Gateway Equity Call Premium Fund

An index options based approach to low volatility equity

Portfolio highlights

- The strategy objective is to capture the majority of US equity market returns, but with lower volatility and downside risk.
- The strategy combines a diversified stock portfolio designed to track the performance of the S&P 500® Index with S&P 500® Index call options to maintain a consistent level of market exposure and relative risk profile while seeking to generate attractive cash flow.[2,4]
- Index option contracts seek to provide risk reduction and risk-adjusted return enhancement from exposure to the implied volatility risk premium.[4]
- Gateway Investment Advisers has focused on managing risk with option strategies since 1977. The portfolio management team has an average tenure of over 18 years.

Portfolio applications

Core equity allocation: The strategy strives to provide an attractive risk-reward profile, which may be suitable for long-term equity investors seeking to minimize downside risk.

Core alternative holding: The Fund tends to have alternative investment characteristics of low beta relative to equities and low correlation relative to fixed income investments, but its investment structure provides liquidity and transparency.[5]

1 CFA® and Chartered Financial Analyst® are registered trademarks owned by the CFA Institute. **2** Cboe S&P 500 BuyWrite Index (BXM℠) is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500® Index. Announced by the Chicago Board Options Exchange (Cboe) in April 2002, the BXM Index was developed by the Cboe in cooperation with Standard & Poor's. The BXM is a passive total return index based on (1) buying an S&P 500 stock index portfolio, and (2) "writing" (or selling) the near-term S&P 500 Index (SPX℠) "covered" call option, generally on the third Friday of each month. S&P 500® Index is a widely recognized measure of U.S. stock market performance. It is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation, among other factors. **3** As of the most recent prospectus, the investment advisor has contractually agreed to waive fees and/or reimburse expenses (with certain exceptions) once the expense cap of the fund has been exceeded. This arrangement is set to expire on 4/30/21. **4** Index option (European-style expiration, cash settled and exchange-traded): an option contract on an index (e.g., S&P 500) in which the buyer (owner) pays a cash premium up front to the seller (writer) of the option. If at expiration, the option contract is in-the-money, the seller pays the owner cash in the amount of the difference between the option strike price and the current value of the index; otherwise, the option expires worthless for the buyer and the seller keeps the full premium received up front. The writer of an option is paid a cash premium for taking on the risk associated with the option obligation to pay if the option expires in-the-money. Listed index options contracts can be closed or traded prior to expiration date, but not exercised. **5** Beta measures the volatility of a security or a portfolio in comparison to the market as a whole.

ABOUT THE FUND

Objective
Seeks total return with less risk than US equity markets

Portfolio manager(s)[1]
Daniel M. Ashcraft, CFA®
Michael T. Buckius, CFA®
Kenneth Toft, CFA®

Inception date
09/30/2014

Share classes

Class A	GCPAX
Class Y	GCPYX
Class N	GCPNX
Class C	GCPCX

Benchmarks[2]
Cboe S&P 500 BuyWrite Index (BXM℠)
S&P 500® Index

Expense ratios (gross/net)[3]

GCPAX	1.42%	1.20%
GCPYX	1.17%	0.95%
GCPNX	1.63%	0.90%
GCPCX	2.17%	1.95%

Philosophy, process, and risk management

Achieving equity exposure with reduced downside risk is the consistent focus of the strategy. The team believes the equity market is the most reliable source of long-term real returns but, because the long term is a series of short terms, equities do not become less risky over time. Broadly diversified equity portfolios in combination with index options and their associated volatility premium have the potential to reduce downside risk while improving risk-adjusted returns from equity market exposure.

Selling index call options trades an unknown market return for a known and immediate cash flow. The cash flow can result in a positive return for the Fund in a rising or flat equity market and may act as downside protection should the equity market decline.

Because each market environment presents a unique combination of opportunities and risks, Gateway believes decision-making based on vigilant application of judgment and experience is more reliable than systematic models, quantitative triggers or rules-based approaches.

A two-component investment process

S&P 500 Index Call Options

Actively managed portfolio of written index call options to monetize market volatility	→ Accepts up-front cash payments that are directly correlated to implied volatility in exchange for uncertain future market appreciation

Stock Portfolio

Portfolio of stocks that seeks to track the performance of the S&P 500 Index	→ Provides exposure to the long-term equity risk premium

The options portfolio is actively and dynamically managed to maintain a consistent market exposure and risk profile while opportunistically generating cash flow as implied volatility pricing changes.

Index Call Option Characteristics

- Cash-settled, listed options—European-style expiration
- Notional value is equal to the full value of the underlying equity portfolio
- Diversified – typically 6-10 combinations of strike price and expiration date
- Weighted average strike price typically at-the-money
- Weighted average time to expiration typically 30-50 days

Stock Portfolio Characteristics

- 200 to 400 stocks, with an emphasis on liquid securities
- Designed to track the S&P 500 Index using a multi factor statistical optimization model, while facilitating tax-efficient returns
- Rebalanced as needed to maintain minimal tracking error, while minimizing turnover and frictional costs

RISKS: Equity securities are volatile and can decline significantly in response to broad market and economic conditions. **Options** may be used for hedging purposes, but also entail risks related to liquidity, market conditions and credit that may increase volatility. The value of the Fund's positions in options may fluctuate in response to changes in the value of the underlying asset. Selling call options may limit returns in a rising market.

Before investing, consider the fund's investment objectives, risks, charges, and expenses. Visit im.natixis.com or call 800-225-5478 for a prospectus or a summary prospectus containing this and other information. Read it carefully.

GATEWAY INVESTMENT ADVISERS, LLC

Gateway Investment Advisers, LLC specializes in low volatility equity strategies for risk-conscious investors. The firm has maintained consistent focus on reducing the risk of equity investing with index option strategies. Gateway's core low volatility strategy seeks to capture the majority of the returns associated with equity market investments, while exposing investors to less risk than other equity investments.

Weighted average time to expiration is the weighted average number of days until the expiration date of the options.

Depending on their objective, alternative mutual funds may be more or less volatile than stock or bond funds.

To learn more:
Visit: im.natixis.com

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Exp. 8/31/2021
GAECP11-0820