



The Volatility Watch

A Weekly Commentary On The Volatility Marketplace

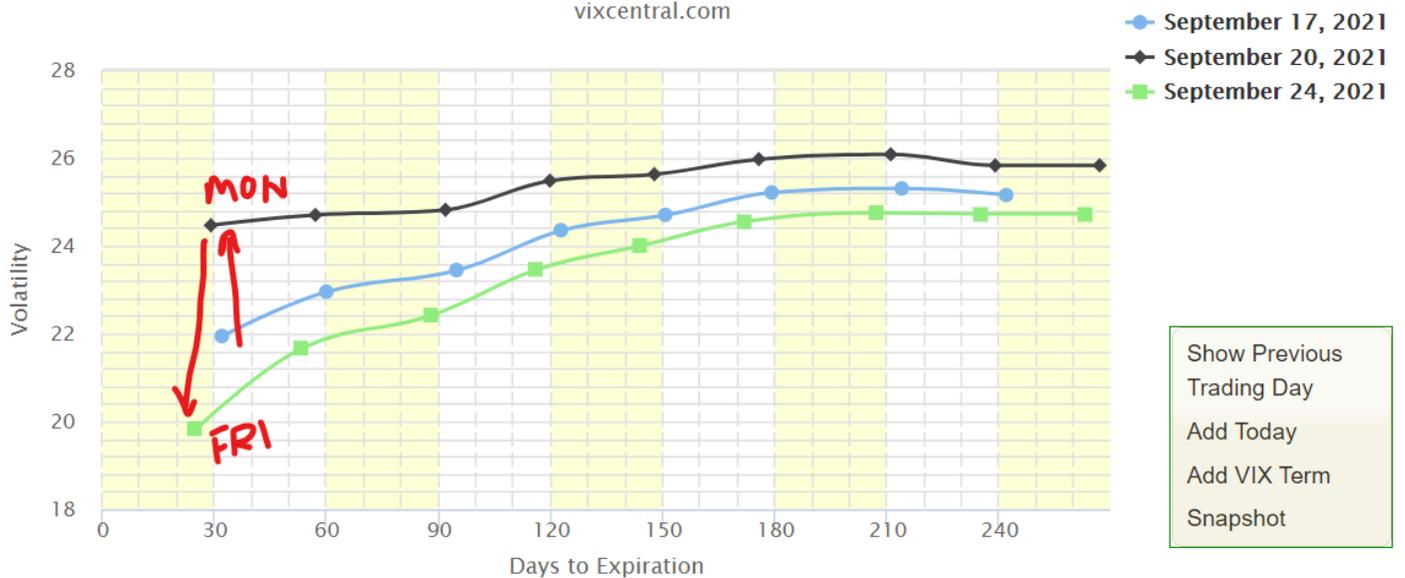
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For Week Ending 9/24/2021:

Violent indecision last week as the S&P 500 started with its worst day of the quarter on Monday (9/20) followed by a sharp rally to finish higher on the week. The VIX was similarly whipsawed, spiking near 29 briefly on Monday before slamming back down towards 18 and lower on the week by Friday. By historical standards, this correction has so far been mild with the S&P 500 yet to surpass a 4% drawdown from all-time highs on a daily closing basis and just 1.8% below all-time highs as of Friday. Although it has shown some brief signs of stress, the VIX appears mostly confused about this episode as it continues to jump around in the "no man's land" between 18 and 20 and VIX futures are lower on the month along with the S&P 500. (i.e., VXX: iPath VIX Futures ETN -3.6% Month-To-Date through 9/24)

VIX Futures Historical Prices

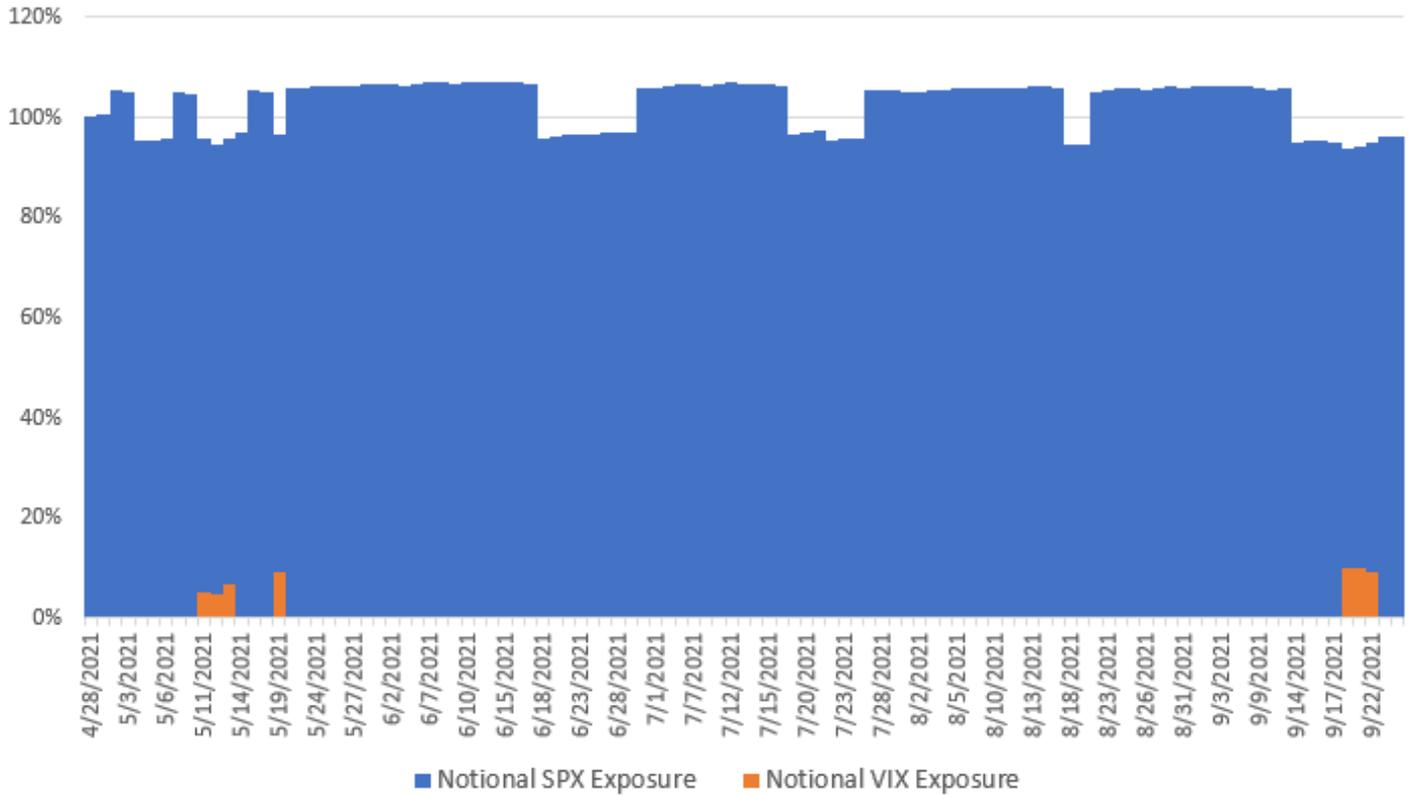
vixcentral.com



Monday's action was enough for the Tactical Beta strategy to start defensive positions which were then abandoned with the lack of follow-through in the balance of the week. This is historically the most common outcome for the Tactical Beta strategy's hedging positions as evidenced by the strategy's 75% up capture since inception (as of 8/31/21). As of Friday the strategy is 95% long S&P.*

Tactical Beta Exposure

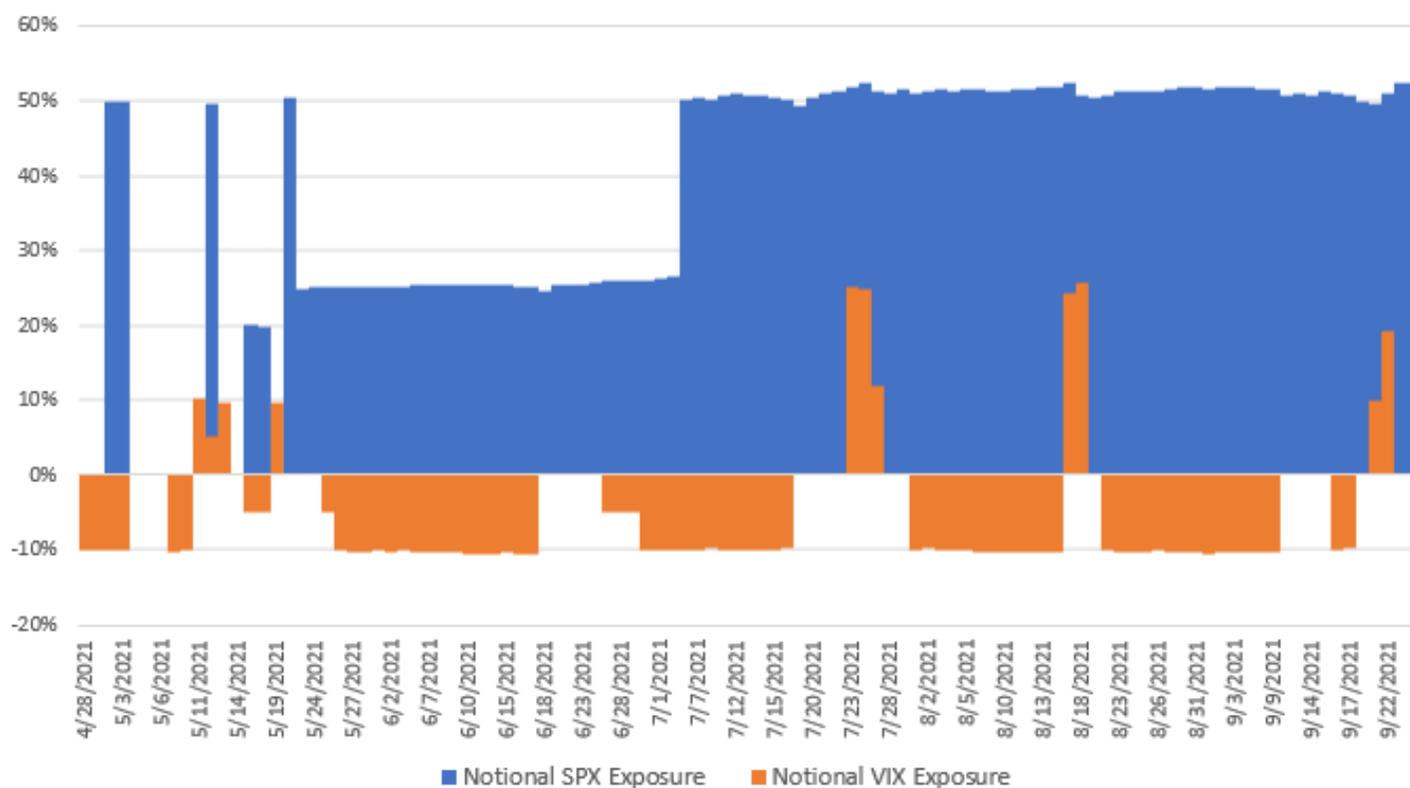
Sample Account, Trailing 100 Day as of 09/24/21



Weakness in the S&P and the indecisiveness in VIX has made September difficult for the Alpha Seeker Strategy as the S&P and all VIX ETFs long or short have posted losses on the month. In these types of environments, the approach is generally to keep positions small while the strategy hunts for the next sustainable trend in volatility. As of Friday, the strategy remains 50% long S&P awaiting the next VIX trade.*

Alpha Seeker Exposure

Sample Account Trailing 100 Day as of 09/24/21



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 September 20, 2021. **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 September 20, 2021 to form one continuous Sample Account. Currently, at Thompson Capital Management LLC, 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.*

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.