



# The Volatility Watch

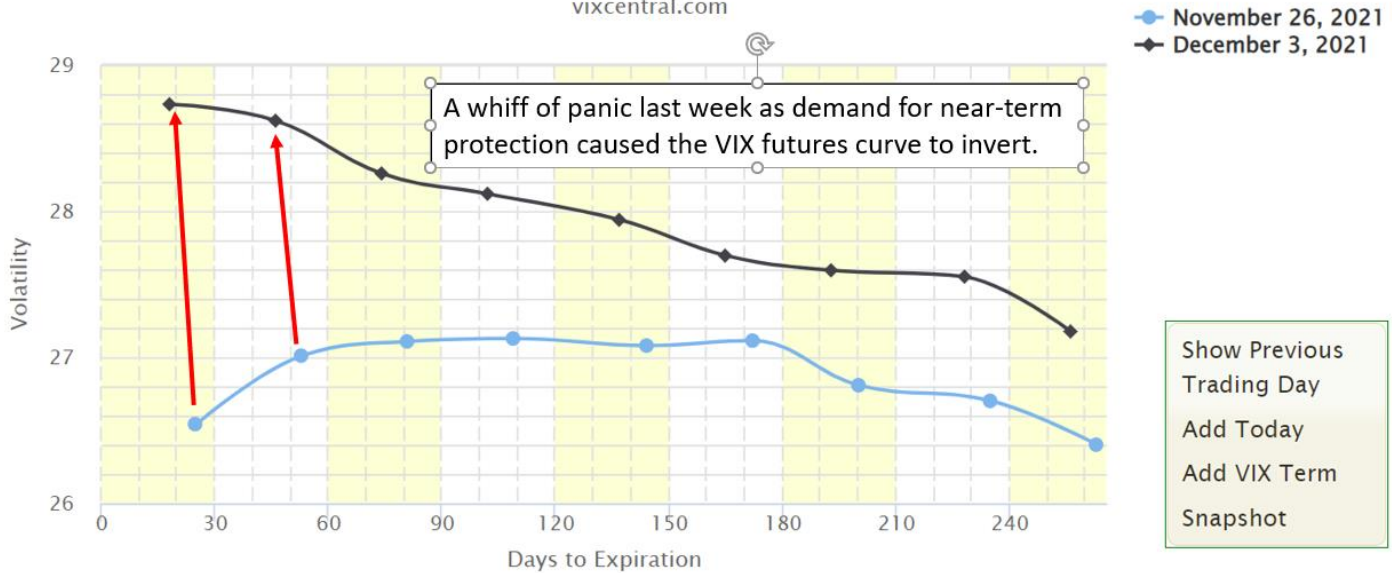
A Weekly Commentary On The Volatility Marketplace  
Free weekly delivery

For Week Ending 12/3/2021:

In a series of intraday spikes and reversals, the S&P shed -1.2% last week sending the VIX index over 30 at market close for the first time since February and eventually inverting the VIX futures curve as demand for near-term protection spiked. This action was enough to keep the TCM Dashboard's "fast" indicator on and initial defensive positions in place (see exposure review below). As of Friday (12/3), the other two indicators have yet to trigger and we believe VIX products are very overbought, so in the near-term we'd expect some cooling off (S&P higher, VIX lower) before the next phase of this correction materializes. In any case, until VIX normalizes the path forward is likely to be "noisy" and frustrating to bulls and bears alike.

## VIX Futures Historical Prices

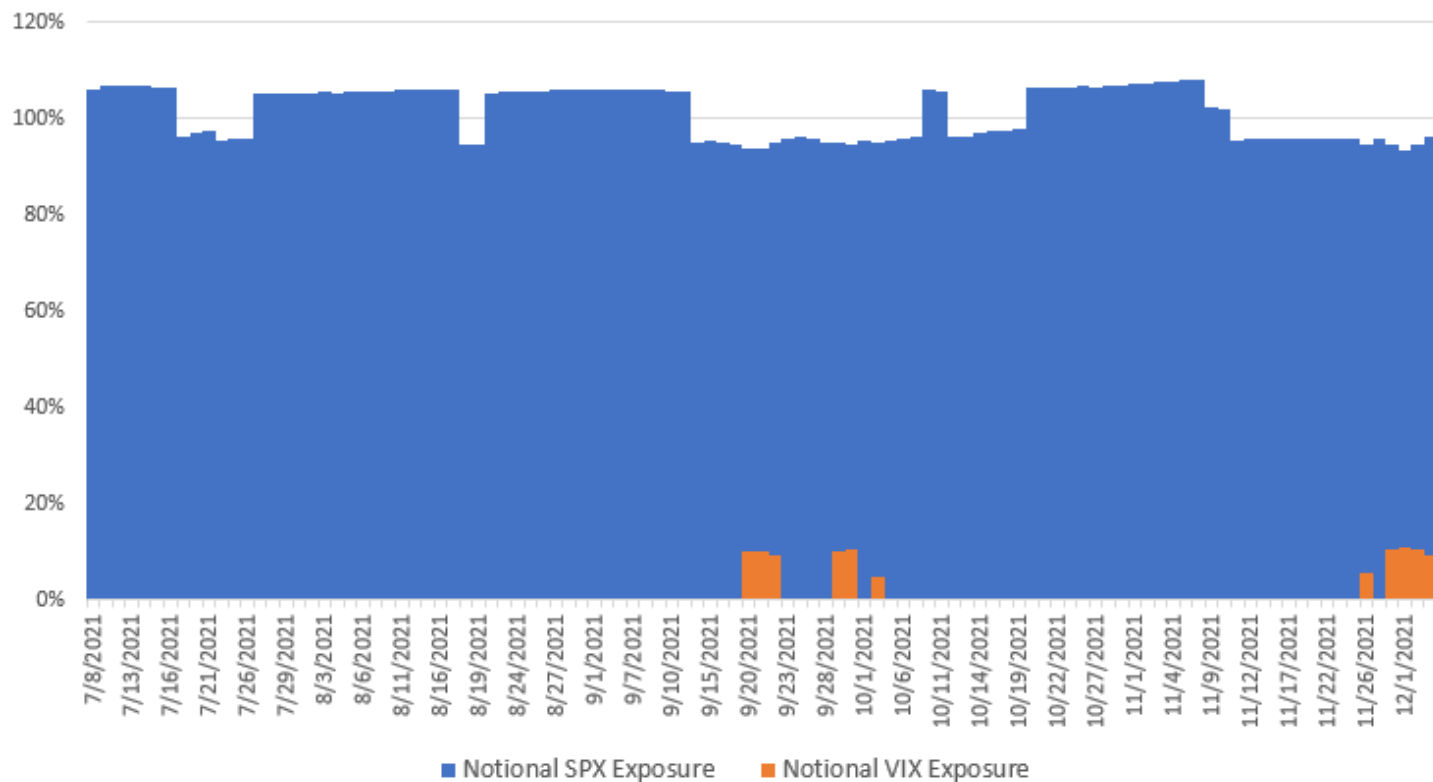
vixcentral.com



The Tactical Beta strategy's defensive posture from last week paid off with it now up on the month with the S&P lower. On Friday we used some VIX profits to rebalance back into S&P, bringing exposure back to about 95% long S&P with 10% VIX.\*

## Tactical Beta Exposure

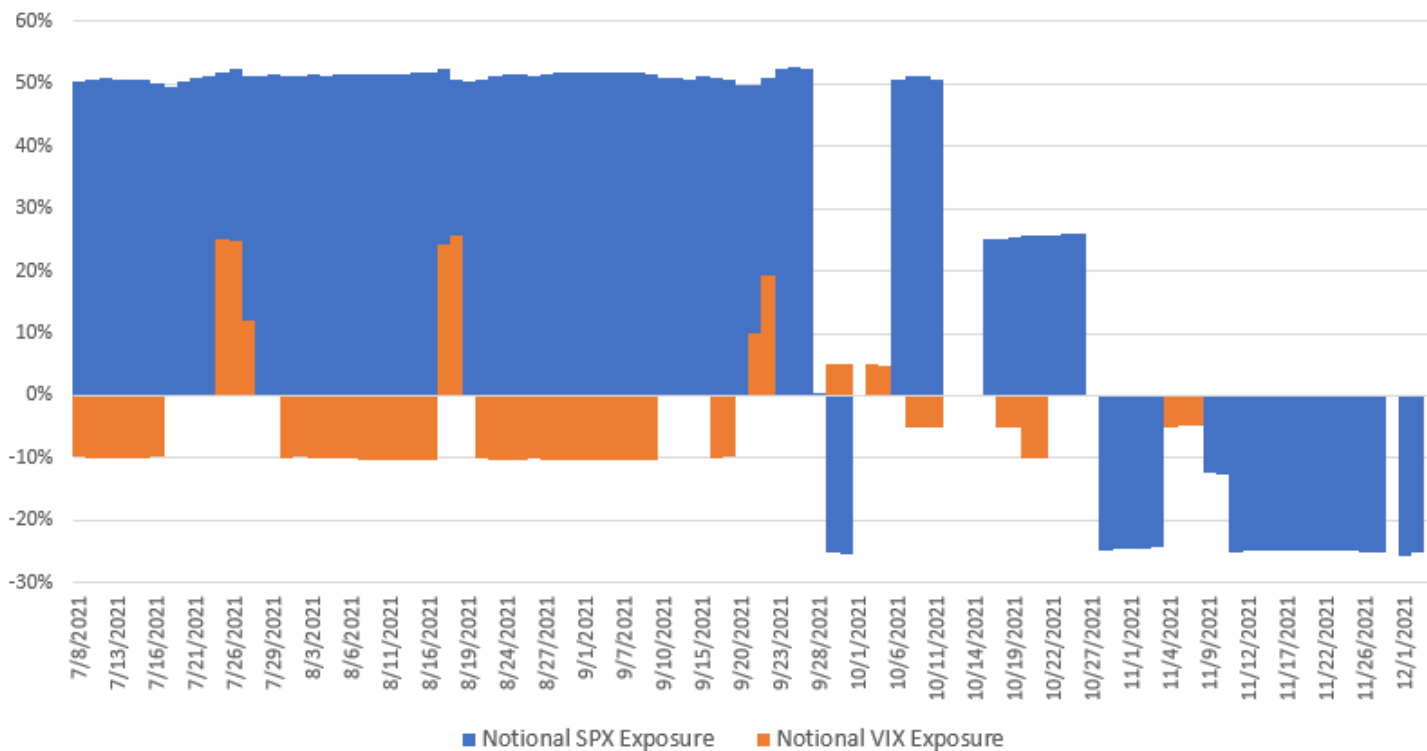
*Sample Account, Trailing 100 Day as of 12/03/21*



Given the VIX strength ahead of the S&P correction, the Alpha Seeker strategy has elected to play the correction exclusively from the S&P side so far.\*\* The strategy closed out a successful short S&P trade last week and is temporarily flat (no positions). Subsequent moves will likely start small and then either be closed immediately if they show a loss or scaled up to full size if they show a profit.

## Alpha Seeker Exposure

Sample Account Trailing 100 Day as of 12/03/21



### Disclosure

#### **Investing involves risk, including the possible loss of principal.**

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*\*The Sample Account for the Tactical Beta Strategy (f/k/a U.S. Equity Smart Index strategy) is for the longest tenured account managed by Mike and Matt Thompson from November 1, 2016 through December 3, 2021. \*\*The Sample Account for the Alpha Seeker Strategy consists of three accounts managed by Mike and Matt Thompson for portions of the time period between October 1, 2011 through December 3, 2021 to form one continuous Sample Account. Currently, at Thompson Capital Management LLC, a majority-owned affiliate of LHA, the Thompsons manage a composite of separately managed accounts for each strategy which has used substantially the same investment objectives, policies, and principles as while the Thompsons were at prior investment management firms. Mike and Matt Thompson, as employees of LHA, will implement the strategies for LHA clients.*

*VIX is the ticker symbol for the Chicago Board Options Exchange (Cboe) Volatility Index, which shows the market's expectation of 30-day volatility. References to the S&P 500®, the S&P, and to the market generally are to the Standard & Poor's 500® Index (SPX) which is the market capitalization-weighted index of 500 leading companies in leading industries of the U.S. economy that does not include re-investment of dividends in the calculation of the index total return.*