

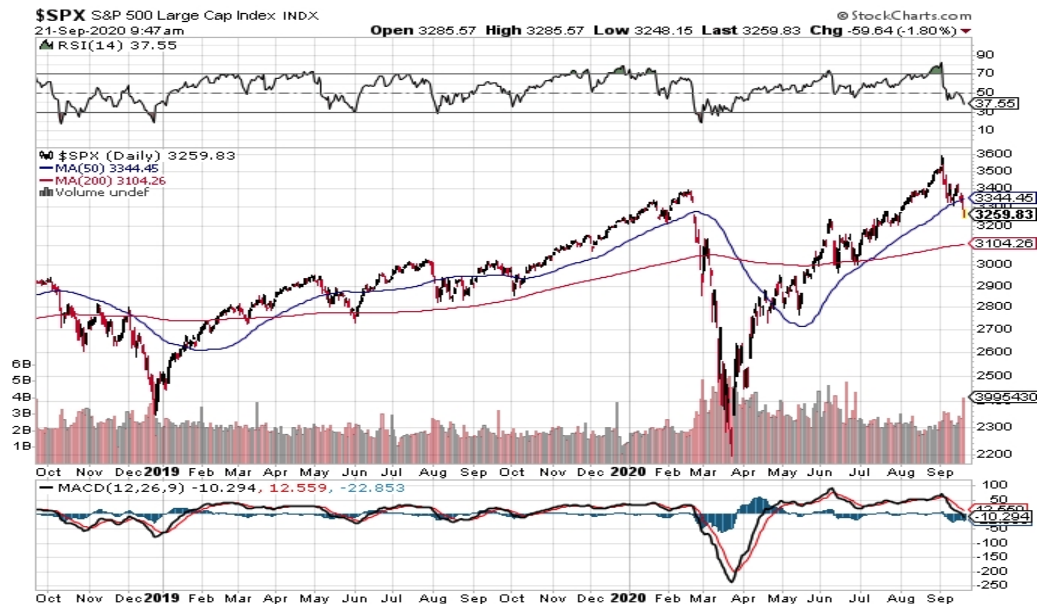
Three Top Ways to Trade the Return of Volatility

It's been an absolute blood bath – again.

Fires are raging across the west coast.

There's still no vaccine. Lawmakers remain deadlocked over another round of stimulus. And, now with weeks to go before the U.S. elections, the Supreme Court's Ruth Bader Ginsburg passed away, creating a fiery war of words between both parties over who will fill her seat.

Technically, the major indices are breaking below their 50-day moving average, including the S&P 500 and the tech-heavy NASDAQ. Uncertainty over what could possibly happen next is sure to fuel even more volatility – especially as we get closer to the elections.



In fact, leading up to most elections, volatility has been explosive.

2000: Bush v. Gore – Ahead of the election, the volatility index (VIX) exploded from a low of 16 to more than 31.

2004: Bush v. Kerry – The VIX ran from a low of 13 to nearly 17 ahead of the election.

2008: Obama v. McCain – The VIX exploded this year from a low of 20 to a high of 90, as the Dow plummeted with the subprime fiasco.

2012: Obama v. Romney – This year, the VIX jumped from 13.2 to nearly 20.

2016: Trump v. Clinton – This time, the VIX popped from a low of about 12 to more than 22 heading into the election.

With all of this fear and uncertainty, it's time to accumulate volatility ETFs and ETNs again, which have worked out very well for us in the past. These include:

ProShares Ultra VIX Short-Term Futures ETF (UVXY)

The ETF was designed to match two times (2x) the daily performance of the S&P 500 VIX Short-Term

Futures Index. The last time we played the UVXY, it would run from \$23.25 to \$91.

VelocityShares Daily 2x VIX Short-Term ETN (TVIX)

This ETF tracks an index of futures contracts on the S&P 500 VIX Short-Term Futures Index. The last time we played the TVIX, we watched it run from an entry price of \$108.54 to \$608.

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

The VXX ETN provides exposure to the S&P 500 VIX Short-Term Futures Index. The last time we played the VXX, it would run from \$23 to \$60.55.

With fear returning to the markets yet again, it's time to take new positions in each. With elections nearing, the virus still spreading, falling tech, chaos over the Supreme Court, and tensions with China, volatility could be about to return in a big, big way.