



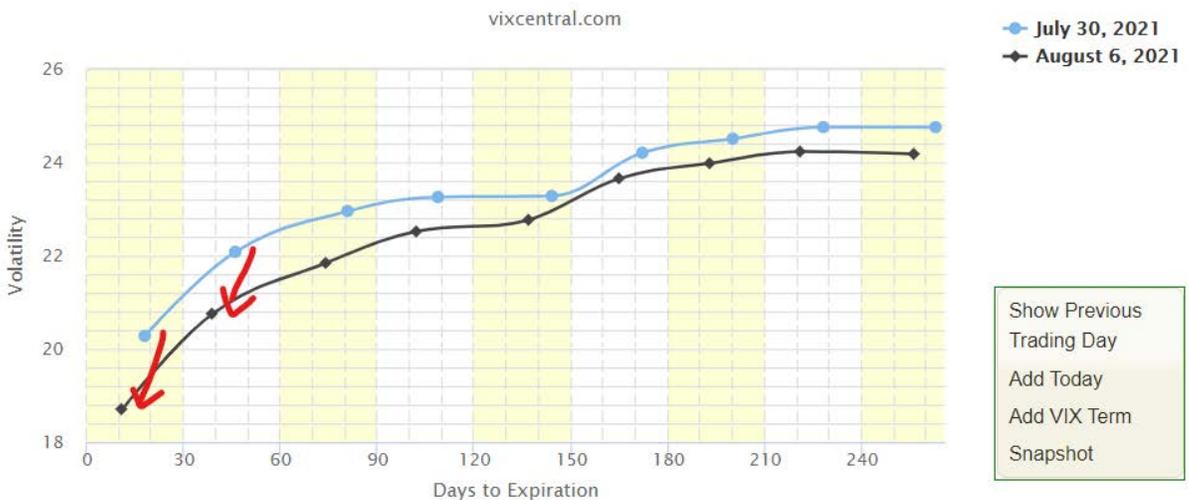
VOLATILITY COMMENTARY

Week Ending 08.06.21

Decent VIX compression last week as the S&P 500 finished near the top-end of its recent range and at an all-time high. The forward VIX curve remains relatively elevated. With just seven days to expiration, the August VIX futures contract is still 10% over spot VIX (where it will converge at expiration) and behind that, the September future is another 10% over August. This, and a fairly stubborn VIX index, suggests a "wall of worry" as indicated by the steep forward curve. This set-up is generally positive for stocks in the near-term. Although absent a shock, it's tough to imagine a substantial move in any direction before the Fed's Jackson Hole symposium in mid-August.

The current basic message we see is...the S&P has been quiet and is at all-time highs, so one would expect to see the VIX (30-day expected S&P volatility) lower than it is currently. Additionally, the VIX futures are even higher (rising curve over time), so despite U.S. equities behaving well now, there is worry on top of worry going forward. This set-up is the opposite of complacency but a good setup for U.S. equities to perhaps grind higher in the near-term.

VIX Futures Historical Prices



Disclosure

This information is provided for informational purposes only and does not involve the rendering of investment advice. This is not an offer to sell or a solicitation of an offer to buy an interest in any investment fund or for the provision of any investment management or advisory services. Little Harbor Advisors, LLC (LHA) makes no representation that any strategy would be appropriate for any particular investor. This Commentary should not be regarded as a complete analysis of the subjects discussed. All expressions of opinion reflect the current view of LHA as of the date of the original use of this information, are not intended as investment advice and should not be relied on a such, and are subject to change. Price and other values referenced are as of the date this commentary was prepared and will change. While LHA uses reasonable efforts to obtain information from reliable sources, it makes no representation or warranty as to the accuracy, reliability, or completeness of any information prepared by another party. Cboe Volatility Index® (VIX) represents a measure of the market's expectation of 30-day forward-looking volatility of the U.S. stock market, derived from real time, mid-quote prices of S&P 500® Index call and put options. The S&P 500® Index is a market capitalization-weighted index of 500 leading companies in leading industries of the U.S. economy. "Beta" refers to the volatility of a portfolio in comparison to the market as a whole.

Investing involves risk, including the possible loss of principal.