Review: Volatility Investing Event London April 2019
High time for higher volatility?

By Hamlin Lovell, The Hedgefund Journal

2019 marked the eighth year of the Volatility Investing Events, which were launched to provide investors with access to educational sessions about the often-misunderstood volatility asset class after increased interest following the global financial crisis.

Structural or tactical allocations?

(…) If there was broad consensus over the need for some form of volatility and tall risk exposures, there was more debate over whether hedges should be structural and strategic fixtures in portfolios, or more tactical ones, timed or sized according to the perceived market climate and opportunity set (…)

(…) Zem Sternberg, CIO of New York-based electronic options trader, Lake Hill Capital Management, believes it makes sense to be allocated to the right systematic volatility approach over a multi-year period. "It is perceived as a risky business involving complicated structures, payoff diagrams, academic papers, and formulas, which are incomprehensible to almost everyone. In fact, formulas used by insurance companies and casinos can be applied to option trading to generate consistent returns. We are looking to use simple rules that provide 90% probabilities of profiting over a five-year time frame, to stack the odds in our favor,' he says (…)