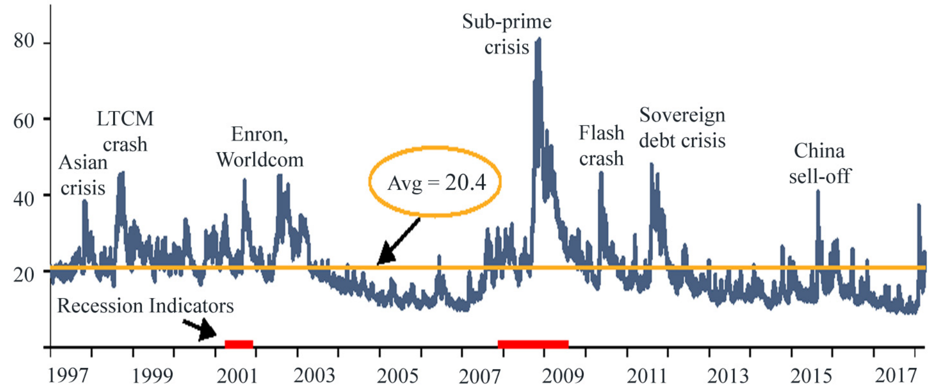
For Your Information...

Volatility – "The Market's Heartbeat"

Investor response to uncertainty can be dramatic

Chicago Board Options Exchange Volatility Index (VIX), 1997 - 2017



VIX is a measure of market expectation of near term volatility based on S&P 500 index option prices. Higher values are considered indicative of investor fear while lower values are assumed to signal market complacency. The VXN (tracks the NASDAQ 100) and the VXD (tracks the Dow Jones Industrial Average) were introduced in 2001 and 2005 respectively.

Source: Chicago Board Options Exchange

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The CBOE Volatility Index, or VIX, measures market expectations of near term (30-day) volatility conveyed by stock index option prices. It is based on S&P 500 index option prices and uses a formula to derive implied volatility by averaging the weighted prices of out-of-the money puts and calls.

The index is widely followed and cited in leading financial publications. Since volatility frequently signifies financial turmoil, the VIX is often referred to as the "investor fear gauge."

Multiple studies have found that stock market volatility tends to be higher during bear markets largely due to two factors: quicker investor reaction to bad news, and decreased liquidity in the market.

Bellwether Consulting is an independent investment advisor serving the needs of retirement plan sponsors and other institutional investors.

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