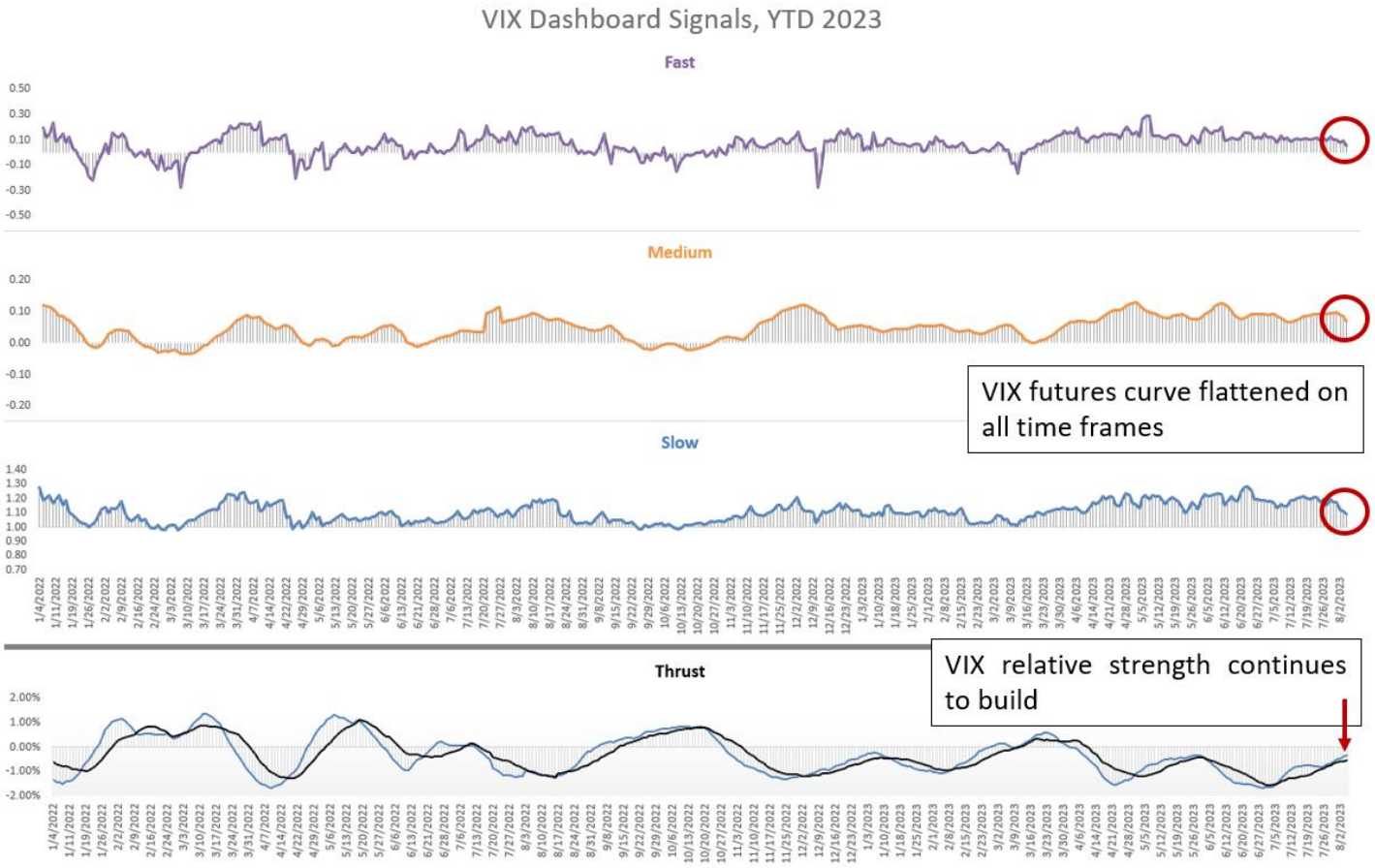
The Volatility Watch

A Weekly Commentary On The Volatility Marketplace

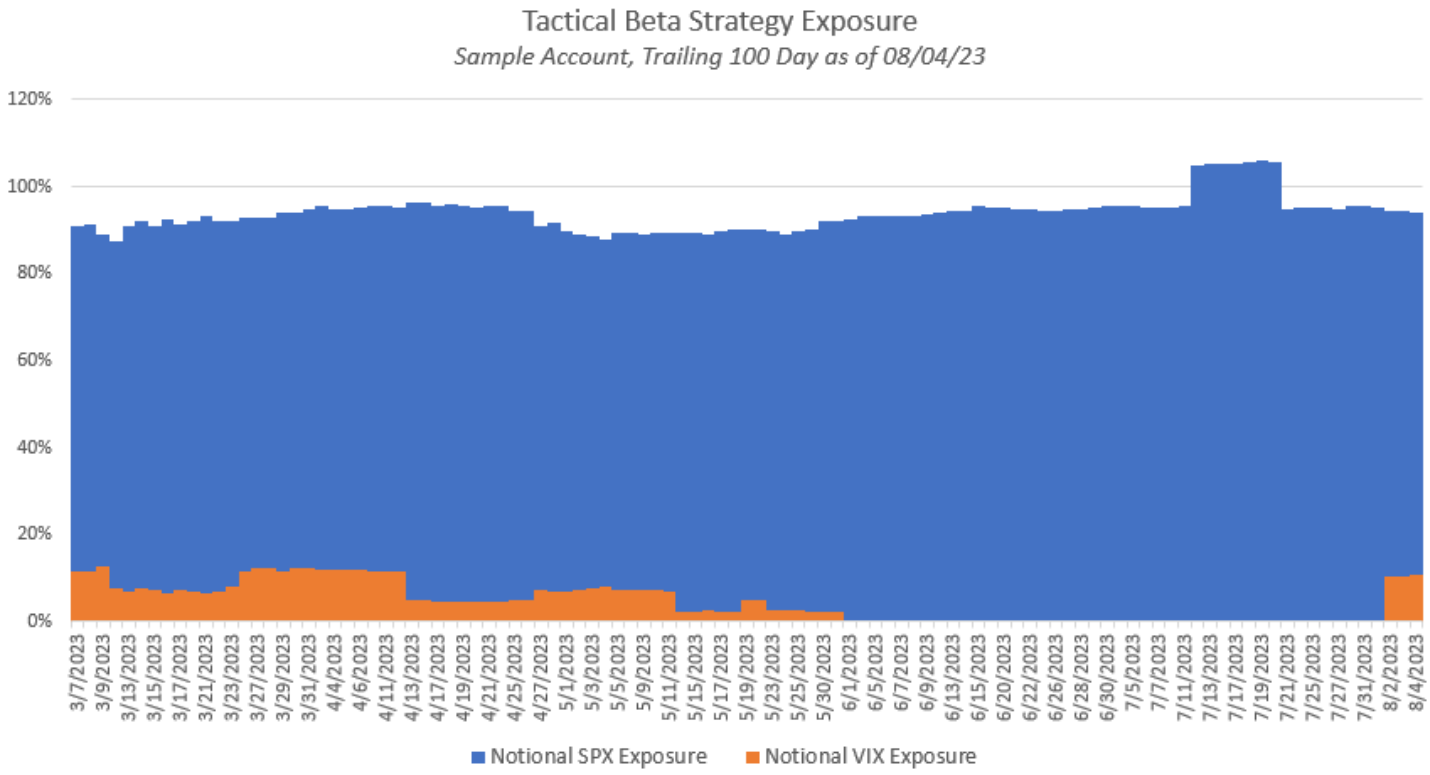
Free weekly delivery

For Week Ending 8/4/2023:

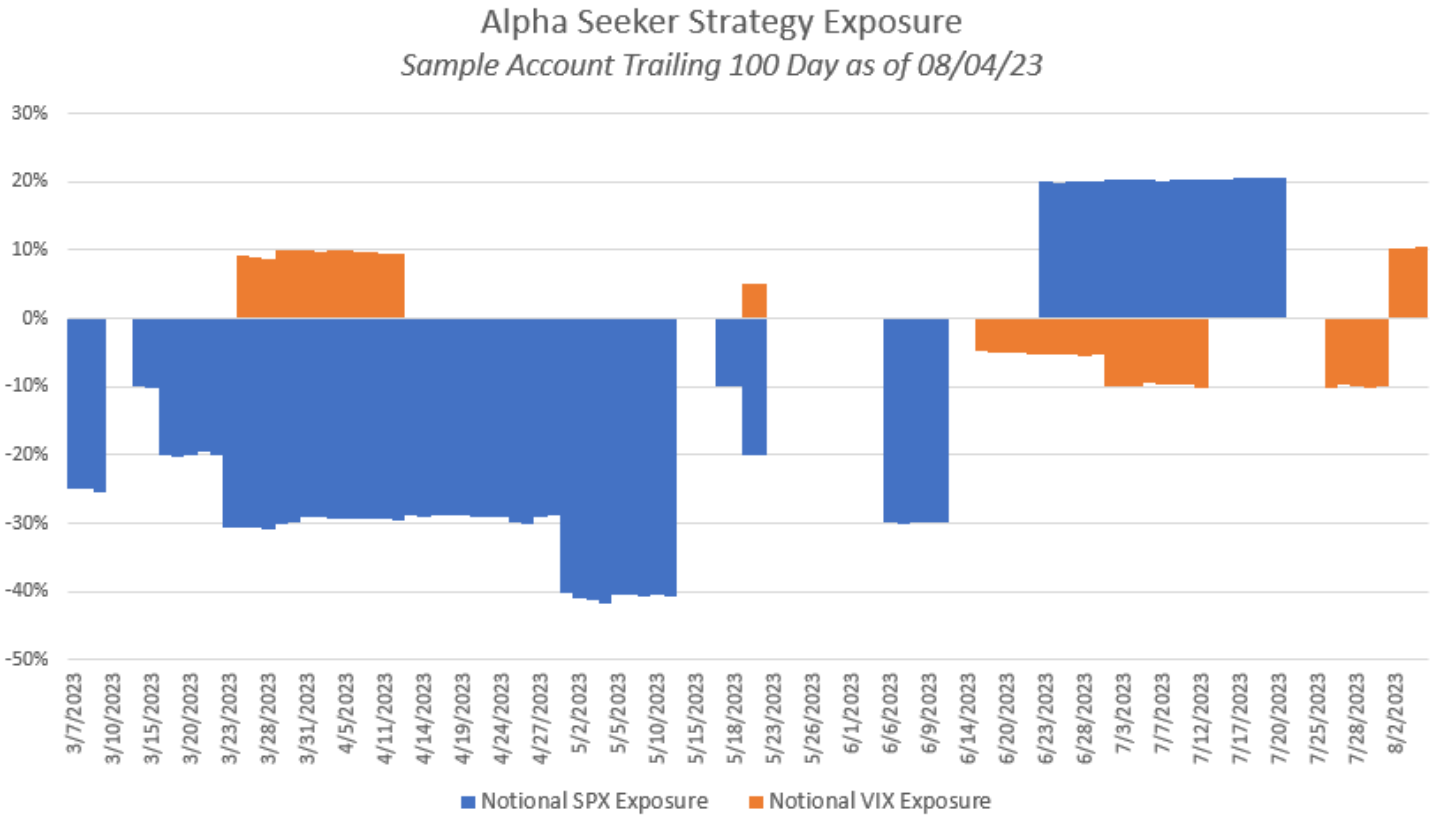
A broad-based selloff in stocks pushed the VIX index over 17 last week as increased demand for near-term VIX contracts relative to longer term ones flattened the VIX futures curve and extended the recent pickup in VIX relative strength. While these tentative signs of stress often come and go, they can also signal the start of a more substantial move and occasionally, a true crisis. During these rare periods when VIX is often the only rising price to be found, a systematic response to each mild episode suddenly makes sense.



The Tactical Beta strategy moved to a mildly defensive stance of 95% index exposure paired with a 10% VIX futures position.*



The Alpha Seeker strategy moved from short to long VIX, ending the week with an initial 10% long VIX futures exposure.**



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 August 4, 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 August 4, 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. The VIX Vol Dashboard™ is a trademark of TCM.

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