

WARRINGTON

A S S E T M A N A G E M E N T

January 2015 Market Commentary

Volatility and uncertainty were abundant in January. The price of crude oil continued to decline precipitously, the Swiss National Bank removed its support for the Swiss Franc in a surprise move and instability in Greece once again returned to the front pages. These global crosscurrents caused investors to fear problems from many disparate sources, which is strikingly dissimilar to what the market exhibited during much of the past few years.

This newly volatile environment provided excellent opportunities for Warrington to profit. The ratio put spreads held for the regular options expiration realized a solid profit, as did the positions which expired at the end of the month. The S&P 500 index ended near the lows of the month, down about 3%, yet Warrington was able to navigate this volatility and realize a profit of approximately 1.5%, net of fees.

The manager sees no reason for this volatility to subside. While the moves in the market will be erratic at times, Warrington welcomes this type of up and down market, one that no longer simply drifts higher day to day due central bank interventions.