



The Volatility Watch

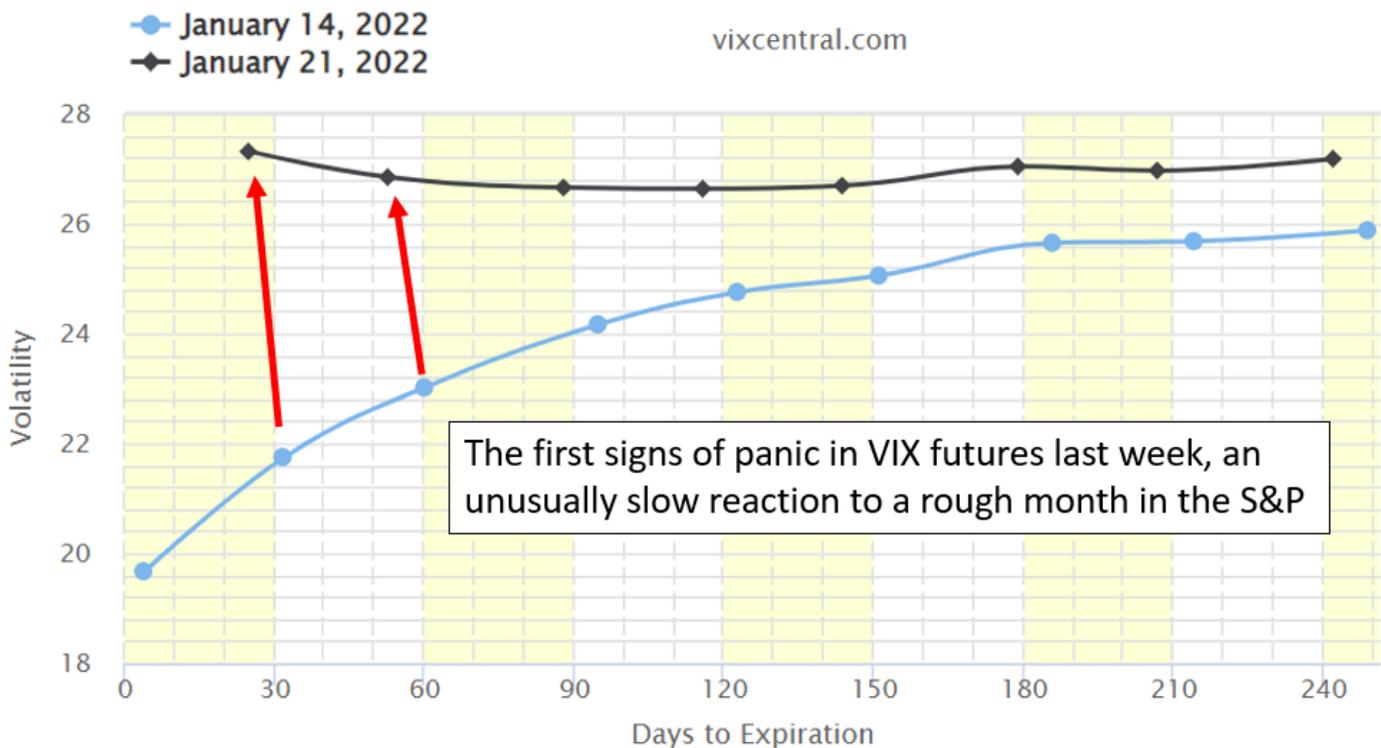
A Weekly Commentary On The Volatility Marketplace

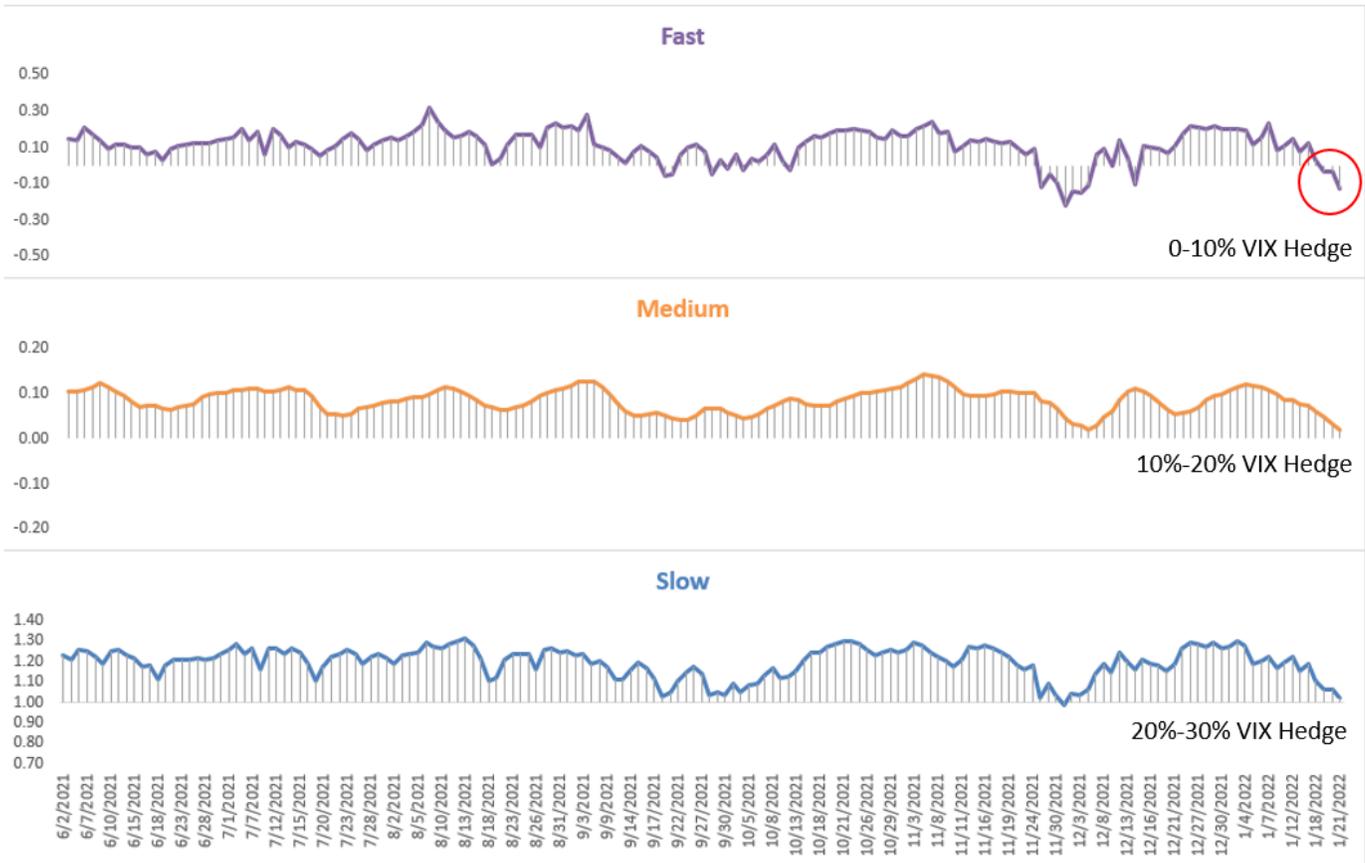
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For Week Ending 1/21/2022:

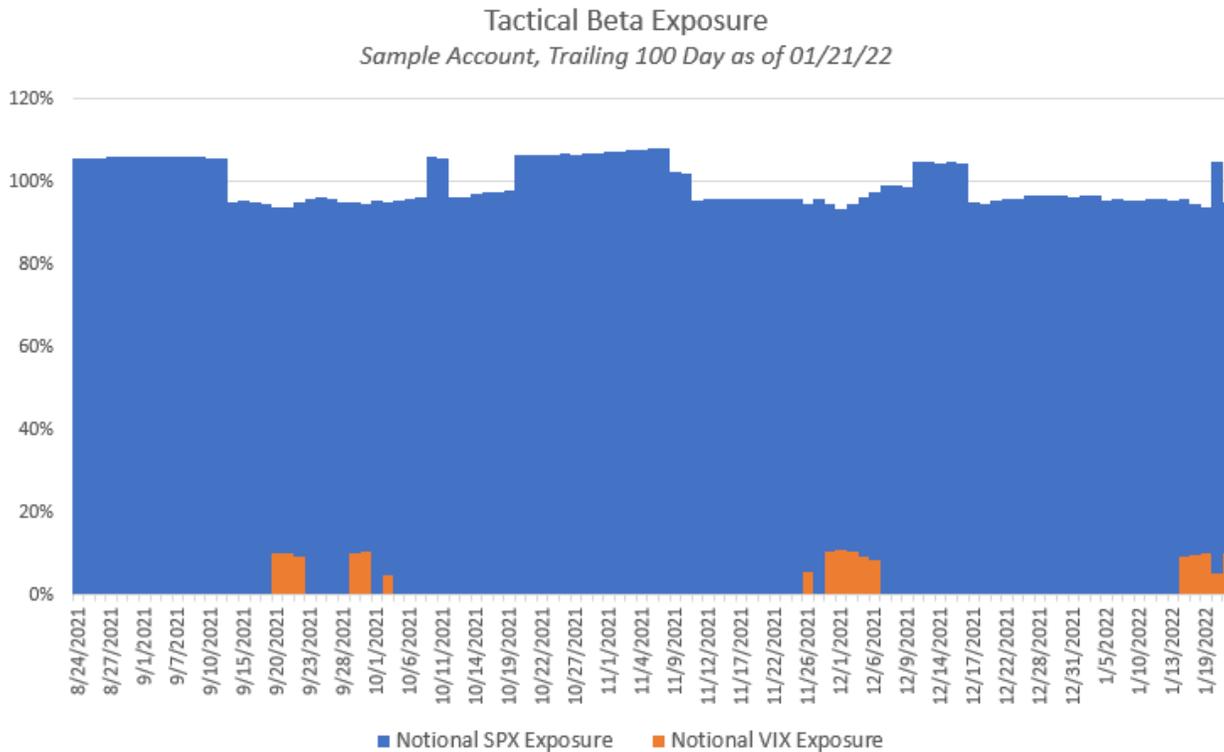
After a failed 2021-style "V" bottom in the S&P, a whiff of panic finally crept into the VIX complex last week as the bid for near-term protection began to invert the VIX futures curve. This is a historically lazy reaction from the VIX market to such a rough month in stocks (S&P -7.7% MTD as of 1/21) and is reminiscent of the last rate-hike correction in Oct 2018 when the S&P fell about 7% with only the first inkling of trouble from VIX futures late in the month. In 2018, VIX panic and hedging positions came back with more force after a bounce for stocks failed a few weeks later. With markets severely oversold in front of the first Fed meeting of the year on Wednesday, a bounce also seems to be the most likely short-term scenario for stocks here. When and if that occurs, the reaction from the VIX complex may give a hint as to what's next for this correction.

VIX Futures Historical Prices

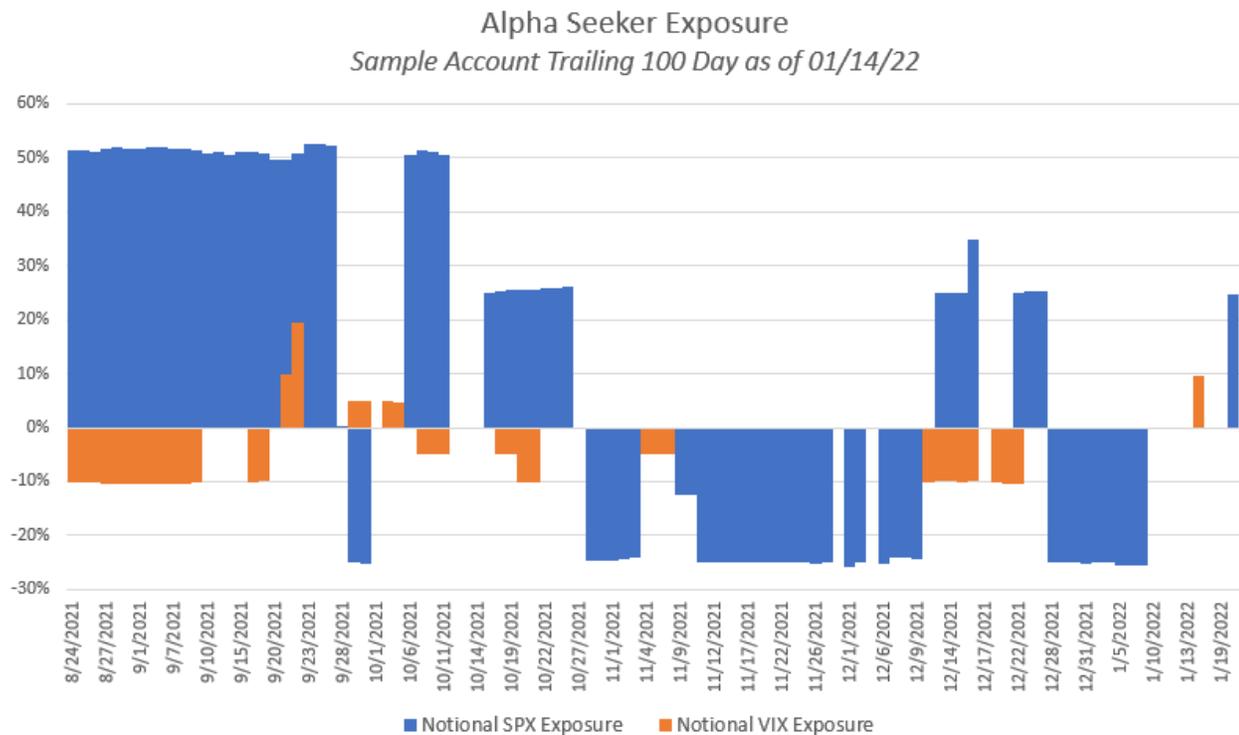




The Tactical Beta strategy increased beta in the failed rally attempt before moving back to a more defensive 95% long S&P / 10% VIX exposure.*



The Alpha Seeker strategy also played for an S&P bounce early in the week before reversing course to end flat (no positions).**



Disclosure

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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 January 21, 2022. **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 January 21, 2022 to form one continuous Sample Account. Currently, at Thompson Capital Management LLC, 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.

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