

3D Defender Program (Intraday short-bias S&P 500)



Last month the S&P 500 had its best April in 82 years. This week was the worst US Unemployment Rate in 72 years.

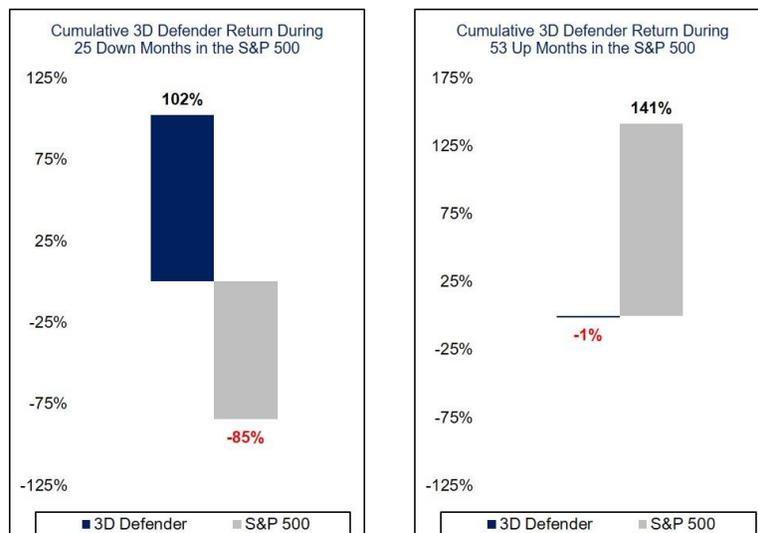
I often get questions about how fundamentals and economic data affect 3D’s systems. My response is: It’s reflected in the price and time of the markets. Now if you would have asked me that in the 1990s when I started my money management career, I would have had a very different answer. In fact, someone once asked me “Eric, if the Bank of Japan intervenes and buys \$Yen what is going to happen?” I was so excited to share my answer and said the JGB will do this and the Nikkei and \$Yen will do that. Three decades later I can tell you I would answer that question very differently and say I don’t know and will leave it to the markets to tell me. Two recent examples of US data being released and the S&P 500 behaving “not as expected” are the worst jobless claims data in history on March 26, 2020 when the S&P 500 rallied +6.6% in one day, and the worst unemployment number in history on May 8, 2020 when the S&P 500 rallied +1.7%.

Last week the price action around the globe was saying the S&P 500 was vulnerable to the downside this week. That weakness presented itself overnight as the S&P 500 opened lower on Monday and traded lower before bottoming and spending the rest of the week grinding higher and closing the week on its high. This can be seen in the above chart where I inserted a red and green arrow. The chart above also shows a clear narrowing of the daily trading ranges, which was reflected in the VIX plummeting -25% this week. The S&P 500 finished the week +3.7% and our short bias 3D Defender S&P 500 program finished the week -0.12% (25% funded and gross of fees).

The S&P 500 has rallied 35% in 30 trading days. A clear reminder of why owning the stock market matters, but as you’ve read in our previous weekly updates, and in our presentation materials, missing the worst days in the stock market matters even more. This is why 3D Defender manages equity market risk one day at a time. 3D Defender is built to profit from intraday declines in the S&P 500 and protect you when you need it not when you don’t.

The following chart puts this in perspective by comparing how 3D Defender has performed since the program’s only enhancement over 6 years ago. It compares 3D Defender performance during the down and up months in the S&P 500. Conventional wisdom may have you think that employing stock market protection would result in a big drawdown when protection isn’t need. This is not true. I built 3D Defender to play defense when you need it and get out of the way when you don’t.

11/2013 – 4/2020



(3D Defender is 25% funded, net of fees, and does not include interest income.)

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



**3D CAPITAL
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DAILY DYNAMIC DEFENSE IN THE S&P 500

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As of now recent decent's in Crude and EURJPY say the S&P 500 is vulnerable this coming week (need confirmation). This aligns with current high readings in the Warren Buffet Indicator which says the market is significantly overvalued. There is also a slew of US economic data this week so it will be interesting to see how this is reflected in the S&P 500.

Thank you for your interest and participation in 3D Defender and best wishes and health to you and your families.

Have a good weekend.