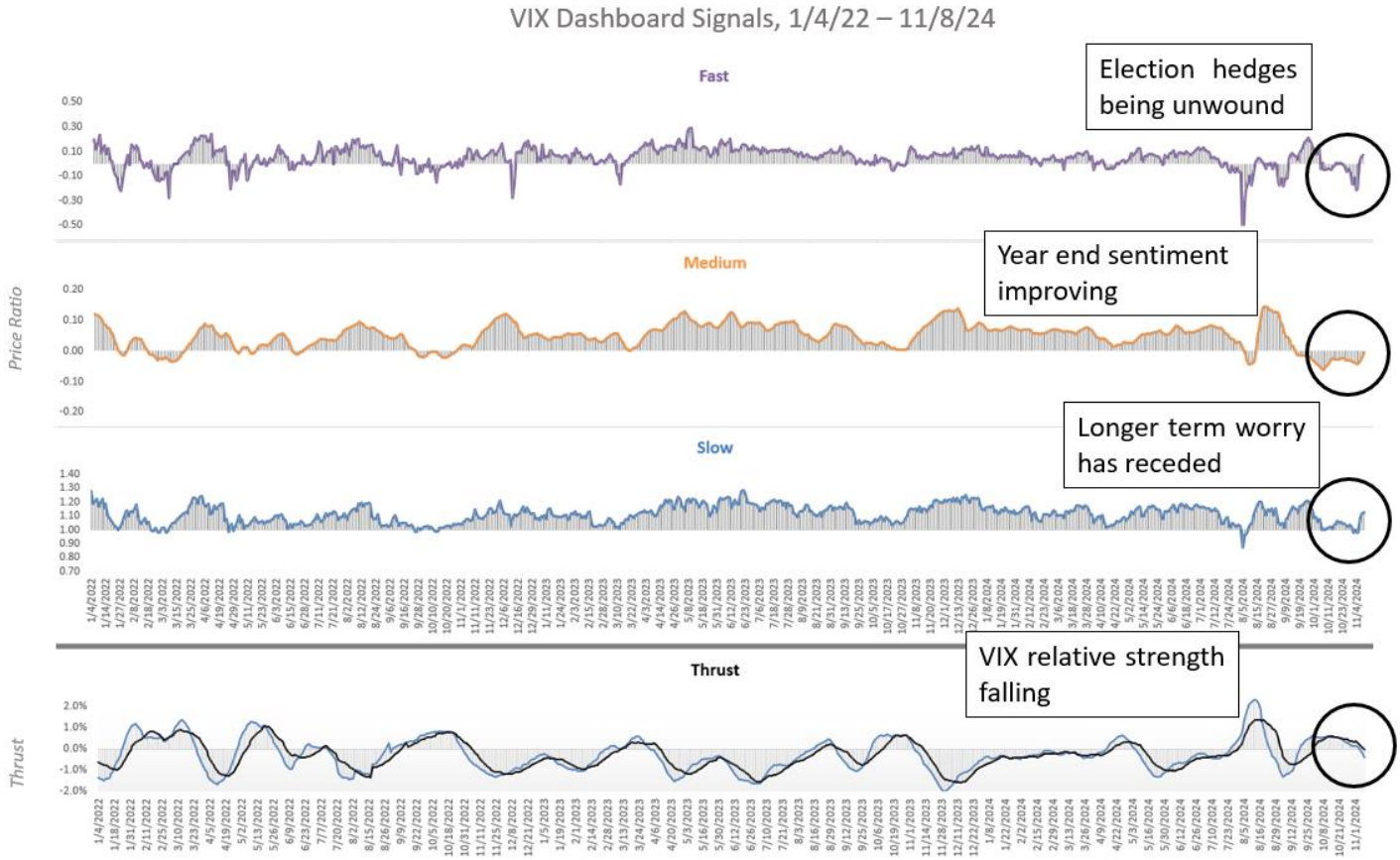
The Volatility Watch

A Weekly Commentary On The Volatility Marketplace

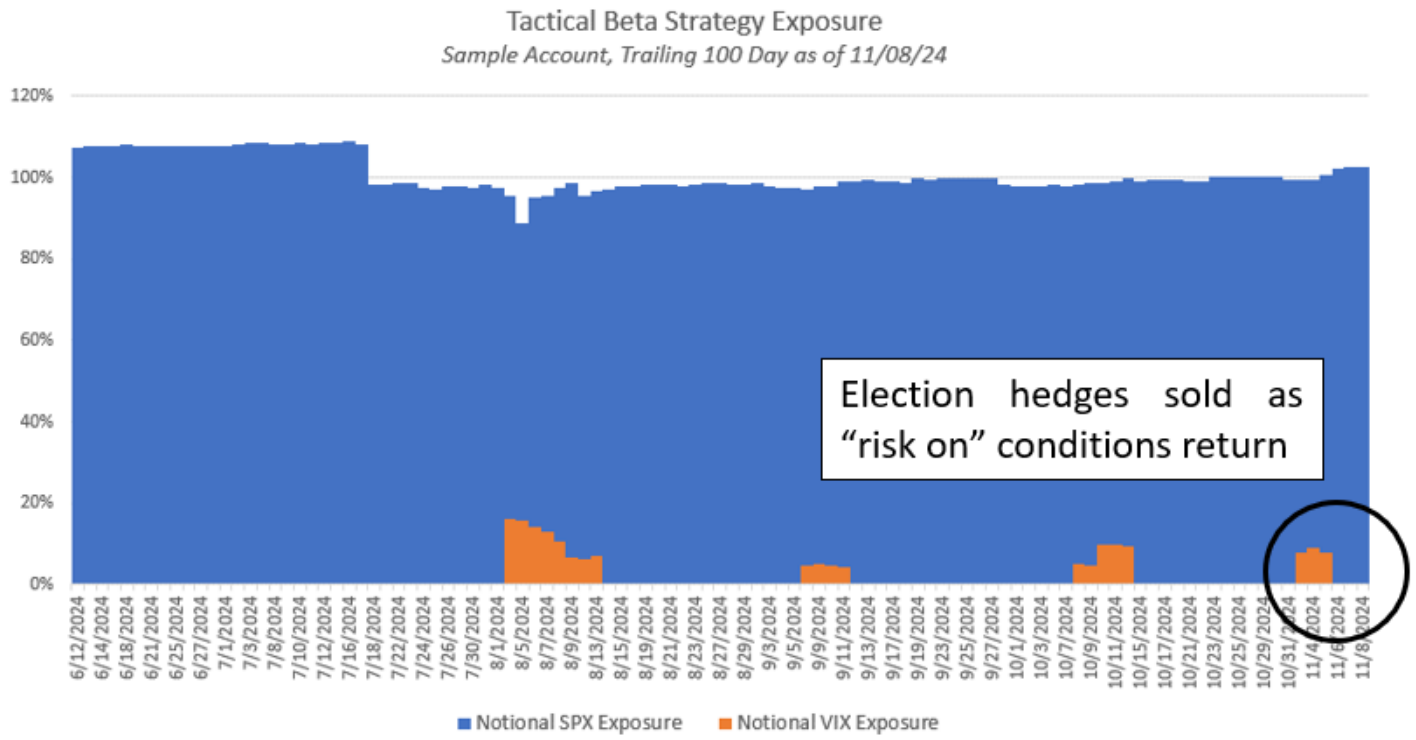
Free weekly delivery

For Week Ending 11/8/2024:

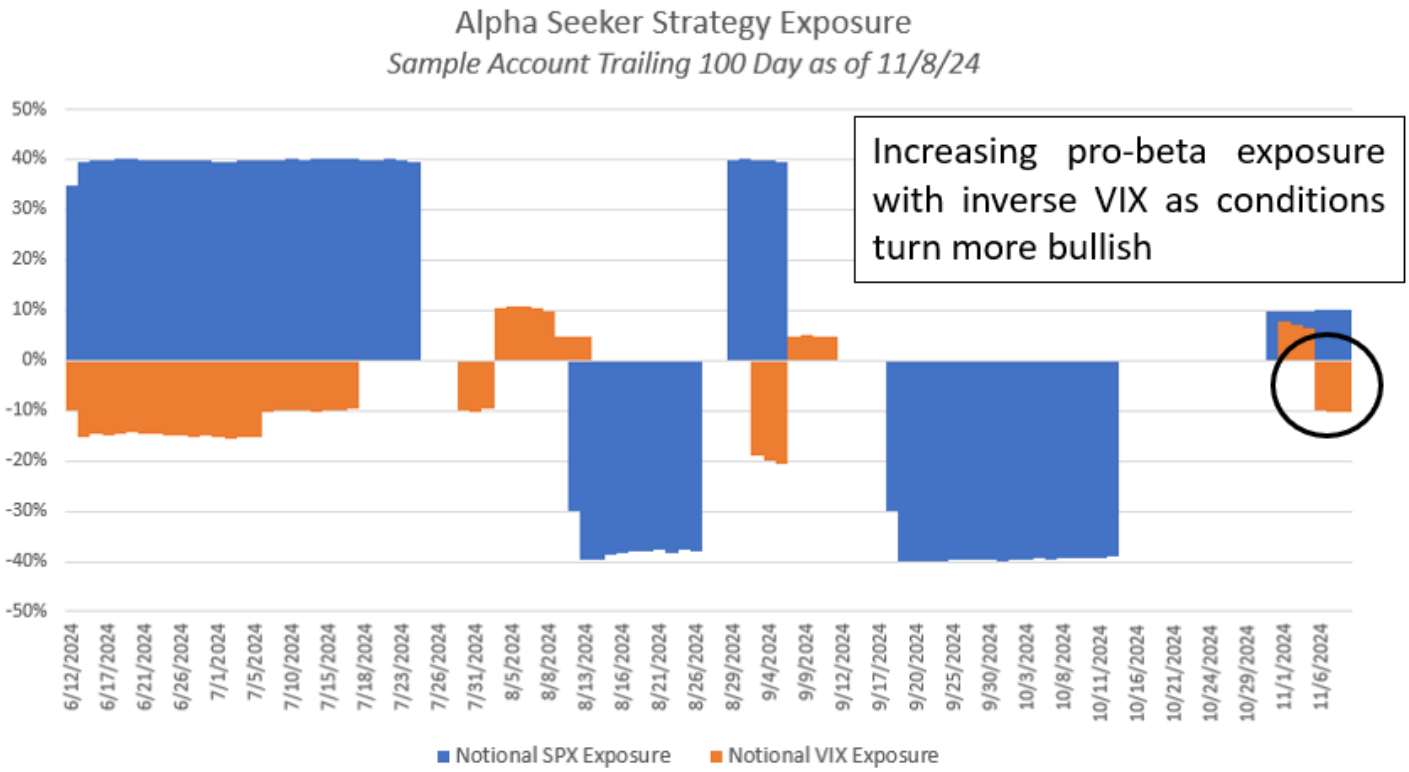
After fears of a contested election vanished with Tuesday's decisive outcome, VIX prices snapped back to a bullish configuration as stock markets hit all-time highs last week, led by the US-centric Russell 2000 index. Heading into the historically bullish holiday season with just a Fed meeting and a handful of economic reports remaining as obvious catalysts, conditions are now in place for a "risk on" environment through the remainder of the year.



Returning to 100% index exposure in the wake of the sharp move to "risk on" conditions, the Tactical Beta strategy sold its modest election hedges on Wednesday.* While often overlooked, the ability to stow hedges is a critical distinction between the Tactical Beta strategy and its peers that remain hedged at all times, a strategy that often results in substantial underperformance in rising markets.



The Alpha Seeker strategy also moved to increase its pro-beta stance by adding inverse VIX to its existing long S&P exposure.**



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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 November 8, 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 November 8, 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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