

Gateway 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 and put 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 been focused on managing risk with option strategies since 1977, and the strategy employed by the Gateway Fund has been in place since 1988. The portfolio management team has an average tenure with Gateway 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.

Complement to a fixed income allocation: The strategy has typically provided equity market participation, lower standard deviation as compared to equities, and low correlation to bond returns, creating diversification potential for conservative allocations.

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 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. The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. The Bloomberg Barclays U.S. Aggregate Bond Index rolls up into other Bloomberg Barclays flagship indices, such as the multi-currency Bloomberg Barclays Global Aggregate Bond Index and the Bloomberg Barclays U.S. Universal Index, which includes high yield and emerging markets debt. The Bloomberg Barclays U.S. Aggregate Bond Index was created in 1986, with index history backfilled to January 1, 1976. 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 4/30/20. When an expense cap has not been exceeded, the gross and net expense ratios and/or yields may be the same. 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 to capture the majority of the returns associated with equity market investments, while exposing investors to less risk than other equity investments

Portfolio manager(s)¹

Daniel M. Ashcraft, CFA®
Paul R. Stewart, CFA®
Kenneth Toft, CFA®
Michael T. Buckius, CFA®

Inception date

12/07/1977

Share classes

Class A	GATEX
Class Y	GTEYX
Class N	GTENX
Class C	GTECX

Benchmarks²

S&P 500® Index
Bloomberg Barclays U.S. Aggregate Bond Index

Expense ratios (gross/net)³

GATEX	1.01%	0.94%
GTEYX	0.76%	0.70%
GTENX	0.70%	0.65%
GTECX	1.76%	1.70%

Philosophy, process, and risk management

Achieving equity exposure with reduced downside risk is the consistent focus of the strategy. The team believes that 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.

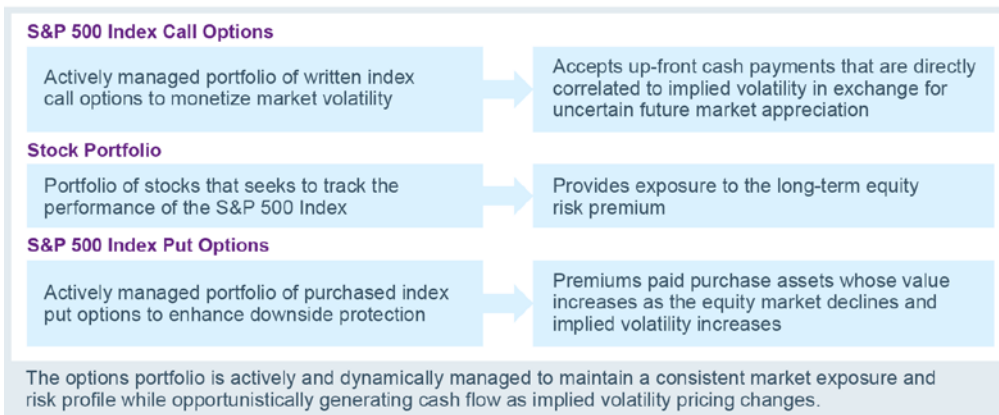
Selling index call options trades an unknown market return for a known and immediate cash flow. The cash flow can result in a positive return for the Fund in a rising or flat equity market and is the first line of defense should the equity market decline. Downside protection is enhanced by purchasing index put options.

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.



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.

A three-component investment process



Index Call Option Characteristics

- Cash-settled, listed options with 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

Index Put Option Characteristics

- Cash-settled, listed options with European-style expiration
- Notional value equals ~100% of the value of the underlying equity portfolio under normal market conditions
- Diversified – typically 5-8 combinations of strike price and expiration date
- Weighted average strike price typically 8%-10% below weighted average call strike
- Weighted average time to expiration typically 40-60 days

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.

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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.

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