -0.57% during the drawdown period. As the Fed continued offering suggestions of rate cuts in 2024, and investments in AI-related companies accelerated, the equity market rallied 12.45% from January 4 through quarter-end. The Account returned 5.88% during this time frame.

The Account's index call option writing generated risk-reducing cash flow throughout the quarter, however, the Account's call and put index option positions both detracted from returns during the quarter, as expected during sharp market advances.

In achieving its low-volatility objective, the Account's annualized standard deviation of daily returns for the quarter was 4.86%, less than half the 10.97% of the S&P 500® Index. The Account exhibited a beta to the S&P 500® Index of 0.44 for the quarter.

Gateway's investment team was active in their management of the index option portfolios during the equity market's advance in the first quarter. As the market climbed persistently, the team selectively adjusted the written index call option portfolio. The team increased the weighted-average strike price and managed time to expiration in an effort to enhance cash flow and maintain typical market exposure. Adjustments to the index put option portfolio were also focused on gradually increasing the weighted-average strike price and managing weighted-average time to expiration while maintaining the Fund's typical risk profile.

At the end of the quarter, index call options were sold against over 95% of the equity portfolio's value and had a weighted-average strike price between 1.5% in-the-money and 1.5% out-of-the-money, 60 days to expiration, and an annualized premium to earn between 7.5% and 10.0%. Index put options covered more than 95% of the portfolio and had a weighted-average strike price between 7.5% and 10.0% out-of-the-money, 68 days to expiration, and an annualized cost of less than 2.5%. Relative to the beginning of the quarter, this positioning represented similar net cash flow potential and market exposure.

Performance & Risk (%)	Q1 2024	1 Year	3 Year	5 Year	10 Year	Inception Return[1]	Inception Risk[1,2]
The Composite (Net)	5.37	15.02	4.93	6.30	5.32	6.93	6.69
S&P 500® Index	10.56	29.88	11.49	15.05	12.96	11.15	14.74
Agg Index	-0.78	1.70	-2.46	0.36	1.54	5.38	4.16

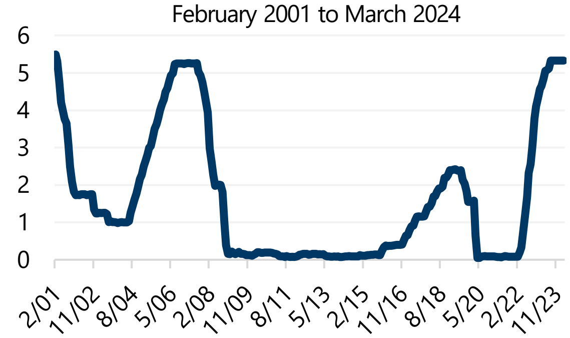
Past performance does not guarantee future results. Periods greater than one year are annualized. Data as of March 31, 2024. Source: Morningstar Direct℠.
1: Composite inception date is January 1, 1988. 2: Based on standard deviation of monthly returns. See disclosure and GIPS® Composite Report.

Market Perspective – All About The Rates

No Promises Made

In modest fashion, the Fed often dominates headlines, and it has been no different during the recent period of transitioning monetary policy. Particularly when considering its relatively rapid pace of tightening that began March 2022, the Fed Funds Effective Rate has increased by nearly 26 times – growing from 0.20% to 5.33%, which is a level not seen since the February 2001 level of 5.49%.

Fed Funds Effective Rate (%)
February 2001 to March 2024



Source: Federal Reserve Bank of St. Louis

As the Fed paused a relentless cycle of interest rate hikes after acknowledging economic resilience and a reduction in out-of-control inflation in 2023, focus for investors pivoted to the possibility of interest rate cuts. Expectations around the frequency and magnitude of such a change have been in a state of flux nearly since the thought was conceived. However, the Fed continues to choose its words wisely and does not offer any promises in its guidance. Nevertheless, in March, Fed Chairman Jerome Powell suggested the possibility remained for interest rate cuts in 2024 – assuming inflation continued a sustainable decline – with one small change. The Fed now anticipates fewer cuts than previously mentioned[1].

A Moving Target

In May 2023, a regional banking crisis triggered hopes that the Fed would pause its tightening efforts and potentially reduce interest rates by the close of 2023. As explored in *Cuts Can Hurt*, at the end of May there was an expectation, with 57% probability, that the Fed would not only pause the rate of interest rates hikes but reverse course by November 2023 with an implied Federal Funds policy rate of 4.68% by January 2024.

With the Fed Funds Rate still north of 5% as of the end of March 2024, those expectations failed to become reality, and with no promises made, investors remain forced to digest an evolving macroeconomic environment and selective comments from the Fed.

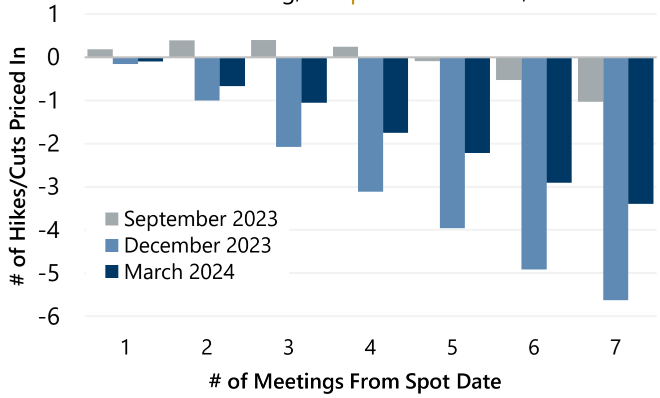
The charts below show how expectations rarely match reality. At the end of September 2023, rate hikes were again being priced in with cuts expected during the summer of 2024. Benign inflation data released during the fall of 2023, however, once again shifted expectations for a first cut in early 2024. As the Fed continued to evade an action in the first quarter of 2024 and inflation remained robust, expectations again evolved to summer 2024 before a cut might be implemented.

Past performance does not indicate future results.

1: See: https://www.wsj.com/economy/central-banking/powell-says-fed-on-track-to-cut-rates-this-year-52e5feb3

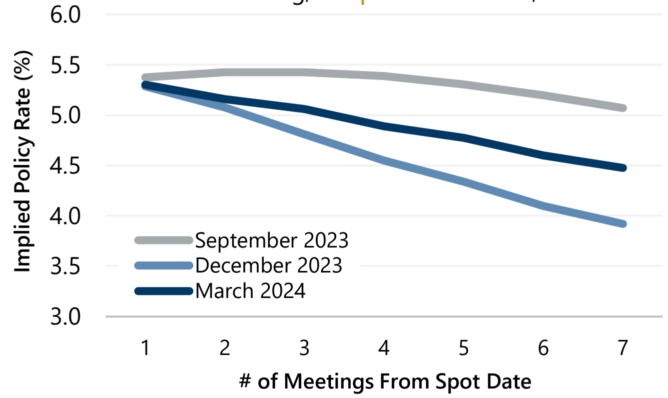
Rate Hike/Cut Expectations

Source: Bloomberg, L.P. | As of March 31, 2024



Implied Policy Rate

Source: Bloomberg, L.P. | As of March 31, 2024

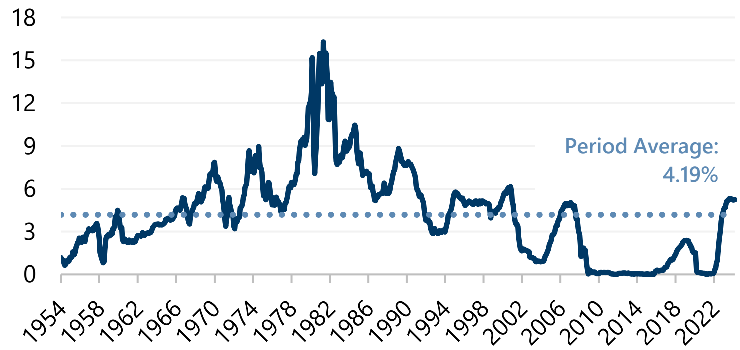


A Glance in the Rearview

There is much uncertainty about the timing of future rate cuts and the potential market path after [such a move is nuanced, and often volatile](). In short, regardless of the direction of monetary policy, there is a strong possibility that interest rates settle into a more normal range and away from the near-zero levels that were driven by extraordinary monetary policy easing following the Great Financial Crisis. When considering the period of January 1954 through March 2024, the average 3-Month Treasury Bill yield for this time was 4.19%. Even if current market expectations for interest rate cuts come to fruition, the Fed Funds Rate would be near 4.5% and remain above the long-term average.

Zero Rates Were Exceptional

3-Mo U.S. T-Bill Rate | January 1954 to March 2024



Source: Federal Reserve Bank of St. Louis

Any level away from zero continues to benefit option writing strategies, particularly when writing near-the-money call options on the S&P 500® Index, similar to those used in some Gateway strategies. *For The Times, They Have Changed* explains that the premium received for writing a one-month at-the-money index call option was over 9% higher with rates at 5.25% versus 0.25%. Higher interest rates have also contributed to the reduction in the cost of S&P 500® Index put options and make protection less expensive for those strategies that purchase index put options for downside loss mitigation.

Rest Easy

Gateway is not in the business of predicting Fed actions or market activity and whether the Fed begins cutting rates in 2024, continues to hold, or surprises investors with a hike, the path forward is likely to remain uncertain and volatile. However, what seems less uncertain is that interest rates are settling into a more average, to above-average range. Additionally, while macroeconomic factors continue to adjust to a new rate regime, the chances increase for unexpected and robust volatility events. Away-from-zero rates and double-digit volatility have meaningfully enhanced options-based strategies, such as those managed by Gateway since 1977, and can help investors navigate an array of market environments.

Important Information

i: Represents supplemental information to the GIPS® Composite Report. This representative account was selected as it is the oldest account in the Composite.

For more information and access to additional insights from Gateway Investment Advisers, LLC, please visit www.gia.com/insights.

Gateway Investment Advisers, LLC (Gateway) is an independent registered adviser and a successor in interest to Gateway Investment Advisers, L.P. as of February 15, 2008. Performance information for the Gateway Index/RA Composite (the Composite) shown in this illustration is an asset-weighted composite of discretionary accounts under Gateway's management which share the same investment objectives and hedging strategies.

The Composite was created in January 1993. Prior to January 1, 1993, not all fully discretionary portfolios were represented in composites. Results shown for 1988 through 1992 are those of one representative account.

The Composite net of fee performance results reflect the reinvestment of dividends and other earnings, and reflect the deduction of investment advisory fees.

The effectiveness of Gateway's strategy might be reduced if the portfolio doesn't correlate to the performance of the index underlying its option positions. Rebalancing of a portfolio may involve tax consequences.

Selling index call options can reduce the risk of owning stocks, but limits the opportunity to profit from an increase in the market value of stocks in exchange for up-front cash at the time of selling the call option. Unusual market conditions or the lack of a ready market for any particular option at a specific time may reduce the effectiveness of the Composite's option strategy, and for these and other reasons the Composite's option strategy may not reduce the volatility to the extent desired.

Past performance does not guarantee future results. A more detailed description of Gateway's standardized fees is included in Form ADV, Part 2.

The GIPS® Composite Report for the Gateway Index/RA Composite is included with this document. Additional copies are available upon request by calling 513.719.1100.

Data sources: Gateway Investment Advisers, LLC, Bloomberg, L.P. and Morningstar Direct℠

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GATEWAY
INVESTMENT ADVISERS, LLC

Gateway Index/RA Composite

GIPS® Composite Report

Year End	Annual Performance Results: Composite Gross	Composite Net	S&P 500® Index	Bloomberg U.S. Aggregate Bond Index	3-Year Standard Deviation: Composite	S&P 500® Index	Bloomberg U.S. Aggregate Bond Index	Number of Composite Accounts	Composite Dispersion	Composite Assets (millions)	Firm Assets (millions)
1993	8.44%	7.75%	10.08%	9.75%	N/A	N/A	N/A	15	0.7	$348	$408
1994	6.27	5.62	1.32	-2.92	N/A	N/A	N/A	14	0.5	303	660
1995	12.52	11.75	37.58	18.47	4.07%	8.34%	4.30%	12	1.6	283	473
1996	11.83	11.11	22.96	3.63	4.44	9.72	4.65	27	0.9	329	360
1997	13.34	12.58	33.36	9.65	3.83	11.30	4.06	27	1.1	399	476
1998	13.21	12.49	28.58	8.69	5.53	16.24	3.58	44	1.2	686	805
1999	12.94	12.27	21.04	-0.82	5.39	16.76	3.25	76	1.4	1,348	1,470
2000	6.55	6.08	-9.10	11.63	5.30	17.67	3.06	107	1.2	2,052	2,206
2001	-2.69	-3.28	-11.89	8.44	6.29	16.94	3.40	85	0.5	1,853	1,944
2002	-3.87	-4.45	-22.10	10.25	9.41	18.81	3.40	67	0.4	1,651	1,744
2003	12.53	11.84	28.68	4.10	9.70	18.32	4.26	59	0.4	2,029	2,160
2004	7.84	7.22	10.88	4.34	8.35	15.07	4.34	53	0.5	3,350	3,636
2005	5.86	5.17	4.91	2.43	4.09	9.17	4.12	35	0.5	3,879	6,134
2006	11.06	10.35	15.79	4.33	2.64	6.92	3.25	29	0.5	4,569	6,946
2007	8.67	7.99	5.49	6.97	3.10	7.79	2.80	25	0.5	4,780	7,892
2008	-13.39	-13.95	-37.00	5.24	8.41	15.29	4.03	22	1.0	5,073	7,071
2009	7.37	6.70	26.46	5.93	10.36	19.91	4.17	15	0.4	5,054	7,188
2010	5.76	5.11	15.06	6.54	11.01	22.16	4.22	12	0.1	5,552	7,699
2011	3.82	3.16	2.11	7.84	8.27	18.97	2.82	11	0.3	5,729	8,081
2012	5.41	4.74	16.00	4.22	5.84	15.30	2.42	10	0.2	7,424	10,517
2013	9.35	8.64	32.39	-2.02	4.23	12.11	2.75	11	0.2	8,899	12,475
2014	4.23	3.59	13.69	5.97	3.45	9.10	2.67	10	0.3	8,997	12,239
2015	3.20	2.54	1.38	0.55	3.97	10.62	2.92	11	0.2	8,783	12,210
2016	6.23	5.57	11.96	2.65	4.30	10.74	3.02	10	0.3	8,159	11,601
2017	10.73	10.07	21.83	3.54	4.01	10.07	2.81	10	0.2	9,028	12,559
2018	-3.43	-4.04	-4.38	0.01	5.11	10.95	2.88	10	0.1	8,534	11,641
2019	11.97	11.29	31.49	8.72	5.57	12.10	2.91	9	0.2	8,545	10,950
2020	8.03	7.34	18.40	7.51	8.62	18.80	3.40	9	0.1	7,486	9,963
2021	12.35	11.71	28.71	-1.54	7.89	17.41	3.40	8	0.1	8,523	11,556
2022	-11.19	-11.73	-18.11	-13.01	10.37	21.16	5.85	6	0.0	6,586	8,593
2023	15.50	14.85	26.29	5.53	8.97	17.54	7.24	5	0.2	6,583	8,828

N/A: The gross three-year annualized ex-post standard deviation of the Composite and benchmarks is not presented as 36-month returns are not available.

Gateway Index/RA Composite contains fully discretionary hedged equity accounts which hold common stock and sell index call options on at least 95% of the underlying stock value. This call activity reduces volatility and provides cash flow. The accounts typically buy index put options that can protect the Composite from a significant market decline that may occur over a short period of time. Indexes utilized for call and put option activity are U. S. domestic equity indexes that include all sectors of the economy. The creation and inception date of the Gateway Index/RA Composite was January 1, 1993. As of June 1, 2009, the Composite definition was refined to more accurately reflect the criteria used to determine membership. No membership changes resulted from the revision.

For comparison purposes the Gateway Index/RA 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 the Bloomberg U. S. Aggregate Bond Index (an unmanaged index of investment-grade bonds with one- to ten-year maturities issued by the U. S. government, its agencies and U. S. corporations).

Performance results are based on fully discretionary accounts under management, including accounts that may no longer be with the firm, and are expressed in U.S. dollars.

Performance returns are presented gross and net of management fees and include the reinvestment of all income. Past performance is not indicative of future results. The annual Composite dispersion presented is an asset-weighted standard deviation calculated using gross returns for the accounts in the Composite the entire year. The 3-year standard deviation is calculated using gross returns. 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 0.30% 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 December 31, 2023. A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. The Gateway Index/RA Composite has had a performance examination for the periods January 1, 1993 through December 31, 2023. The verification and performance examination reports are available upon request.

Policies for valuing investments, calculating performance and preparing GIPS® reports are available upon request. Gateway's lists of composite descriptions and broad distribution pooled funds are also available upon request.