



The Volatility Watch

A Weekly Commentary On The Volatility Marketplace

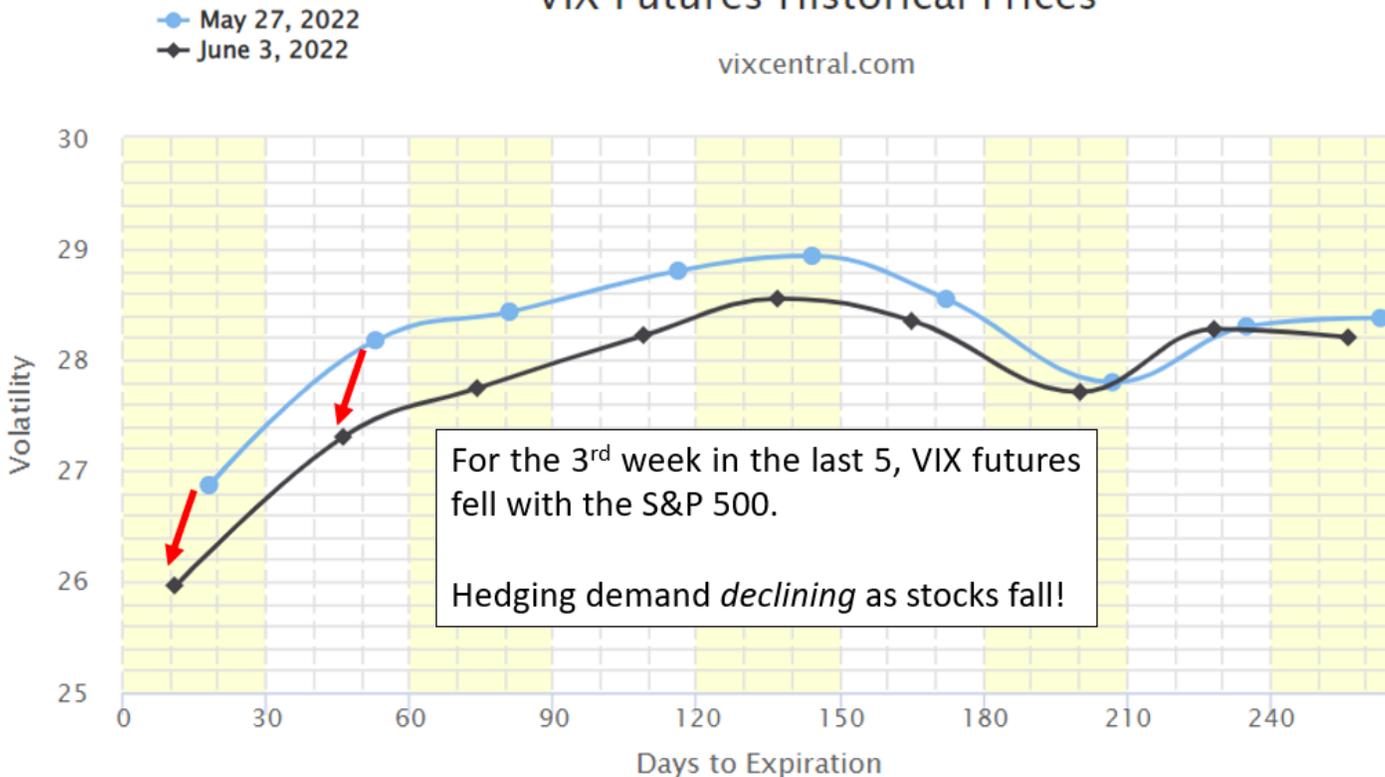
Free weekly delivery

For Week Ending 6/3/2022:

In another episode of positive correlation, VIX futures (VIXY: Proshares VIX Short-Term Futures ETF) fell -3.5% alongside a -1.2% decline in the S&P 500. With similar outcomes in 3 of the last 5 weeks, it appears that marginal hedging demand is *declining* as stocks fall, a temporary disagreement typically seen near market turning points. What is the source of this apparent confidence from hedging markets? As the disconnect grows, the resolution to this question may mean a significant "catch up rally" for one side or the other (stocks or VIX).

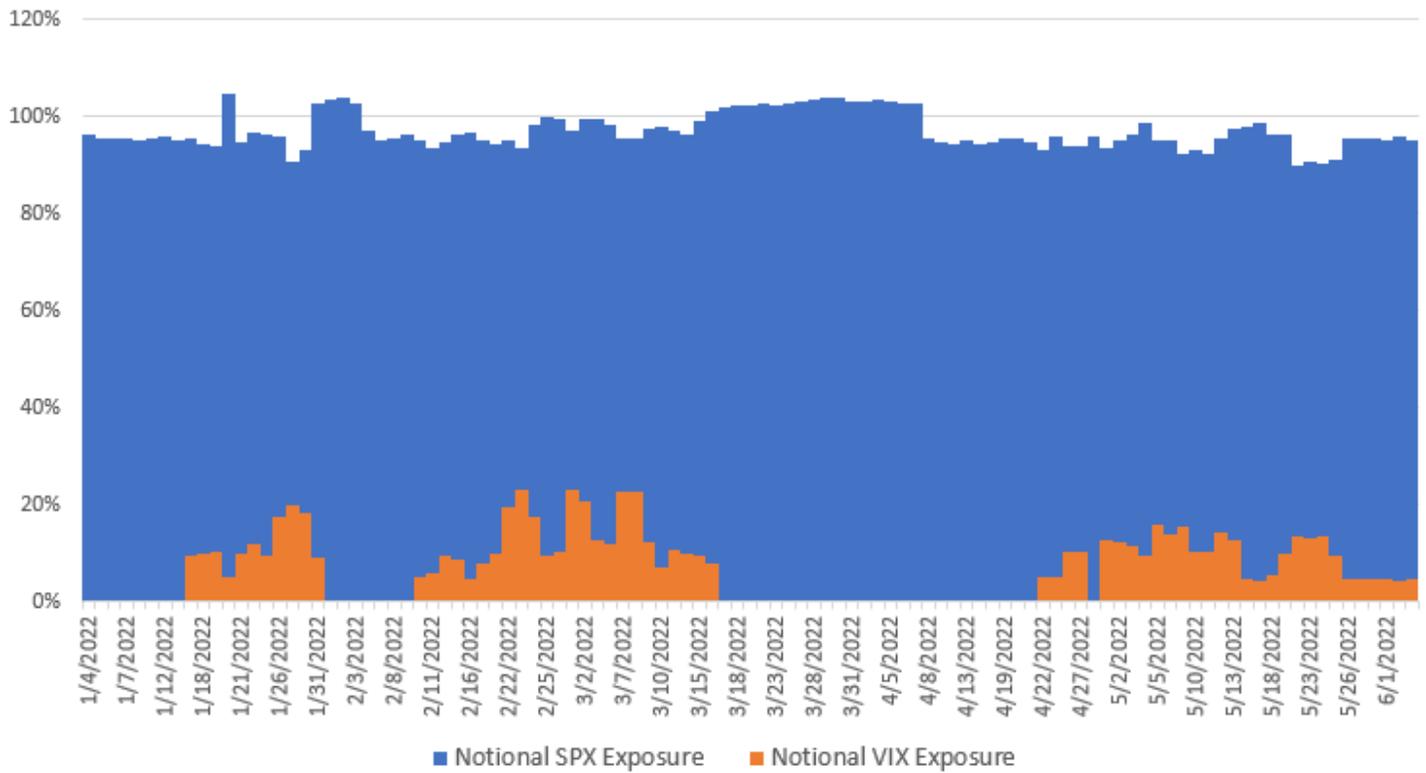
VIX Futures Historical Prices

vixcentral.com



Reflecting the tenuous situation in VIX, the Tactical Beta Strategy remains in initial defensive posture, 95% long S&P with a 5% VIX futures hedge.*

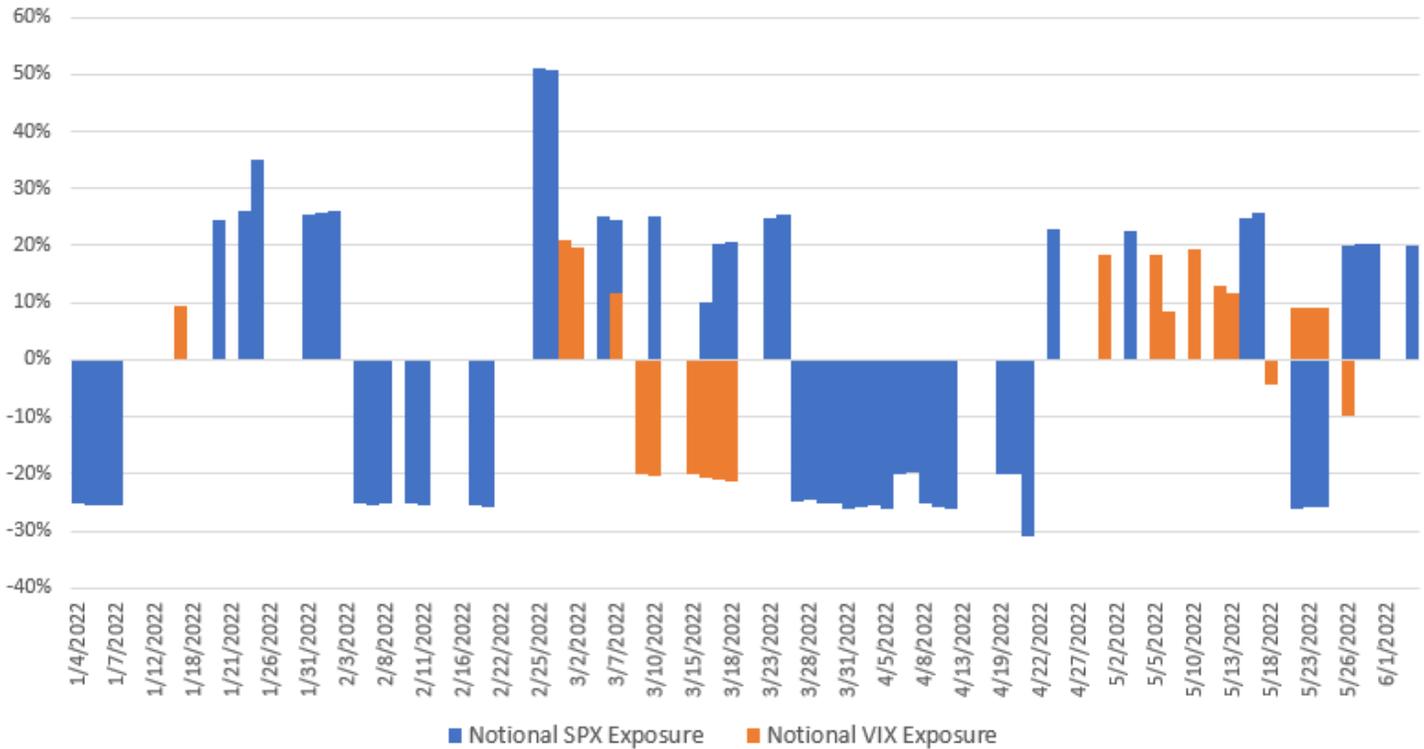
Tactical Beta Strategy Exposure
Sample Account, Trailing 100 Day as of 06/06/22



The Alpha Seeker Strategy continues to use small trades in both directions, with the most recent trade going 20% long stocks near Friday's lows.**

Alpha Seeker Strategy Exposure

Sample Account Trailing 100 Day as of 06/06/22



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 June 3, 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 June 3, 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.

Little Harbor Advisors, LLC at 781.639.3000 (ext.147) and <http://www.littleharboradvisors.com>.