

# **Gateway Investment Advisers, LLC**

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## **FORM ADV PART 2A BROCHURE**

**This brochure provides information about the qualifications and business practices of Gateway Investment Advisers, LLC. If you have any questions about the contents of this brochure, please contact us at 513.719.1100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Gateway Investment Advisers, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Gateway Investment Advisers, LLC is 146681.**

**Gateway Investment Advisers, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

**Item 2 - Material Changes**

Gateway Investment Advisers, LLC ("Gateway") is required to identify and discuss any material changes made to this brochure since the last annual update which was dated March 27, 2013. The following is a summary of these changes:

- In Item 4B regarding "Advisory Business," the name of Gateway's Equity Premium Income strategy has been changed to the "Gateway Active Index-Option Overwrite" strategy.
- In Item 4D regarding "Advisory Business," the amount of client assets under Gateway's management had increased from \$11.145 billion as of February 28, 2013 to \$12.577 billion as of February 28, 2014.
- In Item 5A regarding Gateway's "Fees and Compensation," additional detail was added regarding the accounts to which Gateway's Standard Fee Schedule is applicable.
- In Item 8A regarding the Gateway International Fund, language was changed to reflect the Fund's change in strategy, noting that it uses foreign equity securities designed to track the performance of the MSCI EAFE Index and options based on the iShares MSCI EAFE Exchange-Traded Fund (ticker symbol EFA).
- In Item 10C regarding arrangements that may cause conflicts of interest, Gateway and its affiliates no longer have seed money invested in any Gateway product as was noted in the Gateway's prior Form ADVs.
- In Item 11A regarding Gateway's "Code of Ethics," the following changes were made:
  1. More details have been added regarding what constitutes "entertainment."
  2. The restriction which prohibited Gateway employees from purchasing or selling shares of closed-end investment companies advised or sub-advised by Gateway was removed.
  3. A restricted securities list regarding the securities that Gateway employees are prohibited from purchasing or selling is now in place.
- In Item 12(A)(1)(a) regarding Gateway's use of soft dollars, additional detail was added concerning its allocation of and payment for "mixed-use" products.

### **Item 3 - Table of Contents**

<i>Item 4 - Advisory Business .....</i>	<i>1</i>
<i>Item 5 - Fees and Compensation .....</i>	<i>3</i>
<i>Item 6 - Performance-Based Fees and Side-By-Side Management.....</i>	<i>6</i>
<i>Item 7 - Types of Clients .....</i>	<i>6</i>
<i>Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....</i>	<i>7</i>
<i>Item 9 - Disciplinary Information.....</i>	<i>11</i>
<i>Item 10 - Other Financial Industry Activities and Affiliations.....</i>	<i>11</i>
<i>Item 11 - Code of Ethics, Participation or.....</i>	<i>15</i>
<i>Item 12 - Brokerage Practices.....</i>	<i>18</i>
<i>Item 13 - Review of Accounts.....</i>	<i>24</i>
<i>Item 14 - Client Referrals and Other Compensation .....</i>	<i>25</i>
<i>Item 15 - Custody.....</i>	<i>25</i>
<i>Item 16 - Investment Discretion.....</i>	<i>26</i>
<i>Item 17 - Voting Client Securities .....</i>	<i>26</i>
<i>Item 18 - Financial Information.....</i>	<i>28</i>
<i>Item 19 - Requirements for State Registered Advisers .....</i>	<i>28</i>
<i>Item 20 - Additional Information .....</i>	<i>28</i>

**Item 4 - Advisory Business****A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

Gateway Investment Advisers, LLC ("Gateway") is a Delaware limited liability company headquartered in Cincinnati, Ohio. Gateway is a wholly-owned subsidiary of Natixis Global Asset Management, L.P. ("NGAM"), which is an indirect subsidiary of Natixis Global Asset Management, an international asset management group based in Paris, France. This firm is in turn owned by Natixis, a French investment banking and financial services firm. Natixis is principally owned by BPCE, France's second largest banking group. Prior to February 15, 2008, Gateway was employee-owned and doing business as Gateway Investment Advisers, L.P., an investment adviser formed in 1995. The firm has been in existence in various forms since 1977.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

For purposes of this document, "client(s)" refers to the individual(s) or institution(s) that has entered into a direct contractual relationship with Gateway, in which Gateway is hired to manage assets owned by the client. The term "client" does not include shareholders of investment companies that are advised or sub-advised by Gateway.

Although there are variations, in most cases Gateway employs an investment strategy, known as the "Index/RA" strategy, designed to help clients capture the majority of the returns associated with equity market investments, while exposing clients to less risk than other equity investments. In most circumstances, the principal investment strategy consists of three components:

- A diversified portfolio of common stock positions designed to track the performance of a domestic broad-based index;
- Index call options, continuously written (sold) against the approximate full value of the broadly diversified common stock portfolio; and
- Index put options that may be purchased in order to protect the portfolio from a significant market decline that may occur over a short period of time.

Gateway also employs a strategy for certain institutional accounts known as the "Active Index-Option Overwrite" strategy that consists of the diversified stock portfolio and index call option components as described above without the overlay of the index put option

component. In addition, Gateway employs a Buy-Write Replication strategy for certain institutional accounts designed to replicate the performance of the CBOE S&P 500 BuyWrite Index.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

Gateway tailors its advisory services to the individual needs of clients. While Gateway's strategies as described above are generally applied to most accounts, clients may impose restrictions on investing in certain securities. In addition to restricting certain securities, Gateway accommodates other client-directed mandates, such as an index replication mandate or restrictions associated with the Investment Company Act of 1940. Gateway can also manage tax considerations unique to a particular client account.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

Gateway provides investment advisory services to some clients through programs sponsored by certain broker-dealers or other financial intermediaries ("sponsors") that may offer comprehensive brokerage, custody and investment advisory services ("wrap fee programs"). In each of these instances, the client signs an investment management agreement with Gateway. In some wrap fee programs, Gateway's investment management fee may be included in the fee collected by the wrap sponsor, in which case the wrap program sponsor will remit Gateway's fee to Gateway under a negotiated fee arrangement between Gateway and the sponsor. Under other arrangements, Gateway's fee may be paid directly by the client and the wrap program sponsor will charge their fee separately to the client. Regardless of how fees are paid, Gateway does not manage wrap fee accounts any differently than it manages other accounts. Wrap fee clients should review all materials available from the wrap fee sponsor concerning the program's terms, conditions and fees.

**If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.**

As of February 28, 2014, Gateway had approximately \$12.577 billion of client assets under management. All client assets are managed on a discretionary basis.

**Item 5 - Fees and Compensation**

**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

Gateway's investment management fees are calculated as an annualized percentage of assets under management. Gateway's standard fee schedule for an individual non-wrap Index/RA account is:

- 0.85% on the first \$5 million of assets
- 0.65% on the next \$5 million of assets
- 0.50% on the next \$40 million of assets
- 0.45% on assets in excess of \$50 million

Fees for certain client accounts, including fees for Gateway's registered investment company clients, government-sponsored pension plans and certain other institutional clients, can be and have been negotiated on a case-by-case basis. Fees for some clients are based on prior Gateway fee schedules or in connection with prior financial intermediary relationships, and may be lower than the fee schedule described above. Fees for clients in strategies that vary from Gateway's Index/RA strategy are negotiated separately, and are not based on the above standard schedule. Performance fee arrangements may be negotiated for clients who meet the requirements outlined in Rule 205-3 under the Investment Advisers Act of 1940 ("Advisers Act"), although no performance-based fee is currently being charged for any account. There are inherent conflicts of interest as a result of different types of client services and the fees paid by those clients. Gateway has policies and procedures designed to mitigate those conflicts.

In some cases, Gateway determines the values of the assets in certain client accounts for the purposes of investment performance and fee calculations. Gateway uses market quotations as its main pricing source when valuing the assets in these accounts. In the rare instance where reliable market quotations are not readily available, or if Gateway determines that market quotations for particular securities are unreliable or inaccurate, Gateway will determine a fair value for that security based on the firm's knowledge of the security, current market conditions and any other considerations deemed appropriate. No single factor or approach will be used by Gateway in every case of determining fair value, as each case is unique in nature. Gateway's objective in determining a fair value price will be to determine a price Gateway believes could be reasonably received upon a current sale.

There are inherent conflicts of interest as a result of an investment manager valuing the assets in a client's account in order to determine the fee owed to the firm. Gateway has policies and procedures designed to mitigate those conflicts, including a policy which provides for personnel in the Operations area of Gateway to be involved in the valuation of

client portfolios.

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

Depending on the type of account or client's custodian, fees are remitted to Gateway in several ways. Certain clients pay investment management fees directly to Gateway based on Gateway's monthly or quarterly invoices, which are generally billed in arrears based on assets under management at the end of the previous period. In some cases, fees are automatically deducted per the client's request by the client's custodian and remitted to Gateway based either on the custodian's valuation of the client's account or based on Gateway's valuation.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

In addition to fees paid to Gateway, a client may pay other types of fees or expenses to third parties in connection with their Gateway-managed account. Certain clients may pay brokerage commissions to a broker-dealer who executes trades in the client's Gateway-managed account. Clients may also pay fees to their custodians for maintaining custody of their assets and/or for certain settlement or other services such as wire transfers. If client assets under Gateway's management are invested in shares of mutual funds (including money market funds) or exchange-traded funds other than funds managed by Gateway, such assets will be included in calculating the value of the client's account for purposes of computing Gateway's investment management fees. Such assets will also be subject to fees and expenses as set forth in the prospectuses of those funds, which are ultimately paid by the client.

Because Gateway is not affiliated with any of the third parties described above, Gateway does not negotiate the fees charged by these service providers, except for commissions charged by brokers for accounts in which Gateway has discretion in choosing the client's brokers for trade execution.

Please see Item 12, "Brokerage Practices" in this brochure for more information on brokerage.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Gateway may collect certain client account fees in advance. If an account for which fees have been collected in advance is terminated before the end of a billing period, the fee is pro-rated to the date of termination and refunded to the client.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

1. Explain that this practice presents a conflict of interest and gives you or your supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.

No employee of Gateway accepts direct compensation for the sale of securities or other investment products. Every employee of Gateway receives a base salary and incentive compensation based on the overall financial performance of the firm. Firm-wide assets under management include mutual funds advised or sub-advised by Gateway. Gateway may receive economic benefits in the form of increased revenues resulting from net purchases of shares of these funds by shareholders and, as a result, such net purchases can indirectly affect the incentive compensation received by Gateway employees.

Gateway serves as the investment adviser to the Gateway Fund and the Gateway International Fund, which are part of the Natixis Funds family, pursuant to advisory contracts in accordance with the requirements of the Investment Company Act of 1940. Gateway also acts as the sub-adviser to a number of funds and, in these cases, Gateway's fees are paid by the principal adviser of each fund. The management fees paid to Gateway by the Gateway Fund, the Gateway International Fund and the funds it sub-advises are described in each fund's Prospectus and Statement of Additional Information.

One member of Gateway's Board of Managers is President of the Natixis Funds and is employed by certain affiliates of NGAM. He may be compensated for the sale of securities including the Gateway Fund and other Gateway-managed funds.

2. Explain that clients have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.

Gateway does not recommend investment products to its clients. Investment products managed by Gateway may be recommended through registered broker-dealers, which may or may not be affiliated with NGAM.

3. If more than 50% of your revenue from advisory clients results from commissions and other compensation for the sale of investment products you recommend to your clients,



including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.

Gateway does not receive revenue from advisory clients resulting from commissions and other compensation for the sale of investment products.

4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.

Gateway does not charge commissions or markups.

#### ***Item 6 - Performance-Based Fees and Side-By-Side Management***

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

Gateway does not currently receive performance-based fees. As a result, Gateway does not engage in side-by-side management of client accounts (the practice of executing trades in the same security within accounts which pay performance-based fees simultaneously with accounts that do not pay performance-based fees).

#### ***Item 7 - Types of Clients***

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Gateway provides investment advisory services to a broad range of individual and institutional clients. The types of clients served include, but are not limited to:

- Individuals
- Investment companies: U.S. and Off-Shore
- State and local government employee pension funds
- Corporations and other businesses
- Trusts, Estates, Charitable Organizations and Endowments
- Variable Annuity Trusts

Gateway generally requires a minimum of \$10 million to open an account. Account minimums are subject to change and Gateway reserves the right at any time to waive minimums.

### ***Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss***

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

Gateway has complete discretion over the investment decisions for each client account; however, it can accommodate certain client-mandated restrictions. Although there are variations, Gateway's principal investment strategy, or "Index/RA" strategy, is to:

1. purchase a broadly diversified portfolio of common stocks,
2. sell index call options, and
3. purchase index put options.

This strategy begins with a diversified portfolio of common stock positions designed to track the performance of a domestic broad-based index. Selling index call options on the approximate full value of the underlying stock portfolio reduces volatility in the client's account, provides steady cash flow and is an important source of return, although it also limits the account's ability to profit from increases in the value of its stock portfolio.

Purchasing index put options can protect the portfolio from a significant market decline that may occur over a short period of time. The combination of the diversified stock portfolio, the cash flow from the sale of index call options and the downside protection from purchased index put options is intended to provide the client account with the majority of the returns associated with equity market investments while exposing investors to less risk than other equity investments.

Historically, accounts invested in Gateway's Index/RA strategy have experienced volatility closer to intermediate- to long-term fixed income investments (intermediate-term are those with approximately five-year maturities and long-term are those with maturities of ten or more years) and hybrid investments (blends of equity and short-term fixed income securities) than

to equity investments. With a core investment in equities, Gateway's strategy is significantly less vulnerable to fluctuations in value caused by interest rate volatility, a risk factor present in both fixed income and hybrid investments. Gateway's strategy is expected to generally have lower long-term returns than an account consisting solely of equity securities. Gateway's index option-based risk management strategy is intended to reduce the volatility inherent in equities while sacrificing less of the higher equity returns than hybrid investments. Thus, the strategy seeks to provide an efficient trade-off between risk and reward where risk is characterized by volatility or fluctuations in value over time.

Gateway also manages the Gateway International Fund which employs the same core strategy described above using foreign equity securities designed to track the performance of the MSCI EAFE Index and options based on the iShares MSCI EAFE Exchange-Traded Fund (ticker symbol EFA). For details on this strategy, including risks, please read the prospectus and Statement of Additional Information for this fund.

Gateway also employs a strategy for certain institutional accounts known as the Gateway Active Index-Option Overwrite strategy that consists of the same equity and index call option components as the Index/RA strategy but without the overlay of the index put option component. In addition, Gateway employs a Buy-Write Replication strategy for certain institutional accounts designed to replicate the results of the CBOE S&P 500 BuyWrite Index. The volatility of these strategies may differ from the Index/RA strategy described above.

Gateway's Index/RA strategy is described in more detail below. Gateway has discretion to deviate from its core strategy at any time.

As with most investment strategies, there can be no assurance that Gateway's strategies will be successful. Investing in securities as described above involves risk of loss that a client should be prepared to bear.

#### **A. PURCHASING STOCKS**

Gateway invests in a diversified stock portfolio designed to track the performance of a broad-based index or combination of indexes. The purpose of the equity component is to support Gateway's index option-based risk management strategy as efficiently as possible while seeking to enhance total return. For most accounts, Gateway uses a multi-factor quantitative model to construct the stock portfolio. The model typically evaluates approximately 9,000 common stocks to construct a portfolio of U.S. exchange-traded equities that meets criteria and constraints established by Gateway. Generally, Gateway tries to minimize the difference between the performance of the stock portfolio and that of the index or indexes underlying the option strategy while also considering other factors, such as predicted dividend yield. Gateway monitors this difference and other factors, and rebalances and adjusts the stock portfolio from time to time by purchasing and selling stocks. Gateway expects the portfolio to generally represent the broad U.S. equity market and be invested in

companies with small, medium or large capitalizations. Equity securities purchased by Gateway may include U.S. exchange-listed common stocks, American Depositary Receipts (“ADRs”), which are securities issued by a U.S. bank that represent interests in foreign equity securities, and interests in real estate investment trusts (“REITs”).

## **B. SELLING INDEX CALL OPTIONS**

Gateway continuously sells (or “writes”) exchange-traded index call options on broad-based securities market indexes, on the approximate full value of the stock portfolio. The index call options are generally “European style” meaning that the options cannot be exercised prior to the expiration date. As the seller of the index call option, the client’s account receives cash (the “premium”) from the purchaser. The purchaser of an index call option has the right to any appreciation in the value of the index over a fixed price (the “strike price”) on a certain date in the future (the “expiration date”). The account may repurchase the index call option prior to the expiration date, ending its obligation. In this case, the difference between the cost of repurchasing the option and the premium received will determine the gain or loss realized. In the event that the written option is still in the client’s account on expiration date, one of two things will happen: (1) if the index is *above* the strike price, the account pays the purchaser the difference between the index and the strike price; (2) if the index is *below* the strike price, the client account retains the premium.

In instances where a client directs Gateway to replicate a hedging strategy represented by a benchmark index as seen in the Buy-Write Replication strategy, Gateway will not actively sell a variety of index options as described above, but will follow the hedging guidelines of the respective benchmark index.

## **C. PURCHASING INDEX PUT OPTIONS**

Gateway may also buy index put options in an attempt to protect a client’s account from a significant market decline that may occur over a short period of time. The value of an index put option generally increases as stock prices (and the value of the index) decrease and decreases as those stocks (and the index) increase in price. From time to time, Gateway may reduce its holdings of put options, resulting in an increased exposure to a market decline.

## **D. OTHER INVESTMENTS**

Gateway may also invest client assets in other investment companies, including money market funds and exchange-traded funds, and may enter into repurchase agreements and/or hold cash and cash equivalents.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

The material risks of investing in Gateway's strategies are described below. There are other circumstances (including additional risks) that are not described here) that could prevent an account from achieving its investment goals.

**Correlation risk:** The effectiveness of Gateway's index option-based risk management strategies may be reduced if the investment performance of an account's equity portfolio does not correlate to that of the index or indexes underlying its option positions.

**Options risk:** The value of a portfolio's positions in index options fluctuates in response to changes in the value of the underlying index. Selling index call options reduces the risk of owning stocks, but it 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 index call option. There are also risks in losing all or part of the cash paid for purchasing index put options. Unusual market conditions or the lack of a ready market for any particular option at a specific time may reduce the effectiveness of Gateway's option strategies, and for these and other reasons, such strategies may not reduce volatility to the extent desired. In addition, Gateway may reduce an account's holdings of index put options, resulting in an increased exposure to a market decline.

**Market risk:** There is a risk that the market value of a security may move up and down, sometimes rapidly and unpredictably, based upon a change in an issuer's financial condition, as well as overall market and economic conditions.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

**Equity securities risk:** An account may lose money because equity securities are subject to unpredictable declines in the value of individual securities and periods of below-average performance in individual securities or in the equity market as a whole. Small and medium capitalization and emerging growth companies may be subject to more abrupt price movements, limited markets and less liquidity than larger, more established companies which could adversely affect the value of an account's portfolio.

**American Depositary Receipts ("ADRs"):** An account may invest in foreign equity securities traded in U.S. markets, including through ADRs. Foreign securities are subject to foreign currency fluctuations, higher volatility than U.S. securities and limited liquidity. Political, economic and information risks are also associated with foreign securities. Investments in emerging markets may be subject to these risks to a greater extent than those in more developed markets. Investments in foreign securities may be subject to foreign withholding taxes. In that case, a portfolio's yield on those securities would be decreased.

**Real Estate Investment Trusts (“REITs”):** An account may invest in REITs, which are securities that trade on exchanges like stocks and may represent direct investments in real estate. These securities may be particularly sensitive to economic downturns. Securities of companies in the real estate industry, including REITs, are sensitive to factors such as: changes in real estate values, property taxes, interest rates, cash flow of underlying real estate assets, occupancy rates, government regulations affecting zoning, land use and rents, and the management skill and creditworthiness of the issuer. Companies in the real estate industry may also be subject to liabilities under environmental and hazardous waste laws. In addition, the value of a REIT is affected by changes in the value of the properties owned by the REIT or the securing mortgage loans held by the REIT. REITs are dependent upon cash flow from their investments to repay financing costs and also on the ability of the REITs’ managers. A client’s portfolio will indirectly bear its proportionate share of expenses, including management fees, paid by each REIT in which it invests.

Gateway also manages the Gateway International Fund which employs the same core strategy implemented using listed foreign index put option, OTC calls and foreign equity securities. For details on this strategy, including risks such as counterparty risks, please read the prospectus and Statement of Additional Information for this fund. Additional risks associated with this fund are not included above.

#### ***Item 9 - Disciplinary Information***

This section is not applicable to Gateway.

#### ***Item 10 - Other Financial Industry Activities and Affiliations***

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Gateway is not a registered broker-dealer and its employees are not registered representatives of a broker-dealer, nor is any such registration pending. One member of Gateway’s Board of Managers is a registered representative of NGAM Distributors, L.P., a broker-dealer affiliate of NGAM.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**



Neither Gateway nor any of its management persons are registered or have applied to register as described in this question.

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

Gateway is directly owned by NGAM, which owns, in addition to Gateway, a number of other asset management and distribution and service entities (each, together with any advisory affiliates of Gateway, a "related person"). As noted under Item 4A, NGAM is owned by Natixis, which is principally owned by BPCE, France's second largest banking group. BPCE is owned by banks comprising two autonomous and complementary retail banking networks consisting of the Caisse d'Epargne regional savings banks and the Banque Populaire regional cooperative banks. There are several intermediate holding companies and general partnership entities in the ownership chain between BPCE and Gateway. In addition, NGAM's parent companies Natixis and BPCE each own, directly or indirectly, other investment advisers and securities and financial services firms which also engage in securities transactions. Gateway does not presently enter into transactions, other than as set out below, with related persons on behalf of clients. The following are details of these relationships that are material to Gateway's advisory business as well as any material conflict of interest with clients:

- Gateway is the investment adviser for the Gateway Fund and the Gateway International Fund, both registered investment companies which are a part of the Natixis Funds family. Gateway is a party to two separate advisory agreements with the Gateway Trust in which Gateway is paid a fee based on assets under management in the Gateway Fund and Gateway International Fund. The Gateway Fund is Gateway's largest managed account. Like other accounts managed by Gateway, Gateway's

investment advisory fee revenues increase as assets of the Gateway Fund and Gateway International Fund increase.

- Gateway has agreed to reduce its management fees and, if necessary, bear certain expenses of the Gateway Fund and Gateway International Fund for a one-year term to the extent that the total annual fund operating expenses of each class of the funds, exclusive of acquired fund fees and expenses, brokerage, interest, taxes and organizational and extraordinary expenses, such as litigation and indemnification expenses, would exceed limits specific to classes of shares of each fund.
- Shares of the Gateway Fund and Gateway International Fund are distributed by NGAM Distributors, L.P., a registered broker-dealer and subsidiary of NGAM. Gateway is a party to a Mutual Fund Support Services Agreement with NGAM Advisors, L.P., under which Gateway pays NGAM Advisors, L.P. an annual rate of ten basis points of the net increase in assets of the Gateway Fund since its reorganization into the Natixis Funds family which occurred on February 15, 2008. Under the agreement, Gateway also pays NGAM Advisors, L.P. an annual rate of 37.5 basis points of the total average net assets of the Gateway International Fund, net of any waivers or expense reimbursements resulting from contractual expense cap arrangements (which will be shared at the actual percentage of the fee paid to NGAM Advisors, L.P. divided by the management fee earned by Gateway.)
- Gateway is a party to a revenue-sharing arrangement in which it reimburses NGAM Distributors, L.P. for a portion of the fees paid to some broker-dealer intermediaries for selling shares of the Gateway Fund.
- Gateway is a party to a Referral Service Agreement with NGAM Distributors, L.P. under which NGAM Distributors, L.P. receives a portion of Gateway's advisory fees paid by each separately managed account referred to Gateway by NGAM Distributors, L.P.
- Gateway has direct investments of its firm assets (which make up a portion of Gateway's deferred compensation plan) in the Gateway Fund.
- Gateway has broker-dealer affiliates as a result of its ownership by NGAM. However, Gateway does not use broker-dealer affiliates to execute trades for its clients.
- Gateway is affiliated with certain investment advisers because they are also owned by NGAM. Gateway does not have a formal or informal advisory relationship with any of these affiliates.

Potential conflicts of interest as a result of the above arrangements include, but may not be limited to:



i) Gateway could be incentivized to refer clients to the Gateway Fund and Gateway International Fund. However, client assets invested in Gateway-managed funds are excluded for purposes of individual client investment management fee calculations. This conflict is also mitigated by the fact that Gateway is not a broker-dealer or distributor for the Gateway Fund or Gateway International Fund.

ii) Gateway could be incentivized to allocate resources and investment opportunities to the Gateway Fund because of its own investments in this fund. It could also be incentivized to favor accounts referred to Gateway by NGAM Distributors, L.P. For example, a conflict may exist if Gateway identifies a limited investment opportunity that may be appropriate for more than one account. Gateway believes these risks are mitigated by the fact that all accounts managed by Gateway, including the Gateway Fund and Gateway International Fund, are generally managed in a similar fashion, subject to exceptions, such as those mandated by the client or those resulting from different cash availability and/or liquidity requirements and tax considerations. In addition, Gateway has adopted trade allocation procedures that require equitable allocation of trades among accounts. Gateway also does not participate in initial public offerings ("IPOs") or purchase illiquid securities, but rather trades only in equity securities that are exchange-traded.

iii) Gateway could be incentivized to share trading and investment management information with affiliated broker-dealers and investment advisers. Gateway believes this conflict is eliminated as Gateway does not trade with affiliated broker-dealers. Gateway has also adopted a policy which formalizes the operational separation of its investment process and treatment of portfolio investment information from NGAM and other affiliated investment advisory firms.

Given the interrelationships among Gateway and its related persons and the changing nature of Gateway's related persons' businesses and affiliations, there may be other or different potential conflicts of interest that arise in the future or that are not covered by this discussion. Additional information regarding potential conflicts of interest arising from the Adviser's relationships and activities with its related persons is provided under Item 11.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Gateway does not recommend or select other investment advisers, including affiliated advisers, for its clients.

***Item 11 - Code of Ethics, Participation or  
Interest in Client Transactions and Personal Trading***

A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.

Gateway maintains a formal Code of Ethics and Personal Trading Policy ("Code") which sets forth the standards of conduct which every Board member, officer and employee of Gateway is expected to follow. Gateway's fiduciary duty to its clients is the core principle underlying the Code and represents the expected basis of all dealings with Gateway-managed clients.

Provisions in the Code include the following:

- The Code governs the personal securities trading of Gateway employees. Gateway employees are permitted to buy and sell securities that Gateway recommends to clients within the parameters of the Code.
- All Gateway employees are considered "Access Persons" as defined in the Code and are required to report their personal securities transactions and holdings to Gateway's Chief Compliance Officer. Excepted from the definition of Access Persons are the two Board members who are not employees of Gateway.
- Portfolio managers and employees who, in connection with their regular functions or duties, participate in recommending the purchase or sale of client securities ("Investment Representatives") are required to pre-clear any transaction in common stocks. If such pre-clearance request is to trade 1,000 shares or less of a common stock and if the average daily volume for the stock is over 100,000 shares, then the Investment Representative is always pre-cleared to trade effective on the same trading day as the pre-clearance request. Otherwise, the Investment Representative is prohibited from trading the common stock. These pre-clearance requirements do not apply to transactions initiated by an independent third-party money manager who has full discretion over the Investment Representative's account. Exempt from this pre-clearance requirement are transactions in all other securities, including open-end and closed-end mutual funds, exchange-traded funds and fixed income securities. Pre-clearance requirements also do not apply to transactions in Reportable Funds as defined in Rule 204A-1, including the Gateway Fund, the Gateway International Fund and other affiliated mutual funds.
- The Code prohibits Access Persons from investing in IPOs or "private placements" without prior written approval from Gateway's Chief Compliance Officer.

- The Code requires pre-approval prior to a Gateway employee serving on the board of a publicly-traded company.
- Gateway employees are prohibited from purchasing or selling: index-based option contracts, options on index-based exchange-traded funds or any shares of a "Restricted Security" which is defined as a security listed on the restricted list maintained by Gateway.
- The Code prohibits employees giving or receiving gifts with a value in excess of \$250 to or from any person that does business with or on behalf of Gateway. These restrictions do not apply to entertainment in the form of an occasional meal, a ticket to a sporting event, theater or comparable entertainment, or an invitation to golf or participate in similar sporting activities for such person and his guests so long as (i) the entertainment is neither so frequent nor so extensive as to raise any question of propriety; (ii) a representative of the firm providing the entertainment accompanies the employee recipient(s); and (iii) the entertainment is not preconditioned on the donor obtaining or maintaining a specified level of business with Gateway or any client.
- Gateway employees must certify annually that they have complied with Gateway's Code regarding personal trading.

A copy of Gateway's Code will be provided to clients and prospective clients upon request.

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

**Examples: (1) You or a related person, as principal, buys securities from (or sells securities to) your clients; (2) you or a related person acts as general partner in a partnership in which you solicit client investments; or (3) you or a related person acts as an investment adviser to an investment company that you recommend to clients.**

As a firm, Gateway does not act as principal in any security transaction. Gateway does not generally invest in securities for its own account except money market funds, short-term money market instruments and shares of funds in the Natixis Funds family.

Gateway and its employees do not transact for client accounts in securities in which Gateway has a material financial interest. NGAM maintains a restricted list of those securities in which it has a material financial interest. This list is communicated to Gateway and Gateway refrains from buying and selling these securities for client accounts.

Gateway does not recommend individual securities to clients, including limited partnerships and investment companies, other than in connection with its investment management

services as outlined in Items 4 and 8.

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

As noted above, the Code permits Gateway employees to buy and sell securities that Gateway buys and sells for its clients. This practice presents potential conflicts of interest which may include:

- inherent conflicts associated with an employee having access to non-public material information prior to trading;
- incentive for personal gain by an employee based on client-trading activity;
- incentive to influence the market price of a security that both a client and employee are trading; and
- incentive for an employee to trade ahead of a client in order for the employee to benefit from the client's trade.

These conflicts are mitigated with the implementation of Gateway's Code as described above. Gateway also maintains and asks each employee to certify annually its Policy Regarding Use of Material, Non-Public (Inside) Information. Gateway conducts ongoing education for employees regarding Gateway's Code and the use of material, non-public information.

Related persons of Gateway, due to its affiliation with NGAM, are engaged in securities transactions. These related persons may invest in the same securities that Gateway recommends, purchases for, or sells on behalf of its clients. Any potential conflict as noted above is mitigated by the fact that Gateway acts independently of its related persons and manages the assets for its clients independently of its related advisory affiliates. Furthermore, Gateway has formalized the operational separation of its investment process and treatment of portfolio investment information from its related persons with the adoption of its policy on Maintenance of Separate Investment Decision-Making.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

As a firm, Gateway does not transact in the same securities that are bought and sold for client accounts. Gateway employees are able to buy and sell the same securities for their own accounts at or about the same time as they are transacted for a client's account;

however, if the employee is an “Investment Representative” as described above, there are restrictions in the Code as to whether such an employee can trade the security. There are also some securities that all employees of Gateway are prohibited from buying and selling, such as index option contracts or options on index-based exchange-traded funds. See above for details on these restrictions.

Related persons of Gateway, due to its affiliation with NGAM, are engaged in securities transactions. These related persons may invest in the same securities that Gateway recommends, purchases for, or sells on behalf of its clients. Gateway and its related persons (to the extent they have independent relationships with the client) may give advice to and take action with their own accounts or with other client accounts that may compete or conflict with the advice Gateway may give to, or an investment action Gateway may take on behalf of, the client or may involve different timing than with respect to the client. Since the trading activities of NGAM firms are not coordinated, each firm may trade the same security at about the same time, on the same or opposite side of the market, thereby possibly affecting the price, amount or other terms of the trade execution, adversely affecting some or all clients. Similarly, one or more clients of Gateway’s related persons may dilute or otherwise disadvantage the price or investment strategies of another client through their own investment transactions. Gateway’s management on behalf of its clients may benefit Gateway’s related persons. For example, clients may, to the extent permitted by applicable law, invest directly or indirectly in the securities of companies in which Gateway or a related person, for itself or its clients, has an economic interest, and clients, or Gateway or a related person on behalf its client, may engage in investment transactions which could result in other clients being relieved of obligations, or which may cause other clients to divest certain investments. The results of the investment activities of a Gateway client may differ significantly from the results achieved by Gateway for other current or future clients. As noted in section C above, Gateway has policies in place to mitigate any conflicts of interest presented due to these practices.

In addition, certain affiliates of Gateway may engage in banking or other financial services, and in the course of conducting such business, such persons may take actions that adversely affect Gateway’s clients. For example, an NGAM affiliate engaged in lending may foreclose on an issuer or security in which Gateway’s clients have an interest. As noted above, Gateway does not have the ability to influence the actions of its related persons.

## ***Item 12 - Brokerage Practices***

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

**1. Research and Other Soft Dollar Benefits. If you receive research or other products or**

services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

There are certain accounts in which Gateway can select brokers to effect security transactions where the broker provides Gateway with soft dollar credit for research services. Currently, commission rates charged by brokers who provide soft dollar credits to Gateway for these services are not higher than commissions charged by those who do not provide them. Higher commissions can and may be paid in the future only if Gateway determines that they are reasonable in relation to the value of the services provided. Specific research services furnished by brokers for a specific client may be used by Gateway in servicing all of its accounts.

Services provided to Gateway as a result of these credits include, but are not limited to: Barra Aegis software, Bloomberg service including Bloomberg data feeds such as market, trading and historical data from the New York Stock Exchange, the American Stock Exchange, the Options Price Reporting Authority and NASDAQ; and news feeds from S&P Dow Jones News. Gateway's investment management team makes extensive use of these services in its proprietary models and decision-making processes. In order to coordinate soft dollar credits with its executing brokers, Gateway has a standing request with each of its executing brokers with whom they have soft dollar arrangements that all soft dollar credit balances are remitted to Westminster Research, a broker affiliate of ConvergeEx. The balances at Westminster are then used solely for the payment of the research services described above on Gateway's behalf.

Gateway also receives and uses unsolicited proprietary research from various broker-dealers. There are no specific soft dollar arrangements for this unsolicited proprietary research.

a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

Gateway receives benefits from soft dollar arrangements as described above. Without these arrangements, Gateway would need to pay brokers directly with its operating cash (known as hard dollars) to obtain these research services instead of using certain client brokerage commissions. In certain instances, Gateway may receive products or services from brokers which are used by Gateway for investment research and for administrative, marketing or other non-research functions. In such instances, Gateway makes a reasonable allocation of the cost of the product or service according to its use, such that the portion or specific component that assists in the investment decision-making process is obtained with soft-dollars and the portion or specific component that provides non-research assistance is paid



with hard dollars by Gateway.

b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution.

Gateway may have an incentive to select a broker based on its interest in receiving research or other products or services rather than on a client's interest in receiving the most favorable execution. There may also be an incentive to generate more commissions than are necessary in order to pay for research or other products or services. At Gateway, these conflicts are mitigated by the fact that no Gateway account pays higher commissions to brokers who provide Gateway with research benefits as compared to brokers who do not provide them. In addition, total commission dollars generated on client accounts far exceed Gateway's obligations in connection with soft dollar arrangements. Also, in accordance with Gateway's Soft Dollar Policy, soft dollar arrangements are monitored quarterly by Gateway's Oversight Committee which is made up of Gateway's CEO, CFO, CCO and entire investment management team.

c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

Gateway does not cause any client to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits.

d. Disclose whether you use soft dollar benefits to service all of your clients' accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Gateway uses its soft dollar benefits to service all of its client accounts. These benefits are not allocated proportionally to the soft dollar credits any one account generates.

e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.

Gateway's policy is to only receive products or services through soft dollar arrangements that qualify under Section 28(e) of the Securities Exchange Act of 1934. Types of products and services received by Gateway within its last fiscal year are described above.

f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

In all accounts for which Gateway has discretion to choose brokers, Gateway utilizes only

brokers that are on Gateway's approved broker-dealer list. Gateway's Brokerage Selection Policy addresses procedures used in selecting brokers, including broker-dealers used in soft dollar transactions.

**2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

**a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients' interest in receiving most favorable execution.**

Gateway does not consider client referrals from a broker-dealer or third party when selecting or recommending broker-dealers; however, a potential conflict of interest exists in that Gateway can use brokerage firms that have referred clients and/or shareholders to Gateway-managed accounts and mutual funds.

Although Gateway may have an incentive to select a broker-dealer based on its interest in receiving client referrals, this potential conflict of interest is mitigated by Gateway's Brokerage Selection Policy, as described below. In addition to this policy, brokerage selection is monitored on a quarterly basis by Gateway's Oversight Committee. It is noted in Gateway's Fund-Directed Brokerage Policies that Rule 12b-1(h) under the Investment Company Act of 1940 prohibits registered open-end investment companies (referred to herein as "funds") from compensating a broker-dealer for promoting or selling shares of funds by directing brokerage transactions to that broker-dealer. As a result, no Gateway employee responsible for selecting a broker-dealer with which or through which a fund transacts in portfolio securities shall, in making those decisions, take into account (i) the broker's promotion, sale or maintenance of shares issued by the funds or (ii) the broker's promotion, sale or maintenance of any managed separate account managed by Gateway. Rather, any determination to allocate fund portfolio transactions to such broker-dealers should be in conformance with Gateway's Policies on Brokerage Selection, Soft Dollars, and Trade Aggregation and Allocation.

**b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.**

This question is not applicable. Gateway does not direct client transactions to a particular broker-dealer in return for client referrals.

### **3. Directed Brokerage.**

**a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are**



affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.

Clients who wish to direct Gateway to execute security transactions on their behalf through a specified broker-dealer must provide such direction in writing. As a result, these clients may not be able to achieve most favorable executions on their transactions as outlined below.

Clients can also choose to give Gateway discretion in choosing broker-dealers for executing trades. For such clients, Gateway uses its best efforts as provided in its Brokerage Selection Policy to obtain the most favorable price and execution available, except that higher commissions can and may be paid in the future only if Gateway determines that they are reasonable in relation to the value of the services provided. In seeking the most favorable price and execution, Gateway considers all relevant factors, including:

- Knowledge of and dominance in specific markets, securities and industries, such as experience in executing trades in options;
- Quality of execution;
- Research and soft dollar services provided;
- Commission structure;
- Ability to locate liquidity;
- Acceptable recordkeeping, administrative and settlement functions; and
- Reputation and integrity.

b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

A client can choose to direct Gateway to use a specific broker if this directive is stated in writing. In this case, a client is fully responsible for negotiating commission rates with this broker. It is possible that these rates may be higher than rates charged by brokers chosen by Gateway, as Gateway will not negotiate rates with a client-directed broker on the client's behalf. In addition, transactions directed in this manner may result in clients foregoing the savings benefit on execution costs Gateway may obtain for its other clients. As a result, such clients may pay higher commissions, pay greater dealer spreads and receive less favorable net prices, and generally cost more money, than would be the case if Gateway were authorized to choose the broker through which to execute transactions for the client accounts.

Under most wrap programs, a client is not charged separate commissions or other transaction costs on each trade. A portion of the wrap fee generally is considered a fee in lieu of commissions or other transaction costs. In determining whether the wrap fee would exceed the aggregate cost of such services if they were provided separately and Gateway was free to negotiate commissions, a wrap program client should consider the following:

- the level of the wrap fee charged by a wrap sponsor;
- the amount of portfolio activity in the client's account;
- the value of the custodial and other services that are provided under a wrap arrangement; among other factors.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

Regardless of whether a client allows Gateway to choose a broker-dealer for account transactions or a client has expressly directed Gateway to utilize a particular broker-dealer, certain purchase and sell orders for the same option security on the same terms placed on behalf of more than one client account may be combined ("aggregated") to facilitate best execution and/or to obtain more favorable commission rates or charges. If an aggregated order is filled (fully or partially) at several prices through multiple trades, an average price will be calculated for all trades executed with any one broker-dealer, and all participants within the aggregated trade will receive the average price. Trades are allocated to underlying client accounts after completion of each trade, but no later than by day-end, on a pro rata basis, subject to rounding.

For trades in equity securities, Gateway rarely aggregates orders since similar equity orders across accounts in the same day are unusual. Also, Gateway does not believe the order in which equity trade are made disadvantages any of its clients given the type of investment strategy implemented.

Gateway has complete discretion as to whether it is appropriate for trades in the same security to be aggregated. This discretion is based on whether Gateway's investment management team, in its professional judgment, believes aggregating trades will result in best execution for its accounts.

An adviser may have a potential conflict of interest in that it may be incentivized to aggregate trades for some clients over others. Gateway's Trade Aggregation and Allocation Policy mitigates this conflict in that, once a decision has been made to aggregate a trade, all accounts trading the same security in any one day at any one broker-dealer are included in the trade aggregation.

Conflicts of interest may arise in the allocation of investment opportunities and the allocation of aggregated orders among Gateway accounts. A portfolio manager potentially could give favorable treatment to some accounts for a variety of reasons, including favoring larger accounts, accounts that pay higher fees, accounts of affiliated companies and accounts in which the portfolio manager has a personal interest. Such treatment could lead to more favorable investment opportunities or allocations for some accounts. To mitigate these conflicts, Gateway generally manages all of its accounts in a similar fashion, subject to exceptions unique to the account. Gateway also does not facilitate cross-trades nor does it transact in IPO's, illiquid securities or private partnerships for its clients. Gateway also consistently implements its Trade Aggregation and Allocation Policy which is overseen by the Gateway Oversight Committee.

### ***Item 13 - Review of Accounts***

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

Gateway regularly reviews and monitors client accounts with the objective of ensuring that client investment objectives and restrictions are met. Reviews are performed, at minimum, on a monthly basis, by the account's assigned portfolio manager under the direction of Gateway's Chief Investment Officer. The exact frequency of review depends on the complexity of the account and the movements of the stock market. In addition, Gateway's Chief Executive Officer and Chief Investment Officer review client accounts on a monthly basis. Gateway is prepared to hold discussions about client accounts on a quarterly basis and generally consults with each client, or the client's representative, at least annually.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

Client accounts are reviewed on a periodic basis.

**C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

Written client reports are provided, at minimum, on a quarterly basis. For private client accounts, including clients in wrap accounts receiving written monthly reports, each report includes a performance report, a portfolio appraisal which includes a listing of securities and their respective values, realized gains and losses for the period and a cash ledger. In addition to the above, the quarterly account statements for such accounts will also include an account's performance history and commentary by Gateway's investment management team.

For institutional accounts, reports are generated for certain time periods and in the format as requested by each respective client.

#### ***Item 14 - Client Referrals and Other Compensation***

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

Gateway does not receive any compensation from any independent third party or affiliate who provides investment advice or other advisory services to Gateway clients.

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

Gateway has entered into arrangements with certain broker and other financial intermediaries under which they receive compensation from Gateway for client referrals in accordance with the requirements of Rule 206(4)-3 of the Advisers Act. No additional direct fee is charged to the client by Gateway with respect to these arrangements. The client may be charged commissions or other fees by the broker for effecting securities transactions in the account.

In addition, Gateway is a party to a Referral Service Agreement with NGAM Distributors, L.P. under which NGAM Distributors, L.P. receives a portion of Gateway's advisory fee paid by each separately managed account referred to Gateway by NGAM Distributors, L.P.

A conflict of interest may exist for the referring party since they are incentivized to refer clients to Gateway for compensation. Gateway has mitigated this conflict by mandating that each referred client sign an investment advisory agreement directly with Gateway. Those clients referred by non-affiliated third-party entities must also sign a document which discloses the referral relationship. In addition, Gateway has only entered into referral arrangements with registered broker-dealers or registered investment advisers.

#### ***Item 15 - Custody***

If you have custody of client funds or securities and a qualified custodian sends quarterly, or

more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

All client account assets are held by qualified custodians independent of Gateway. Gateway may be deemed to have “custody” over certain client assets under the SEC custody rule to the extent certain clients authorize their respective third-party custodians to deduct from their accounts the payment of Gateway’s management fee. In these situations, Gateway reasonably believes that these qualified custodians send statements directly to clients on at least a quarterly basis, which clients should carefully review. If a client does not receive a statement from its custodian on at least a quarterly basis, the client should alert Gateway. Clients should compare the information included within Gateway’s client reports to the information reflected in the statements received directly from the custodian. While Gateway regularly reconciles the balances from its internal accounting system to the balances per the custodian records, certain differences can exist. Clients are encouraged to contact Gateway with any questions regarding their account statements.

#### ***Item 16 - Investment Discretion***

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Gateway has complete discretion over the investment decisions for each account; however, Gateway can accommodate certain client-mandated restrictions as described in Item 4, Section C, under the heading entitled “Advisory Business.” Each client must first execute a written agreement with Gateway that gives Gateway complete discretion over the securities in the account.

#### ***Item 17 - Voting Client Securities***

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies

and procedures upon request.

Gateway has, and will accept, authority to vote client securities pursuant to its Proxy Voting Policy. Gateway recognizes that voting rights are financial assets of a client's account and that they must be managed accordingly, with voting decisions made in the client's best interest. To that end, and because of increasing complexity in administering voting policies, Gateway has contracted with Institutional Shareholder Services ("ISS"), a subsidiary of RiskMetrics and a nationally-recognized proxy voting agent, to assist in administering client proxy votes and to provide voting recommendations on each ballot issue. ISS has developed its U.S. and Global Proxy Voting Guidelines for proxy voting, which are designed to serve the best interests of investors. For all client ballots received by ISS, Gateway has instructed ISS to vote according to these guidelines.

Gateway's Proxy Voting Policy addresses the rare circumstances in which ISS's voting recommendations may not be followed. The Policy also addresses conflicts of interest. From time to time, Gateway or an employee may have a conflict of interest with respect to a proxy vote. A conflict of interest may exist, for example, if Gateway has a business relationship (or potential business relationship) with either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Only in those instances where an ISS voting recommendation is not being followed, any individual with knowledge of any actual or potential conflict of interest shall disclose that conflict to Gateway's Legal and Compliance Department. In such cases, the Legal and Compliance Department will determine and record how the proxies in question will be voted.

Gateway's Proxy Voting Policy also states that if voting on any particular security compromises Gateway's ability to later transact in such security (e.g. "shareblocking" practices) or if, in Gateway's judgment, the expected cost associated with the vote exceeds the expected benefits of the vote, then Gateway will abstain from voting on a particular security.

A client may obtain Gateway's full Proxy Voting Policy upon request. Clients for whom Gateway votes proxies can obtain a voting record for their account by calling or writing Gateway. If a client would like to direct a vote in a particular solicitation, the client must give written instructions to Gateway prior to the meeting date.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

Clients can choose to vote the securities in their Gateway-managed accounts if such choice is received by Gateway in a written directive. In these instances, a client needs to make

arrangements to receive proxy statements and ballots for their securities directly from the custodian. Gateway is responsible only for securities in which a client gives Gateway authority to vote.

#### ***Item 18 - Financial Information***

For purposes of this Form ADV, Gateway does not need to post its financial information.

#### ***Item 19 - Requirements for State Registered Advisers***

This Item is not applicable.

#### ***Item 20 - Additional Information***

##### **Legal Actions**

Gateway is under no obligation and has no intention to advise or act on behalf of clients in legal proceedings including bankruptcies and class actions involving issuers of securities purchased or held in client accounts.