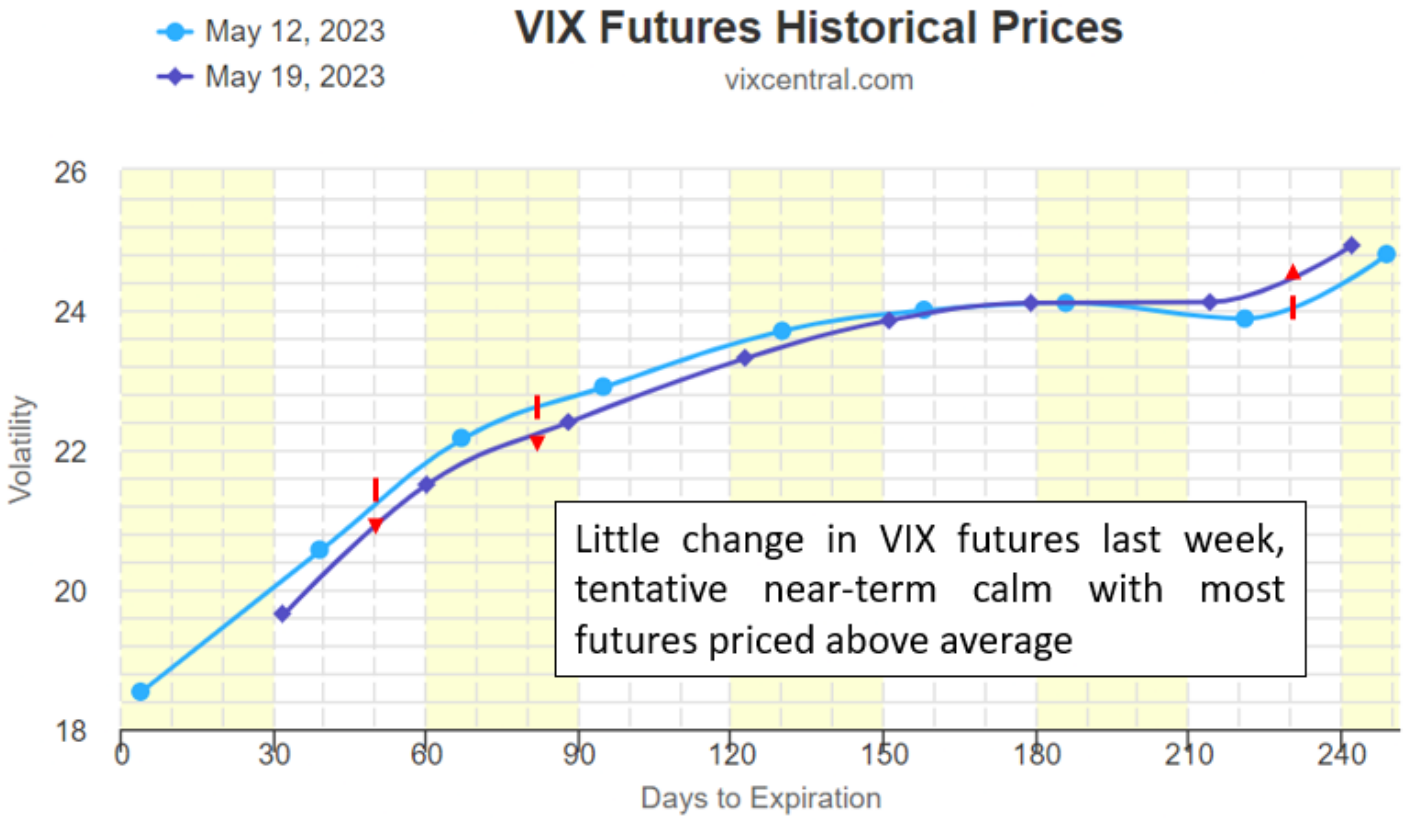
The Volatility Watch

A Weekly Commentary On The Volatility Marketplace

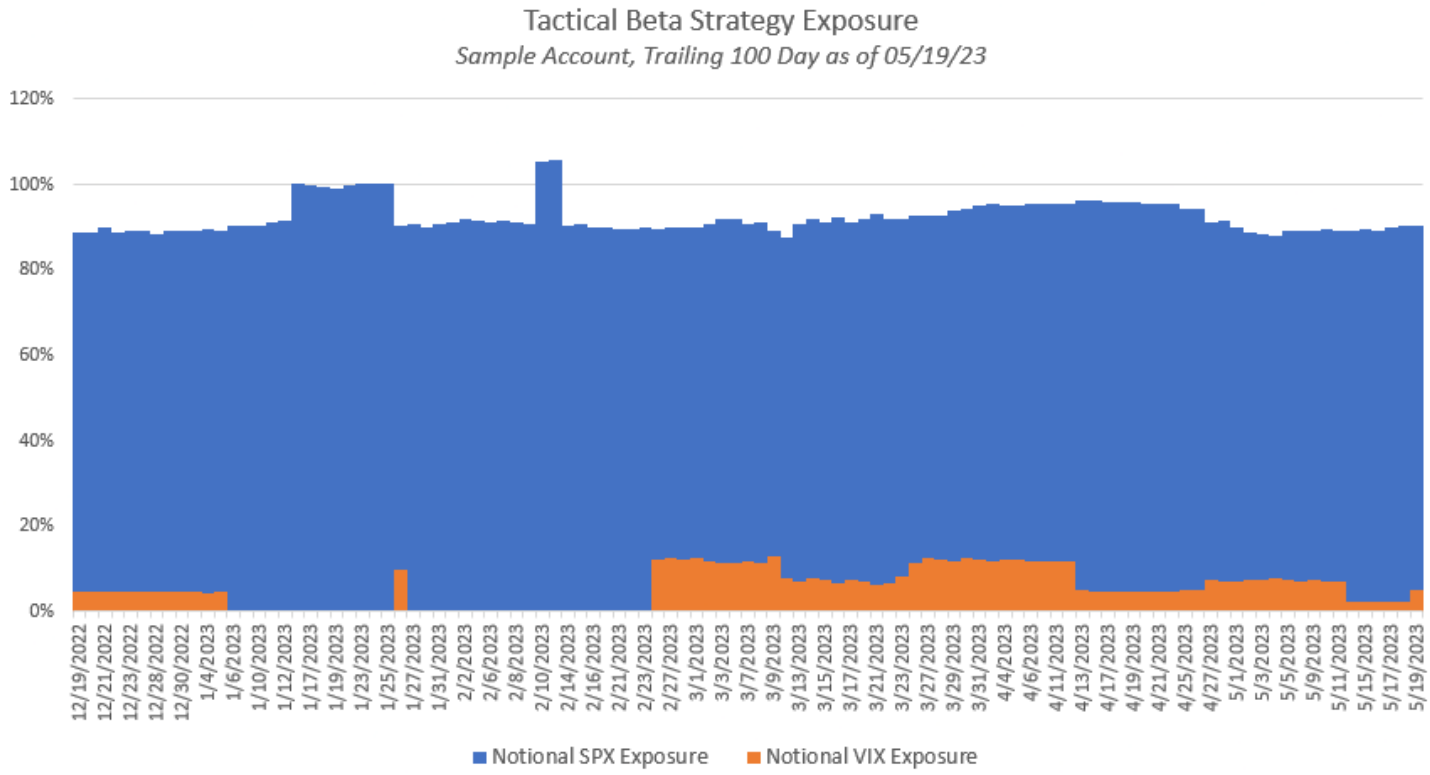
Free weekly delivery

For Week Ending 5/19/2023:

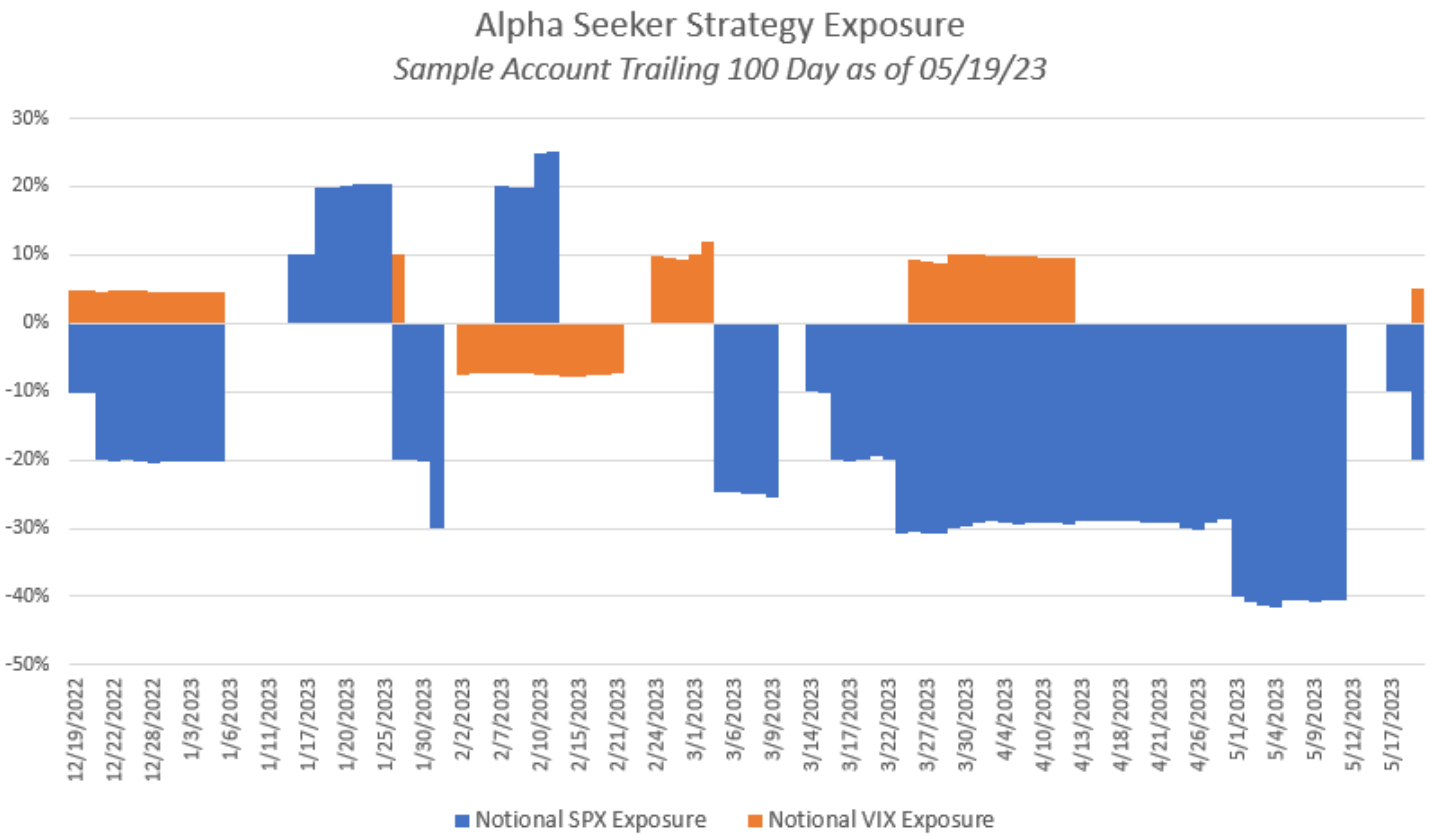
Stocks were higher last week, extending an increasingly narrow rally that has seen a handful of mega-cap tech names do most of the heavy lifting in 2023. Meanwhile, VIX futures were little changed as they continued to signal tentative near-term calm in the context of above-average long-term risk likely associated with an anticipated Fed "pivot" to rate cuts later this year.



The Tactical Beta strategy ended the week in a modestly defensive posture, roughly 92% S&P exposure paired with 5% VIX.*



The Alpha Seeker strategy reset a small S&P short trade and added 5% VIX exposure in anticipation of volatility around the debt ceiling negotiations that are set to conclude this week.**



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 May 19, 2023. **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 May 19, 2023 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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