



## The Volatility Watch

A Weekly Commentary On The Volatility Marketplace  
Free weekly delivery

### For Week Ending 2/25/2022:

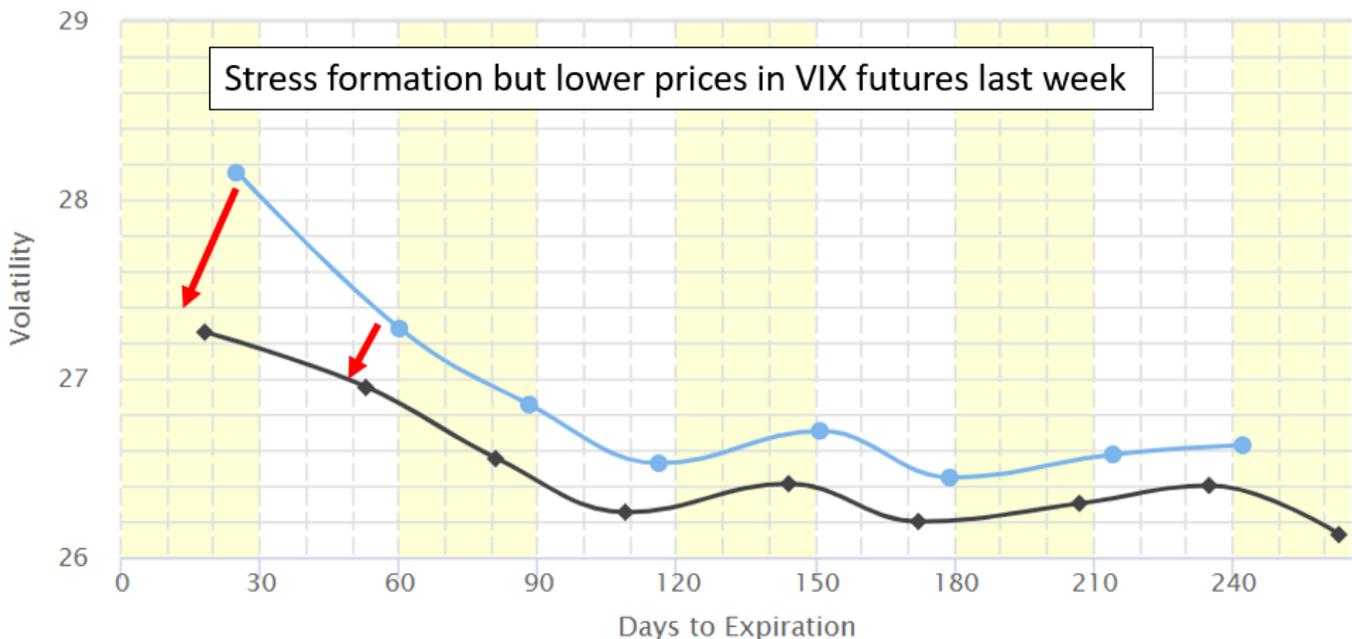
U.S. Equity markets ended higher last week, apparently unconcerned by the Russian invasion of Ukraine and its potential to pour gasoline on the inflation fire. VIX futures remain in crisis formation but were lower on the week, continuing a difficult environment for our hedging approach which takes its cues from the shape of this curve.

Last week's market reaction following the Russian invasion was a good microcosm for 2022 in general. As the headlines hit overnight Wednesday, equity futures dropped about 3% and the VIX spiked near 38. With a nearly max hedge, the Tactical Beta strategy was outperforming the S&P as the market opened on Thursday. As during similar markets in March 2020, VIX positions were trimmed back early, and profits reinvested in the S&P. The market then proceeded to stage one of the largest intraday reversals in recent history, rallying nearly 4% from the lows to end *higher* on the day, changing the hedge from an asset to a liability in the space of a few hours. To varying degrees, this same pattern has occurred repeatedly during 2022's halting market decline that has had the S&P flirting with a 10% correction for the past few weeks. In a nutshell, there has been a lack of follow-through in 2022.

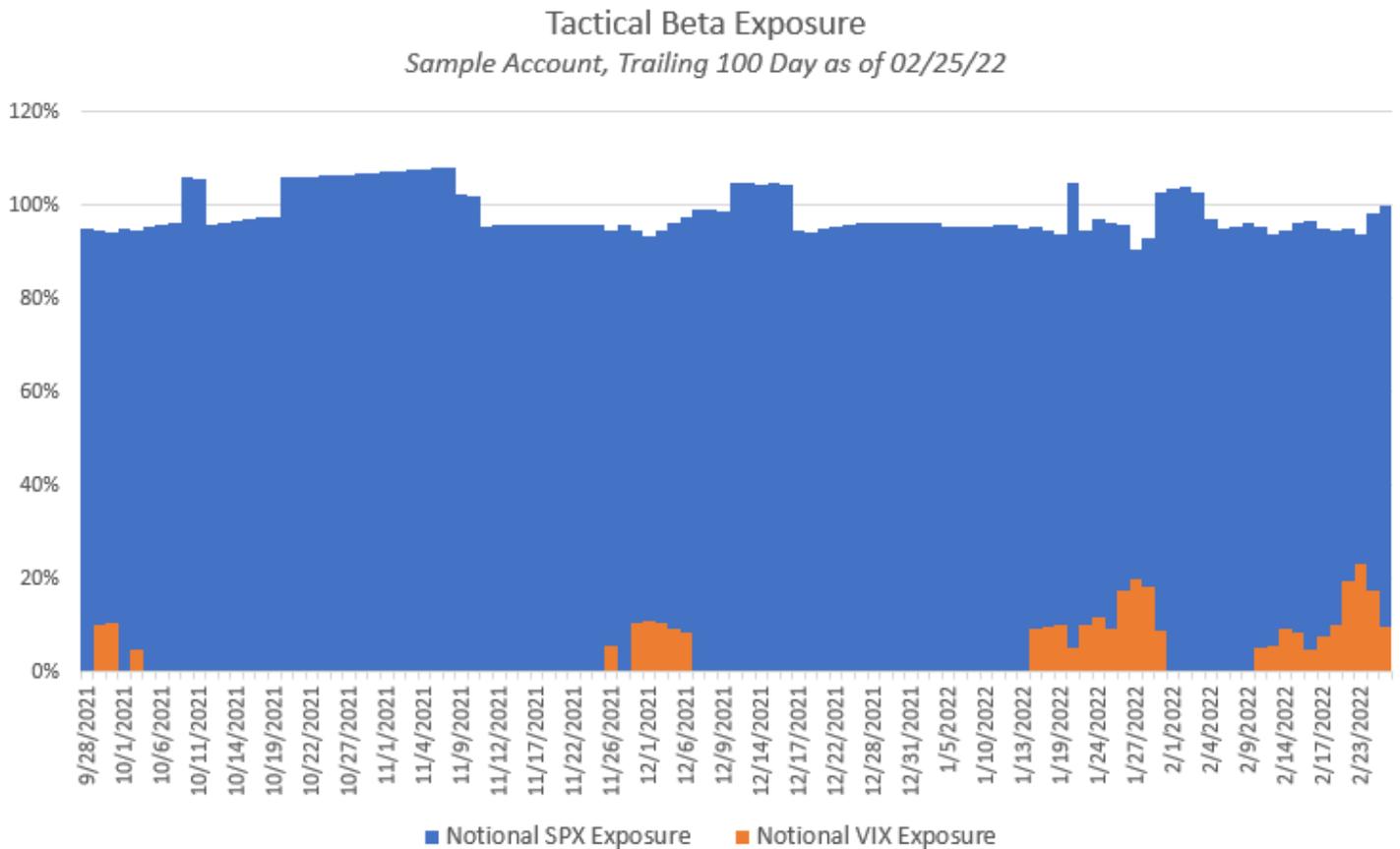
● February 18, 2022  
◆ February 25, 2022

### VIX Futures Historical Prices

vixcentral.com



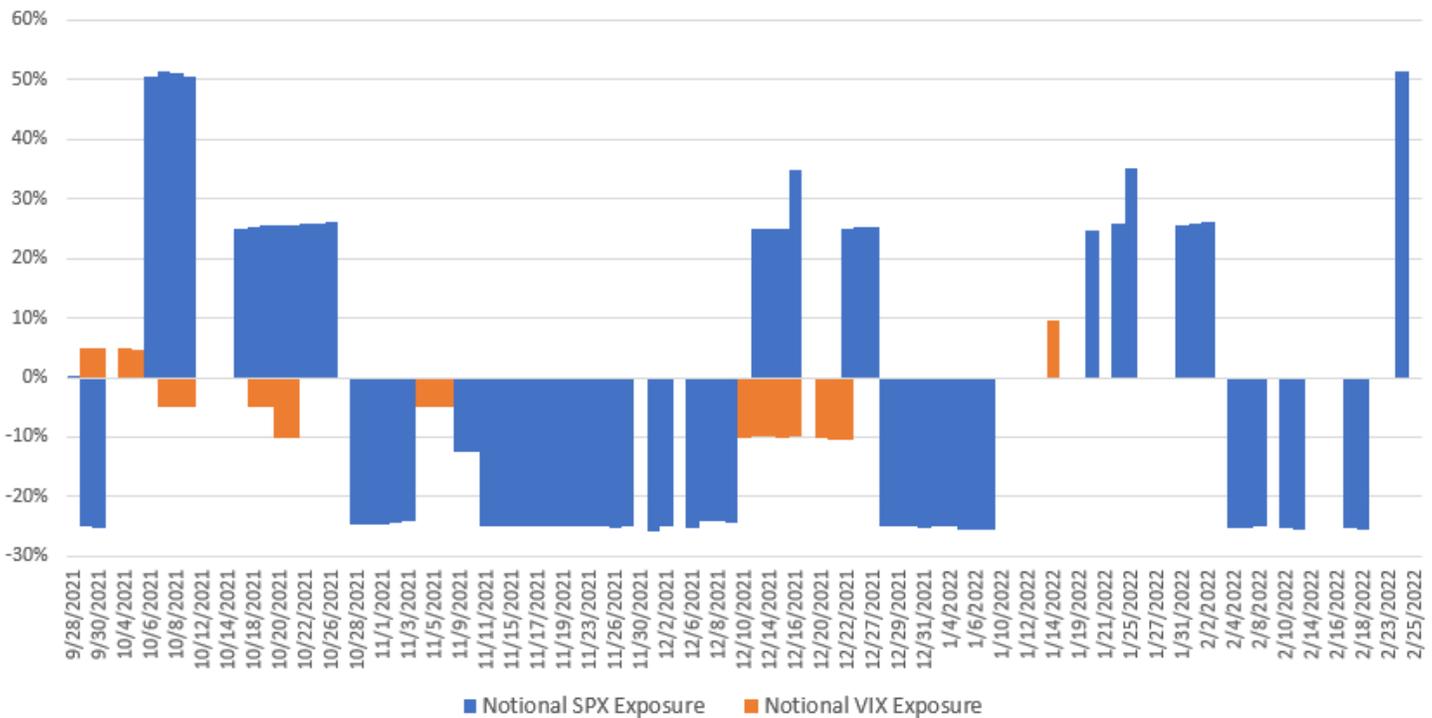
The Tactical Beta strategy has varied VIX positions between 5-25% in the back half of February, and ended Friday at about 98% S&P with 10% VIX.\*



The Alpha Seeker strategy continues to focus on S&P trades in both directions during the downward chop, catching Friday's rally with its largest long S&P trade of the year (50%).\*\*

## Alpha Seeker Strategy Exposure

Sample Account Trailing 100 Day as of 02/25/22



### 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 February 25, 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 February 25, 2022 to form one continuous Sample Account. Currently, at Thompson Capital Management LLC (TCM), 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. LHA has an exclusive license from TCM to employ and market the TCM LHA Tactical Beta strategy and the Alpha Seeker strategy referred to herein.*

*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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