



INSIDE ETFs

VIX & Volatility:

An Expensive Hedge & Why You Need To Own It

Moderator:

PAUL BRITT

Senior ETF Analyst
ETF.com

Panelists:

RICHARD BLOCK

SVP, Head of F-Squared Capital Trading
F-Squared Investments

CORY BURNELL

CIO
Blueprint Wealth Partners

NICK CHERNEY

CIO, Velocity Shares
Head of exchange traded products, Janus Capital

TIM EDWARDS

Senior Director of Index Investment Strategy
S&P Dow Jones Indices



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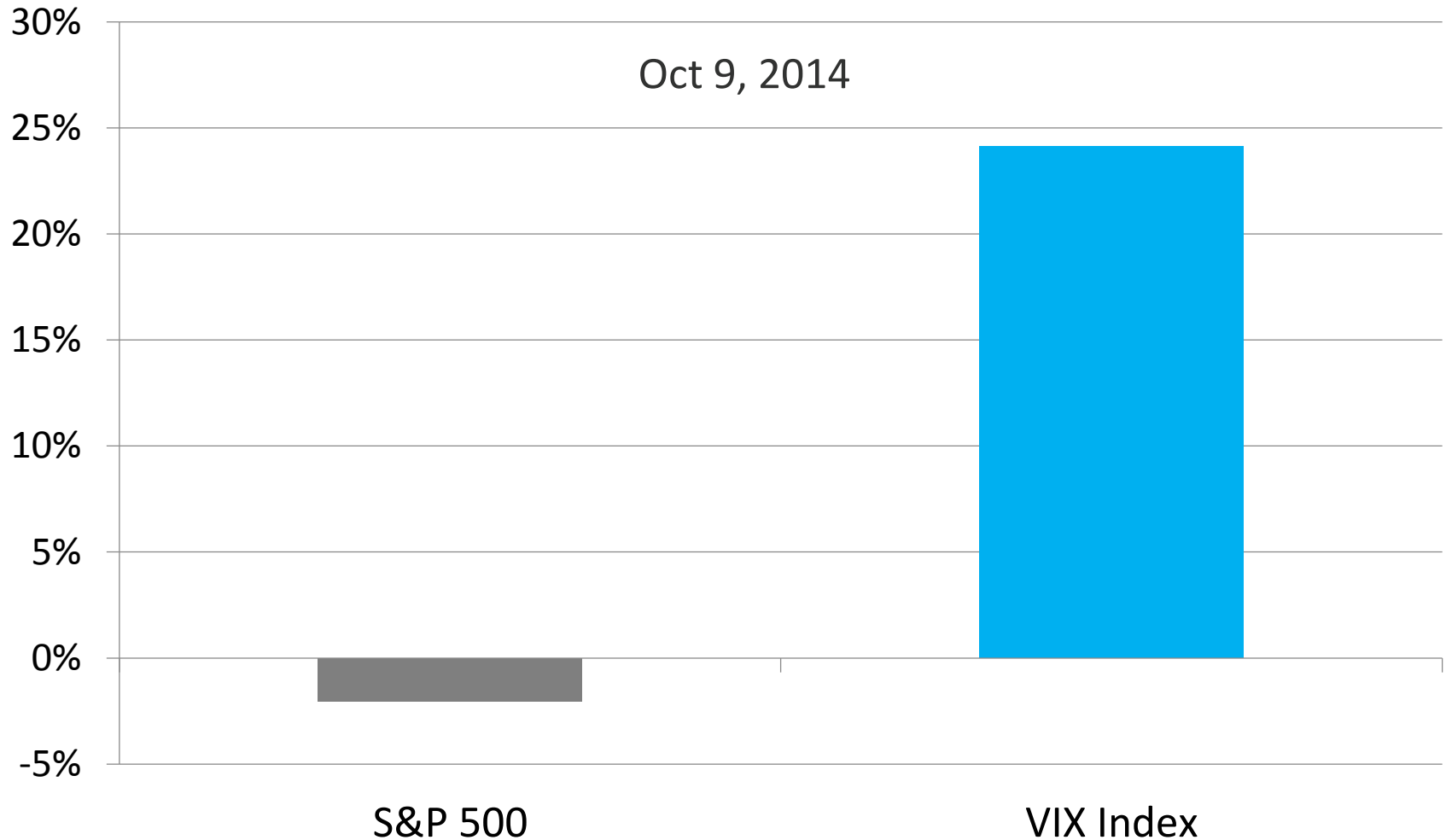
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VIX & Volatility – 3 Themes

- Long Volatility as a Hedge
- Short Volatility
- How to Implement

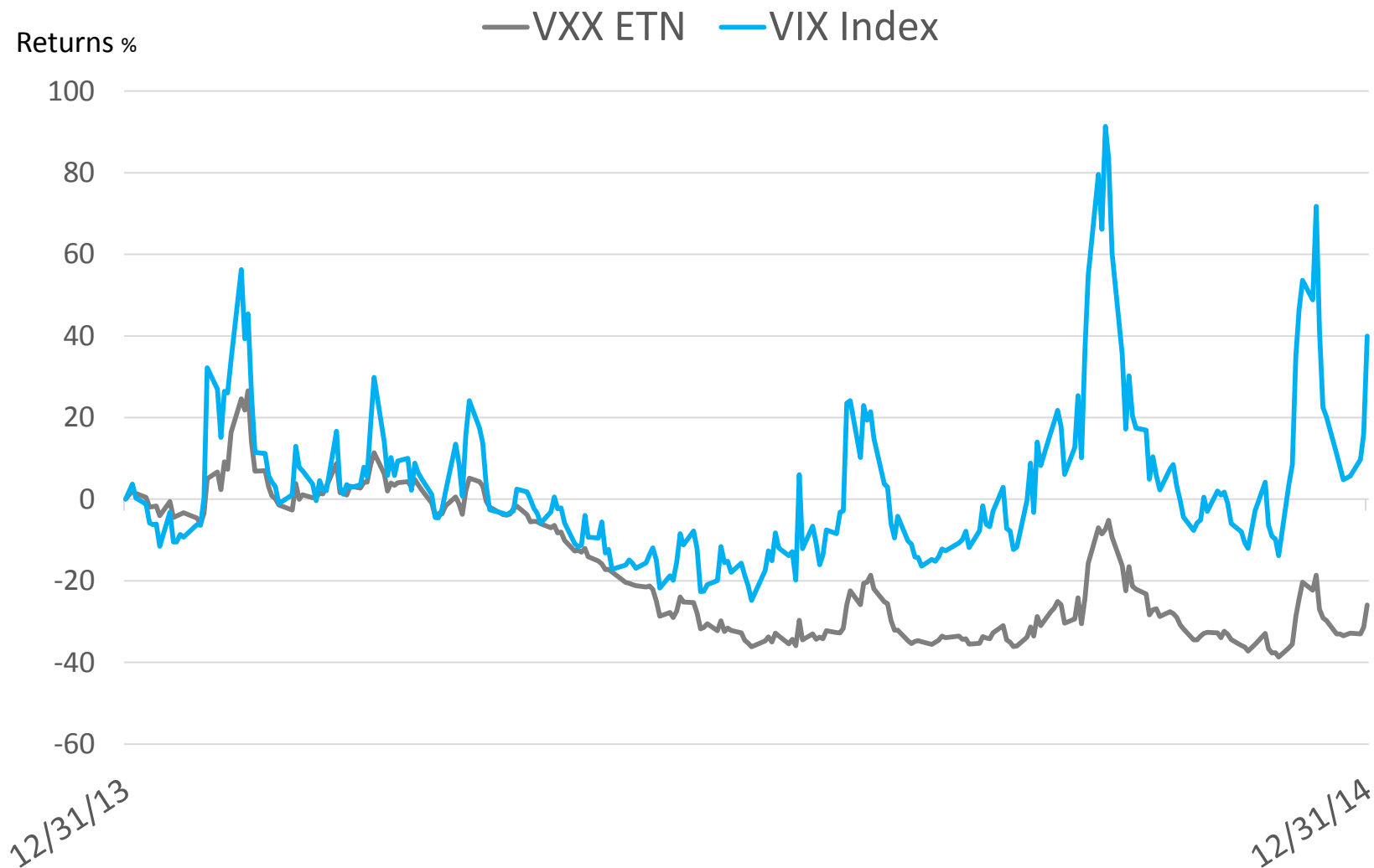
Volatility 101: The Allure of the VIX



Source Bloomberg SPXT index & VIX Index



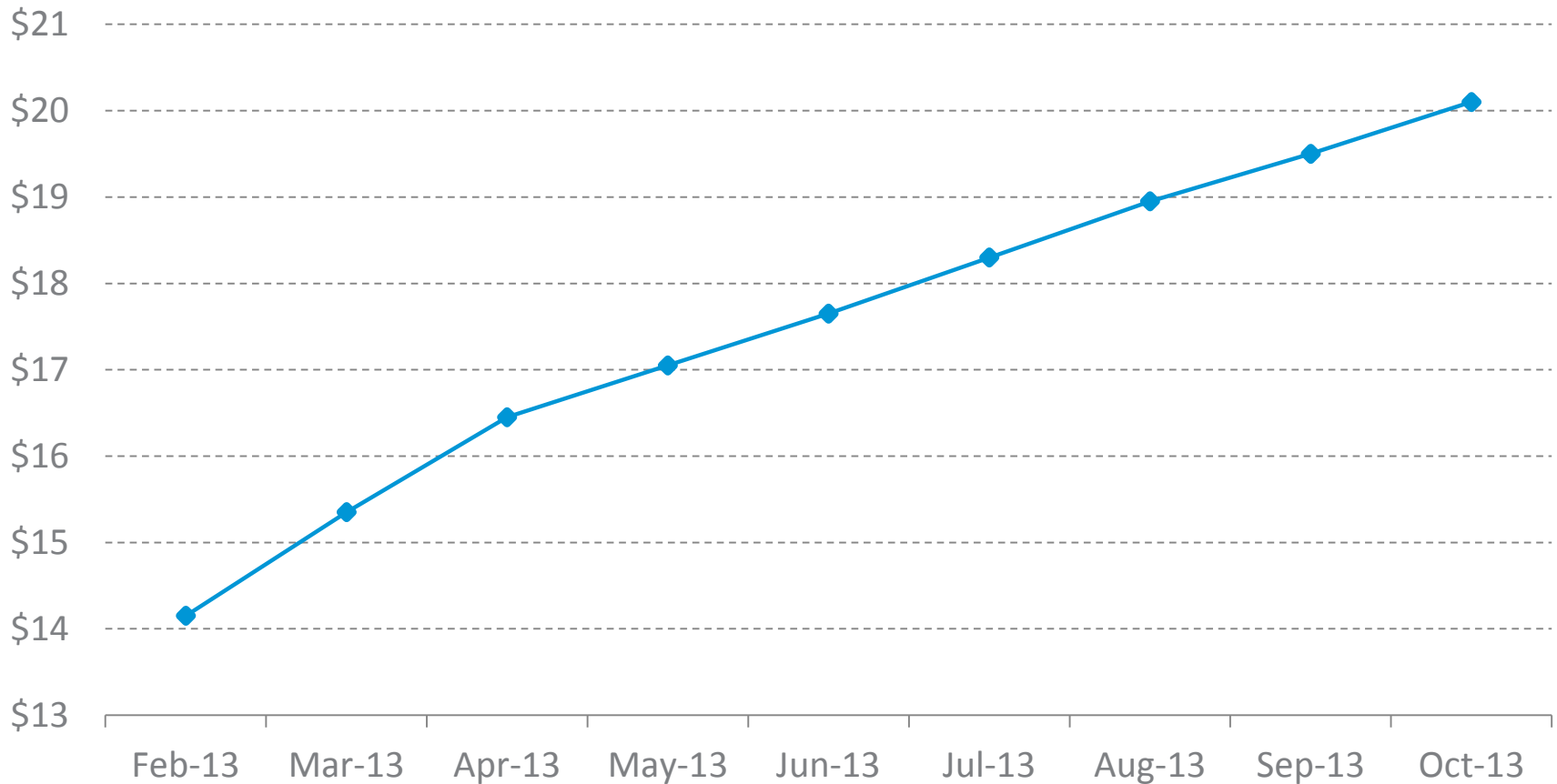
Volatility 101: Can't Buy the VIX Index



Source Bloomberg – 12/31.2013- 12/31/2014



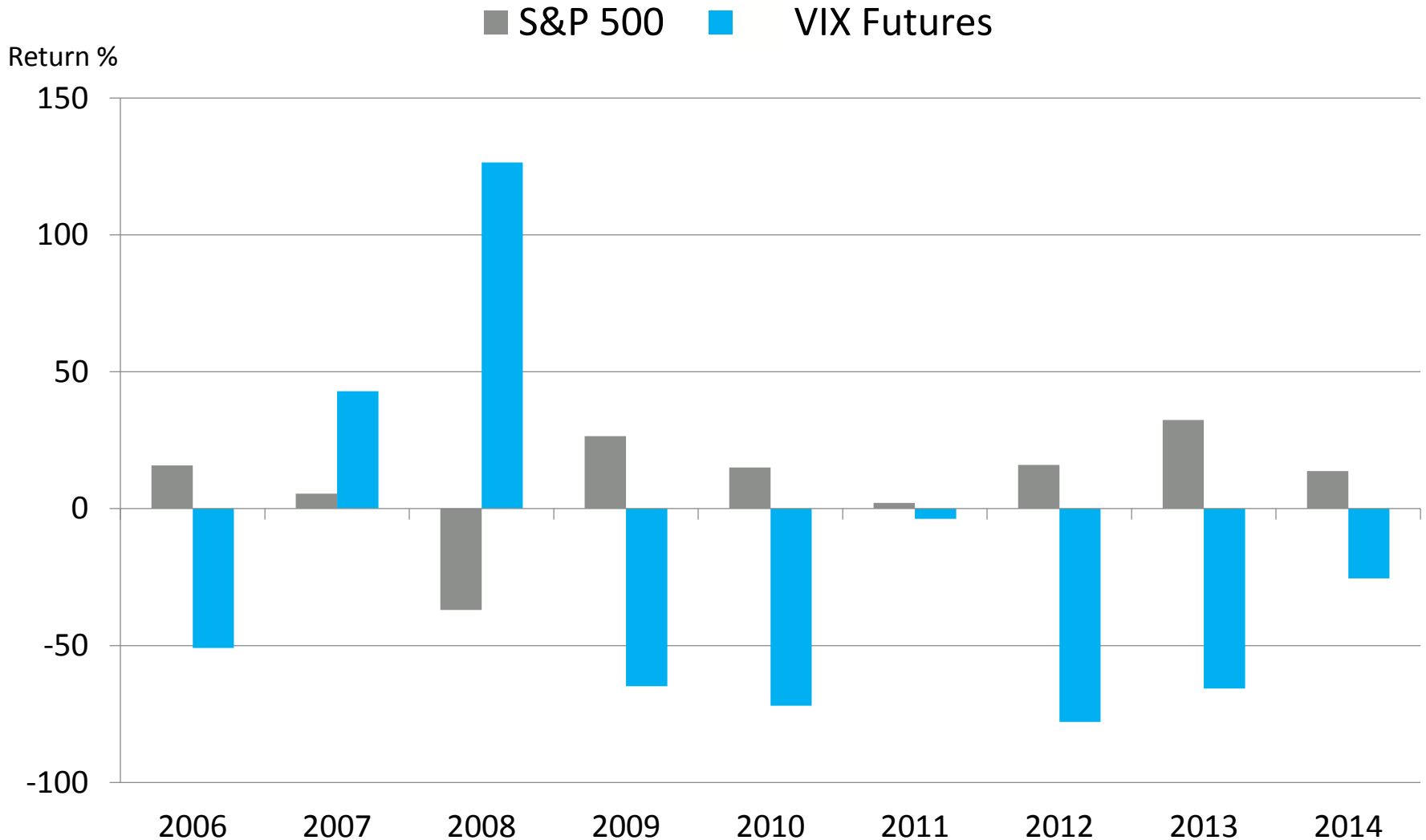
Volatility 101: Typical VIX Futures Curve



Source Bloomberg, as of 2/6/2013



Volatility 101: Expensive Insurance



Source Bloomberg- SPXT Index and SPVXSTR Index



Volatility 101: Very Liquid; High Turnover

iPath S&P 500 VIX Short-Term Futures ETN (VXX):

Assets Under Management	\$894M
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Average Daily \$ Volume	\$1.29B
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VelocityShares Daily Inverse VIX Short Term ETN (XIV):

Assets Under Management	\$903M
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Average Daily \$ Volume	\$591M
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-ETF.com Jan 20 2015



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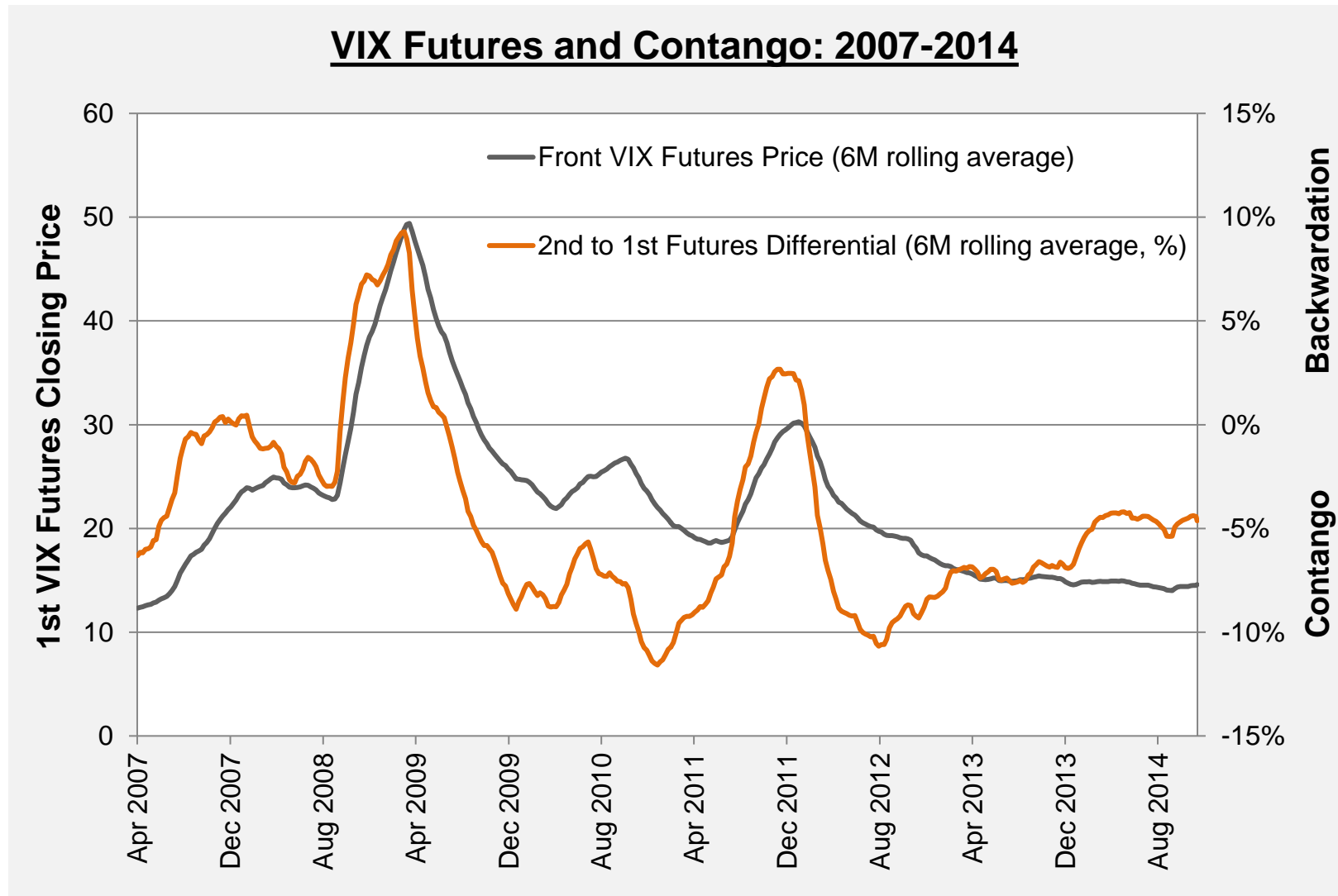
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VIX & Volatility – The Cost Of Hedging



Sources: CBOE, S&P Dow Jones Indices as of December 2014



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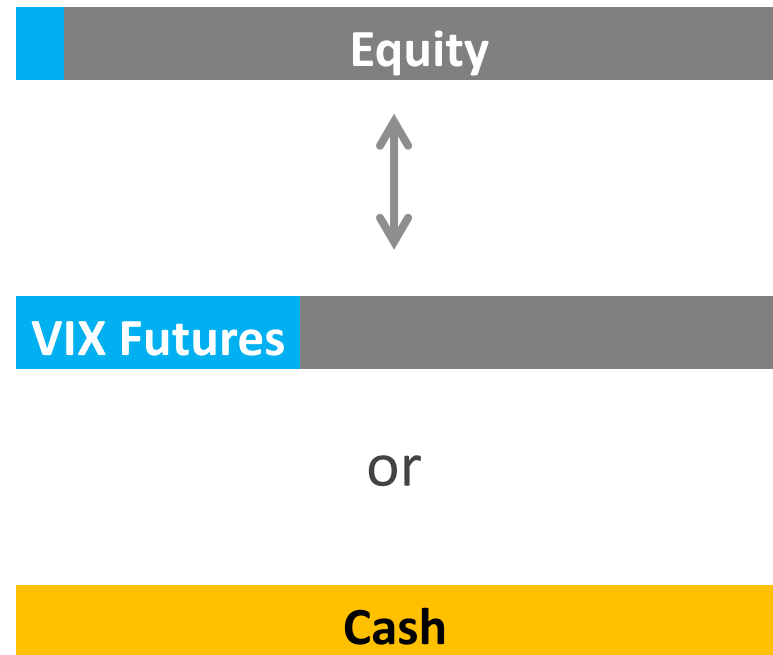
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VIX & Volatility: Dynamic Equity Hedge (VQT/PHDG)

Allocation Inputs

- Realized Volatility
- VIX Index Trend

Allocation Output



VIX & Volatility: Long /Short Tail Risk Hedge (TRSK)

+ 2x	- 1x	Net
45%	55%	35%

VIX & Volatility: Leading Pure-Play Volatility ETFs

Ticker	Fund Name	Gearing
VXX	iPath S&P 500 VIX ST Futures ETN	none
XIV	Velocity Shares Daily Inverse VIX ST ETN	Inverse 1x
UVXY	ProShares Ultra VIX ST Futures	Leveraged 2x



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Thank You.
Questions?