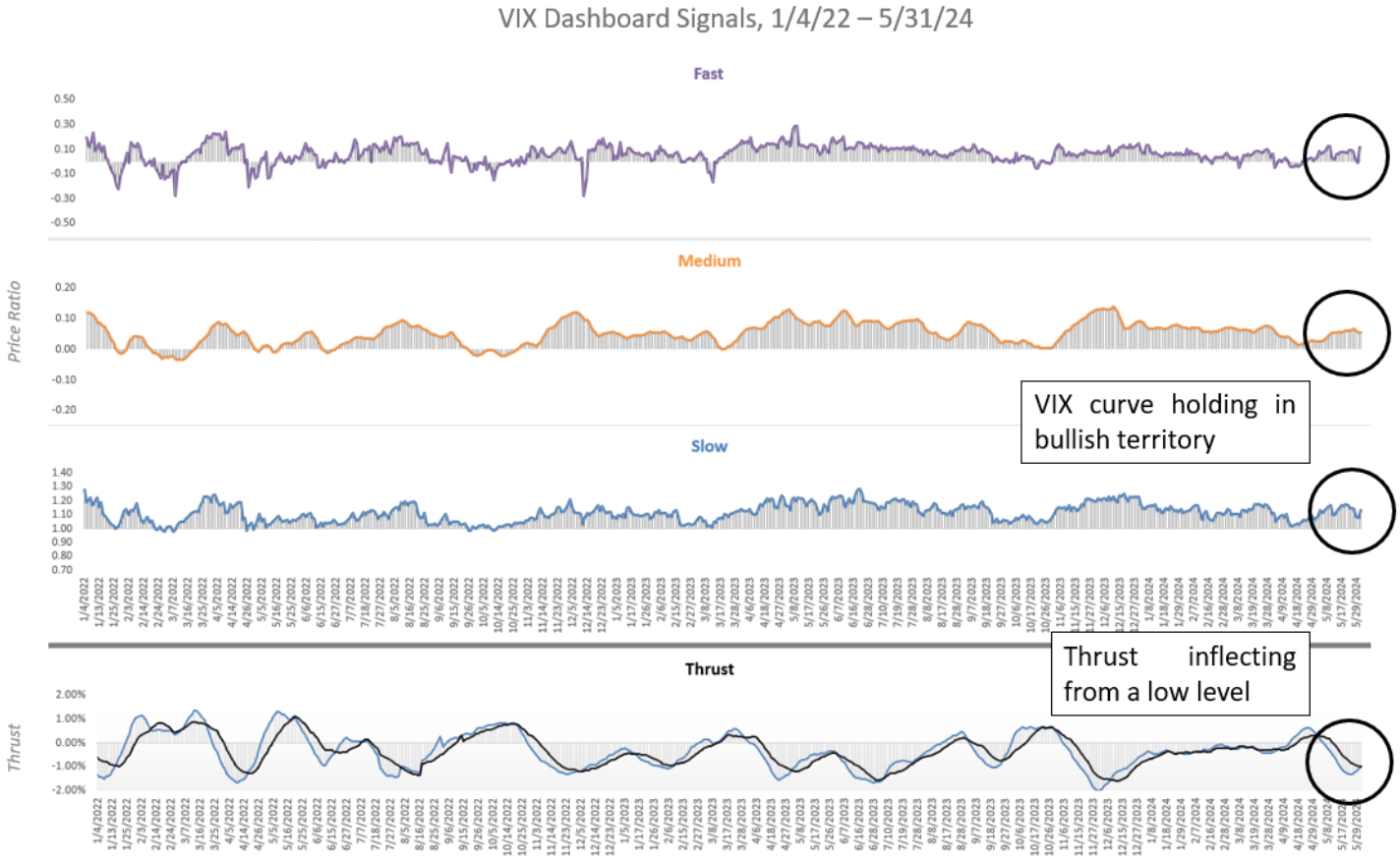
The Volatility Watch

A Weekly Commentary On The Volatility Marketplace

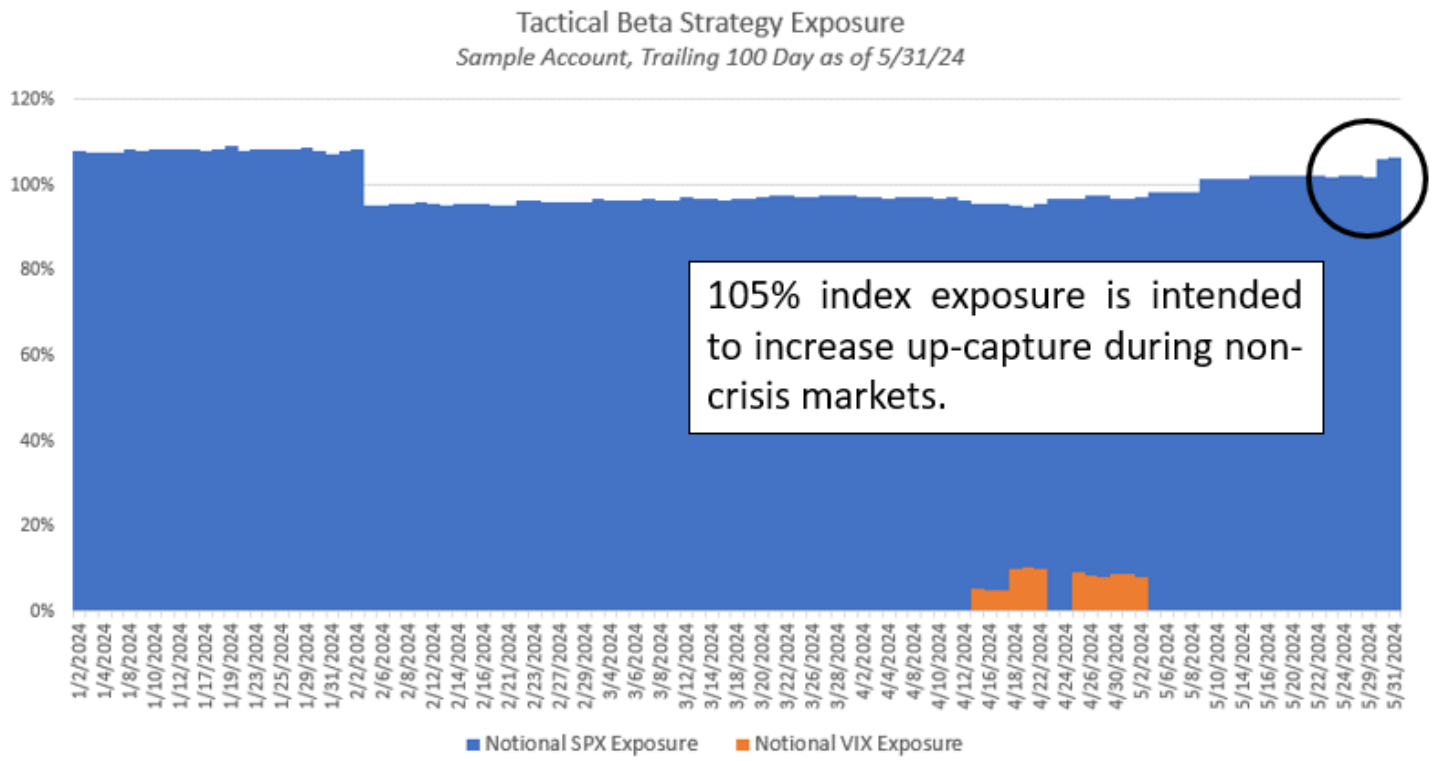
Free weekly delivery

For Week Ending 5/31/2024:

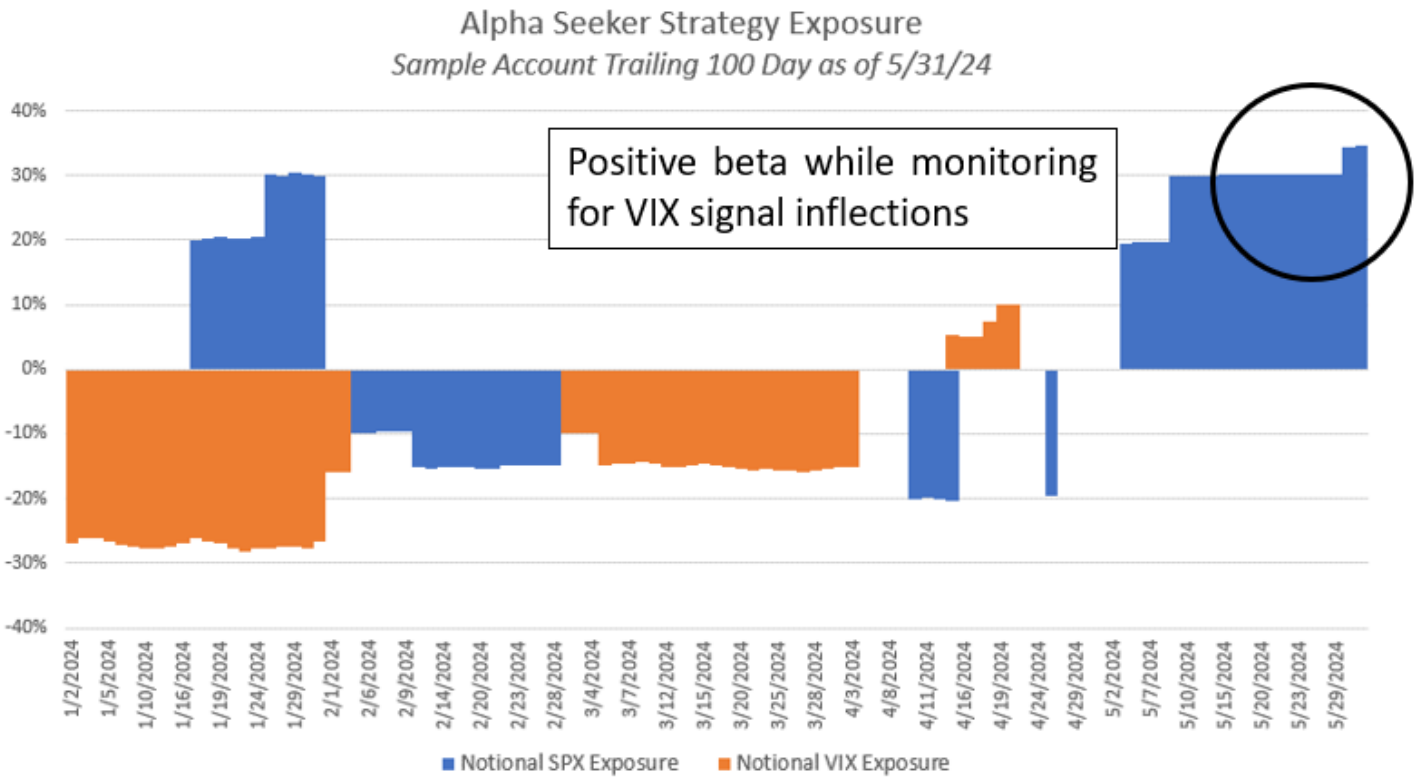
A modest drop in the S&P 500 pushed the VIX index slightly higher in the last week of May, with a late day rally on Friday taking the steam out of the VIX which finished the week under 13. This low level notwithstanding, the Vol dashboard did pick up on some incremental move towards caution via an early turn in VIX "thrust" (price momentum relative to a proprietary benchmark). With Friday's jobs report looming, it remains to be seen if this is a function of a natural move from very low, calm levels or the very leading edge of the next bout of market stress.



In the context of a mild S&P decline with little VIX reaction, the Tactical Beta strategy increased index exposure to 105% last week.* During non-crisis markets, index over weights are intended to increase Tactical Beta's "up capture" relative to static approaches.



The Alpha Seeker strategy also used the opportunity to increase its positive beta stance.**



Disclosure

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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 31, 2024. **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 31, 2024 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. TCM is the Source for all of the charts found 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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