



Since starting my career managing money for legendary Monroe Trout in 1993, I was hooked. I have now spent the last 3000+ consecutive business days (12 years) of my 28-year career researching and developing equity risk mitigating strategies and trading 3D's S&P 500 system's. The sole purpose of my efforts is to protect stock market investors and profit from stock market volatility and declines in the S&P 500. After all, isn't that why hedge funds exist? I think so, and that is why I founded 3D Capital Management in 2008. Since then my priority & focus has always been to protect our clients when they need it not when they don't.

3D's Global-Macro S&P 500 systems continue to see glaring warning signs that there will be a pick-up in stock market volatility and that the S&P 500 is vulnerable to the downside. Despite the S&P 500's 13th consecutive new weekly all-time high, the market is showing signs of vulnerability. As a reminder we started seeing cracks in early January when the S&P 500 had two near -2% retracements. This week we saw two more retracements in excess of -1%, which now makes four retracements in excess of -1% in the first 16 trade days of 2020. This week I included a longer-term chart which includes all hours (above) so you can see that despite the market's historic highs and being up nearly +2% on the year, there have been clear signs of volatility and vulnerability. The S&P 500 was down nearly 1% this week which also corresponds with a new multi week and yearly closing high for the VIX. As mentioned in previous updates, 3D's systems use other markets like Crude, Copper, and EURJPY (below), which are also saying the S&P 500 is vulnerable. The charts below are also a clear reminder that markets grind higher & sell off sharply.



While you would have expected the start of the impeachment trial this week to provide the biggest impact on the S&P 500 it was actually China's Coronavirus that was seemingly driving the market. Multiple headlines hit the tape on Friday that the virus was spreading and that there were people in New York and North Carolina being tested for the virus. Reports that people were testing negative and or successfully treated was well received and the market bounced before selling back off into Friday's close. This week the S&P 500 had multiple intraday and overnight swings of more than 1% and finished the shortened week -0.94%. 3D Defender was short and covered the short when the market retraced too far off its low. 3D Defender finished the week -0.20% (fully funded and gross of fees).

This week's closing price in the S&P 500 is confirmation that the S&P 500 up-trend is no longer intact, and the market is vulnerable to more weakness.

3D Capital's expertise is to protect stock market investors from volatility & declines in the S&P 500 (not options). We have a nine-year track record of being profitable over 70% of the time the S&P 500 is down on the month and beating the S&P 500 over 90% of the time it's down on the month. Like you we are rooting for the stock market to go higher and we are prepared for when it does not. We welcome and encourage you to call us to discuss your goals and how we can help protect your historic stock market gains.

Thank you for your participation and interest in 3D Defender. I hope you enjoy your weekend.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. THERE IS NO ASSURANCE OUR PROGRAMS WILL ACHIEVE THEIR OBJECTIVES OR AVOID LOSSES.