



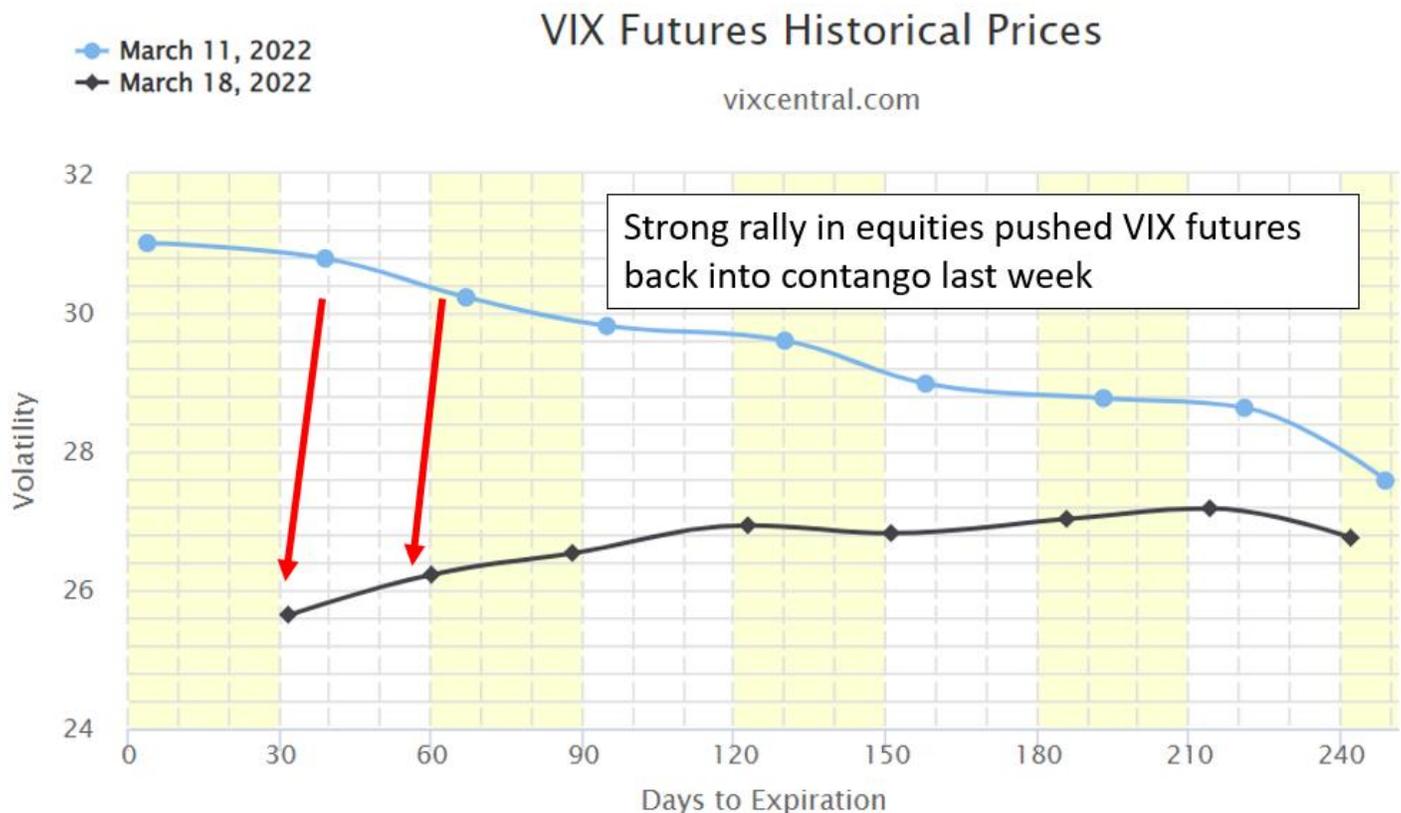
The Volatility Watch

A Weekly Commentary On The Volatility Marketplace

Free weekly delivery

For Week Ending 3/18/2022:

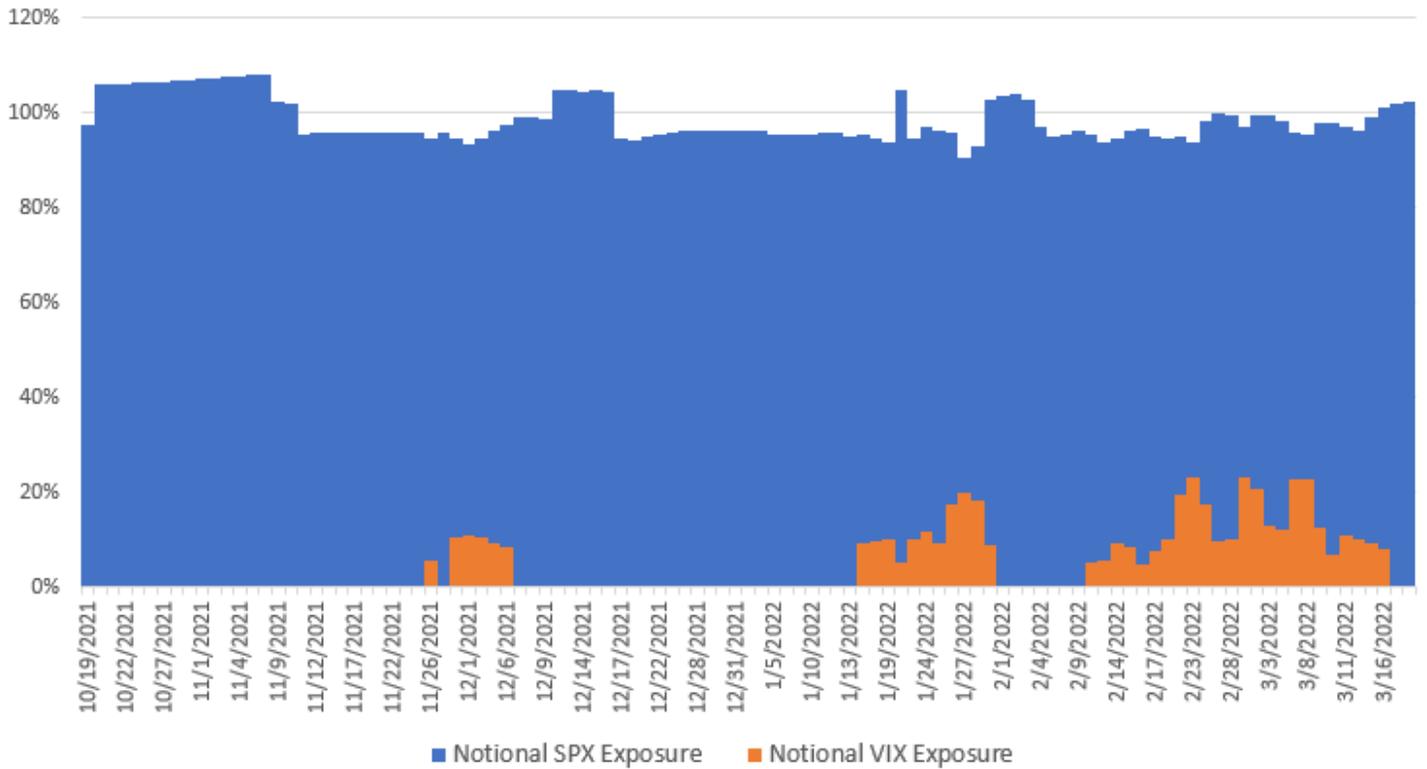
A strong rally in equities returned the VIX futures curve to its typical contango (upward-sloping) shape last week, a sign of normalcy from the hedging markets that typically corresponds to increases in exposure for LHA strategies. For now, it appears that the VIX marketplace was prescient in refusing to price in anything more than a correction for stocks. With hopes of a diplomatic solution in Ukraine and the Fed's first rate-hike in the books, a window may be open for stocks to further pare losses on the year.



The Tactical Beta strategy sold hedges and ended the week at about 103% S&P exposure.*

Tactical Beta Exposure

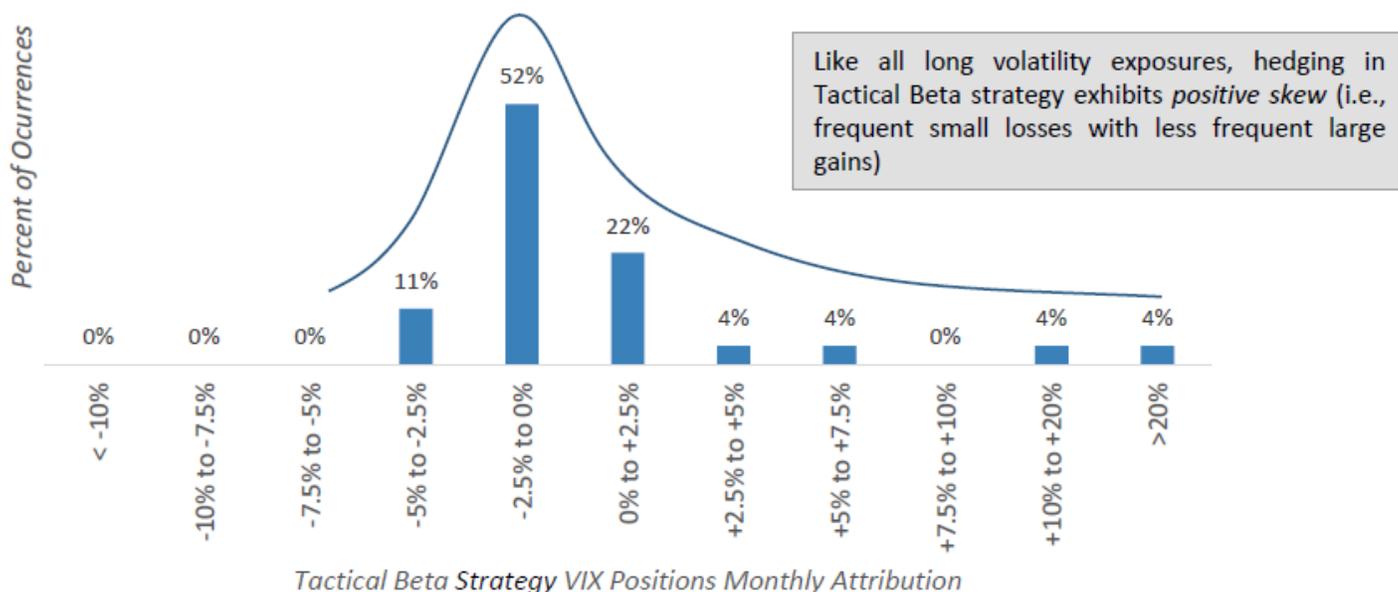
Sample Account, Trailing 100 Day as of 03/18/22



Tentative hedging markets have resulted in mild costs from each of the Tactical Beta strategy's hedging attempts on the year, the most common outcome for the strategy's risk management approach which seeks to add value not through consistency but rather through the "positive skew" (i.e., less frequent outsized returns) inherent in long volatility exposures. VIX attribution history (chart below) shows this pattern in the Tactical Beta strategy's hedging as well:

Tactical Beta Strategy Monthly VIX Attribution History

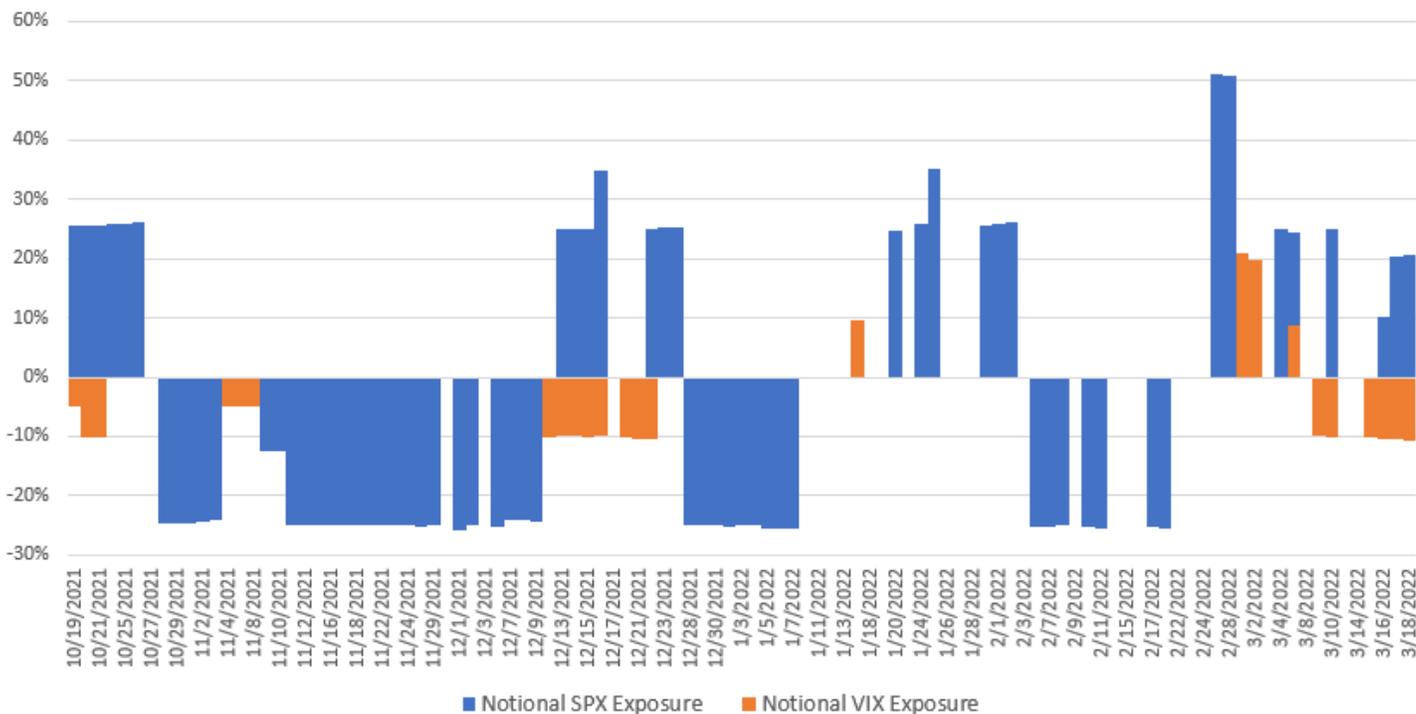
Active Hedging Months, Nov 2016 - Feb 2022



After an earlier move to the offensive side, the Alpha Seeker strategy increased exposure in step with signals from the VIX, ending the week with its largest positive-beta portfolio of the year so far (20% long S&P and 10% inverse VIX).**

Alpha Seeker Strategy Exposure

Sample Account Trailing 100 Day as of 03/18/22



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 March 18, 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 March 18, 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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