



The Volatility Watch

A Weekly Commentary On The Volatility Marketplace
Free weekly delivery

For Week Ending 4/22/2022:

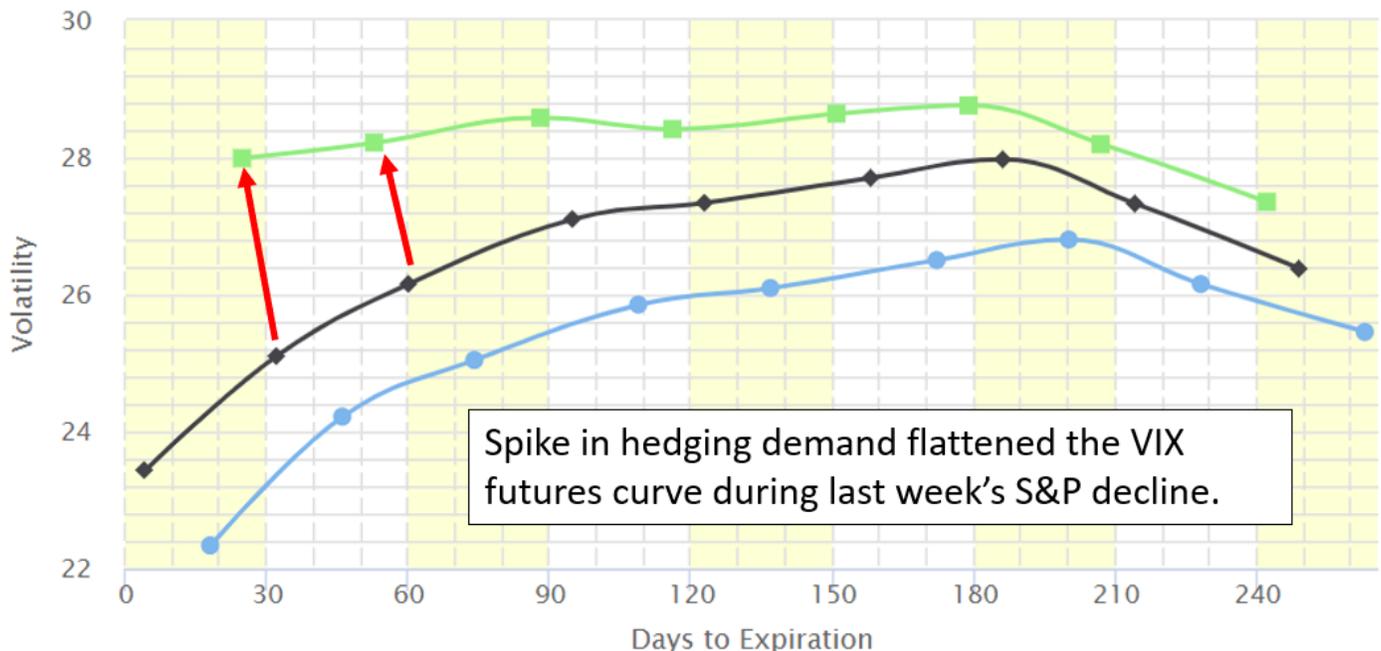
The S&P 500 shed 2.75% after a sharp turn lower late last week, as increased demand for near-term hedges flattened the VIX futures curve and sent the VIX index to its highest close of the month. With the VIX index threatening 30 and every VIX future over 27, the hedging markets are currently priced for significant turbulence in stocks. (For a rough translation to daily S&P 500 moves, divide any VIX number by 16. For example, a VIX of 30 implies expectations for +/-1.88% daily moves in the S&P 500 over the next 30 days.)

While the turn lower at the end of last week was indeed sharp, a wider view shows the S&P 500 below the middle of its YTD range and still slightly higher than a year ago. This is hardly a crisis scenario and likely reflects the "chronic" issues of higher inflation and interest rates which are often dealt with slowly over time.

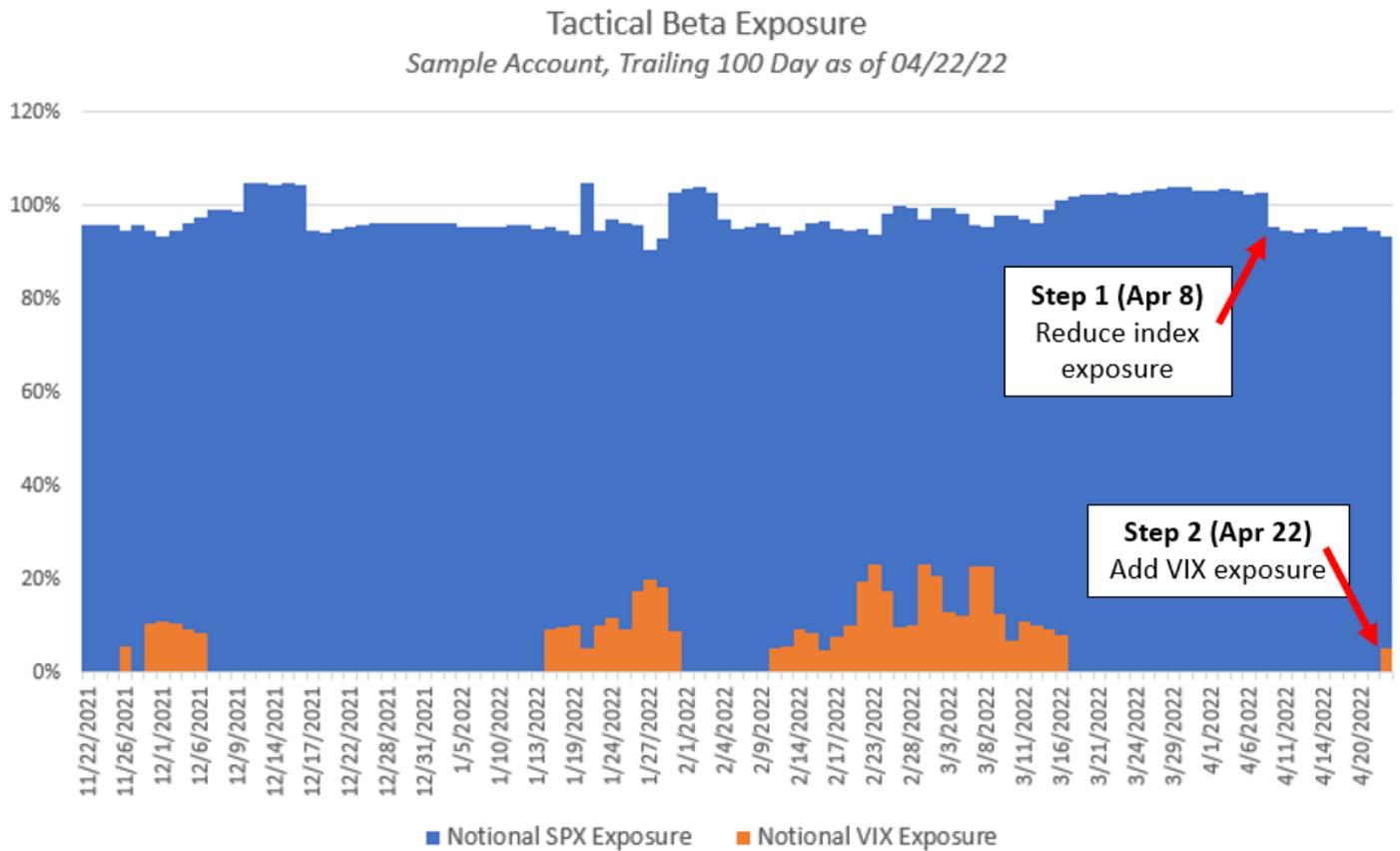
- April 1, 2022
- ◆ April 15, 2022
- April 22, 2022

VIX Futures Historical Prices

vixcentral.com



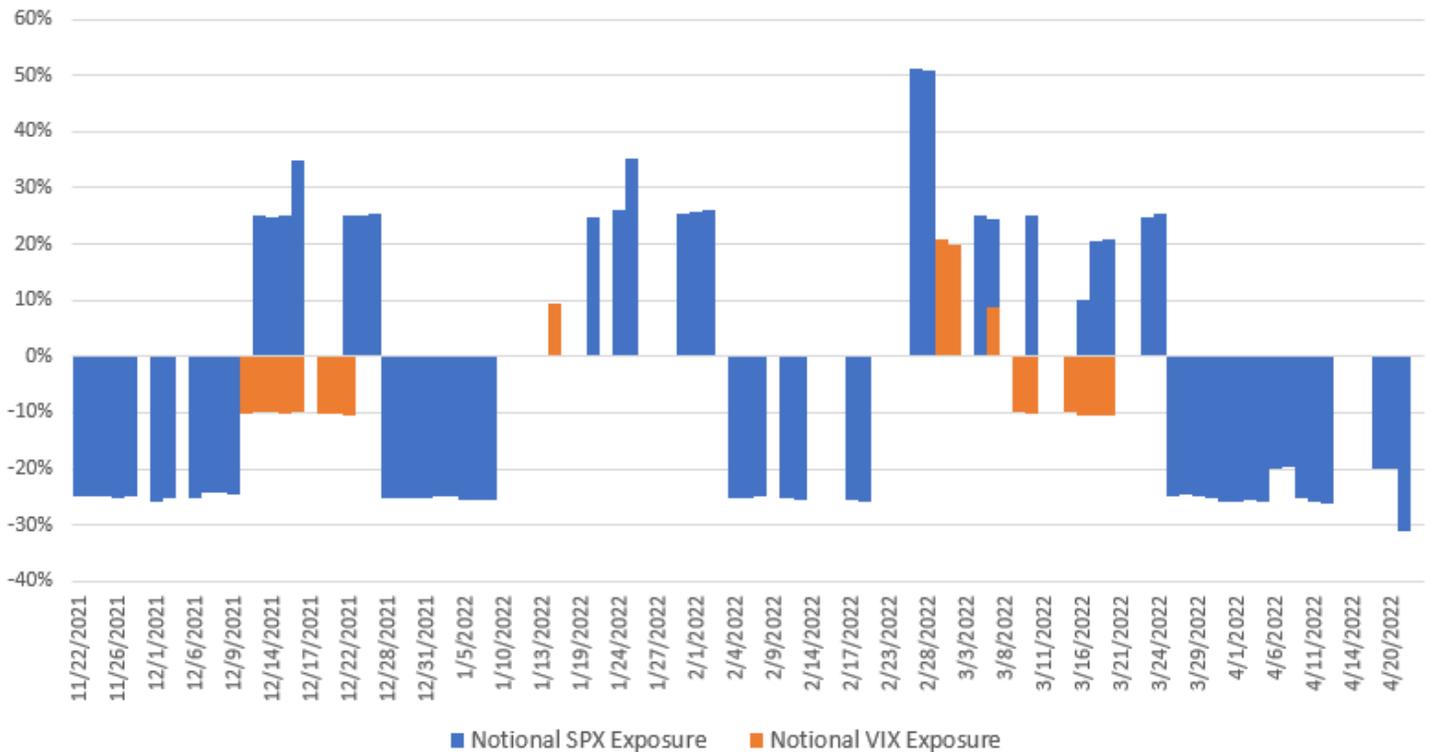
The Tactical Beta strategy is in the early stages of defensive positioning, around 95% long S&P 500 with a 5% VIX futures position.*



The Alpha Seeker strategy closed another profitable short beta trade and is currently in cash.**

Alpha Seeker Strategy Exposure

Sample Account Trailing 100 Day as of 04/22/22



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 April 22, 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 April 22, 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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